



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Financial Update Report Budget Review & Voluntary Redundancy Exercise
Date:	4 September 2009
Reporting Officer:	Peter McNaney, Chief Executive
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Relevant Background Information

At the Strategic Policy and Resources Committee in August, Members were informed that the financial position of the council had worsened due to factors beyond its control. This would likely lead to a very difficult budget process for 2010/11. In order to manage this position the Committee agreed to conduct a comprehensive mini budget review which would:

- Identify the likely financial position at the end of the current financial year;
- Review all budget heads to identify areas where expenditure is unlikely to happen or where underspends are likely;
- Identify options for political consideration for reducing expenditure both in 2009/10 and 2010/11; and
- Produce a high level budget strategy and projection for 2010/11.

At the same Strategic Policy and Resources Committee meeting it was also agreed to initiate a trawl for voluntary redundancies so that rightsizing could be considered in the context of the mini budget review.

The purpose of this report is to:

- Provide a timeline for the completion of the comprehensive mini budget review.
- Propose an approach to the implementation of the voluntary redundancy exercise and agree the principles which will apply to the process.

Key Issues

Budget Review

A budget review group has been established to complete the comprehensive mini budget review. It is proposed that the work of this group will be reported to the cross party Budget and Transformation Panel in early October and then to the Strategic Policy and Resources Committee later the same month. This means that Members will be afforded more time to consider potential options for the setting of the rate for 2010/11. A more detailed timeline is provided at appendix one. It is also recommended that the budget review group is tasked with

providing options on how best the financial implications of the voluntary redundancy exercise, which is discussed in the next section of this report, may be addressed.

In addition to the comprehensive mini budget review, there are a number of efficiency projects happening in the council. The savings emanating from this work need to be agreed in time for these to be considered as part of the estimate setting process for 2010/11. The review of the centre is one of the key efficiency projects which has the potential to generate significant savings. A separate report on this work will be considered at today's Strategic Policy and Resources Committee meeting.

Voluntary Redundancies

A key aim of the Review of the Centre report is the need in the current economic climate to provide greater value for money. One of the key efficiency measures which will have to be considered is staffing costs and the requirement to consider proportionate measures to reduce these costs in the short term without adversely affecting front line service delivery to the public. In order to rightsize the organisation consideration should be given to voluntary redundancies.

It is essential that the initiation and implementation of the voluntary redundancy exercise is managed effectively and consistently on agreed principles. It is proposed therefore that the following principles will be applied:

1. Consultations with Trade Unions will start as soon as possible.
2. The exercise will be undertaken centrally by corporate HR through the Management Side of the Council's Joint Consultative Committee and Chief Officers' Management Team.
3. The criteria for considering VR should include
 - Council retains the right to decide who can be released, ensuring that essential skills and expertise are maintained
 - The decision is dependent on the needs of the council
 - The VR will avoid the need for compulsory redundancy
 - The employee's post must be redundant or a one to one transferred redundancy* can be identified with a clear audit trail linking the person to be redundant with the post to be deleted.
 - The potential for redeployment
 - Prioritisation of VR requests will be based on available finance and the level of savings which will be delivered.
 - All other relevant options have been considered.

* In the case of transferred redundancy, the employee to be transferred must have undertaken a broadly similar role in their former post and met the specification for the post without the need for retraining

In terms of implementation it proposed that the Council carries out the following steps :

1. Identify those employees currently in a redundancy situation (i.e. supernumerary pool) and offer these employees VR on time bound basis
2. Consider redeployment options for any remaining supernumerary employees on a time bound basis
3. Consider compulsory redundancy for those left in the supernumerary pool on a time bound basis
4. Identify any other 'at risk' groups, e.g. those affected by review of centre, ongoing operational reviews, and those sections who have incurred significant revenue losses.
5. If necessary, prioritise those who will be invited to express an interest in VR, based on the number of structural reviews and the stage at which these reviews are.
6. Invite applications from the 'at risk' groups.
7. Decide who can be released on VR, taking into account the agreed principles and criteria.
8. Approve VRs observing the statutory dispute legislation.
9. Consider the need to issue a wider trawl across the council to those outside the 'at risk' groups. (This would only be appropriate when a transferred redundancy situation can be identified).

