

Council Assembly Council Tax Setting

Tuesday 22 February 2011
7.00 pm
Town Hall, Peckham Road, London SE5 8UB

Supplemental Agenda No.1

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2.1.	Policy and Resources Strategy - 2011/12 - Revenue Budget (The Budget and Policy Framework)	1 - 107
	<p>This item includes the revenue budget report (see Appendix 1) to be considered by the reconvened meeting of the cabinet on 15 February 2011.</p> <p>The recommendation of the cabinet will be circulated following the meeting on 15 February 2011.</p>	

Agenda Item 2.1

Item No. 2.1	Classification: Open	Date: 22 February 2011	Meeting Name: Council Assembly
Report title:		Policy and Resources Strategy 2011/12 – Revenue Budget	
Ward(s) or groups affected:		All	
From:		Finance Director	

RECOMMENDATIONS

1. That council assembly considers the cabinet's budget recommendation for 2011/12.

Note: The cabinet's recommendation will be circulated to all councillors following the reconvened cabinet meeting on 15 February 2011. The report to be considered by cabinet is attached as Appendix 1.

2. That the Housing Revenue Account (HRA) – Approval of Housing Revenue Account Budget 2011/12 report (attached as Appendix 2), and any recommendations agreed by cabinet at their meeting on 15 February relating to this report, be noted.

BACKGROUND INFORMATION

3. The Policy and Resources Strategy 2011/12 to 2013/14 – Revenue Budget report sets out the background to how the cabinet have considered preparing budget proposals not least within the context of government announcements on local government funding. The report is attached as Appendix 1.
4. A report on the HRA budget is attached as Appendix 2.

KEY ISSUES FOR CONSIDERATION

Recommendation to council assembly

5. On 8 February 2011 the cabinet received a report on a balanced budget for 2011/12, with indicative budgets for 2012/13 and 2013/14. This meeting heard a number of deputations from local community groups and residents. The meeting on 8 February 2011 was adjourned and a specially reconvened meeting was arranged and will be held on 15 February 2011. This cabinet will consider the reports attached as Appendix 1 and 2. At this meeting the cabinet will consider its final recommendation to council assembly on the revenue budget which is meeting on 22 February 2011.
6. Further information on the budget proposals to be considered by cabinet on 15 February 2011 is set out in Appendix 1, including:
 - Overview and scrutiny committee recommendations
 - Reductions in government funding and frontloading

- Service area budget, including summary equalities impact
- Management restructuring and shared services
- Support to the voluntary and community sector
- Human Resources
- Consultation on the budget
- Equalities
- Community impact statement
- Legal advice

Housing Revenue Account

7. The cabinet received a report on the HRA budget on the 8 February 2011. This report sets out proposals for efficiency savings following consultation with residents. The report asks cabinet to: note the savings required to deliver a balanced HRA for 2011/12; approve the proposals to deliver the savings; note the consultation carried out; and note the further consultation and assessments that will be carried out.
8. The report on the HRA budget will be considered at the reconvened cabinet meeting on 15 February 2011. The cabinet also requested that the report on the approval of housing revenue account budget 2011/12 be circulated to council assembly as an appendix.

REASONS FOR URGENCY

9. The council has an obligation to set a lawful budget by the statutory deadlines and ensure all the necessary preparatory administrative and financial arrangements are in place prior to the next financial year. The council also required sufficient time to consider the implications of the government settlement on the budget proposals.
10. All local authorities are required to set their council tax by 11 March 2011. Any delay to this date would mean the council would have to move its instalment date beyond 1 April 2011 resulting in loss of income to the council.

REASONS FOR LATENESS

11. This report is late because the cabinet wished to give due consideration of the issues raised through the consultation process, including deputations received, by 8 February 2011. Further, the details of the final grant settlement were only formally debated in Parliament on 9 February 2011.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet – Reports and minutes 2010//11	160 Tooley Street London SE1 2TZ	Everton Roberts/ Paula Thornton 020 7525 7221

APPENDICES

No.	Title
Appendix 1	Policy and Resources Strategy 2011/12-2013/14 – Revenue Budget (Cabinet report: 15 February 2011)
Appendix 2	Housing Revenue Account – Approval of Housing Revenue Account Budget 2011/12 (Cabinet report: 15 February 2011)

AUDIT TRAIL

Lead officer	Duncan Whitfield, Finance Director	
Report author	Cathy Doran, Head of Financial Planning & Budgets Stephen Gaskell, Business and Partnerships Manager Ian Millichap, Constitutional Manager	
Version	Final	
Dated	14 February 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	See Appendix 1
Finance Director	Yes	See Appendix 1
Date final report sent to Constitutional Team		14 February 2011

APPENDIX 1

Item No. 7.	Classification: Open	Date: 15 February 2011	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy 2011/12-2013/14 – revenue budget	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone - Finance, Resources and Community Safety	

FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY

1. Southwark faces an unprecedented cut in its budget settlement from government for 2011/12, with £34m being removed. Once inflation, unavoidable budget pressures and all resource reductions are accounted for, this amounts to a budget gap for 2011/12 of some £60m: almost a sixth of our total budget. Government has informed us of its intention to take away a further £17m in 2012/13 and has also indicated further, as yet unquantified, cuts in 2013/14.
2. We know that, given the levels of deprivation in Southwark, these cuts will disadvantage our borough disproportionately. We have lobbied government for a fairer settlement, including meeting the Minister with our three Members of Parliament. Sadly, government confirmed on 31 January that it was unwilling to reduce the scale of these cuts.
3. The council does not wish to make these cuts, but now that we have been presented with this challenge we will face it so that Southwark Council can continue to provide high quality public services to the residents of our borough and deliver our ambition of creating a fairer future for all in Southwark. It is important that we take some difficult decisions now so that we are not faced with even harder decisions in future years.
4. This budget sets out how Southwark Council will address this massive shortfall in funding. These savings have not been easy to find, but have been informed by our Cabinet's seven agreed budget principles. We are pleased that we have been able to consult as widely as possible to gather the views of all of our stakeholders in such difficult circumstances. We have done all that we can as a Cabinet to understand the responses that we have received from all sources referred to within the report in making our budget recommendations. We have sought to protect our most vulnerable residents, whilst at the same time have tried to do all that we can to preserve other front-line services for all of our residents.

RECOMMENDATIONS

That Cabinet:

5. Note that the budget principles agreed by Cabinet on 21 September 2010 have guided the process for budget setting.
6. Note the announcement of the final grant settlement by Department of Communities and Local Government (DCLG) on 31 January 2011.
7. Agree a balanced budget based on a nil council tax increase for 2011/12 for recommendation to Council Assembly on 22 February 2011. Budget schedules are set out in Appendices A to E.
8. Note that subject to agreement by Council Assembly to the budget recommendations, there will be a need to complete and invoke both statutory consultation procedures where necessary and the Council's own policies and procedures as appropriate in order to implement the savings and income generation proposals detailed in Appendix C to E.
9. Note that the Greater London Assembly (GLA) will set its precept on 23 February and therefore that Council Assembly will establish a committee for setting the council tax for 2011/12.
10. Note indicative balanced budgets for 2012/13 and 2013/14, based on a council tax increase of 2.5% for 2012/13 and 2.5% for 2013/14.
11. Note that budget consultation took place with residents and community groups from September 2010 to 8 February 2011 and that the feedback from the consultation has been given due consideration by the Cabinet.
12. Agree the recommendations from the Overview and Scrutiny committee meeting on 31 January 2011 (Appendix F).
13. Agrees to establish the voluntary sector transition fund and criteria for the fund, subject to the Council Assembly agreeing the revenue budget on 22nd February 2011. The proposed criteria are set out in Appendix G.
14. Note that £1m will be allocated each year for the duration of the three year budget to support young people, in particular for the mitigation of the high youth unemployment in the borough and the impact of the removal of education maintenance allowances. The detailed proposals to support this resource will be presented to cabinet for approval at the meeting on 22 March 2011.
15. Note the need to use balances of £6.3m in order to support service delivery and deliver a balanced budget in 2011/12 and 2012/13.
16. Note that the provision of a contingency fund be made to mitigate risks contained within the budget for 2011-14, including:

- the ability to deliver savings of £84.3m over the three years from 2011/12. £84.3m is more than double the level of savings that have been delivered in the last three years;
 - the impact of increased demands across services;
 - the impact of fluctuations in inflation;
 - that no certainty is attached to the grant settlement after 2012/13, including the future of the grant 'floor';
 - the uncertainty on the distribution of funding to support social care and benefit health; and
 - the uncertainty on the new homes bonus grant, including how and when the grant will be distributed, the conditions of the scheme, especially beyond 2012/13, and the basis for the calculation.
17. Note that negotiations continue with the Primary Care Trust (PCT) on the use of funding to support social care and benefit health.
 18. Note that confirmation is awaited from the government on the outcome of consultation on the new homes bonus grant.
 19. Note the need to absorb the impact of inflation within the cash limited budgets proposed within this report (other than that which is contractually committed).
 20. Note that new growth of £12.9m is allocated over the three years from 2011/12 to support local priorities.
 21. Note that a separate report asking for approval on savings required to deliver a balanced housing revenue account for 2011/12 is elsewhere on this agenda. This follows consultation carried out to date. In future years Cabinet will align processes for housing and general revenue fund budget setting.
 22. Note that, given the scale and complexity of budget implementation, further work is being undertaken on the medium term resources strategy (MTRS). An updated MTRS will be considered by Cabinet on 22 March 2011 in the context of the Council Assembly decision on a balanced budget for 2011/12.
 23. Note the need for enhanced budget monitoring arrangements to be in place to ensure savings plans remain on target, and that mitigating action is undertaken at the earliest opportunity where there is a risk of adverse variance against target.

BACKGROUND INFORMATION

General Fund Budget 2010/11

24. In February 2010 Council Assembly agreed a balanced budget of £319.9m for 2010/11. This was based on a nil council tax increase (Southwark element only). The agreed budget included £14.3m worth of financial commitments largely to meet increasing demand pressures particularly within social care. Some £13.4m savings were set out which included the rationalisation of management structures, shared service delivery, better use of information technology and reduced costs resulting from co-location. Over the last three years from 2008/09 (i.e. the last local

government spending review period), including the 2010/11 budget, the Council has resourced some £39.9m commitments and delivered some £42.7m savings.

25. In June 2010 the Cabinet set out its mission, 'Fairer Future for all in Southwark'. At the meeting the cabinet noted the mission and commitments of the new administration.

Emergency Budget

26. On 22 June 2010 the coalition government announced its national emergency budget which contained a number of measures to reduce the overall government deficit. On 20 July 2010 the Cabinet received a report that set out the impact of cross-government savings for Southwark which resulted in a reduction of £5.1m in grant income in 2010/11, of which £3.3m related directly to projects funded through Area Based Grants (ABG). This included £2.2m reduction from Children's Services, a £0.7m reduction in Working Neighbourhoods Fund (WNF) and a £0.3m reduction in supporting people (SP) administration grant.
27. At the 20 July 2010 meeting the Cabinet agreed strategic directors be instructed to work with cabinet members to manage and mitigate the impact of in-year grant reductions announced as part of the national emergency budget package. The cabinet also instructed strategic directors to report back to the finance director and cabinet member for finance and resources on their progress in managing in-year reductions by the end of August. The clawback of the pay award inflation budget to corporate contingency, given the proposed 2010/11 pay freeze for public sector employees, was noted.
28. In the context of the emergency budget the Cabinet agreed that the finance director be instructed to ask strategic directors to identify savings of 25% over the three years 2011/12 – 2013/14 in line with the public sector spending cuts.
29. The Leader of the Council was instructed by Cabinet to write to the Secretary of State explaining the impact of the potential cuts arising from the emergency budget on deprived inner-city boroughs like Southwark.
30. Further, the Cabinet agreed that the finance director be instructed to put together plans for approval by the leader and cabinet member for finance and resources, for public consultation in the autumn on the impact on the Council of the emergency budget over the next four years to seek the community's views on their priorities for services and savings.

Budget principles

31. On 21 September 2010 the Cabinet agreed seven budget principles to guide and underpin the work of officers in preparing a balanced budget for February 2011. These principles are:
 - At a time of unprecedented cuts proposed by central government, the 2011 Southwark budget should continue to prioritise the commitments made by the cabinet at its first meeting as a new administration in June and its vision to

create a fairer future for all by promoting social and economic equality in an economically vibrant borough.

- We recognise that some services currently provided by the Council may be lost, and some may change. However, we will do all that we can to protect our front-line services and support our most vulnerable residents.
- We will ensure that the services which the Council delivers provide value for money, value for council tax payers and contribute towards delivering our vision of creating a fairer future for all in Southwark.
- We will explore alternative ways of providing a service prior to proposing any cut or reduction. This will include talking to partner organisations, the voluntary sector, the trade unions, the business community and other local authorities.
- We will be transparent with any specific group or groups of users who may be affected by any cut or reduction in service provision as soon as possible and explore with them other ways to provide the service. We will conduct an equalities impact assessment for our budget proposals.
- Before proposing any cut or reduction we will have a clear and comprehensive explanation for why that service should be cut, reduced or no longer provided by the Council, and this explanation should be capable of being subject to robust challenge.
- Budget proposals should be based on a three year approach and should have regard to innovative ways of providing services and maintaining employment in the borough.

