

CABINET

20 December 2012

144 BUDGET 2013/16 – INITIAL PROPOSALS

A report from the Interim Director of Finance provided the latest Budget Projections for 2013/16. The Budget Projections for 2013/16 included £11 million for growth arising from demographic changes, Government decisions regarding funding and local decisions relating to income.

It was proposed that an extraordinary Council meeting be convened before the end of January to approve the Council Tax Base and Business Rates Base as they had to be agreed by 31 January 2013. The Mayor had agreed to call this meeting on Monday 28 January, 2013 and all Members had been informed.

Budget Cabinet was scheduled for 18 February 2013 with Budget Council scheduled for 5 March 2013. The Council had to agree the Budget and set the level of Council Tax for 2013/14 by 10 March 2013.

The Chief Executive introduced the report and informed the Cabinet that following the Chancellor of the Exchequer's Autumn statement announcement, the budget gap for the next three years was now £109m. The Local Government Finance Settlement had been announced on 19 December and an initial analysis had been provided to the Cabinet by the Interim Director of Finance, this indicated that Wirral's loss of grant in 2013/14 would broadly be as estimated within Wirral's current budget projections, which was a loss of 6% equivalent to £8 million. Details regarding a number of grant areas were, however, still awaited. The Education Services Grant would only be known in late January and Public Health Funding had not yet been announced.

Joe Taylor, Unison Wirral Branch Secretary was invited to address the Cabinet. He welcomed the extension of the consultation period in respect of proposed changes to terms and conditions and emphasised that no savings had been agreed by any Trades Unions at this stage. With £6m in the salary budget for terms and conditions, the proposed reduction of £2.8m represented a 48 per cent cut, with an additional £1.5m saving if four days unpaid leave was introduced, a 1.5 per cent pay cut lasting three years.

Mr Taylor welcomed the extension of the consultation period in respect of the voluntary enhanced severance scheme and that the Administration would be speaking to the Government about possible capitalisation.

He re-emphasised the Trade Unions opposition to compulsory redundancies and that if any were put in place then the unions would ballot their members. Legal advice from UNISON's solicitors had been forwarded to the Administration and he hoped that following the senior management restructure no redundancy notices would be issued on 21 December, 2012.

Mr Taylor further commented that UNISON's national officer would be coming to Wirral on 16 January, 2013 and would be examining the Council's books in the hope of suggesting alternative savings. He went on to give particular examples on certain staff of the devastating cuts in pay if the proposed changes to terms and conditions were approved.

Mr Taylor further stated that immediate savings could be made now by making it a priority to cease the employment of consultants, advisors and agency staff. He urged the Administration not to smash communities and the people who voted the Administration into power.

Councillor Phil Davies informed the meeting that the proposed cuts were not of the Labour Group's making but had their origins with the Conservative / Liberal Democrat Coalition Government and were the result of their austerity policies. The previous Administration had also left a budget deficit of £17m. He had demanded a meeting with Eric Pickles, Secretary of State for Communities and Local Government and would be lobbying the Government with other Merseyside Labour Leaders.

He went on to state that, as Leader of the Council, he would not shirk his responsibilities in setting a legal budget and he had been elected to prioritise the needs of the poor, weak and vulnerable.

In moving a number of proposed savings options, he stated that they were on the basis that they related to the 'back office' rather than front line services and the consultation exercise had shown that the overwhelming majority of respondents supported saving money on these items. In the first part of December, each Overview and Scrutiny Committee had had the opportunity to discuss the budget options and question relevant officers. This approach would continue with further Overview and Scrutiny Committees to be held in advance of an Extraordinary Council meeting at the end of January.

It should be noted that no proposals relating to staff terms and conditions were being proposed at this time as negotiations with the Trade Unions were ongoing. The Administration was committed to working with the Trade Unions to try to reach agreement on these matters. It should also be noted that a number of these options required more formal consultation. Those relating to staff would be subject to further detailed consultation on the potential impact with employees as part of the statutory process. The outcome of this would be reported back to Cabinet.

