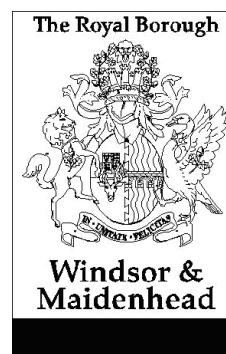


Report for: ACTION
Item Number: 6v



Contains Confidential or Exempt Information	No – Part I
Title	Savings in Respect of 2016-17 Budget
Responsible Officer(s)	Richard Ellis, Strategic Director of Corporate Services Ext 6222
Contact officer, job title and phone number	Andrew Brooker, Head of Finance Ext 6341
Member reporting	Councillor Dudley, Lead Member Finance
For Consideration By	Cabinet
Date to be Considered	24 September 2016
Implementation Date if Not Called In	1 November 2015
Affected Wards	All
Keywords/Index	Savings, Budget,

Report Summary

1. The Medium Term Financial Plan presented to Council in February 2015 identified the need to make budget savings of £7.2m in 2016-17. Work carried out on the budget to date has reduced the target for services to £5.7m. The targets for the Comprehensive Spending Review 2015 announced by the Chancellor of the Exchequer in July 2015 indicate further spending reductions will be required over the next three years.
2. The funding settlement for 2016-17 will be the first of the current Parliament. The new national Administration clearly has a number of important policy decisions to work through. Whilst some forecasters indicate that the 2016-17 settlement might not be as challenging as feared, significant uncertainty remains. The Council continues, therefore, to work to the grant reduction assumptions that are included in the published MTFP until more clarity emerges with the provisional settlement, which is expected in December 2015.
3. The report recommends that managers are authorised to implement the proposals as soon as practicable so that measures are in place by 1st April or earlier. Early implementation will help mitigate some of the service overspends currently being projected in the Finance Update report elsewhere on this Agenda.
4. The report also recommends to Council that these proposals are included in the Budget for 2016-17 when it is discussed in February 2016.

If recommendations are adopted, how will residents benefit?	
Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
1. Assurance that the Council is making effective use of its resources.	On publication of the report.
2. Efforts to maintain a low level of Council Tax are being made.	On publication of the report.

1. Details of Recommendations

RECOMMENDATION: That subject to Overview and Scrutiny Panel comments, Cabinet:

- (i) **Recommends the savings listed in Appendix A to Council for inclusion in the 2016-17 budgets.**
- (ii) **Authorises Directors to implement savings plans as soon as possible.**

2. Reason for Recommendation(s) and Options Considered

The recommendation is made in order to enable the Council to respond to the continuing reductions in grant funding whilst maintaining Council Tax at affordable levels for residents. Directors are able to meet the savings target in various ways that meet current strategy. Options are discussed with Directorate Management Teams and Lead Members.

Option	Comments
Cabinet may accept the listed savings in appendix A for inclusion in the 2016-17 Budget.	Recommended option
Members may reject some or all of the savings in Appendix A.	Other savings would have to be found in order to achieve the £5.7m savings target.

3. Key Implications

What does success look like, how is it measured, what are the stretch targets

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Savings delivered in 2016/17 without impacting front line services	< £3.608m	£3.608m - £3.808m	£3.808m - £3.908m	> £3.908m	March 2017

4. Financial Details

a) Financial impact on the budget

Example	Year1 (2015/16)	Year2 (2016/17)	Year3 (2017/18)
	* Revenue £000	Revenue £000	Revenue £000
Addition	None	None	None
Reduction	None	£3.708m*	None

* Total savings listed in Appendix A

b) Financial Background

The Budget report received by Council in February 2015 outlined the financial challenges that the Council faces. The need to constantly examine costs and reduce spend is clear.

Since the General Election in May the Summer Budget has been announced and some very high level spending targets have been set for the Comprehensive Spending Review, the outcome of which is expected in November. Individual Government Departments have been asked to look at scenarios whereby they would see reductions of between 25% - 40%. Whilst the Borough is less reliant on Government grant funding than most local authorities the impact for individual authorities is far from clear.