Spending Review 2010

32. On 20 October 2010 the Chancellor of the Exchequer announced the Spending Review (SR) 2010, covering the period from 2011/12 to 2014/15. He announced that funding to local government will be reduced by 7.1% for each year to 2014/15. On the same day 'SR 2010' (published by HM Treasury) stated 'overall resource savings in Local Government departmental expenditure limits (DEL) to councils of 28 per cent over the four years'. Also on the 20 October 2010, the Secretary of State for Communities and Local Government (CLG) wrote to all councils explaining that 'councils will face an average loss of grant of 7.25%, in real terms, in each of the next four years'.
33. The SR set out that the number of specific grants to local government will be reduced as part of the government's intention to lift the ring-fencing of all local government revenue grants from 2011/12, with the exception of local health and schools grants.
34. On 2 November 2010 the Cabinet received an update report on the headline content of the SR. The report stated that there was still a great deal of uncertainty surrounding the allocation of resources to local government, including that:

- no statements or publications were made on the data underpinning local government grants for 2011/12 and beyond,
 - no statement was made on the continuation of the floor or otherwise,
 - the government wanted to 'simplify' the schools grant system, including dedicated schools grant (DSG), but the details were yet to be published,
 - the government had not yet published detailed information at a local level on ABG,
 - the precise details on how grants will be absorbed into formula grant or one of the other core grants were yet to be published,
 - the results of the consultation on the formula grant were not expected until later in the autumn,
 - personal budgets will be introduced for children with Special Educational Needs (SEN), although specific details on local determinations were yet to be published,
 - council tax benefits would be 'localised' from 2013/14, although the precise details on how this will be delivered were not specified,
 - councils had been informed of radical reforms to the Housing Revenue Account (HRA) but the details of such reforms were not yet known.
35. The headline content of the Spending Review (SR) 2010 for local government, alongside ongoing work to assess implications, was noted at the meeting. The cabinet also noted that the budget principles agreed in September continue to guide and underpin the work of officers in arriving at a balanced budget in February 2011.
36. Officers were asked by Cabinet to continue to work on budget options, particularly in line with the earlier instruction from Cabinet in July following the national emergency budget. Cabinet also asked that strategic directors incorporate into budget options any specific implications from the SR.
37. The finance director was asked by Cabinet to present a further report later in the autumn following the publication of the provisional local government settlement by the Department for Communities and Local Government (DCLG).
38. Subject to appropriate analysis, officers were asked by Cabinet to seek further advice as to whether there is any legal basis upon which to challenge the government on the consequences of any aspect of the spending review that may have a disproportionate detrimental impact on Southwark's residents.
39. The Cabinet agreed to write to all local MPs inviting them to a briefing and urging them to press ministers for clarity in the financial settlement which Southwark is to receive at the earliest opportunity; and to set out the impact on the Council's funding and residents of all changes including those to housing finance.
40. The Cabinet also agreed to work with other London councils to lobby the government for reform of the four block model to accurately reflect the costs facing London boroughs including the maintenance of the floor.

Providing further information to voluntary sector providers and stakeholders

41. The Cabinet also asked that officers provide further information to voluntary sector providers and other stakeholder groups on the outcome of the SR, especially in respect of grants. Three letters were sent to council funded voluntary and community sector organisations to inform them of the potential impact of the reductions in the Council's funding.
42. On 8 November 2010 all organisations commissioned through the WNF were sent a letter informing them that the WNF funding would come to an end at 31 March 2011 and there would be no further funding available. Also on 8 November 2010 the Council wrote to all organisations which it commissions services from setting out that it would be prudent to prepare for at least 10-15% reductions in 2011/12 and 25% in 2011-14. This letter also set out possible reductions in capital funding and withdrawal of the WNF.
43. These messages to the voluntary and community sector were also repeated at the Council's quarterly liaison meeting with the sector on 8 November 2010. The cabinet member for finance and resources also attended the meeting of the Southwark Forum on the 25 November 2010 and explained that the situation could be much worse than that set out in the 8 November 2010 letter. He explained the uncertain situation with specific grants. This uncertainty could mean that the level of reductions to some organisations may be greater. Southwark Forum is Community Action Southwark's forum for all local voluntary and community sector organisations.

Provisional Grant Settlement

44. On the 13 December 2010, the Secretary of State for CLG announced the 2011/12 and 2012/13 provisional local government settlement.
45. On the 21 December 2010 the Cabinet received a report on the initial implications for Southwark Council of the 2011/12 and 2012/13 provisional local government settlement, and the draft update of the Council's MTRS.
46. The provisional settlement stated that in 2011/12 the total level of provisional formula grant funding to local government nationally will be £29.4billion, a reduction of 9.9% against the 2010/11 position. The government were to frontload grant reductions. This meant that the majority of savings that councils would need to be made would have to be achieved in 2011/12.
47. The government also announced a number of significant changes to the formula grant at a national level. From 2011/12 the number of grants to local government will reduce from over 100 to around 12 core grants. These changes will involve the movement of some grants into formula grant, some into the other core grants and the creation of new grants. WNF ends from 2011/12.
48. It was also announced in the provisional settlement that the way in which the minimum funding guarantee, or floor, is calculated and applied would change from 2011/12. Multiple floors were created based on 'bands' of authorities. The band is based on the level of dependency a council has to its formula grant. Southwark is a

band one authority in that it is one of those councils most dependent on formula grant. 72% of the council's net budget is funded through formula grant. Nationally, there are 38 single-tier councils in this band, 17 of which are in London.

49. Overall, the provisional settlement set out that Southwark would experience a total reduction in formula grant in cash terms of £29.7m for 2011/12 (an 11.3% reduction in comparison to a revised 2010/11 position) and a further £17.2m in 2012/13 (a 7.4% reduction). The total reduction in grant in cash terms over two years would therefore be £46.9m - the highest cash reduction of all London boroughs.
50. Without the floor Southwark would experience an additional loss of grant in cash terms of £13.6m in 2011/12 and a further £19.3m in 2012/13. This means that in cash terms the total reduction in grant for Southwark, without the floor, would have been £79.8m for 2011/12 and 2012/13. As a result of the provisional settlement, Southwark, like other councils in London, is even more dependent on the floor and how it is applied. The government made no announcements as to the future of the floor beyond 2012/13.
51. The government introduced a transition grant to manage the impact of spending reductions. Whether a council would receive the transition grant or not is dependent on the extent to which their overall 'revenue spending power' has decreased as a result of the provisional grant settlement.
52. The provisional settlement indicated that Southwark would receive no transition grant in either 2011/12 or 2012/13. This is because Southwark's level of reduced revenue spending power at 8.4% would be lower than the threshold nationally in 2011/12 (which was announced at 8.9% at the time). The level of reduction in Southwark's 'revenue spending power' in 2012/13 was 4.5%. In cash terms this equated to a reduction in revenue spending power of £33.7m in 2011/12 and a further £16.2m in 2012/13.
53. In agreeing the report of 21 December 2010 the Cabinet noted that the issues in the report and subsequent analysis form the basis of a formal response to the consultation on the provisional local government settlement.
54. The Cabinet also noted that the Leader is writing to the Right Honourable Eric Pickles, MP, the Secretary of State for Communities and Local Government (CLG) to request a meeting to discuss the proposals set out in the provisional settlement. The three Southwark MPs were requested to make representations on behalf of constituents to the Secretary of State for Communities and Local Government on the provisional local government settlement.
55. The Cabinet once again noted that their budget principles continue to guide and underpin the work of officers in arriving at a balanced budget in February 2011.
56. The finance director was instructed to report back to the Cabinet at its meeting on 25 January 2011, and in advance of the 31 January overview and scrutiny meeting, on the budget for 2011/12, and indicative budgets for 2012/13 and 2013/14. The MTRS was noted.

57. The cabinet also asked that the finance director circulate a briefing note on the local government settlement to all elected Members. This briefing note was circulated on 22 December 2010.

Informing the voluntary and community sector on the provisional settlement

58. On 23 December 2010 a letter went out to all organisations in the voluntary and community sector funded by the Council setting out details of the provisional settlement. This letter also drew attention to the government's transition funding for voluntary and community sector organisations, pointing out a timetable for budget decisions and asking what support the Council could give to those considering applying for the fund.
59. On the 13 January 2011 the Leader of the Council met with Grant Shapps MP, Minister of State for CLG to outline Southwark's position following the provisional grant settlement and make representation on the impact. On 17 January 2011 the Leader wrote to CLG in response to the consultation on the provisional settlement.

2011/12 draft revenue budget

60. On 20 January 2011 the Council published a report on the draft revenue budget for 2011/12, with draft indicative proposals for 2012/13 and 2013/14. Also on 20 January 2011 a series of community council meetings commenced in which the draft budget report would also be considered as appropriate.
61. On 25 January 2011 the draft revenue budget report was presented to the Cabinet setting out the draft proposals for consultation.
62. At the meeting a deputation was received from the Southwark Trades Council. The deputation addressed the Cabinet outlining their concerns relating to the draft revenue budget and the impact on public services. They asked the cabinet to utilise some of the budget reserves to offset the negative impact on services and what were perceived as short term solutions to the budget deficit.
63. The report was noted and Cabinet agreed that a final balanced budget report for 2011/12, with indicative budgets for 2012/13 and 2013/14 be presented to them on 8 February 2011 for recommendation to Council Assembly due on 22 February 2011. The cabinet also noted that the formal response to the consultation on the provisional local government settlement was submitted to government on 17 January 2011.
64. At the meeting the Cabinet agreed two additional recommendations which were:
- That the potential new homes bonus that Southwark may be awarded and that £1.5 million of this is committed in the budget for 2011/12 be noted. The finance director to bring back details of how much the borough will receive in 2011/12 to the 8 February cabinet meeting and to set out proposals on how to manage these resources as part of the MTRS.
 - That it be noted that 2,430 16-24 year olds in Southwark were claiming job seekers allowance or not in education, employment or training (NEET) in December. The director of children's services and the finance director to bring

forward proposals to 8 February cabinet to consider to mitigate the high youth unemployment in the borough and the impact of the removal of education maintenance allowances.

Budget guide and consultation on the draft revenue budget

65. On 27 January 2011 a guide was published to accompany the draft revenue budget report and outline some key highlights from the draft budget proposals. This was so that residents could more quickly understand some of the budget proposals being put forward. Comments were invited on the draft revenue budget report by 8 February 2011.

Overview and scrutiny

66. On 31 January 2011 the overview and scrutiny committee of the Council met to consider the draft revenue budget as set out in the report to Cabinet on 25 January. At the meeting deputations were received from Community Action Southwark, Southwark Pensioners Action Group and Age Concern. Following question and answer sessions involving each cabinet portfolio holder the committee agreed a number of recommendations.
67. The recommendations from the overview and scrutiny meeting are set out in paragraph 77. In agreeing this report Cabinet are asked to consider these as part of budget setting and implementation for 2011/12.

Final grant settlement 2011/12

68. On 31 January 2011 the Secretary of State for Communities and Local Government (CLG) announced the 2011/12 and 2012/13 final grant settlement for local government. There were no significant changes to those announcements made in the provisional settlement. The final settlement was formally debated in parliament on 9 February 2011.
69. Nationally, in announcing the final grant settlement the government made changes from those announced with the provisional settlement so that no council will receive a 'revenue spending power' reduction of more than 8.8% in either 2011/12 or 2012/13. This increases the total grant to local government nationally in 2011/12 by £11.6m to £96.2m and by £6.7m to £20.8m in 2012/13.
70. This change is not enough for Southwark to benefit from the transition grant. No additional London authorities qualified for transition grant because of this change. However the three London boroughs receiving transition grant (Hackney, Newham and Tower Hamlets) gained an additional £1.1m between them.
71. There has been an additional increase in formula grant nationally of £10m for 2011/12 only, in order to mitigate the impact of the concessionary fares transfer to shire districts.
72. For Southwark there has been no overall change to the 2011/12 grant or 'revenue spending power' following the announcement of the final settlement. For 2012/13 Southwark's reduction in spending power is now 4.63% (it was 4.51% when the

provisional settlement was announced). This is due to the preventing homelessness grant which in the provisional settlement was announced at £2.16m for 2012/13. In the final settlement this grant is now indicated to be £1.72m (a reduction of £0.44m).

73. On 9 February the Secretary of State for Communities and Local Government announced the council tax capping principles for 2011-12. The Secretary of State for Communities and Local Government “will consider an authority to have set an excessive increase if:

(a) the amount calculated by the authority as its budget requirement for 2011-12 is more than 92.5% of the authority’s alternative notional amount; or where no such amount has been specified for the authority, the authority’s budget requirement for 2010-11; and

(b) the amount calculated by the authority as its band D council tax for 2011-12 is more than 3.5% greater than the same amount calculated for 2010-11.”

74. When these principles are applied, 92.5% of Southwark’s alternative notional amount is £325.25m. The proposed budget requirement for Southwark is within this limit therefore the council would not be subject to any capping.

This report

75. This report now sets out proposals for a balanced budget in 2011/12 for consideration by Cabinet. It also sets out indicative budgets for 2012/13 and 2013/14.
76. Subject to agreement of this report, a further report will be presented to Council Assembly on 22 February 2011 on the final budget for 2011/12, and indicative budgets for 2012/13 and 2013/14. Subject to agreement of the budget, a new council business plan will be prepared.

