

Report for Resolution

Report to Cabinet
16 February 2011
Report of Chief Executive Officer

a

Subject Policy and Budget Framework

Purpose

The purpose of this report is to set out the context for setting the budget for 2011/12.

Recommendations

1. That Cabinet recommend to council that it endorses the approach to setting the council's policy framework and budget set out in the report
2. That Cabinet recommend to council that the amendments to the Corporate Plan 2010-12, as set out in the report, are approved.

Financial Consequences

There are no financial consequences of this report.

Risk Assessment

The risks associated with the Corporate Plan are set out in the Corporate Risk Register.

Strategic Priority and Outcome/Service Priorities

The report helps to meet all the Council's strategic priorities.

Cabinet Member: Councillor Morphew - Leader of the Council

Ward: All Wards

Contact Officers

Laura McGillivray
Russell O'Keefe

01603 212001
01603 212908

Background Documents

Corporate Plan 2010-12

Report

Context

1. The Coalition Government have made a number of announcements about its approach to stabilising the economy, public spending and the role of the public sector. The latest of these being, in December 2010, the localism bill and the grant settlement in February 2011. These proposals have a fundamental impact on the role the Council will be able to play in the future and the resources available to do it.
2. This report is an introduction to setting the policy framework and budget for the council 2011/12 and sets out the general approach it is recommended that the council adopts. The reports that follow on setting the budget will bring the council to a holding position where the budgets can be balanced for 1 April 2011, but also show that there is a significant challenge ahead. These challenges are major and will make significant reductions to the resources available to the council.
3. The recession in 2007/8 had a major impact on the councils budgets, reductions in income, interest on investments and increased costs, for example concessionary fares, and meant that the council had to save £6.1 million in 2009/10 and £3.8 million in 2010/11. In anticipation of government cuts to local government grants savings of approximately £3million were approved by cabinet on 27 October 2010 and have already been made for the 2011/12 budget. There is now a further £2.35million saving to make for 2011/12 and the estimated total saving over the next 4 years is £12.2 million and a further £0.5 million has already been identified in the following report. Given the scale of these reductions it is not recommended that further cuts are made to the Council as it stands, but that time is taken over the next 2-3 months to rethink and reshape the role and scale of the Council within this new policy context. Not only will this give the time and space to work this through but it will also give the opportunity for consultation and dialogue with the public to gain their views on options for the way forward.
4. What follows are a series of reports that bring us to a holding position and then, following public consultation, recommendations will be taken to the Cabinet and Council in July 2011 to reshape the Council's Corporate Plan and priorities, and to reshape the general fund revenue budget and non housing capital programme to deliver this in line with the diminished resources available.
5. In this light the Corporate Plan 2010/12 has been reviewed and revised as set out below:

Corporate plan 2010-12

6. The corporate plan sets out the city council's strategic aims and priorities. The current corporate plan 2010-12 was approved by Council on the 30 March 2010.
7. The corporate plan has been reviewed in parallel to the development of the city

council budget for 2011/12 to ensure that there will be adequate resources to continue the effective delivery of the key corporate priorities. The plan has also been reviewed in light of the changing national policy and regulatory context for the city council.

8. The corporate plan was always intended to last until 2012 and despite the fact some of the wider context has changed the strategic aims and priorities remain current and appropriate for the council. It is, therefore, not proposed to make significant changes to the plan at this point in time.

9. However, it is proposed to slightly amend the following four corporate priorities for 2011/12 for the reasons set out below:

Current corporate plan priority	Proposed revised corporate plan priority	Reason for proposed revision
SPC 4 – start the building of new council homes for the first time since 1992, with the assistance of £630,000 funding from the Local Authority New Build Grant.	To maximise the capital funding available to build additional affordable homes in the City.	The specific funding available for the building of council homes has since been withdrawn by the government.
OC 2 – Continue to reduce our running costs by making further efficiency savings, and minimise the impact on frontline services.	To reshape the organisation to realise the necessary savings to meet the targets within the council's medium term financial strategy, protecting services wherever possible.	Due to the government funding reductions, the size and scale of the savings required mean that the council will need to focus over the next few months on a fundamental reshaping of the organisation and its activities to realise the necessary savings.
OC 3 – achieve a two-star and improving audit score for our housing landlord services by April 2011.	Achieve the equivalent of a two star rating for our housing landlord services by April 2011.	The star system of assessment has since been scrapped. However, the council is having a strengths and weaknesses review of its housing service in March 2011 and hopes to achieve the equivalent of the previous two star 'good' rating.
OC 4 – achieve level 3 for our Use of Resources Score 2010-11.	Continue to improve our financial management and secure an unqualified Value For Money assessment.	The Use of Resources assessment process has since been scrapped and replaced with a new Value For Money Assessment.

The delivery of the corporate priorities within the corporate plan is managed

through strategic priority plans for each service area and monitored through the council's performance management and reporting system. These strategic priority plans also set out specific service based priorities and actions for each service area within the council.

10. Strategic priority plans have been reviewed for 2011/12 in line with the proposed changes to the corporate plan priorities and in accordance with the development of the draft budget for 2011/12 to ensure the necessary resources are in place for their delivery. The draft revised plans can be found at Annex A for information.

Development of the next corporate plan 2012-2015

11. Due to the significant budget savings needed to meet the requirements of the council's medium term financial strategy, it is proposed to commence a major consultation on the future role and shape of the city council and its services in the summer of 2011. This consultation exercise will include the future strategic aims and corporate priorities for the council. The results of this consultation will then be used to inform the development of the council's next corporate plan 2012-15 and the development of the budget for 2012/13, 2013/14 and 2014/15. This will ensure there that there continues to be a direct correlation between the council's aims and priorities and the shape and structure of the organisation and the resources available to deliver those priorities.