

<b>Report title:</b>	Initial Savings in respect of 2017-18
<b>Contains confidential or exempt information:</b>	NO – Part I
<b>Member reporting:</b>	Councillor Saunders, Lead Member for Finance
<b>Meeting and date:</b>	Council 13 December 2016
<b>Responsible officer:</b>	Russell O’Keefe, Strategic Director of Corporate and Community Services
<b>Wards affected:</b>	All

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## REPORT SUMMARY

1. The Medium Term Financial Plan (MTFP) presented to Council in February 2016 identified the need to reduce council expenditure by £5,600,000 in 2017-18. As the economic climate and other factors change, the Council's expenditure level and savings requirement are adjusted during the budget process. For this reason savings of £6,107,000 are presented for approval.
2. In March 2016 Cabinet approved a refreshed Transformation Programme with the aim to create a leaner and more agile organisation, focused on the customers, services and the communities the Council serves. Through this programme it has been identified how the council's expenditure could be reduced by £6,107,000 in 2017-18. The details are included in this report.
3. Most of the proposals were discussed by O&SPs and Cabinet in September 2016. Cabinet requested savings for 2017/18 be reported to Council in December 2016 and February 2017 alongside the main budget report.

## 1. DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Council notes the report and:

- i) Authorises Strategic Directors in agreement with Lead Members to develop the proposals and carry out implementation.

## 2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Over the last few years the Council has delivered 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 £5,600,000 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 its overall priority to always put residents first. As the economic climate and other factors change, the Council's

expenditure level and savings requirement are adjusted during the budget process. For this reason savings of £6,107,000 are presented for approval.

- 2.3 Reducing overall expenditure, either through reducing costs or increasing income, has been supported through the council's transformation programme which is designed to ensure that the Council will be:
- More self reliant: 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, utilising ideas from all sectors.
- 2.4 As part of this transformation the Council is proactively using its property assets and land holdings to improve the area for residents and businesses; create a borough for everyone and generate income.
- 2.5 The focus on transformation, learning from good practice across the sectors, means that the Council's proposals look different to previous proposals and those being adopted by other local authorities. The focus over the next three years is on ensuring the Council can deliver a broad range of quality services that are either maintained at the existing level for the current costs or for less direct cost to the council. The council's 'Delivering differently' programme sets out an ambition to create a 'mixed economy' approach to service provision in the future. All proposals for 'delivering differently' are tested against the same criteria:
- Ability to preserve and enhance services for the benefit of The Royal Borough and its residents.
  - The greatest opportunity for reducing cost.
  - 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. If implemented they 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.

**Table 1: Options for Council**

<b>Option</b>	<b>Comments</b>
Council to approve the proposals  <b>Recommended option</b>	The savings in appendix A have been assessed as achievable by Lead Members and Directors. The savings are in line with the savings requirement of the MTFP.
Council to amend the proposals  <b>Not recommended</b>	This may result in further savings being required and / or some savings being unachievable.

### 3. KEY IMPLICATIONS

3.1 The implications of delivering the proposals are set out in table 2.

**Table 2: Key implications of delivering proposals**

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
Savings delivered in 2017-18	<£6,100,000	£6,100,000 to £6,200,000	£6,200,000 to £6,300,000	>£6,300,000	31 March 2018

### 4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1. Table 3 provides the three year total reduction in spend across the council, 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 3 the details will be submitted to Council for approval in future reports.

**Table 3: Three year plan**

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	Revenue	Revenue	Revenue
Addition	£0	£0	£0
Reduction	£6,107,000	£4,119,000*	£3,271,000*
Net impact	£6,107,000	£4,119,000	£3,271,000

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	Capital	Capital	Capital
Addition	£0	£0	£0
Reduction	£0	£0	£0
Net impact	£0	£0	£0

\* Not submitted to Council at this time see paragraph 4.1.