KEY ISSUES FOR CONSIDERATION

Overview and Scrutiny committee recommendations

77. On 31 January 2011 the Overview and Scrutiny committee of the Council met to consider the draft revenue budget as set out in the report to Cabinet on 25 January. Each cabinet member was questioned by the committee on the draft budget proposals. The committee made a number of recommendations for the cabinet to consider as part of budget setting and implementation. These were:
- That the cabinet be thanked for the opportunity for overview & scrutiny committee to carry out a scrutiny of the draft revenue budget and cabinet members be thanked for their involvement
 - That the cabinet work with Community Action Southwark in setting criteria and managing the distribution of the transition fund for voluntary sector funding
 - That cabinet consider how to involve voluntary organisations in strategic discussions about the commissioning of adult social care services

- That cabinet clarify the purposes of the £1 million youth fund allocation made on 25 January 2011, including the fair and cost-effective administration of support for individuals
- That the cabinet member for children's services update the education & children's services scrutiny sub-committee on how she will involve young people in the redesign of the youth service
- That cabinet explore making wider use of volunteers in the community to help support and mentor parents and families experiencing problems
- That if the cabinet is minded to create a voluntary redundancy scheme and/or a redeployment pool that it considers a thorough report, including advantages and disadvantages both for staff and the Council and including full information on costs and funding
- That cabinet carry out a review of senior officers pay, in accordance with the principle in paragraph 241 of the report to review top pay, and report back to overview & scrutiny committee
- Given that the sports development budget will be reduced to zero in 2013/14, that cabinet is urged to consider an adequate revenue budget going forward to support sports development, including the Community Games, and making sensible use of the capital allocation for the Olympic Legacy fund
- That before implementing any changes for residents parking charges based on vehicle emissions or second or third cars, cabinet consult via Community Councils on detailed proposals

78. Cabinet is asked to agree the recommendations from overview and scrutiny. Appendix F sets out some further information on the recommendations.

Reductions in government funding and frontloading

79. In response to the emergency budget the Cabinet agreed that the finance director be instructed to ask strategic directors to identify savings of 25% over the three years 2011/12 – 2013/14 in line with the public sector spending cuts. This level of saving was at the upper end of expectations. It was set in advance of the SR and before any details were known on the provisional grant settlement.
80. In drawing up the budget it is worth noting that savings of up to 15% over the three years from 2011/12 would provide some choices for members when considering proposals to arrive at a balanced budget. However, to achieve savings of 25% over the three years from 2011/12 officers can only offer extremely limited choices for members to arrive at a balanced budget.
81. There were no significant changes announced in the final settlement therefore the government have confirmed that grant reductions will be 'frontloaded'. This means that the majority of savings that councils need to make as a result of these

reductions will have to take place in 2011/12. Southwark will receive reductions in formula grant of some 11.3% in 2011/12 and a further 7.4% in 2012/13. This means that officers are required not only to set out proposals that meet the 25% savings target over three years but to frontload such proposals so a higher proportion are made in 2011/12. This further restricts the very limited choices available to members in reaching a balanced budget for 2011/12 and in future years.

New Homes Bonus

82. The proposed New Homes Bonus is intended to reward local authorities and communities where growth takes place. The proposed formula for allocation is to match the level of council tax paid on each new home for 6 years with an additional £350 for each affordable unit. As an 'unringfenced' grant, there would be no restriction on its use.
83. At their meeting on 25 January 2011 the Cabinet formally noted the potential New Homes Bonus that Southwark may be awarded and that £1.5m of this is committed in this budget for 2011/12. Cabinet asked the Finance Director to bring back details of how much the borough will receive in 2011/12 to the 8 February Cabinet meeting and to set out proposals on how to manage these resources as part of the medium term resources strategy (MTRS). The latest information is shown in paragraphs 84 to 85 below.
84. Officers continue to undertake analysis on the New Homes Bonus proposals. The final scheme design is still being completed within government and ministerial approval is expected in due course. Based on current information and projections it has been estimated that the Council may receive up to approximately £2.8m in 2011/12 as a result of the New Homes Bonus. This estimate is based upon the use of the DCLG toolkit applied to Southwark's own estimates of new homes to be built. However, continued caution must be applied to the assumptions within the New Homes Bonus as there still remains uncertainty as to how and when this grant will be distributed. There is also uncertainty as to the conditions of the scheme, especially beyond 2012/13, and the basis for the calculation.
85. There is currently £1.5m proposed to be allocated within the 2011/12 budget base. Additional resources in support of the New Homes Bonus are proposed to be allocated to a special earmarked reserve subject to further Cabinet decisions regarding how these funds may be used. This will be reflected in the updated MTRS which will be presented to Cabinet on 22 March 2011.

Social Care Grant

86. The government announced there would be additional resources to support cost pressures in adult social care in two ways. Firstly, an additional £1bn is to be provided nationally from the Department of Health contributing to the overall grant formula for councils. In Southwark, the reduction of formula grant and operation of the minimum funding guarantee (i.e. the 'floor') means that it is not possible to identify if, and at what level, the Council has received this additional resource.
87. Secondly a new provision of £1bn nationally from the Department of Health via Primary Care Trust allocations, as set out in the NHS Operating Framework

published in December 2010. This allocation is to support social care and benefit health. The grant has been confirmed for two years at £4.3m in 2011/12 and £4.1m in 2012/13. In 2013/14 it is assumed that the grant ceases. The grant is subject to further discussion and agreement with the health sector. There is also the complexity of governance arrangements to consider in relation to this grant.

Concessionary fares (i.e. “Freedom Passes”)

88. Concessionary fares is the common name given to the London Freedom Pass which is issued to all older and disabled Londoners to give free travel on almost all public transport in London. The Freedom Pass scheme is administered by the organisation London Councils and costs are recharged to individual London boroughs on the basis of journeys travelled.
89. There have been a number of changes impacting on the scheme since 2010/11:
- More Southwark residents have become eligible to receive the freedom pass - this increases the cost to the Council.
 - There has been a large increase in London Council's payment to transport operators, especially to Transport for London (TfL).
 - There was a 'concessionary fares grant' which was paid to London Councils up to 2010/11. From 2011/12 the concessionary fares grant will no longer be paid to London Councils, and instead it has been transferred into each individual authority's formula grant. For the reasons explained earlier, as a 'floor' authority Southwark does not get the benefit of this grant transfer.
 - There has been a phased introduction of changing cost allocations to boroughs from one based on the number of passes allocated to one based on the number of journeys undertaken.
 - London Councils had previously used its reserves to help subsidise the cost of the scheme borne by local boroughs. From 2011/12 there will be a much lower contribution from London Councils, and this increases the costs of the scheme to each individual authority.
90. As a result of all of these factors, Southwark's contribution towards concessionary fares in 2011/12 will be £10.654m. This requires an increase of £3.105m to meet this charge.

Funding to Lead Local Flood Authorities for Local Flood Risk Management

91. The government have announced £21m worth of grants to help councils protect and support their own community when managing flood risk. These grants will cover the costs for local authorities of putting into place and carrying out new responsibilities under the Flood and Water Management Act 2010, including flood mapping, producing risk management plans and supporting community flood awareness groups. This grant is non-ringfenced, it is for individual local authorities to decide where the money should be used.

92. Southwark will receive £182.8k in 2011/12 and £438.2k in 2012/13 and thereafter. These funds will not be passed through to departments, but will be put into an earmarked reserve and released as required.

Localism Bill

93. The Localism Bill was published on 13 December 2010 alongside the provisional grant settlement and contains several provisions concerning local spending powers. These include: replacing the capping powers on council tax increases with a requirement that councils hold a referendum on any proposed rise above a certain threshold; the ability for councils to grant a discount in business rates; a requirement that councils allocate a proportion of Community Infrastructure Levy (CIL) revenues back to the neighbourhood from which it was raised.
94. Royal Assent is expected on the Localism Bill in 2011, with some parts coming into effect then, and secondary legislation to follow in 2012. Therefore no changes are expected in time for 2011/12 budget setting (including with regards capping powers, which will remain in place). However there remains a great deal of uncertainty with regards the financial impact of the measures proposed within the Localism Bill and the Council will need to press for clarity on such matters especially ensuring that the potential cost burden on local authorities from national priorities are properly matched with resources. Further information about the passage of the Bill through parliament is pending. Officers will continue to monitor the implementation timetable and undertake more detailed analysis on the Bill when such details are published.

Revenue monitoring position

95. It is important that the Council consider current spending pressures and issues when preparing future budgets. The detailed revenue monitoring for quarter 3 was set out on the 8 February 2011 agenda and currently projects an adverse variation at outturn of £962k. Management action continues to contain this situation and to ensure budget targets are achieved overall.
96. Contingency was retained in 2010/11 to help contain spending pressures and especially those created by new demands for services, and an allocation from this will be necessary in the event of any final adverse variation. Any contingency not required to fund 2010/11 activity will be used as a first call when using council reserves and balances to help mitigate for any additional or unforeseen costs and demands in 2011/12 and beyond.

2011/12 budget and indicative budget for 2012/13 and 2013/14

A budget that will deliver a fairer future for all

97. The proposed budget for 2011/12, and indicative proposals for 2012/13 and 2013/14, are summarised in table 1.

Table 1. 2011/12 budget, and indicative budgets for 2012/13 and 2013/14

	2011/12 budget £m	2012/13 indicative budget £m	2013/14 indicative budget £m
Formula grant	(232.8)	(214.8)	(214.8)
Council Tax income	(90.2)	(93.5)	(96.8)
Council Tax freeze grant in 2011/12	(2.2)	(2.2)	
Social care and benefit health grant	(4.3)	(4.1)	
Total income resources	(329.5)	(314.6)	(311.6)
Revised previous year's budget	349.6	332.9	317.4
Inflation	0.0	0.0	3.6
- Pay award – pay frozen for 2011/12 and 2012/13; 2% assumed for 2013/14			
- General inflation (running costs) allowed for 0% for 2011/12, 0% for 2012/13 and 2% for 2013/14	0.0	0.0	3.4
- Inflation based on contractual commitments (linked to industry specific rates)	3.5	3.6	2.6
Commitments	7.5	4.9	5.4
Growth	6.1	3.4	3.4
Efficiencies and improved use of resources	(22.3)	(13.7)	(12.7)
Income generation	(0.5)	(0.3)	(0.1)
Savings impacting on service delivery	(11.0)	(13.4)	(11.3)
Budget	332.9	317.4	311.7
Contribution (from) and to balances	(3.4)	(2.8)	(0.1)

98. There are a number of assumptions in table 1 above, described in paragraphs 99 to 107 below.
99. **Formula grant.** Formula grant is based on the final settlement for 2011/12 and indicative grant for 2012/13. No details for the grant settlement have been published by government for 2013/14. The figures in table 1 above assume the same level of formula grant is received in 2013/14 as in 2012/13.
100. Even though officers have assumed that the formula grant will be the same in 2013/14 as in 2012/13 this is not known with any level of certainty. Should the level of grant reduction for 2012/13 (7.4%) be repeated in 2013/14 this could reduce the overall formula grant to Southwark by a further £18m (assuming that the current

grant floor remains in place). This level of grant reduction would require the Council to deliver a higher level of savings across council services whilst continuing to contain any demand pressures. Given this level of uncertainty and risk, the draft budget proposals contain a provision for contingency which is important in mitigating such risks and assisting the Council in planning effectively for the future.

101. **Council Tax.** Council Tax is assumed at a nil increase in 2011/12 and 2.5% in 2012/13 and 2.5% in 2013/14. This is within Consumer Price Index (CPI) rates of inflation and is subject to agreement by Cabinet and subsequently Council Assembly.
102. **Council Tax freeze grant.** The government have announced a grant to all councils who freeze their council tax in 2011/12. The grant has been confirmed in the provisional settlement for two years only, therefore no grant is assumed in 2013/14.
103. **New Homes Bonus.** There is currently £1.5m proposed to be allocated within the 2011/12 budget base. Officers continue to undertake analysis on the New Homes Bonus proposals. The final scheme design is still being completed within government and ministerial approval is expected in due course. Continued caution must be applied to the assumptions within the New Homes Bonus as there still remains uncertainty as to how and when this grant will be distributed. There is also uncertainty as to the conditions of the scheme, especially beyond 2012/13, and the basis for the calculation.
104. **Funding to support social care and benefit health.** There is £1bn nationally from the Department of Health via Primary Care Trust allocations, as set out in the NHS Operating Framework published in December 2010. This allocation is to support social care and benefit health. The grant has been confirmed for two years at £4.3m in 2011/12 and £4.1m in 2012/13. In 2013/14 it is assumed that the grant ceases. The grant is subject to further discussion and agreement with the health sector. There is also the complexity of governance arrangements to consider in relation to this grant.
105. **Pay award.** Pay has been frozen for 2011/12 and 2012/13. For 2013/14 the pay award is assumed at 2%.
106. **General inflation.** General inflation is applied to running costs and so on. For the draft revenue budget (as set out in table 1) general inflation has been shown at 0% for 2011/12 and 2012/13. This means general inflation is “cash limited” for 2011/12 and 2012/13. By cash-limiting inflation this in effect is introducing a further level of saving to the Council’s budget. This is because latest economic data (for December 2010) shows that inflation is running at 3.7% (for CPI). This level of inflation would create an additional pressure of £6.5m on the budget requirement for 2011/12 and a similar level in 2012/13. Further, Retail Price Index (RPIX) is currently running at 4.7%, which would add some £8.4m to the budget requirement for 2011/12 and again a similar requirement for 2012/13. For 2013/14 general inflation is assumed at 2% in the draft revenue budget set out in table 1.
107. **Alternative inflation.** The Council also calculates “alternative inflation” which covers things like long term contracts tied to industry specific rates of inflation (e.g. utilities, waste etc.). Alternative inflation does not have a single rate but accounts for

all of the inflation pressures shown in 2011/12 and again in 2012/13 (set out in table 1).