The savings options proposed were set out in an appendix which showed the saving over the period 2013-16 amounting to £29.6 million. Of this sum, £14.5 million related to 2013/14.

On a motion by Councillor Phil Davies, seconded by Councillor Ann McLachlan, it was -

Resolved – That:

- (1) The Budget Projections 2013/16 and the increase in the Budget gap from £103 million to £109 million be noted.
- (2) The Budget Growth 2013/16 totalling £10.7 million be agreed and the detail be built into the Budget.
- (3) The savings options 2013/16, agreed to date of £11.2 million, be noted.
- (4) Cabinet notes that a special meeting of the Council has been convened for Monday, 28 January 2013 to approve the Council Tax Base and the Business Rates Base.
- (5) Savings options 2013/16 totalling £29.6 million be agreed, in principle, subject to the outcome of further consultation where required.
- (6) It be noted that with the savings agreed to date of £11.2 million these proposals take the total savings to £40.8 million. Of this sum £21.6 million relates to 2013/14 and represents 55% of the Budget gap for 2013/14.
- (7) These proposals be referred to special Overview and Scrutiny Committees for further consideration.

BUDGET SAVINGS PROPOSALS – DECEMBER 2012

Budget Option	2013/14 £000	2014/15 £000	2015/16 £000	Total £000	Requires formal staff consulta tion
FAMILIES AND WELLBEING					
Connexions – reduce contract costs	700	300	0	1,000	No
Transfer of PFI affordability gap to Schools Budget	0	0	2,300	2,300	No
Transfer PPM to Schools Budget	250	200	0	450	No
Academies charges for services	60	0	0	60	No
School Improvements	100	0	0	100	No
Housing Benefits – Maximisation of grant	2,000	0	0	2,000	No

TRANSFORMATION & RESOURCES					
Treasury management activities including borrowing costs	1,700	0	0	1,700	No
Rationalisation of IT	210	90	0	300	Yes
Power supplies – contract saving	11	0	0	11	No
Procurement					
- Procurement cards	40	0	0	40	No
- Services provided charged to Schools budget	80	0	0	80	No
- External Audit of Utility Payments	200	0	0	200	No
- Review and reduce suppliers	0	3,000	0	3,000	No
- Implementation of category management	0	0	5,000	5,000	No
- Review of VAT	0	1,000	0	1,000	No
Senior Management Re-structure					
- Directors/Heads of Service	1,000	0	0	1,000	Yes
- All managers above PO1	2,792	0	0	2,792	Yes
- Re-structure – Finance	621	0	0	621	Yes
- Re-structure - Technical Services	250	0	0	250	Yes
- Re-structure - Regeneration, Housing and Planning	337	0	0	337	Yes
- Consultants and Agency staff	500	0	0	500	Yes
Asset Management Re-structure	50	50	0	100	Yes
Closure of Acre Lane & Municipal Building	0	0	458	458	No
Move to 4 yearly elections	0	0	100	100	No
Re-structure - HR service	292	292	0	584	Yes
Re-structure - Legal Services	300	300	0	600	Yes
Review of Committee Services	175	0	0	175	Yes
Transforming Administration Support	500	1,000	1,000	2,500	Yes
Marketing & Public Relations	52	0	0	52	No
Destination Marketing	95	0	0	95	No
Reduction of External Audit Fees	140	0	0	140	No
Deletion of vacant posts					
- Customer Services	550	0	0	550	No

- Pest Control	30	0	0	30	No
- Education Psychologists	80	0	0	80	No
REGENERATION & ENVIRONMENT					
Charge for pre-planning advice	10	0	0	10	No
Invest Wirral support	352	0	0	352	No
Home Insulation Programme	986	0	0	986	No
SUMMARY					
To further staff consultation	7,027	1,732	1,000	9,759	Yes
Not subject to staff consultation	7,436	4,500	7,858	19,794	No
TOTALS	14,463	6,232	8,858	29,553	