



HIGHWAYS, TRANSPORT AND ENVIRONMENT OVERVIEW AND SCRUTINY PANEL

MONDAY, 19TH SEPTEMBER, 2016

At 6.30 pm

in the

COUNCIL CHAMBER - TOWN HALL,

SUPPLEMENTARY AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
5.	<u>BUDGET 2017-18 - INITIAL SAVINGS PROPOSAL</u> To receive and consider the above report.	3 - 10

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Report for: ACTION



Contains Confidential or Exempt Information	No - Part I
Title	Initial Savings in Respect of 2017-18 Budget
Responsible Officer(s)	Russell O'Keefe, Strategic Director of Corporate and Community Services, 01628 796521
Contact officer, job title and phone number	Rob Stubbs, Head of Finance, 01628 796341
Member reporting	Councillor Saunders, Lead Member for Finance
For Consideration By	Cabinet
Date to be Considered	29 September 2016
Implementation Date if Not Called In	Immediate
Affected Wards	All

REPORT SUMMARY

1. The Medium Term Financial Plan (MTFP) presented to Council in February 2016 identified the need to reduce council expenditure by £5.6m in 2017-18. As the economic climate changes in the UK the Council's expenditure level might need to change. Any significant changes will be weaved into the Medium Term Financial Plan.
2. In March 2016 Cabinet approved a refreshed Transformation Programme 2016- 2018 with the aim to create a leaner and more agile organisation, focused on the customers, services and the communities the Council serves.
3. Guided by the Council's Transformation Programme, work to date has identified how the council's expenditure can be reduced by £5.3m in 2017-18 through a mixture of increasing income and reducing cost. The details are included in this report. Further savings proposals will be brought to Cabinet in February 2017.
4. Members should be aware that some of the savings proposed are subject to individual cabinet reports and are therefore only included as draft proposals to be subsequently approved for inclusion in the budget.
5. The report recommends that managers are authorised to implement the proposals as soon as practicable to secure implementation by 1st April or earlier and that these proposals are included in the Budget for 2017-18 when discussed in February 2017.

If recommendations are adopted, how will residents benefit?	
Benefits to residents and reasons why they will benefit	Dates by which they can expect to notice a difference
Assurance that the Council regularly reviews budgets and secures effective use of its resources.	On publication of this report

1. Details of Recommendations

RECOMMENDED: That Cabinet:

- (i) **Agree the savings listed in Appendix A for submission to Council in the 2017-18 budgets subject to approval of any subsequent reports on individual schemes.**
- (ii) **Authorises Strategic Directors in agreement with Lead Members to implement savings proposals.**

2. REASON FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Over the last few years the Council has delivered significant efficiency savings whilst at the same time improving services for residents and keeping council tax at one of the lowest levels in the country.
- 2.2 The MTFP presented to Council in February 2016 identified the need to reduce council expenditure by a further £5.6m in 2017-18. Demand pressures on key services, such as social care, means reducing expenditure is never easy but the Council has approached this in line with our overall priority to always put residents first.
- 2.3 The identification of ways to reduce overall expenditure, either through reducing cost or increasing income, has been carried out through our transformation programme 2016-2018. By the end of the process we expect to be a Council which is:
- More self reliant – successful in becoming less dependent on central government funding and increasing our income generation;
 - Equipped to work in new ways – regularly commissioning the services we need based on outcomes for residents, and making evidence based decisions on those services we change
 - Quicker to respond – more able to adapt to changing circumstances and residents’ needs, including improving our digital offer to customers;
 - Providing a mixed economy of service provision – taking different approaches to delivering services, taking ideas from all sectors as well as our own.
- 2.4 As part of this the Council is proactively using its property assets and land holdings both to improve the area for residents and businesses and create a borough for everyone but also to generate income that can be used to fund key services.

2.5 This transformational approach has meant that the proposals in this report look quite different to those being presented to many other local authorities across the country. In most cases, rather than reducing services these proposals focus on 'delivering differently' so that we can deliver them in a way that improves the service or at least maintains it for less cost or increases income. 'Delivering differently' sets out an ambition in our transformation programme to create a 'mixed economy' approach to service provision in the future. Major proposals for 'delivering differently' are tested against the following criteria:

- Ability to preserve and enhance services for the benefit of The Royal Borough and its residents.
- The greatest opportunity for savings.
- The opportunity for community and volunteer involvement.
- The ability to access private finance, charitable funds and sponsorship.
- The opportunity for a strategic partnership with RBWM.
- The best interests of staff.

2.6 The proposals in this report have been developed in close collaboration with Lead Members, explored with Directorate Management Teams and the wider workforce – where some of the ideas have been drawn from.

2.7 The recommendations will enable the Council to operate within budget, deliver the services needed by residents in the most efficient and effective way, including to the most vulnerable, whilst continuing to maintain Council Tax at affordable levels for all residents.

3. KEY IMPLICATIONS

3.1 The implications of delivering the proposals are set out in table 1.

Table 1: Implications

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered
Savings delivered in 2017-18	<5.3m	£5.3m - £5.39m	£5.4 - £5.5m	>£5.5m	31 March 2018

4. FINANCIAL DETAILS

4.1. Table 2 provides a total figure identified as part of the Council's three year transformation programme to reduce cost while maintaining or improving services to residents or increasing income, see appendix A for full details. Proposals for 2018-19 and 2019-20 are subject to change, so whilst a total figure is captured in table 2 the details are not submitted to Cabinet for approval in this report. ..