108. When setting the revenue budget local authorities are required, under section 43(4) of the Local Government Finance Act 1992, to calculate their “revenue budget requirement” for the forthcoming financial year. The revenue budget requirement is a statutory definition of expenditure to be met from formula grant and council tax income. The Council is proposing a revenue budget requirement of £323.0m in 2011/12, with indicative revenue budget requirements in 2012/13 of £308.3m and in 2013/14 of £311.6m.

Service area budgets

109. Budget proposals are in line with local policy priorities as set out in the fairer future for all vision. Table 2 below summarises the budgets for council service areas for 2011/12 to 2013/14. These are known as “control totals”.

Table 2. Service area budgets for 2011/12 to 2013/14

Service area	2011/12 Proposed budget £m	2012/13 indicative budget £m	2013/14 indicative budget £m
Children’s Services	89.3	85.4	83.0
Communities, Law & Governance	10.5	9.4	9.3
Deputy Chief Executive’s including Regeneration & Neighbourhoods	64.9	62.4	61.3
Environment, Community Safety & Culture services	67.3	65.2	64.9
Finance & Resources	33.6	30.8	28.3
Health and Community Services	114.3	106.3	103.0

110. Appendices A to E describe the budget proposals across each service area for 2011/12, with indicative proposals for 2012/13 and 2013/14. A summary of the budget plans (including summary equalities impact assessment) is set out in paragraphs 111 to 215.

Introduction from cabinet member for children's service

111. This administration is committed to strong universal services for our children, to targeted early interventions and to high quality specialist services that meet the needs of our most vulnerable children, young people and families. We are seeking to achieve savings through changing the way we deliver services where we can and ensuring every service represents as high value for money as possible. Where we have to pass on the funding reductions to external groups we will work with them to ease transition.

Children's services

112. Children's Services are made up of: services for 0-5 year olds and community services; services for 5-11 year olds and inclusion; services for 11-19 years olds and youth services; leadership, innovation and learning services; strategy, commissioning and business improvement; and children's social care services and safeguarding. Southwark is ranked in the bottom 10 of the children in need rank of average scores, according to the Local Index of Child Well-Being 2009.

113. Southwark's children and young people's plan (CYPP) states that every child, young person and family in Southwark should lead an independent, healthy life, feeling safe and secure, and achieving their full potential. Children's services, and their partners, have high expectations for our communities and will work together to make a measurable difference in ways that help overcome inequality and disadvantage, and strengthen families' ability to raise their children successfully.

114. In order to realise the vision for Children's Services, the transformation of provision will be based around the principles of:

- strong universal services for those aged 0-19
- targeted early intervention to improve agreed key outcomes and reduce the call on costly specialist interventions
- smaller, high-quality specialist services that can meet the needs of our most vulnerable children, young people and families

115. The budget for Children's Services in 2011/12 is £89.3m. The draft indicative budgets for 2012/13 are £85.4m and for 2013/14 is £83.0m

116. The budget for Children's Services include a commitment of £785k over the two years from 2011/12 which is to cover the cost of lost funding for the youth offending services and to support young adults who are in receipt of special guardianship order. A significant concern is the lack of clarity on the Youth Justice Board funding which supports statutory work with youth offenders – a commitment of £500k in 2011/12, which forms part of the total £785k commitment, is therefore proposed.

117. Some £4.15m is proposed to fund the provision of free healthy school meals for primary aged pupils in maintained schools in Southwark. This will be undertaken as a phased implementation over academic years 2011-14.

118. Meeting the 25% savings from core funding presents a significant challenge to children's services as over half this budget resources children's social care services to provide statutory social care support to the most vulnerable and at-risk children and young people. Southwark is among the ten local authorities nationally with the highest percentage of children in need, and yet has suffered one of the highest reductions in core government funding.
119. Services targeted at the most vulnerable and those that meet statutory duties have therefore been protected as far as possible. The level of funding cuts required, however, has resulted in some difficult recommendations to reduce discretionary services. In the majority of instances where service levels are reduced, this has been phased over time to enable officers to seek out alternatives such as working in partnership with the voluntary, community and private sectors to deliver services in a different way.
120. The budget plans identify opportunities to transform how we deliver services alongside releasing significant efficiency savings in order to achieve the required reductions. Service transformation will be based on the principles of strong universal services, targeted early intervention, and smaller, high-quality specialist services that meet the needs of our most vulnerable children, young people and families. In addition we will work with the community and voluntary sector to develop capacity in both families and the community to help themselves.
121. In addition to the requirement to meet 25% core budget savings, children's services is heavily reliant on grant funding from government to deliver core services. Many of these funding streams have reduced or simply ceased as part of the most recent grant settlement. Children's services experienced an in-year budget cut of £2.2m ABG, which is continuing into 2011/12.
122. The Early Intervention Grant (EIG) allocation for 2011/12 is 13% less than current composite grants, representing a cut of £2.9m in addition to the £2.2m referred to above. Some of the current ABG grants have ceased completely, representing a further £1.9m reduction; and other ABG grants have been merged into the reduced formula grant. All these grant cuts will have to be met in 2011/12 which will be a considerable challenge to Children's services in addition to the savings proposed.
123. Core budget savings of some £5.8m in 2011/12 will need to be achieved, with further indicative savings of £6.1m in 2012/13 and £6.1m in 2013/14, making a total of £18m over 2011-14.
124. It is proposed to save some £2.1m within the services provided for 0-5 year olds and community services over the three years from 2011/12. Central to decision making around efficiencies is strong universal early years settings, with an enhanced early years offer that is targeted at and meets the needs of our most vulnerable children.
125. Proposed reductions broadly encompass ending subsidy arrangements that do not help to support the aim to target resources more closely at needs, commissioning support packages for families based around their actual needs, and building resilience in families to raise their children themselves and so maximising the impact for more vulnerable children. Measures include reducing subsidy to community nurseries, play centres and early years centres, and may result in some closures.

126. It is proposed to save some £2.7m within services for 5-11 years olds and inclusion services. Generally, proposed savings have been generated by reducing core funding for non-statutory provision such as play and after-school clubs, improving the value for money of high-cost services through improved governance arrangements such as sharing with other boroughs, increased use of other providers and retendering of contracts. There are proposed reductions in School Improvement Services through expanding current trading arrangements with schools, with the local authority acting as a broker.
127. It is proposed to save some £1.9m within services for 11-19 years olds and youth services. Central to reductions in this area is improving the quality, suitability and range of activities for children and young people. Reconfigurations have already been proposed through ABG cuts to Connexions, and further savings aim to secure better-quality youth provision and more provision delivered through schools and the voluntary sector. Proposed reductions relate to reducing school improvement functions and identifying new ways of delivering services. This may include cross-borough arrangements or through schools themselves.
128. It is proposed to save some £620k across leadership, innovation and learning services. A key driver of proposed savings in this area has been to review services to ensure that provision is targeted and helps achieve local priorities such as raising attainment of those groups falling behind and schools aspiring to excellence.
129. It is proposed to save some £1.2m across strategy, commissioning and business improvement functions. The division will achieve efficiencies through strengthening the commissioning, placement and contract performance functions alongside streamlining back office functions.
130. It is proposed to save some £5.7m within children's social care and safeguarding. Savings in this area will be found through identifying more efficient ways of delivering provision such as placements, tightening eligibility criteria such as for short breaks and identifying new ways of delivering non-statutory work such as early intervention around offending.
131. In order to reduce staffing levels to achieve the required reduced funding levels, provision will need to be reconfigured in ways that ensure safe services, while looking at new ways of working. Central to this will be a realignment of provision both within specialist and a wider service that aims to ensure fewer children enter into the care system. For example, through reconfiguring parenting provision and moves to work more holistically with families with complex needs.
132. In addition, it is proposed to save some £3.7m across a range of other cross-divisional services. These include reconfiguring service delivery across all divisions and reviewing management structures and staffing to achieve overall savings.

Children's Services - summary equalities impact

133. One of the key aspects of the work of children's services will be to minimise the impact of the budget reductions proposed, particularly with regard to groups covered within the Equalities and Human Rights Scheme. Southwark is one of ten local authorities nationally with the highest percentage of children in need, and yet has suffered one of the highest reductions in central government core funding. In addition, the reduction of or loss of a considerable number of targeted grants focused on the most vulnerable groups will significantly add to the potential negative impact. Children's services will need to manage these reductions in light of its continuing statutory duties.
134. Safeguarding children and young people is of the highest priority and any service reductions here or in related areas will need to be very carefully considered in relation to children at risk of harm in the community, and for the potential impact on vulnerable groups. Because of the downturn in the economy, it is very likely that there will be increased demand for services to families in difficulty, for example in specialist services. Effective support for schools to meet a wider range of lower-level needs and so prevent problems escalating will be required, particularly with the high level of need that our young people have in Southwark and the vulnerability of some schools. The potential growth of academies is a threat to central services due to the potentially destabilising effect on income to maintain these services.
135. Actions to mitigate against the impact of budget reductions will be considered very carefully following the Council's decision. This will include looking at efficiency savings including streamlining back-office processes, reviewing management structures to protect front-line service delivery, smarter procurement to drive down the costs of purchased services and stripping out any funding duplication. Contracts with external providers will be scrutinised for potential savings without impacting on key groups. In addition, other mitigating actions will be put in place, including exploring alternative delivery models, such as working in partnership with schools and other partners to deliver services in a different way, as well as understanding the local impact of initiatives or actions taken at a national level. This process has already started and has been a critical aspect of developing the initial budget proposals.
136. A further more detailed report will be produced on the potential impact of the proposed budget reductions for specific groups so these can be fully considered within the decision-making process. This will include detailed equality impact assessments for each service affected by the Council's decision, which will underpin individual service development and reconfiguration.

Introduction from cabinet member for equalities and community engagement

137. These services ensure that the Council's governance is sound and the community is provided with full democratic engagement. A key role of the department is to ensure that there is support for our community and voluntary sector partners that work with the most marginalised communities in the borough. Guided by our vision of a fairer future for all, this administration will work closely with these partners to develop new ways of enabling those groups.

Communities, Law and Governance

138. Communities, Law and Governance (CLG) includes the Council's statutory monitoring officer function and is also responsible for legal services, electoral services, and scrutiny and community engagement functions.
139. The overall vision for Communities, Law and Governance is to ensure that the Council's services are accessible, accountable and efficient, delivered lawfully and engage and empower local people. We will contribute to the fairer future for all by reducing our own costs while continuing to support members in their leadership role and our partners in the voluntary and community sector (VCS).
140. The budget for Communities, Law and Governance in 2011/12 is £10.5m. The draft indicative budget for 2012/13 is £9.4m and for 2013/14 is £9.3m.
141. The budget plans for Communities, Law and Governance include a growth item of £200k over two years from 2011/12 to support continuing activities within Community Action Southwark (CAS) and their work to ensure effective working with the voluntary sector in Southwark.
142. It is proposed to deliver savings within Communities, Law and Governance of some £2.4m over the three years from 2011/12 through rationalising back office and support costs and service reconfiguration. This includes resizing and reviewing team structures across legal services, and community engagement. There will also be some reductions in non statutory committees. There will be savings from community councils delivered as part of the Democracy Commission process. It is also proposed to refocus the voluntary sector grants programme enabling the delivery of savings in 2012/13.

Communities, Law and Governance - summary equalities impact

143. The department consists of five divisions providing back office services and indirect and direct services to individuals and our communities. The proposed year one savings are largely driven by localised efficiency measures but also include one area of service reduction. More significant is the reduction in ABG/WNF funding.
144. Each division has undertaken an equality impact assessment – the most significant impact of the proposed savings is in relation to staff with a total loss of 15 posts. Current options and future implementation will seek to minimise this impact and the net departmental impact is near neutral in relation to gender, ethnicity and disability. It is recognised that divisional numbers are very small presenting a limitation to mitigation opportunities.
145. The withdrawal of WNF/ABG grant funding has a more significant impact on our communities and the loss of voluntary sector posts. At this stage it is difficult to quantify impact against any particular characteristic but it needs to be borne in mind that grant funding through other departments will also impact on the same community groups. At this stage the department has identified Travellers and Refugees as being potentially adversely affected by the reductions to CLG grant funding. We have considered whether there are any mitigating measures but have

been unable to identify any at a departmental level. However a two year transition fund is proposed to be established which could be used to alleviate some differential impacts. The proposed criteria for the fund are set out in Appendix G.

146. The total impact of both the proposed savings and the reduction in grant funding are likely to have a wider impact than that identified within the department. Some sectors of our communities are likely to be adversely affected by such cross-cutting proposals.

Introduction from cabinet member for regeneration and corporate strategy

147. The Council is committed to an ambitious programme of regeneration to provide real benefits for local people and businesses. We will deliver for Elephant & Castle and Aylesbury and are developing long-term improvement plans for Camberwell and Peckham, working with our partners in the private and voluntary sectors to minimise the impact of the cuts and to find new ways of bringing investment into our social programmes.
148. Corporate strategy will lead a coordinated approach to sharing services with other boroughs, in order to maximise potential savings in future years.