## 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. RISK MANAGEMENT

**Table 4: Risk analysis**

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
Risk of non-achievement of balanced budget	MEDIUM	Early approval maximises time available for implementation.	LOW
Risk to service delivery	MEDIUM	Consideration at management teams to minimise impact on front line services.	LOW
Risk of negative payback	MEDIUM	Consideration of proposals at management teams focussed on whether proposals reduce controls that might increase costs in the longer term.	LOW

## 7. POTENTIAL IMPACTS

- 7.1 Equality Impact Assessments will be carried out, where necessary, prior to implementation and published on the Council's intranet.
- 7.2 If the proposal 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.
- Transfer to joint ventures under TUPE contracts (604).
  - Redundancy (23). All efforts will be made to prevent compulsory redundancies including the use of redeployment.
- 7.3 Following the transfer of services to joint ventures there may be a reduced need for office accommodation in 2018/19. A full property review will be undertaken at this point and proposals made to cabinet.

## 8. CONSULTATION

- 8.1 Most of the proposals contained in this report were discussed at Overview & Scrutiny Panel's prior to a report being approved by Cabinet in September 2016.

## 9. TIMETABLE FOR IMPLEMENTATION

**Table 5: Timetable for implementing savings proposals**

Date	Details
13 December 2016	Implement proposals subject to Council approval
21 February 2017	Final approval of 2017-18 by Council

## 10. APPENDICES

10.1 Appendix A: Savings proposals for 2017-18

## 11. BACKGROUND DOCUMENTS

11.1 Budget Report to Council February 2016.

11.2 Savings Report to Cabinet September 2016

## 12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Cllr. Saunders	Lead Member for Finance		
Cllr. Rankin	Deputy Lead Member for Finance		
Alison Alexander	Managing Director	3/12/16	Comments
Russell O'Keefe	Strategic Director Corporate and Community Services	29/11/16	Comments included
Simon Fletcher	Strategic Director Operations and Customer Services		
Rob Stubbs	Section 151 Officer		

## REPORT HISTORY

<b>Decision type:</b> Key decision, first entered into the Forward Plan September 2016.	<b>Urgency item?</b> No
Report Author: Richard Bunn, Chief Accountant, 01628 796510	

APPENDIX A

CORPORATE & COMMUNITY SERVICES - SAVINGS OPTIONS			
No.	Description / Budget	Income or saving for 17/18	Equality Impact Assessment
		£000	Y / N
<b>FINANCE</b>			
<b>Finance Operations / Finance Strategic</b>			
1	Reshape senior finance structure	100	N
<b>Finance Operations</b>			
2	Charge capital programme for project management work carried out within Finance	40	N
3	Rationalisation of business services when it transfers to financial control	25	N
4	Review financial control processes post system upgrade	30	N
5	Increasing apprentices in finance	20	N
<b>Systems Accountancy</b>			
6	Relocate Agresso Helpdesk to Finance Systems Team to provide resilience and complete customer experience.	15	N
<b>Insurance and Risk</b>			
7	Increased self insured exposure to £750k per claim (currently 500k)	70	N
<b>GOVERNANCE, PARTNERSHIP, PERFORMANCE and POLICY</b>			
<b>Shared Legal Services</b>			
8	Review of legal services	250	N
<b>Democratic Services</b>			
9	Reduction in democratic services printing and postage costs	10	N
<b>GPPP Management structure</b>			
10	Review of management structure and team structure in GPPP and implementation of a new performance mgt approach and system	235	N
<b>COMMUNITIES and ECONOMIC DEVELOPMENT</b>			
<b>Communications</b>			
11	Move to 3 ATRB from 4 a year	20	N
<b>Leisure Contract</b>			
12	Leisure service contract savings (agreed previously)	250	N
<b>CROSS CUTTING</b>			
	RBWM Property Co Rental income	75	N
		<b>1,140</b>	

