

WYRE FOREST DISTRICT COUNCIL

CABINET MEETING

THURSDAY 20TH NOVEMBER 2008

Budget Outlook
Cost Saving Measures

	OPEN
SUSTAINABLE COMMUNITY STRATEGY THEME	Not Applicable
CORPORATE PLAN AIM:	A Well Run and Responsive Council
CABINET MEMBER:	Councillor John Paul Campion
HEAD OF SERVICE:	Walter Delin, Chief Executive
CONTACT OFFICER:	Walter Delin 2700
APPENDICES	None

1. PURPOSE OF REPORT

- 1.1 To agree a set of actions to minimise the budget variances as identified in the Budget Monitoring Report at 7.3 on the main Agenda.

2. RECOMMENDATION

The CABINET is asked to RECOMMEND to Council:

- 2.1 To authorise the Chief Executive and the CMT in consultation with The Leader of the Council to take the following cost saving measures:-

- (a) Review Divisional Management Structures and Business Processes
- (b) Review current office accommodation with a view to reducing costs
- (c) Reduce overtime costs by £100,000 in 2008/2009
- (d) Reduce Member Training Budget by £x in 2008/09
- (e) Continue a freeze on the Capital Programme with the exception of ICT, Waste and Recycling and Cemetery projects
- (f) Utilise existing earmarked reserves, as appropriate
- (g) Endorse action already taken by the Cabinet, Chief Executive and CMT
- (h) Continue to identify and implement cost saving initiatives

- 2.2 Provide monthly reports of cumulative savings to Cabinet/CMT

3. BACKGROUND

- 3.1 Local Councils across the country are facing some of the most challenging financial times in recent memory. The Council is not immune. Based on our mid year budget review it is evident that Wyre Forest's own budget has worsened significantly due to:

- (a) The Credit Crunch.
- (b) The Economic Recession.
- (c) The reductions in interest rates.

- (d) The potential loss of £9m deposits in Icelandic Banks now in administration or receivership.
- (e) Other e.g. additional fuel and energy costs, extra demands on Council services and planned income not materialising as budgeted.

4. KEY ISSUES

- 4.1 Containing expenditure within budget has been a particular problem given the circumstances set out above. Some tough decisions will need to be made in balancing the budget options. We have already started with a freeze on recruitment, suspension of non-essential capital projects, cutting expenses and scrutinising divisional budgets for efficiencies.
- 4.2 It is prudent to focus on the work already underway and pursue further efforts to reduce current year costs without impairing critical services and functions. There is no doubt that to be successful we will require a renewed flexibility and resourcefulness as well as maintaining financial discipline.

5. FINANCIAL IMPLICATIONS

- 5.1 The Council is obliged to maintain a balanced budget. We must address any mid-year variances and projected shortfalls in this year's budget and put in place the framework for the next 3 year budget strategy.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 Our current budget is under pressure and we need to offset the variances and bring the budget back into balance by March 2009, whilst maintaining critical services and containing all unnecessary expenditure.

7. RISK MANAGEMENT

- 7.1 Failure to take action to address budget variances and projected deficits will demonstrate poor performance in financial and asset management as well as jeopardising the delivery of services as planned. This could also result in a breach of the requirement to maintain a balanced budget and a negative impact on the Council's reputation.

8. CONCLUSION

- 8.1 It is imperative that we act now to offset projected deficits. Real and effective measures are required to reduce our costs to balance our current and future budgets. It is up to the Council to meet the challenge while protecting our core function of providing local services.

9. CONSULTEES

- 9.1 CMT
Cabinet

11. Background Papers

- 11.1 Budget Monitoring Report