Potentially the amounts available to for RSG in 16/17 are higher than we expected when we set our Medium Term Financial Plan in February. However, there remains potential for funds to be distributed nationally using different formula, or for sectors such as Police or Fire being given more protection. The Governments plans for funding a number of initiatives has yet to be announced such as:

- the funding for the Governments commitment to extra child-care which, potentially, will be drawn from this increased pot;
- whether the increased cost of employer National Insurance contributions, estimated at £800k pa for the Borough, will be passed through the funding formula as an “extra burden” (successive Governments have in the past committed to fund any additional burdens placed on local government finances by national policy changes);
- whether a local Council Tax freeze will be incentivised by a Council Tax Freeze grant as it has been in recent years; and
- any refinement of the New Homes Bonus.

The current assumptions are that whilst the CSR announcements in November may provide some further information, actual grant allocations for 2016/17 will not be available until December 2015. At this point, therefore, there is no evidence on which to base an assumption that the Borough will receive a higher grant settlement, although this is a possibility

The 2014/15 out-turn does offer some better news with improved Council Tax collection rates and some growth now emerging in the level of retained Business Rates. The Council is, therefore, working to a savings target for services of £5.7m in 2016/17, reduced from £7.2m in the February 2015 MTFP. This paper outlines measures that have been identified early in the budget cycle. Approval to implement at this point in the process reduces the risk that plans will not be in place by April 2016 and presents the opportunity for savings to be made in the 2015-16 budget.

As work progresses to identify further savings, it is intended to include them in budget reports to Cabinet in December 2015 and February 2016.

5. Legal Implications

This savings report is part of the process required for the Council to meet its legal obligations to set an annual budget.

6. Value for Money

The budget process is part of the Council’s aims to maximise economy, efficiency and effectiveness in providing services for residents.

7. Sustainability Impact Appraisal

The proposals in this report have no impact on sustainability objectives.

8. Risk Management

Risks	Uncontrolled Risk	Controls	Controlled Risk
Risk of non-achievement of Financial Saving	See Appendix	Early approval maximises time available for implementation. Achievement of savings is monitored throughout the year by CMT.	Minimal
Risk to Service Delivery	See Appendix	Consideration at management teams to ensure implementation does not impact on front line services.	Minimal
Risk of Negative Payback	See Appendix	Consideration of proposals at management teams focussed on whether proposals reduce controls that might increase costs in the longer term.	Minimal

9. Links to Strategic Objectives

Residents can be assured that the Council is providing value for money by delivering economic services.

10. Equalities, Human Rights and Community Cohesion

Equality Impact Assessments will be carried out, where necessary, prior to implementation.

11. Staffing/Workforce and Accommodation implications:

Detailed in the Appendix A

12. Property and Assets

None

13. Any other implications:

None

14. Consultation

Comments from Overview & Scrutiny Panels are as follows:

15. Timetable for Implementation

Officers will start work on the implementation of these proposals immediately. The budget will be set in January 2016 with full details going to Cabinet and Council in February 2016. Residents will be advised of their Council Tax in March 2016.

16. Appendices

Appendix A Initial savings proposals for 2016-17

17. Background Information

Background Papers: Budget Report to Council February 2015.

18. Consultation (Mandatory)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Chief Executive's Management Team (CMT)	.	18 August 2015		Amendments received incorporated
Cllr Dudley	Lead Member	20 August 2015	20 August 2015	Amendments incorporated
Leader of Council and other members of the Budget Steering Group.				
External				
None				

Report History

Decision type:	Urgency item?
Key decision	No

Full name of report author	Job title	Full contact no:
Richard Bunn	Chief Accountant	01628 796510