10. Invite applications from outside the 'at risk' group.
11. If trawls for VR do not result in sufficient numbers being released, then consider compulsory redundancy in accordance with the redundancy policy which may need to be reviewed.

In order to ensure that the savings arising from the above VR exercise are captured it is essential that the Strategic Policy and Resources Committee maintains tight control over council staff numbers. For this reason, a report on the movement of staff numbers will be provided to the committee on a quarterly basis.

Recommendations

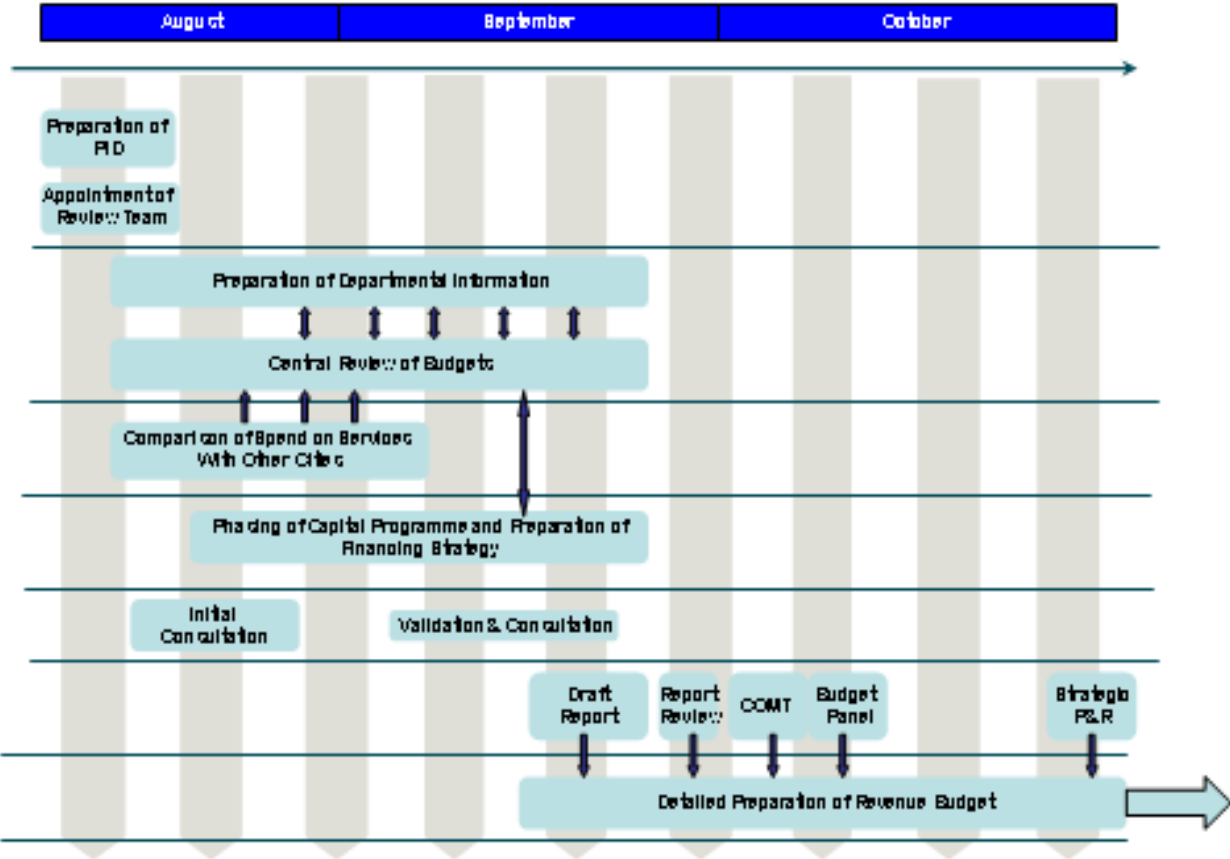
Members are asked to agree the following:

1. The timeline for completing the comprehensive mini budget review as outlined in the report.
2. The budget review group to provide Members with options for financing the VR exercise.
3. The approach to initiating and implementing a VR exercise.
4. The principles upon which the VR exercise will be based.

Decision Tracking

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Belfast Budget Review Timetable



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