Deputy Chief Executive's (DCE) including regeneration and neighbourhoods

149. The DCE block of services is made up of human resources, communications and strategy support and customer services. DCE services will deliver on the fairer future vision by having a relentless focus on rationalising support services so more money is protected at the frontline and working alongside others to provide the organisation with the tools to innovate and transform service delivery.
150. The services that make up the regeneration and neighbourhood functions include a wide variety of activities that affect the physical environment and the economy of the borough. This includes planning and transport services (including building control and development management and policy), economic development, housing strategy and regeneration, property and the major regeneration schemes.
151. Over the next three years regeneration services will be focused on delivering functions that help achieve local policy priorities. This will mean working to ensure the benefits of regeneration can spread across the borough including in strategic areas such as Elephant and Castle and the Aylesbury but also within Peckham, Nunhead and Camberwell.
152. There will be opportunities within DCE including regeneration and neighbourhoods to streamline structures through rationalisation of internal organisational arrangements. There will be an imperative to maximise opportunities from very limited external funding streams. Resources will be focused on the most vulnerable through partnership arrangements with developers to help create jobs and through optimising council land and property to achieve policy objectives. Seeking alternative ways to deliver services will also be a priority.

153. The budget for deputy chief executive's including regeneration and neighbourhoods in 2011/12 is £64.9m. The draft indicative budget for 2012/13 is £62.4m and for 2013/14 is £61.3m.
154. It is proposed to deliver savings of some £12.7m over the three years from 2011/12 through service re-configuration, review and management restructuring. This will be achieved by rationalising back office and support costs and merging functions as a result of bringing two departments together.
155. Savings will include reviewing how services are provided, such as across community housing functions and housing renewal, so they are retargeted to deliver a more effective service for those most in need. Savings will be also achieved through further contract efficiencies within client services. There will be further savings generated from the recovery of council tax court costs and Housing Benefit overpayments. More broadly, and in line with the medium term resources strategy (MTRS), the council aims to continually improve council tax and national non-domestic rate collection rates (as measured by inner London quartiles).
156. There are plans to generate additional income of some £225k over the three years from 2011/12 through raised fees and charges from registrars, rent review and lease renewals alongside the restructuring of the planning pre-application process. This is in line with local policy to increase discretionary fees and charges to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) as set out in the MTRS.

Deputy Chief Executive's including Regeneration and Neighbourhoods - summary equalities impact

157. Services within the DCE block (i.e. communications, strategy support and human resources) are predominantly support functions. Savings are proposed to be realised through service reconfiguration and reducing support costs. Therefore any impacts would fall on staff. As specific proposals are put forward, and at each stage of implementation thereafter, the different impacts on different categories of staff will be assessed.
158. As part of the communication savings, there is a proposed move away to greater use of electronic communications and social media so there may be potential impacts on those with limited or no access to a computer. This will be assessed in the ongoing evaluation of all communications activities and further mitigated through supporting access through other publications or formats for example face to face communications.
159. Savings will also be achieved through better contracts within customer and client services. Based on recent analysis completed, there are sufficient opportunities within the existing contract for efficiency to be realised without cutting the current provision of service. At this stage no differential impacts have been identified. As with all proposals equalities impacts will continue to be assessed through implementation. As we continually improve council tax collection and increase court costs for non payers of council tax, no differential impacts have been identified at this stage, however safeguards will remain in place to protect the most vulnerable groups in our communities.

160. In developing budget proposals for regeneration and neighbourhoods, service heads have committed to delivering savings which, as far as possible, maintain front line and direct customer provision, specific targeted and commissioned services and to achieve this through seeking efficiencies in back office support, more efficient cross department working and maximising income.
161. Where there are proposals to maintain non-statutory initiatives this is with a view to the service user and cost-saving impact these services have on statutory provision. This is particularly reflected in services which may prevent customers needing to access statutory services and where services enable customers to become more economically independent and self-reliant.
162. It is likely that proposals will disproportionately impact on the most disadvantaged and vulnerable groups and geographic areas in the borough and that further reductions in budget will result in an increase in the gap between the most and least disadvantaged people and places. Mitigation of the impacts has been by: managing budget/savings through back office efficiencies and streamlining; maintaining front-line, direct and needs-targeted services as far as possible; and contract re-negotiation in order to maintain and maximise value and service.
163. The majority of services within regeneration are spatially and/or need/demand led and, as such, unlikely to discriminate against a single individual, community or area.
164. Budget proposals made in other departments are likely to have implications for the services provided by the Regeneration and Neighbourhood department. However whilst some of these have been identified with possible mitigations, the full details are not yet known and therefore the full implications have not yet been explored. Ongoing assessment of impacts, including cross-cutting impacts with other departments will continue to be assessed and mitigations identified wherever possible as decisions are implemented. Specific divisional/business unit and/or service area EqlAs will be carried out once the full detail of the budget and its implications are known.

Introduction from cabinet member for environment, transport and recycling

165. Environmental services provide a key component for our Council's day to day interaction with our residents. Indeed, many of our residents' only regular contact with the Council are through environmental services. From clean streets to good air quality, this administration will ceaselessly strive to do what we can to make the environment in which our residents go about their daily lives the very best we can.

Introduction from cabinet member for finance, resources and community safety

166. Our vision for the community safety division is to have a professional enforcement service working with our partners and be flexible in responding to the issues and problems that occur across Southwark. Given the severe budget cuts, we will focus on the key areas, at times when people and businesses need them the most, be they victims, offenders, families or the local community. A core feature of our approach to deliver the recommendations of the violent crime strategy will be the involvement of the community and voluntary sector.

Introduction from cabinet member for culture, leisure, sport and the olympics

167. Our Council aims to provide high quality accessible cultural, library, learning and leisure and sport opportunities, to promote community cohesion and to maximise the life chances of local people through our services. The cultural opportunities on offer in Southwark are world class and provide jobs and widen experiences for marginalised groups in our community. Sport provides motivation, skill, training and good health and we are committed to maximising opportunities to take full advantage of the Olympics and Paralympics. These are vital to our communities but are non statutory services. The current financial situation means the Council will need to pare down funding for sport and cultural activities, but we will maintain as much as we can. Libraries are used for learning, seeking information and providing a community focus - we will be carrying out a review to help us continue to provide this service in the face of reduced resources.

Environment, community safety and culture services

168. Services provided under this block of provision can be broadly grouped into:

- Environment, covering: the public realm such as parks and open spaces, parking highways, cleaner greener safer initiatives, cemeteries and crematorium; sustainable services, such as waste management and refuse collection, street cleaning and recycling, carbon reduction and energy projects.
- Community safety, covering: Safer Southwark Partnership, drug and alcohol teams, emergency planning, and environmental health, the community wardens, anti-social behaviour unit, environmental enforcement, noise team and CCTV.
- Culture, Libraries, Leisure and Learning, covering: arts, events, museums, leisure centres, sports outreach, libraries and adult learning.

169. The overall vision for these services is to make Southwark's neighbourhoods great places to live, that are clean, safe and vibrant and where activities and opportunities are accessible to all. The department's approach to achieving the savings has been to focus on a core provision of quality services, efficiency savings, smarter procurement and tougher contract management; reducing optional services and using data and intelligence to target services to places or people where they will be more effective.

170. The budget for environment, community safety and culture services in 2011/12 is £67.3m. The draft indicative budgets for 2012/13 are £65.2m and for 2013/14 is £64.9m.

171. The budget proposals for environment, community safety and culture services include commitments of £310k to cover the loss of income within parking services.

172. Some £108k of growth is required in 2011/12 to cover necessary management changes across the department that will facilitate the delivery of efficiency savings. A further £125k of growth is required as match funding with the Metropolitan Police Authority to set up a night time economy team as part of the delivery of the violent crime strategy.

173. The approach to meeting savings targets within environment, community safety and culture services has been to protect frontline provision as much as possible. The focus will be to maintain quality core services which will require some service changes. As a result draft savings of £6.9m in 2011/12 will be achieved, with further indicative savings of £3.0m in 2012/13 and £2.2m in 2013/14.
174. It is proposed to review service provision across the public realm group of services saving some £3.0m over the three years from 2011/12. Savings will be made through two major procurements in parking and highways, the reactive street maintenance budget will be reduced and the environment grants programme will be reassessed and retargeted, including seeking alternative arrangements where possible. Management costs in parks will be reviewed alongside management arrangements for South Dock Marina.
175. In sustainable services, management structures are to be rationalised and it is proposed to revise the specification across a range of services including street cleansing and refuse collection. These proposals will deliver savings of £3.4m over the three years from 2011/12. Savings in the delivery of services will be met by a combination of reduced frequencies, such as alternate day litter picking in parts of the borough and more efficient use of available resources, such as better utilisation of mechanical sweeping.
176. It is proposed to save a total of £2.9m across the community safety and enforcement division over the three years from 2011/12. This will be achieved through management restructuring and service review and reconfiguration. Resources will be focused to key places at key times, and at key people and businesses, in line with statutory and policy objectives, such as the National Drugs Strategy, Police and Social responsibility Bill, Policing and Crime Act and the Southwark violent crime strategy.
177. The loss of grants and reduction in funding for community safety will result in the service cutting a number of its current functions and a closer more collaborative approach with our partner agencies to maximise the resources at their disposal. The proposals include the re-organisation of the division, merging activity across the drugs and alcohol teams, and establishing a dedicated noise service with a reduced service offer. The proposals also include re-organisation of the community wardens service around our key town centres, supported by a response service for the whole borough.
178. It is proposed to restructure and re-organise management and staffing across the services within culture, libraries, leisure and learning. It is also proposed to review funding arrangements across the arts grant programme and rationalise events. Sports participation for young people will be transferred to Children's Services to ensure the best use of remaining funding for the Olympics and young people.
179. A review of the library provisions will be initiated in light of the opening of the new Canada Water Library. The library service will be refocused towards core and new libraries to provide a more effective level of service. Management arrangements will also be streamlined. This will deliver some £2.8m of savings over three years from 2011/12.

180. There are plans to generate additional income of some £735k over the three years from 2011/12 through increasing charges across a range of services including parking, cemeteries and licensing Houses in Multiple Occupations. This is in line with local policy to increase discretionary fees and charges to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) as set out in the MTRS.

Environment, community safety and culture services - summary equalities impact

181. Our approach to achieving savings across the Environment, Culture and Community Safety portfolios is in line with the Cabinet's budget principles, and we have sought to do all we can to protect front line services and offer continuity of services to our most vulnerable residents.
182. However the majority of our services in this area are front line and directly delivered to all residents and changes and reductions to delivery are inevitable in order to meet the scale of savings required.
183. In order to minimise front line reductions and impact on the wider community and equalities groups we have sought to make savings through efficiency, back office reductions and processes, leaner staffing structures and negotiating better value from our contractors.
184. Wherever possible we have sought to share resources and work with partner organisations to identify new ways of working that may deliver efficiencies and improved value for money, as well as maximising opportunities for increasing income.
185. The following proposals have been assessed as having the highest community and equalities impact:
- The proposed re-targeting environment grants programme
 - The proposal to rationalise the school crossing patrol service
 - The proposal to reduce the numbers of community safety officers
 - The proposal to reorganise the SASBU (Southwark Anti Social Behaviour Unit) team in line with the new legislative framework for tackling Anti Social Behaviour and managing high risk cases
 - The proposed changes to environmental enforcement to create a noise service operating until the early hours of the morning
 - The proposed reorganisation of the Community Safety Partnership team to fund key programmes related to statutory requirements and administration priorities such as the violent crime strategy and reducing reoffending strategy
 - The proposed reorganisation of the Community Wardens Service to focus on three key town centre locations, supported by a response team service, parks team and separately funding Borough and Bankside Team, linked directly to the retained but smaller environmental enforcement team
 - The proposed rationalisation of the events programme in the borough to provide core funding for three major events
 - The proposed cessation of Sports Development and the amalgamation of residual Southwark Community Games funding with the Children's Service

- The proposed cessation of the Housebound Library Services
- The proposed cessation of the Mobile Library service

186. A full summary of these risks and the options around mitigating action to reduce these risks is shown in our departmental Equalities Impact Assessment.

Introduction from cabinet member for finance, resources and community safety

187. The role of Finance and Resources becomes even more crucial as we move into these times of extreme austerity to ensure that the Council can get the best value for money from our services and to deploy money where it can be most effective. Whilst the Finance and Resources department has made significant savings in previous years, it will contribute more than the average level of savings over the next period to ensure that we are protecting frontline services.

Finance and Resources

188. Finance and Resources is made up of a number of functions, some in direct support of the Council's section 151 statutory function and others in support of the overall Council's capacity to deliver through information technology and facilities management.

189. The overall vision is to achieve excellent financial and resource management to help the Council achieve key policy objectives in delivering a fairer future for all. Resources will need to be managed well with sound and robust audit and governance underpinning delivery of policy objectives. There will be a continual, rigorous focus on effective resource management, financial monitoring and control so that value for money outcomes are achieved across all council services.

190. The budget for Finance and Resources in 2011/12 is £33.6m. The draft indicative budget for 2012/13 is £30.8m and for 2013/14 is £28.3m.

191. It is proposed to deliver savings within Finance and Resources of some £8.6m over the three years from 2011/12 through management restructuring and rationalised back office support. This includes further review of finance functions across the Council, building on the recent shared services review. This will also include a review of audit, fraud and risk services to refocus priorities and reduce running costs. Savings will also be achieved through smarter procurement and contract management.