Table 2: Savings total

	2017/18	2018/19	2019/20
	Revenue £'000	Revenue £'000	Revenue £'000
Addition	£0	£0	£0
Reduction	£5.278m	£4.406m*	£3.851m*

* Not submitted to Cabinet at this time see paragraph 4.1.

4.2. The Budget report received by Council in February 2016 outlined the financial targets that the Council faces. The need to constantly examine costs and reduce spend was set out in the paper. The council is seeking to reduce costs by £14.4m over three years. This figure includes an additional £1m, stretch target, based on the savings requirement in the Medium Term Financial Plan. Table 3 sets out how the savings proposals are distributed across the three Directorates. The different percentage against gross budget is based on the councils commitment in maintain services to residents, especially those vulnerable.

Directorate	17/18 Options	18/19 Options	19/20 Options	3 Year Stretch Target	3 Year Surplus / (Gap)	Reduction against gross budget
	£000	£000	£000	£000	£000	%
Adults, Children & Health	1,613	1,246	1,076			4.7
Corporate & community	1,065	960	1,275			22.9
Operations & Customers	2,600	2,200	1,500			15.9
TOTALS	5,278	4,406	3,851	14,418	(883)	9.9

4.3. Savings options will be reviewed regularly and shortfalls for each year will be addressed prior to or during the budget process for the year concerned.

5. LEGAL IMPLICATIONS

5.1 This report is part of the process required for the Council to meet its legal obligations to set a balanced annual budget.

6. VALUE FOR MONEY

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

7. SUSTAINABILITY IMPACT APPRAISAL

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

8. RISK MANAGEMENT

Risks	Uncontrolled Risk	Controls	Controlled Risk
Risk of non-achievement	See Appendix A	Early approval maximises time available for	Minimal

of balanced budget		implementation. Achievement of savings is monitored throughout the year by CMT.	
Risk to service delivery	See Appendix A	Consideration at management teams to minimise impact on front line services.	Minimal
Risk of negative payback	See Appendix A	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

- 9.1 Residents can be assured that the Council is providing value for money by delivering economic services, whilst delivering against the council's commitment to serve all residents, deliver specialist services and be innovative in delivery methods.

10. EQUALITIES, HUMAN RIGHTS AND COMMUNITY COHESION

- 10.1 Equality Impact Assessments will be carried out, where necessary, prior to implementation and published on the Council's website.

11. STAFFING/WORKFORCE AND ACCOMMODATION IMPLICATIONS

- 11.1 If the savings listed in appendix A are approved, there is the potential for staff reductions through either TUPE transfer or redundancy. Based on current information, which could be subject to change, it is estimated that 627 members of staff could be affected in 2017-18 either through redundancy (23) or by transfer to joint ventures under TUPE contacts (604). Members of staff will be consulted as part of the implementation of any proposals that have staffing implications. All efforts will be made to prevent compulsory redundancies including the use of redeployment.

12. PROPERTY AND ASSETS

- 12.1 Following the transfer of services to joint ventures there may be a reduced need for office accommodation. A full property review will be undertaken before any decisions are taken. Property savings have not been included in the 2017-18 savings detailed in Appendix A.

13. ANY OTHER IMPLICATIONS

- 13.1 The impact of other implications are dependant on the nature of each proposal. Details can be found in appendix A.

14. CONSULTATION

- 14.1 Comments from Overview and Scrutiny Panels are either printed below or if time does not permit this will be made available to Members at Cabinet.

15. TIMETABLE FOR IMPLEMENTATION

- 15.1 Implementation will be with immediate affect to ensure achieved by April 2017. The budget will be set in January 2017 with full details going to Cabinet and Council in February 2017.

16. APPENDICES

- 16.1 Appendix A: Initial savings proposals for 2017-18.

17. BACKGROUND INFORMATION

- 17.1 Budget Report to Council February 2016.

18. CONSULTATION (MANDATORY)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Cllr Saunders	Lead Member for Finance	25/8/2016	26/8/16	
Cllr Rankin	Deputy Lead Member for Finance	25/8/2016		
Corporate Management Team (CMT)	Managing Director and Strategic Directors	19/8/2016	22/8/16	Throughout
External None				

REPORT HISTORY

Decision type:	Urgency item?
For information	No

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

APPENDIX A

OPERATIONS & CUSTOMER SERVICES - SAVINGS OPTIONS			
No.	Description / Budget	Income or saving for 17/18	Equality Impact Assessment
		£000	Y / N
REVENUES & BENEFITS £1.8m			
(incorporating Debt Recovery & Revs & Bens Systems Management)			
1	Company Joint venture with a commercial partner	400	N
HIGHWAYS & TRANSPORT			
Parking Provision £1.8m			
2	Contractual Joint Venture with commercial providers.	100	N
Highways & Streetcare £7.1m			
3	Highways & Streetcare - Outsource through 'term contract'	500	N
4	Highways & Streetcare - Implement new permitting scheme for works on the Highway and trade.	100	N
LIBRARIES & CUSTOMER SERVICES - Combined £6.24m			
5	Optimisation & Merger of the service areas	500	Y
COMMUNITY PROTECTION & ENFORCEMENT SERVICES			
Community wardens & parking enforcement £1.5m			
6	Outsource service – and merge	500	N
INFORMATION TECHNOLOGY SERVICES - £2.8m			
7	Optimisation & outsource service	500	N
		2,600	

Note: Some of the proposed savings Detailed in this Appendix are subject to Individual Reports To Cabinet

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