## APPENDIX A

ADULT CHILDREN & HEALTH DIRECTORATE - SAVINGS OPTIONS			
No.	Description / Budget	Income or saving for 17/18	Equality Impact Assessment
		£000	Y / N
<b>COMMISSIONING</b>			
<b>Commissioning £4.7m net budget</b>			
1	Cessation of Family Nurse Partnership contract	110	Y
<b>Public Health Commissioning £7.0m gross budget</b>			
2	Re-allocation of Better Care Fund support budget to deliver "Direct Payment" efficiencies.	46	N
3	DAAT - implementation of Task and Finish Group recommendations as agreed by cabinet in November 2016	150	N
4	Savings to the pan-Berkshire Chlamydia screening contract - full year effect of 2015/16 saving	31	N
5	Integration of HV service & Children's Centres	100	N
<b>Housing £1.4m net budget</b>			
6	Targeted sheltered housing offer with the Clinical Commissioning Group and housing associations.	155	
<b>Other Commissioning services £1.2m net budget</b>			
7	Commissioning efficiencies	75	N
8	Reduction of posts in Operational Commissioning Team	28	N
9	Self financing of homeshare service	50	N
<b>ADULT SOCIAL CARE</b>			
<b>Management &amp; all ASC £0.7m net budget</b>			
10	Additional income to support placements in registered nursing homes.	277	
11	Additional income from financial assessment following Care Act guidance	335	Y
<b>Older People £14.4m net budget</b>			
12	Homecare outcome based contract set at fixed price	80	N
13	Homecare/Direct Payment reduction in demand	297	
14	Homecare outcome based contract re-ablement of care recipients	50	
<b>SCHOOLS AND EDUCATIONAL SERVICES</b>			
<b>School Improvement &amp; Leadership £0.3m net budget</b>			
15	Review of price and scope of buy-back Governor Services	30	N
<b>Early Years Education £0.221m net budget</b>			
16	Efficiencies in payment process. Focus service on quality as measured by Ofsted Judgement.	60	Y
<b>HEALTH, EARLY HELP &amp; SAFEGUARDING</b>			
<b>Safeguarding and Children in Care £5.6m net budget</b>			
17	Productivity and efficiency in Pods	104	N
18	Review in 'universal' Youth Service offer.	25	Y
19	Reduction in number of children in care requiring support	108	N
20	Integration of YOT & Youth Services	50	N
<b>Children &amp; Young People Disability £2.1m net budget</b>			
21	Placement cost savings	100	N
<b>HUMAN RESOURCES</b>			
<b>Human Resources £1.2m net budget</b>			
22	Supplementary pension - reduction in requirement	23	N
23	HR efficiency saving from delivering differently	15	N
24	Training, move to e-learning	25	N
		<b>2,324</b>	

## APPENDIX A

<b>OPERATIONS &amp; CUSTOMER SERVICES - SAVINGS OPTIONS</b>			
<b>No.</b>	<b>Description / Budget</b>	<b>Income or saving for 17/18</b>	<b>Equality Impact Assessment</b>
		<b>£000</b>	<b>Y / N</b>
<b>REVENUES &amp; BENEFITS £1.8m</b>			
1	New Debt recovery and Enforcement vehicle; additional HB overpayment and court cost recovery, admin efficiencies.	350	N
<b>HIGHWAYS &amp; TRANSPORT</b>			
<b>Parking Provision £1.8m</b>			
2	Income from targetted tariff increases	200	N
<b>Highways &amp; Streetcare £7.1m</b>			
3	Highways & Streetcare - Outsource term contract.	400	N
4	Highways & Streetcare - Implement new permitting scheme for works on the Highway and trade.	100	N
<b>LIBRARIES &amp; CUSTOMER SERVICES - Combined £6.24m</b>			
5	Optimisation & Merger of the service areas .	286	Y
<b>COMMUNITY PROTECTION &amp; ENFORCEMENT SERVICES</b>			
<b>CCTV</b>			
6	Reduce the cost of providing CCTV and Control Room Services.	188	N
<b>Community wardens &amp; parking enforcement £1.5m</b>			
7	Third party provision of parking enforcement services.	375	N
<b>Waste Collection £5.8m</b>			
8	Reductions in waste yields for processing and disposal, and from permit scheme at Stafferton Way HWRC	344	N
<b>INFORMATION TECHNOLOGY SERVICES - £2.8m</b>			
9	Resource optimisation and infrastructure contract savings.	400	N
		<b>2,643</b>	