Finance and Resources - summary equalities impact

192. The finance and resources department is committed to achieving the required level of savings over the next three years, as set out in this report. The departmental proposals are grouped into three areas: rationalisation, innovation and redesign, and transformation. The impact of implementing these will fall on staff as numbers are reduced. The management team is committed to assessing the impact on staff to ensure fairness and equality. Many of the suggested changes are yet to be implemented. The impacts will be considered in detail throughout the implementation of each proposal.

Introduction from cabinet member for health and adult social care

193. The services provided by health and adult social care impact directly on the lives of the most vulnerable in Southwark, therefore the Council faces an unparalleled challenge in reducing our budget to the level required by the government. We will do so by doing things differently by working in partnership with our colleagues in the community and voluntary sector, by doing things in a smarter and more efficient way and by cutting out waste and duplication. Above all we will ensure that our clients are treated with respect and dignity and are safeguarded from abuse. We will ensure that the changes to health being made by the government, specifically their abolition of the PCT/NHS Southwark do not have a detrimental effect on our residents.

Health and Community Services (adult social care)

194. Adult social care services include residential and nursing placements, supporting people services, homecare, day care, intermediate care, advocacy and support, equipment to help people live at home, transport and meals on wheels. People who are eligible for social care increasingly have personal budgets, including direct payments, where they self-direct the support they need to meet agreed outcomes.
195. The overall aim for health and community services in relation to adult social care is to deliver a fairer future for older and disabled people by creating a sustainable system that continues to support the most vulnerable and deliver value for money. This will require a change in the way the Council works across the whole system of adult social care. It will mean different relationships between the Council and the community, where families and older and disabled people will be expected to do more for themselves, with less reliance on the Council. It means moving to a model where older and disabled people can contribute and exercise greater control over their own lives, improving their health and well being. This will also mean containing growth in demand, focussing council support to the most vulnerable, providing services differently but always with an aim to maintain and improve quality.
196. The budget for health and community services in 2011/12 is £114.3m. The draft indicative budget for 2012/13 is £106.3m and for 2013/14 is £103.0m.
197. The budget proposals for health and community services in 2011/12 includes a non-committed growth proposal of £1.85m which will support approximately 45 young people with learning disability care needs in transition to adult social care. For 2012/13 and 2013/14 this pressure is expected to increase by a further £1.96m and £2.17m respectively, and therefore close monitoring and stringent financial control on costs will be required to contain such significant budget pressure.
198. Some £128k of growth is required to fund the reduction in charges for meals on wheels over 2011-14. This initiative is to be phased over a four year period from 2011/12.
199. Meeting the 25% savings target for adult social care presents a significant challenge as the vast majority of the budget goes to meet the needs of people who are at critical or substantial risk under FACS. The approach proposes a whole systems change in delivery proposed for adult social care focused on transformation,

improvement and modernisation. This includes service redesign and reconfiguration. Through this programme, draft savings of some £7.7m in 2011/12 will be achieved, with further indicative savings of £10.7m in 2012/13 and £8.5m in 2013/14.

200. It is proposed to reconfigure 'open access' services, which are discretionary activities within adult social care. It is proposed that £1.3m will be saved by re-shaping open access luncheon clubs and day care in 2011/12 and re-specifying advice, information and support in 2012/13. Further savings beyond this may need to be identified in this area, if the level of statutory provision does not reduce. Southwark Circle offers a personalised model where similar services could be provided in ways that are both financially self-sustaining and that enables people to contribute their time and skills to improve their own well-being.
201. In mental health services, it is proposed to make efficiency savings of £650k in 2011/12. For future years a programme of work across South London and Maudsley (SLaM) Mental Health Trust, and the four local boroughs covered (Southwark, Lambeth, Lewisham and Croydon) will aim to review and redesign services within the resources likely to be available.
202. It is proposed to drive down costs through smarter procurement across a range of adult social care services including homecare and residential care, resulting in some £1.05m savings over the three years from 2011/12.
203. It is proposed to reconfigure day care provision across all care groups in the borough. We will consult on the closure of Holmhurst older people's day centre and the re-provision of services through Fred Francis older people's day centre. It will include a fundamental review of mental health day services as part of the re-shaping of mental health provision and a review of day centres for people with learning disabilities. The learning disability review will consider options from re-design to ceasing provision of these discretionary services.
204. It is proposed to save £1.6m over the three years from 2011/12 as a result of the review and redesign of functions to deliver a new customer approach for personalised services across adult social care.
205. It is proposed to deliver a phased transfer over three years from high dependency on residential care into more community based services, which will save some £2.7m.
206. The Supporting People programme funds housing-related support to enable vulnerable people to live as independently as possible. It is proposed to reduce Supporting People budgets by up to £8.4m over the three years from 2011/12. Efficiencies will be made through consolidating service providers and utilising the new framework agreement. Further savings will be achieved through the cessation of low level support with remaining resources targeted towards the most vulnerable.

Health and Community Services (adult social care) - summary equalities impact

207. Budget proposals for adult social care are in the context of work to develop a system that supports people to live independently and well for as long as possible,

accessing care and support services that are personalised and based on their choices and moves away from a model of dependency. The system needs to consider redesign and reconfiguration across all client groups to be sustainable, continue to support the most vulnerable and deliver value for money.

208. The two equality strands that will experience major impact from proposals are older people and disabled adults with eligible care needs as outlined through Fair Access to Care Services (FACS) criteria. Older and disabled adults without eligible needs may also experience an impact from proposals to re-shape open access services in the borough.
209. The key impact is around services not continuing to exist or being offered in a different way. As part of our overall vision for adult social care, it is likely that, in future, there will be fewer people receiving ongoing, long-term social care support. Instead, we are looking to focus resources on time-limited interventions that help people get back on their feet, such as re-ablement services, and supporting them to understand how they can best help themselves and make key contributions to the wider community.
210. In addition, changes to services potentially could place an additional burden on carers, the majority of whom are women.
211. We propose a range of mitigating actions to try and minimise any potential negative impact. These include:
- continue progress with development of personal budgets (including direct payments in cash) so that people understand how much is to be spent on their care and support and can then make decisions about the ways they wish to use their money.
 - focus on how we can support the development of a diverse provider market in Southwark so there are appropriate services available on which people can spend their personal budgets
 - develop and improve partnerships involving individuals, communities, voluntary and private sectors, the NHS and the Council's wider services to best implement proposals
 - improve procurement and commissioning processes, and streamlining back office functions thereby focusing resources on frontline services
 - for open access services, explore models where a small injection of cash to 'pump-prime' services could support organisations to become financially self-sustaining, and promote community cohesion, in line with the wider corporate approach to the voluntary sector
 - develop proposals for effective, targeted interventions that can provide help and support for carers, recognising the key role that they play, both in delivering care and in preventing people's care needs from increasing
212. We propose a review of charging for community based services, moving from charging at 80% of the allowable rate to 100%. This will impact on people who use adult social care services, i.e. older and disabled people. Any changes will remain within government guidance. The guidance for calculating charges is broadly based on an ability to make a contribution, providing a level of protection for very low

income groups. Around 50% of people receiving services in Southwark are not required to make a contribution to the services they receive.

213. The overall approach for adult social care services in Southwark may have a positive impact on equality strands:

- Personal budgets offer an opportunity for people to access personalised support services that take account of cultural preferences, e.g. being able to choose a carer of your own gender – evidence suggests this is particularly true for BME communities, lesbian, gay and bisexual communities and for transgender people.
- Moving away from residential provision and to supported living in the community is designed to support people to live independently and well at home for as long as possible
- A single point of informed contact supports better use of resources and targeted information and advice for people at an early stage, regardless of whether they receive state support for care.

However, this also needs to consider:

- Developments in the local provider market so culturally tailored services are available
- Particular support that some groups, such as older people or those with mental health needs, may require to access the benefits of personal budgets
- Particular support for people who may have spent a considerable time in residential care
- Appropriate support for those who continue to need respite services
- People who need to access information in different ways (e.g. website, email, telephone) and those who may not have English as a first language.

214. We recognise that we will need to work closely with partner across the Council, particularly in areas like housing and employment, to understand the cross-cutting impacts of the need to reduce spend in these areas and our desired outcome of helping more people to live independently and well at home and in the community.

Other council-wide budgets

215. When setting the Council budget there are a number of budgets proposals that impact across the entire Council and are of cross-organisational significance. These include things such as: the cost of pension provision; changes in employer national insurance costs (specifically as a result of the emergency budget); and contingency provision to mitigate against future, as yet unknown, budget pressures. In 2011/12 the Council propose to set aside some £9.4m to cover such costs. The indicative allocations for 2012/13 and 2013/14 are £4.7m and £4.8m respectively.

Schools budget

216. The schools budget can be defined as planned expenditure to be made directly by schools together with amounts to be retained by the Authority spent centrally on education. The amount spent directly by schools is determined through a local formula to produce what is known as the individual schools budget. The main block of funding for schools budget expenditure is received in the form of a specific dedicated schools grant (DSG) which in 2010/11 totals £172m. This grant is based on the number of pupils and 'a per pupil funding' rate set by the DfE. In addition to the DSG, the schools budget also includes a number of grants called standards funds; the majority of these are allocated to schools for teaching and learning.
217. In the recent spending settlement for 2011/12, the DSG has been cash limited at the 2010/11 per pupil rate (i.e. no inflationary increase). In addition, the total value of the 2010/11 standards funds has now merged into the DSG (with some minor exceptions). Therefore, in total funding terms, the schools budget for 2011/12 is broadly stable. Further, the new Pupil Premium will bring £3.5m of new funding into Southwark schools.
218. Merging of these standards funds grants into the Dedicated Schools Grant has provided an opportunity to improve the fairness and equity of some of the historical funding basis embedded into the current funding methodologies. From April 2011, all early years settings are required to be funded on a single funding formula; schools with nursery aged pupils will now be funded on pupils rather than the current place-led funding. In spring 2011, a review of school funding is anticipated, including a consultation to implement a national funding formula for all schools.
219. The Schools Forum considered the schools budget on 27 January 2011 and also noted the significant reductions in revenue and grant funding for the Council and children's services. Further meetings will take place with the Schools Forum over the coming weeks to finalise proposals for 2011/12.

Housing Revenue Account budget

220. The HRA, despite being ring-fenced from the rest of the General Fund was not immune from the spending review, and officers were instructed to identify a savings package in line with that required for the rest of the Council.
221. The Cabinet considered the rent setting part of the HRA budget on 25 January 2011. That report included reference to the efficiency savings required to deliver a balanced HRA and that a further report would be presented to Cabinet setting out the detail of the savings for endorsement before the end of the current financial year.
222. On 8 February 2011, there was a deputation from the Southwark Group of Tenant Organisations on the HRA budget report and a written representation was made by local tenants.

223. A report on the HRA budget is now elsewhere on this agenda. This report sets out proposals for efficiency savings following consultation with residents. The report asks cabinet to: note the savings required to deliver a balanced HRA for 2011/12; approve the proposals to deliver the savings; note the consultation carried out; and note the further consultation and assessments that will be carried out.
224. The general fund revenue budget report that is presented to Council Assembly report will include the HRA budget report as an appendix.

Housing – summary equalities impact

225. In developing budget proposals, we are committed to delivering savings which, as far as possible, maintain front line provision, and to achieving this through efficiencies in back office support, more efficient cross department working and maximising income.
226. Mitigation of the impacts has been consistent with this commitment, and includes measures such as managing savings through efficiencies and streamlining, as well as contract management to maintain and maximise value and service.
227. Specific equality impact assessments will continue to be undertaken as part of ongoing considerations around the implementation of the budget decision. This includes assessment of cross cutting impacts. Equality impact assessment will continue to be embedded in the process moving forward.

Sharing Services with others

228. Since the elections and the announcement by the government that funding for local government is to be reduced over the next four years, the need for us to work in cooperation with other local authorities has become important. Since May 2010, senior officers have held exploratory discussions with colleagues in Lambeth and Lewisham to identify opportunities that could be taken forward for further evaluation. This process is ongoing.
229. The most attractive options for early consideration are either those that are relatively simple and low cost to achieve or those that offer a potentially high return on investment. A specific opportunity has been identified to develop a shared Communications service with Westminster City Council. A report was set out on this to Cabinet on 25 January 2011.
230. Taken together the Council plans to save £1.9m over the next three years as a result of sharing services with other authorities.

Management restructuring

231. The budget contains proposals to save £1m over the two years from 2012/13 through management restructuring across the Council (£500k in 2012/13 and £500k in 2013/14). This will involve a cross council review. The review is a key part of implementing budget savings over the coming years so more money is protected at the frontline and that resources are used to innovate and transform service delivery. The savings will be achieved from 2012/13 so that implementation takes place following any necessary re-organisations within 2011/12.

Support to the voluntary and community sector

232. In the current financial climate continuing to support the delivery of excellent public services to our residents is a priority and a significant challenge. The Council will work together with the VCS and draw upon the expertise and experience that exists across all our partners. The VCS has an essential role to play in Southwark. In the coming years the role of VCS organisations will be increasingly important to ensure that our most vulnerable residents are not left behind. To do this the council will have to change and modernise the way it works but the voluntary sector will also have to change the way it works.