Line No.	Description of Saving	Savings 2016-17
Adult and Community Services		£'000
Adult Social Care		
1	Older Peoples Services - Review of Low Cost packages	25
2	Older Peoples Services - Net savings from Direct Payments clawback	25
3	Supported Living - Contract savings	130
4	Mental Health - Day support efficiencies	50
Concessionary Fares		
5	Move commencement time of concession from 9.00am to 9.30am (Subject to consultation).	40
Housing		
6	Restructure of Housing options function	60
7	Continuation of policy to meet homelessness obligations by use of private rented accommodation.	24
8	Review Supporting People contracts	100
		454
Children's Services		£'000
Strategy Commissioning & Performance		
9	Business Support - Cancellation of the subscription to Research in Practice.	15
10	Local Safeguarding Childrens Board (LSCB) - Rebase the contribution made by the local authority to the LSCB	10
11	Review of Children's Services Business Support function.	44
Education Standards		
12	Education Improvement - Stop discretionary payments of bursaries and training to early years students and providers.	79
Sufficiency and Access		
13	Align the Home to School Transport policy with statutory provision only for new pupils.	15
Early Help and First Response		
14	Early Years Advisory Service – maximise use of grant to fund central support for frontline provision of the Early Years Free entitlement.	40
15	Directions Service – Review provision of discretionary functions.	46
16	Rationalisation of reception services in Youth and Community Centres	28
17	Review of discretionary support functions within Youth Offending	89
18	Review management arrangements of Children's Services Family Support and Youth Offending functions.	47
19	Streamline referral routes for access to Early Help services.	50
20	Renegotiate contract for delivery of childcare legal services.	150
Resources and Placements		
21	Consolidate the management functions of the Safeguarding and Children in Care teams and Family Placement teams.	64
22	Family Placements - Deletion of three vacant Family Centre worker posts	81
Children and Young People Disability		
23	Deletion of a vacant Assistant Team Manager post in the Children and Young People Disability Service.	54
Adoption Service		
24	Reduce the spend on adoption support packages which can now be claimed from the Department for Education's new Adoption Support Fund	20
		832

Line No.	Description of Saving	Savings 2016-17
Operations		£'000
Cross Directorate		
9	Operations Directorate share of cross Council Rationalisation of transport services.	30
10	Operations Directorate share of CRM system upgrade savings.	34
Contracts and Commissioning		
11	Waste Disposal contract re-procurement	332
12	Fundamental Service Review - Restructure	91
Community Protection & Enforcement		
13	Fundamental Service Review - Restructure	164
Customer Experience & Engagement		
14	Fundamental Service Review - Restructure	45
Neighbourhood & Streetscene Delivery		
15	Fundamental Service Review - Restructure	51
Benefits & Business Services		
16	Fundamental Service Review - Restructure	168
17	New income - Penalty charges for non-provision of Council Tax information	40
18	New Business rates income - Increased review of business premises through more visiting capacity	41
19	Increase Council Tax collection by thorough review of Single Person Discounts (SPD)	110
Street Lighting		
20	Replacement of street lanterns with more efficient LEDs.	328
Highway Assets & Streetcare Inspections		
21	Zero-Based Budget exercise spanning both teams	35
22	Increased income from New Roads and Street Works Act	50
		1,519

Corporate Services		£'000
HR		
23	Reduced cost of Health and Safety contract with Reading BC	10
24	Renegotiation of Corporate Health contracts	45
25	Reduced demand on cost of supplementary pensions arising from historic local government reorganisations.	15
26	Savings from the retender of the advertising contract and a review of contract management and use of advertising space.	65
Corporate Management		
27	Reduced cost of external audit following national reprocurement exercise	30
28	Saving following review of corporate management budgets	27
Development and Regeneration		
29	Savings to Revenue arising from the restructure of the team	112
Finance		
30	Reduction reflecting cost of current internal audit plan	20
31	Subject to outcome of the Actuarial Valuation in Oct 15 there is potential to reduce the planned contributions to the Insurance Fund	117
32	Vacant post in Business Development not required for current business level	40
Leisure Services		
33	Joint procurement of grounds maintenance contract with Wokingham BC	50
34	Ongoing savings from existing contract with Legacy Leisure	372
		903