

Report for:
ACTION



Contains Confidential or Exempt Information	Yes – Appendix B Part II – Not for publication by virtue of paragraph 4 of Part I of schedule 12A of the Local Government Act 1972
Title	Savings in Respect of 2016-17 Budget
Responsible Officer(s)	Andrew Brooker, Head of Finance
Contact officer, job title and phone number	Richard Bunn, Chief Accountant, 01628 796510
Member reporting	Councillor Dudley, Lead Member for Finance
For Consideration By	Cabinet
Date to be Considered	17 December 2015
Implementation Date if Not Called In	30 December 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 consult on a number of proposals to remodel services and report back to cabinet following completion of the consultation process. Where consultation is not required the report recommends the implement the proposals, as soon as practicable so that measures are in place by 1 April 2016 or earlier. Early implementation will help mitigate some service overspends currently projected in the Finance Update.
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 Cabinet:

- (i) Recommends the savings listed in appendices A and B to Council for inclusion in the 2016-17 budgets, subject to consultation.
- (ii) Authorises Directors to implement savings plans as soon as possible.
- (iii) Authorises a consultation process for the proposals listed in appendix B of this report (Part II – Not for publication by virtue of paragraph 4 of Part I of schedule 12A of the Local Government Act 1972).

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 accept the listed savings in Appendices A and B for inclusion in the 2016-17 Budget, subject to consultation.	Recommended option.
Members may reject some or all of the savings in Appendices A and B.	Other savings would have to be found in order to achieve the £5.7m savings target.

3. Key Implications

Defined Outcomes	Unmet	Met	Exceeded	Significantly Exceeded	Date they should be delivered by
Savings delivered in 2016/17 without cutting front line services	< £550k	£550k - £650k	£650k - £750k	> £750k	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	£604k*	None

* Total savings listed in Appendices A and B for approval

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. 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 for RSG in 2016-17 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 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	Moderate	Early approval maximises time available for implementation. Achievement of savings is monitored throughout the year by CMT.	Minor
Risk to Service Delivery	Moderate	Consideration at management teams to ensure implementation does not impact on line services.	Minor
Risk of Negative Payback	Moderate	Consideration of proposals at management teams focussed on whether proposals reduce controls or crease costs in the longer term.	Minor
Risk of challenge to governance process	Moderate	Savings projects will be project managed to ensure due attention is given to governance issues	Minor

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

Initial screening has been carried out on proposals. Issues and mitigations will be addressed through the consultation process and reported back to Cabinet as appropriate to minimise any adverse impact on service users.

11. Staffing/Workforce and Accommodation implications:

Detailed in the Appendices A and B

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: Savings proposals for 2016-17.

Appendix B: Savings proposals for 2016-17 subject to consultation (Part II – Not for publication by virtue of paragraph 4 of Part I of schedule 12A of the Local Government Act 1972)

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				
Corporate Management Team	.	25/11/2015		
Cllr Dudley	Lead Member	23/11/2015	23/11/2015	
Leader of Council and other members of the Budget Steering Group.				
Michael Llewelyn	Policy Assistant	23/11/2015	24/11/2015	
External				
None				

Report History

Decision type:	Urgency item?
Key decision	Yes

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

Appendix A Savings Adult and Community Services

Line No.	Description of Saving	16/17 Savings agreed by Sept Cabinet	16/17 Savings proposed for Dec Cabinet	Total 16/17 Savings
		£'000	£'000	£'000
Adults, Culture & Health				
Housing				
1	Full year effect of Housing Options function merged with the Customer Services Centre within the Operations Directorate, management post redundant.	60		60
2	Efficiency delivered by second phase of integration of the Housing Options team into the Customer Service centre to enable more staff to be able to offer first line housing options advice.		25	25
Homelessness				
3	Continuation of policy to meet homelessness obligations by use of private rented accommodation to reduce temporary accomodation bill	24		24
Supporting People				
4	Service rationalisation - review of all existing contracts for efficiencies	100		100
Older Peoples Services				
5	Review of Low Cost care packages to ensure value for money	25		25
6	Direct Payments debt recovery- net savings	25		25
7	Charging full cost of respite for self funders removing current subsidy.		12	12
Supported Living				
8	Full year effect of 15-16 procurement activity for a supported living contract	130		130
Mental Health				
9	Full year effect of contract review and offer of Recovery College	50		50
10	More sustainable Approved Mental Health Practitioner service available through regrading and permanent recruitment		25	25
Public Health				
11	New Targetted Smoking Cessation delivery model and contract - subject to tender award December 2015	128		128
12	Change of chlamydia screening model. To provide Berkshire wide web based confidential advice and information and testing.		31	31
13	Books on Prescription funded through library services		10	10
Commissioning				
14	Savings from commissioning budget through efficeincies		50	50
Learning Disability				
15	Existing High Cost placement programme to challenge providers charging in excess of the care funding calculator		57	57
Libraries				
16	Collaborative delivery to enhance customer services offer to residents via libraries. Reliant on providing efficiency through additional and integrated technology (hardware and software) and appropriate cross skills training.		50	50
Adult Social Care				
17	New Operating Model for Adult Social Care to increase the prevention of needs for health and social care.		40	40
		542	300	842
18	Further savings in appendix B (part ii)		304	304
		542	604	1,146