233. The approach we will take is one that strengthens the resilience of the VCS whilst recognising the financial reality of reduced public sector funding, and finds new ways of supporting our local VCS that include:

- reconfiguring and redesigning services which creates opportunities for increased engagement and involvement of the third sector in public service delivery;
- making our commissioning processes more efficient to help reduce the burdens and costs on the Council and the sector;
- working with Community Action Southwark (CAS) and the sector to support a programme of VCS modernisation which will continue to strengthen the independence of the sector so it can effectively face the challenges of the future and consider how best to deliver local services;

Transition fund for the voluntary sector

234. It is also proposed to establish a transition fund of £1.5m over the next two years that will provide interim support in helping VCS organisations make the changes necessary to meet the challenges from reduced public sector funding and work with the Council to develop a more sustainable sector. The proposed protocols and criteria for the voluntary sector transition fund are set out at Appendix G.

Challenge and opportunity to the community

235. The draft budget for 2011/12 and the draft indicative budgets for 2012/13 and 2013/14 propose an unprecedented level of savings. This is due to the size and scale of grant reductions which have been set out in the final settlement. Over the next three years the Council will need to deliver in the region of £85m of savings. This will be double the level of savings that have been delivered in the last three years (including 2010/11).
236. Grant reductions have been 'frontloaded' by the government which means that a higher level of savings is needed to be delivered by the Council in 2011/12. In 2011/12 alone the Council propose to deliver some £34m worth of savings. This is three times the level of savings that are being achieved in 2010/11.
237. Savings on this scale present a significant and considerable challenge to the Council, not only in identifying proposals for spending reduction but also in implementing such proposals. This is particularly so in the forthcoming year given that a higher level of savings is required. There will be a need to close monitoring in how savings are being delivered and the continued impact of such savings across the Council.
238. Further, a level of savings on this scale means that although the Council continue to protect, wherever possible, 'frontline' services it is difficult to avoid proposals that would lead to the Council no longer delivering some services. At the same time this presents a specific opportunity and challenge to the wider community to become responsible for the provision and delivery of services which otherwise may end.
239. The extent of the funding reductions from government fundamentally alters the principles for the delivery of non-statutory and non-essential services which while valued highly by residents and visitors are no longer affordable. The Council has a history of promoting greater engagement by the community and in some cases has been able to provide funding to schemes such as Southwark Circle. The community must now be encouraged to seek opportunities for widening this engagement and meeting the challenge that sits alongside the loss of financial resources.
240. The savings proposed within this draft budget leave numerous opportunities for communities to rise to this challenge across a range of services such as library provision, play provision, youth activities, initiatives to tackle and prevent anti-social behaviour and cross-agency activities (e.g. health). Rising to this challenge is consistent with proposals that form part of the Localism Bill and the government's approach to the 'Big Society'.

Human Resources

241. The proposals appended require a significant reduction in posts in 2011/12 (some 400 FTE) arising from the general fund savings programme. In implementing these savings management will look first at vacancies (a selective recruitment freeze has been in place for 2 years), and agency / temporary staff cover, as well as natural wastage. The Council has tried and tested procedures to manage workforce change

and is preparing to provide greater emphasis on the redeployment process, supporting staff and in mitigating redundancies.

242. There are some underlying principles that the Council will aim to maintain through this period of significant change whilst trying to ease the financial pressures over the medium term, which form part of the draft medium term resources strategy:

- To maximise opportunities for redeployment utilising the existing workforce positively to meet future needs.
- To promote innovation and voluntary schemes which contribute to the reduction of the overall paybill for example through flexible working, flexible retirement; and to facilitate fast track approval.
- To aim to maintain our standing as a good employer and as an employer of choice.
- To continue to provide opportunities to refresh the workforce through apprentices, trainees etc. and employ high quality specialist staff to critical hard to fill roles, particularly as recruitment is curtailed.
- To implement a framework for managing and learning from change process, overcoming barriers and emphasising the positive aspects.
- To undertake equality impact assessments at all critical stages of the change process.
- To continue to invest in learning and development; and provide accessible, targeted and high quality corporate learning, targeting skills maximisation, leadership capacity and nurturing career development.
- To sustain a remuneration strategy that supports organisational objectives and is affordable, perceived as fair and retains a diverse motivated workforce.
- To review top pay in line with Hutton inquiry report (due March 2011); and review the application of terms and conditions and discretionary elements to ensure they are contemporary and fit for purpose.
- To continue to make progress in key areas of sickness management and agency controls.

243. The Council also has a workforce strategy which forms part of the MTRS.

A strong and stable resource base

244. In setting out the draft budget proposals for 2011/12, and draft indicative allocations for 2012/13 and 2013/14 the Finance Director as the statutory section 151 officer is assured that the range of spending commitments and proposed savings are being set within the resources available that meet local priorities. The draft budget proposed for 2011/12 is therefore robust.

245. In addition to ensuring that sufficient funds are available to finance the ongoing management of the Council services, the Finance Director needs to be assured that there is an appropriate level of reserves and balances available. The Local Government Act 2003 requires the chief finance officer to report on the adequacy of reserves held, and requires members to have regard to that report in setting the budget. The Act also gives powers to the Secretary of State to specify a minimum of reserves to be held, but those powers have not yet been applied.
246. Reserves are funds set aside from underspends or proposed budget contributions, to meet contractual commitments or future expenditure plans, including meeting risks or liabilities that may arise at a later date. For example, the Council has a number of pressures which fluctuate over time and are unpredictable in nature. These could include winter maintenance (such as pot holes and road gritting for highways) and/or meeting the upkeep of older buildings that the Council operate from. Reserves are the most effective way in which to mitigate these pressures, subject to appropriate criteria. Another example is one-off redundancy costs. It may be that these costs cannot be met from existing revenue budget provision. Therefore and, subject to an appropriate business case, reserves may be used to support these costs.
247. The Council has a number of reserves. The most significant of which are:
- Modernisation, service and operational improvement reserve. This is for one-off expenditure and multi-year projects that are designed to modernise and improve service levels and operational efficiency of Southwark's activities. Schemes will include accommodation pressures, shared services, customer service improvements and information services. The use of the reserve is subject to protocols (in accordance with the Council's MTRS).
 - Regeneration and development reserve. This reserve is to fund one-off expenditure and multi-year projects to facilitate the significant regeneration and development taking place in the borough. Projects include the Elephant & Castle, Canada Water, Southwark Schools for the Future, and land acquisitions associated with these projects.
 - Financial risk reserve. This reserve is set aside against future financial risks that may arise. For example, taxation risk, legislative changes including actions involving the Greater London Authority, major projects, risks as a result of unavoidable changes in accounting practice.
248. Due to the size, scale and complexity of projects and services across the borough the Council is required to maintain a general level of balances to meet future unpredictable expenditure demands. Securing outcomes around key priorities of regeneration, recognising key operational risks attached to the unique size of our housing stock and more generally the levels of deprivation across the borough and associated factors, means that it is essential the Council maintains a robust approach to both reserves and balances. Maintaining an adequate level of reserves and balances are therefore key factors in the Finance Director's assessment of the robustness of the budget.

249. The Council's General Fund reserves and balances at the end of 2009/10 totalled £86.8m, made up of £68.6m earmarked reserves and £18.2m General Fund Balance. In total this represents some 9.15% of the General Fund spend in 2009/10.
250. The earmarked reserves, by their nature, are reserves set aside and earmarked for spending plans. Many of those spending plans were already in progress as at the end of 2009/10, especially around the Council's modernisation agenda and major capital projects. The reserves also include balances that the Council cannot freely reallocate, for example Dedicated Schools Grant unspent or PFI credits received in advance to meet future years' costs on the waste PFI scheme; or are balances that the Council would not wish to redirect, for example the Council's self insurance reserve.
251. General fund balances are intended to act as a contingency in the event of any extraordinary unbudgeted expenditure having to be incurred. The target level of working balances have been set at £20m over the medium term, in line with similar organisations in London. Although the Council has made progress to achieving this level of balances, there have been insufficient surplus resources over the years to be able to achieve this target. Current General Fund balances stand at £18.2m. This is 1.92% of 2009/10 General Fund spend, which is below the cross London average of balances held (1.95%) and lower than the inner London average of 2.36%. Outer London boroughs tend to have smaller contingency balances, with an average of 1.67%, but that includes six boroughs that proportionately hold balances greater than Southwark. The Finance Director will continue to review the level of balances and reserves and report to the Cabinet through the normal monitoring process.
252. In setting the budget the Council needs to be mindful of the continued uncertainty with regards future funding particularly beyond 2012/13. This strengthens the importance of maintaining a robust MTRS within which to plan council business and sustain delivery of essential frontline services.

Medium term resources strategy (MTRS)

253. On 21 December 2011 the cabinet received a draft MTRS for 2011-14. The MTRS is made up of strategies for finance, anti-fraud strategy, procurement, information technology, assets and workforce. The draft MTRS as presented at 21 December 2011 captures the budget principles agreed by Cabinet in September and the broader vision for a fairer future as set out by Cabinet in June.
254. Given the continued uncertainty around the funding with regards the new homes bonus and the grant to support social care and benefit health it is important that consideration is given to further develop the MTRS. The broader complexity of implementing the budget for 2011/12 also requires officers to undertake further work on the MTRS and an updated version will be considered by Cabinet on 22 March 2011 in the context of the Council Assembly decision on a balanced budget for 2011/12.

Consultation on the budget

255. Following on from agreement of the budget principles in September 2010, the Cabinet instigated a range of consultation processes, all of which have generated feedback from residents, community groups and other stakeholders. The processes followed during this consultation period are outlined below. Feedback has been provided in a number of different forms, for example via the Council's website, through discussions at Community Councils, recommendations to Cabinet from Overview and Scrutiny Committee, deputations to Cabinet, etc.
256. Feedback has been fully considered in the preparation of budget proposals included within this report. These considerations have taken place while recognising the need to establish a balanced budget for the period 2011/12 to 2013/14 and in the context of reductions in government funding notified to the Council as part of the provisional grant settlement on 13 December 2010, also outlined in this report.
257. The cabinet has undertaken a number of consultation events with residents and community groups on the budget. They were asked to participate in the Southwark Spending Challenge. Participants were asked how they would suggest making a net saving of £20m next year from the Council's general fund budget.
258. This challenge involved seeking views from each Community Council and through meetings with key community groups. The purpose of the consultation was to explain to residents how the Council's overall budget is made up and how it spends its money. The objective was also to give some understanding of the complexities and choices that are part of the budget setting process and to seek people's views.
259. The consultation process began in September 2010 with Cabinet Members agreeing a set of budget principles and then visiting community councils, and other groups. The Leader and Individual Cabinet members attended each Community Council meeting in November 2010, and met many other community groups and organisations, such as the Youth Council and Pensioners' Forum as part of the overall process.
260. Over six hundred people had the opportunity to participate in the Southwark Spending Challenge at the Community Councils and the other events. These events took place before details of Southwark's provisional grant settlement were known. The challenge was to identify savings worth £20m from the Council's annual budget. Some of the key findings of the consultation are:
- Participants seem to have found making decisions about where to cut very tough - 28% of the overall results were returned as "don't knows".
 - There is no clear consistency over what should be cut, with differences between community council areas
 - There is a sense of participants wanting to protect those services which are precious to them
 - There is an emphasis on protecting services to the most vulnerable, such as the young and old
 - There is an emphasis on reducing back office costs as first preference

261. Alongside the Spending Challenge, residents, staff and local groups have been encouraged to submit ideas to the Council. Many of these ideas have been taken forward in the budget savings proposals, including:
- Looking in to sharing services with other boroughs
 - Proposals for working more efficiently, reducing the use of consultants and reducing administrative costs
 - Reducing the amount spent on Council communications, including the Council's magazine Southwark Life
262. On 27 January 2011 a guide was published to accompany the draft revenue budget report and outline some key highlights from the draft budget proposals. This was so that residents could more quickly understand some of the budget proposals being put forward. Comments were invited including via the Council's website on the draft revenue budget report by 8 February 2011. The comments received via the website were recorded and analysed. This analysis has been incorporated into the budget consultation report that is available via the website. The updated budget consultation report is a 'background paper' to this report and has been shared and noted by Cabinet.
263. The consultation process on the budget ended on 8 February 2011. This coincided with the deputations received by cabinet at their meeting on that date on the draft budget report. Deputations on the general fund budget were received from:
- Unison
 - Community Action Southwark (CAS)
 - Head teacher and Pupils of Boutcher Primary School
 - Local residents regarding 'Southwark Community Games'
 - Southwark Arts Forum
 - Carl Campbell Dance Company No.7
 - Homebound library service users - written deputation only
 - Bede House Association
 - Cooltan Arts
 - Environment and ecology groups
 - Blackfriars Settlement
 - Age Concern
 - Hawkstone Tenants & Residents Association (street cleaning) - written deputation only
264. Each deputation addressed the cabinet and made a formal presentation. These presentations generally outlined the background to their group / organisation, the reason why they were making a deputation, the issues they had in relation to the draft revenue budget for 2011-14 and their view of the potential impact of this draft budget on their activities.
265. All the deputations were thanked and their comments received by the Cabinet. Where appropriate, cabinet members raised further questions on the issues set out within the presentation. This was to gain clearer understanding of these issues. At the end of the sequence of deputations the Cabinet agreed that it was appropriate for more time to be given to consider the issues that had been raised in advance of

making a formal decision on the budget to be recommended to Council Assembly. The meeting therefore was formally adjourned until 15 February 2011, not least to provide appropriate time for cabinet to give further consideration on the deputations that had been made that evening alongside any other final feedback received on draft budget report and to take as appropriate further advice from officers.

Equalities

266. The scale of the budget cuts is particularly challenging in Southwark which has a high level of deprivation and it is inevitable that our communities will be affected. In developing budget proposals officers have been guided by the seven budget principles agreed by Cabinet which seek to protect frontline services and support our most vulnerable residents, and set out the Council's commitment to equality impact assess budget proposals.
267. Each department has considered equalities impacts throughout the process of developing budget proposals and where proposals are likely to have an impact we have ensured that we have identified how those impacts can be mitigated. We have also put in place a process for indentifying and mitigating cross cutting or multiple impacts (see paragraph 276 below). This has identified that older people, women, families and the voluntary and community sector are particularly affected. The equality impact assessments (EqIA) set out the specific mitigations which have been indentified to date, focusing on transforming services and making efficiency savings wherever possible. As we go forward we will continue to assess the impacts and identify what we can do to mitigate them.
268. Each departmental EqIA is available on the Council website and a summary of the assessment is included in the departmental sections of this report. The section below sets out in more detail the process for assessing equality impacts.
269. In September 2010, Cabinet agreed seven principles that would guide its decision making on the budget. These budget principles are consistent with the Council's Equalities and Human Rights Scheme 2008-11. One of these principles was to "limit the impact of its budget on the most vulnerable and to being transparent with any specific group or groups of users who may be affected by any cut or reduction in service provision, and to conduct an equalities impact assessment of budget proposals."
270. To this end, as part of the Fairer Future for All budget consultation, the Council has considered impacts on the equalities strands as part of the budget setting process and in accordance with the Council's Equalities and Human Rights scheme.
271. Under equality legislation, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between different groups; and foster good relations between different groups. The Council also has legal obligations under the Human Rights Act 1998 so therefore has to consider the potential impact its decisions could have on human rights.
272. The Council works in accordance with the general equalities duties which are set out in section 71 of the Race Relations Act 1976, section 49A(i) of the Disability

discrimination Act 1995 and section 76A of the Sex Discrimination Act 1975 and the requirement of the Human Rights Act 1998. The legislation requires that this duty to pay 'due regard' be demonstrated in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.

273. The Equality Act 2010 introduces a new public sector duty that comes into force from April 2011. This extends coverage to age, sexual orientation, pregnancy and maternity, and religion or belief. The Equality Act 2010 protects people from discrimination on the basis of 'protected characteristics'. The relevant characteristics for services and public functions are disability, gender reassignment, pregnancy and maternity, race, religion or belief sex, age, but only for people over 18, and sexual orientation.
274. Guidance on the implications of the Equality Act 2010 and the duties it places on the Council has been issued to service departments and members. In preparation for these new duties coming into force, the Equalities and Human Rights Commission recommends that public authorities start to assess the impact their financial decisions might have on the new protected groups where relevant and proportionate. The Commission also issued guidance on using the equality duties to make fair financial decisions, this has informed our approach and guidance.
275. The Council's Equalities and Human Rights Scheme 2008-11 provides the strategic framework for the Council to meet its specific race equality duties, disability equality duties and gender equality duties. Anti-discrimination duties in respect of age, faith or belief, and sexual orientation are also included as strands in the scheme which means that the Council already largely meet the new requirements of the Equality Act 2010 public sector equality duty ahead of it coming into force in April 2011, with the exception of gender reassignment and pregnancy and maternity.
276. EqIAs need to contain sufficient information, including the demonstration that they are evidence based, to enable the Council to show that it has paid 'due regard' to equality groups in its decision making and identify methods for mitigating or avoiding any adverse impacts. The Council has demonstrated this through ensuring that the consideration of equality issues has been embedded in the budget setting process. In preparing budget proposals, the Council has paid due regard to the equalities implications, including where the proposals relate to service changes or reconfigurations. Some of the specific activities undertaken to demonstrate this include:
- Training of staff and members, including face to face sessions and written guidance to remind them of the requirements of legislation (including Equality Act 2010), and of the Council's Equality and Human Rights scheme 2008-2011.
 - Explicit Cabinet commitment to equalities made through its vision statement, "Fairer Future for All" and its "budget principles".

- Embedding a framework for assessing equalities impacts within the budget process, which was set out in guidance to Chief Officers and communicated through a cross-departmental working group
- Put in place a process for identifying potential cross-cutting and multiple impacts on the same equality groups/protected characteristics across departmental budget proposals, ensuring that these issues are fed into the departmental EqIA process to assess the impact and identify what can be done to mitigate any impacts.
- Consultation with residents and staff via a range of forums, with findings from these consultations fed into decision making processes for senior officers and members.
- Equality impact assessments of departmental budget proposals prepared and developed.
- Summary of departmental equality impact assessments included in the department sections of this report, with full departmental EqIAs available on the Council's website.

277. Equality impact assessments will continue to be undertaken as part of on-going considerations around the implementation of the Council's budget decision. These will be prepared by departments in compliance with current and ongoing policies and procedures. Equality impact assessment will continue to be embedded in the process moving forward. Work to identify and mitigate cross cutting impacts will continue as proposals are developed further and implemented.

GLA precept

278. The GLA is to set its budget and precept on 23 February 2010. The GLA draft budget has indicated a nil increase in precept in 2011/12.

Next steps

279. The budget will be proposed to Council Assembly on 22 February 2011. Greater London Assembly (GLA) will set its precept on 23 February and therefore Council Assembly will establish a committee for setting the council tax for 2011/12.

Community impact statement

280. This report sets out draft budget proposals for 2011/12. Draft indicative budget proposals for 2012/13 and 2013/14 are also set out. The impact on the wider community as a result of the proposals set out in this report has been captured through the assessment on equalities. Each department has considered equalities impacts throughout the process of developing budget proposals and where proposals are likely to have an impact we have ensured that we have identified how those impacts can be mitigated. Therefore as budget proposals are further developed and implemented through 2011/12 the impact on local people and communities will be subject to more detailed assessment and consideration.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

281. The report seeks Cabinet approval of the Council's budget for 2011/12 based on a nil increase in council tax and to note indicative budget proposals for 2012/13 and 2013/14. Cabinet approval is sought to agree the criteria and process for the voluntary sector transition fund and to note that Council Assembly will establish a Committee to set the council tax. Cabinet are also required to recommend the budget to Council Assembly for approval on 22 February.

Legislative Framework

282. The Constitution provides that the Cabinet consider aspects of the control and regulation of the Council's finances. Section 32 of the Local Government and Finance Act (the Act) provides that the Council has an obligation to calculate and agree an annual budget. The Act also requires the authority to set an amount of council tax for each financial year preceding that for which it is set. Pursuant to section 30 (7) of the Act no amount may be set before the earlier of the following: (a) 1st March in the financial year preceding that for which the amount is set; (b) the date of the issue to the authority of the last precept capable of being issued to it (otherwise than by way of substitute) by a major precepting authority for the financial year for which the amount is set. Section 30 (9) of the Act states that a purported setting of an amount, if done in contravention of subsection 30 (7) shall be treated as not having occurred.

283. Under section 39 of the Act, the Greater London Authority ('GLA') is defined as a 'major precepting authority'. The GLA is intending to set its precept on 23 February 2011 and issue the same to the Council later that day. Council Assembly will be meeting on 22 February 2011. Whilst the budget calculations can still be made under sections 32-36 of the Act in advance of receiving the precept, as the Council is expressly prohibited from setting the council tax until the GLA has issued its precept, this means the council tax can not be set on 22 February.

284. Section 67 (2) (c) of the Act states that only the authority can set an amount of council tax for the financial year. However section 67 (3) of the Act provides that where the authority so directs a committee of the authority appointed by it for that purpose can carry out this function. The authority itself, not the committee, must specify the number of members of the committee and fix the length of term of the committee. The members of the committee must also all be members of the authority and not co-opted individuals.

285. Council Assembly can appoint the committee on 22 February pursuant to Part 4 of clause 3A of the Constitution.

Equalities Legislation

286. Positive equalities obligations are placed on local authorities, sometimes described as equalities duties with regard to race, disability and gender.

287. Gender equality duties were introduced by the Equality Act 2006, which amended the Sex Discrimination Act 1975. The general duties in summary require local authorities to have due regard to the need to:
- (a) “eliminate unlawful discrimination and harassment and;
 - (b) promote the equality of opportunity between men and women.”
288. Race equality duties were introduced by the Race Relations Amendment Act 2000 which amended the Race Relations Act 1976. The general duties in summary require local authorities to give due regard to the need to:
- (a) “eliminate unlawful discrimination and harassment;
 - (b) promote the equality of opportunity; and
 - (c) promote good race relations between people of different racial groups”
289. Disability equality duties were introduced by the Disability Discrimination Act 2005 which amended the Disability Act 1995. The general duties in summary require local authorities to carry out their functions with due regard to the need to:
- (a) “promote equal opportunities between disabled persons and other persons;
 - (b) eliminate discrimination that is unlawful under the Act;
 - (c) eliminate harassment of disabled persons that is related to their disabilities;
 - (d) promote a positive attitude towards disabled persons;
 - (e) encourage participation by disabled persons in public life; and
 - (f) take steps to take account of disabled person’s disabilities even where that involves treating disabled persons more favourably than other persons.”
290. As set out in the equalities section of the report, section 71 of the Race Relations Act 1976, section 49A(i) of the Disability Discrimination Act 1995 and section 76A of the Sex Discrimination Act 1975, require local authorities to act in accordance with the equalities duties and have due regard to these duties when we are carrying out our functions, which includes making decisions in the current context.
291. The report author refers to the fact that equalities have been considered as part of the budget setting process and that equalities impact assessments have been and will be undertaken. Equality impact assessments are an essential tool to assist councils to comply with our equalities duties and to make decisions fairly. The Council’s equalities and human rights impact assessment process goes beyond our current equalities duties to incorporate religion/belief, sexual orientation and age.

292. The Equality Act 2010 does not come into effect in relation to public sector equalities duties until April 2011. However, in line with good practice, equalities and human rights impact assessments will be carried out, mindful of the protected characteristics.
293. The Human Resources section (paragraphs 241 to 242) notes that some of the proposals require a reduction in posts and therefore present employment law implications. It is proposed that the focus is on redeployment and other strategies to mitigate redundancies. It is important that decisions are taken in accordance with the Council's Reorganisation, Redeployment and Redundancy Procedure and other relevant human resources procedures so that we act in accordance with employment legislation.
294. One of the underlying principles is that equalities impact assessments are carried out at critical stages so that we have due regard to the equalities implications of the proposed staffing changes and comply with our equalities duties.
295. As noted in the body of the report, monitoring impact is an ongoing process. Equalities impact assessments in accordance with good practice will be carried out at critical stages as proposals in relation to services provision and staff move forward.

Consultation on the budget proposals

296. The report outlines in detail the consultation on the budget proposals which have taken place with staff, the voluntary sector, residents and community groups. Consultation events were also held at community council meetings across the borough. The consultation process commenced in September 2010 and ended on 8 February 2011. At the Cabinet meeting on 8 February Cabinet received several deputations from a number of voluntary and community groups, these are detailed in paragraph 263 of the report. Following these deputations the meeting was adjourned for the Cabinet to consider the issues raised in the deputations and to consider other feedback on the budget proposals. The Cabinet should consider all comments representations and feedback received from the consultation process before the recommendation of a balanced budget to Council Assembly.
297. In accordance with paragraph 2(a) of the Budget and Policy Framework Procedure Rules, Cabinet consulted Overview and Scrutiny on the budget proposals on 31 January 2011. The recommendations from OSC are contained within this report.
298. There is no specific legal duty for the Council to consult on the setting of the Council's budget; however, due to the unprecedented cuts which have to be made to achieve a balanced budget, the Council have engaged in widespread consultation with the community on the options for achieving the savings. The feedback from the consultation is contained in this report.
299. Appendices A-E of the report details the budget savings for individual service departments. The proposals to meet the required savings for 2011/12 – 2013/14 broadly fall into 3 groups:
- a) the redesign, reconfiguration or closure of services;

- b) increasing fees and charges;
 - c) the review and reorganisation of management and staffing structures across the council.
300. Where the proposals involve reducing, reconfiguration or withdrawing of services, to reduce the risk of a legal challenge the Council has a legal duty to consult with service users and other groups or interested parties who may be affected by the changes in service provision.
301. Whether the individual savings detailed in the report will be subject to further consultation prior to implementation will depend upon a number of factors, these include whether there is a statutory duty to consult, whether fair and effective consultation has already taken place and whether the Council's internal processes and procedures require further consultation.
302. The Courts have provided guidance on what constitutes effective consultation and, where consultation is undertaken, the courts will want to ensure that this has been done fairly. The extent and method of consultation will depend upon the circumstances.
303. For effective consultation to take place there are four requirements:
- 1) consultation must be conducted when proposals are at a formative stage;
 - 2) the decision maker must give sufficient reasons for it's proposals to permit intelligent consideration and response;
 - 3) adequate time must be given for consideration and response; and
 - 4) the product of consultation must be conscientiously taken into account before making the relevant decision.

Each of these elements must be considered separately, evidenced and documented.

304. There is no legal definition of what constitutes 'adequate time' to consult; each case will need to be determined on its own facts. Government guidance and good practice recommends a 12 week consultation period. However, if there is good reason to deviate from this, the courts are unlikely to conclude that the consultation period was inadequate. But the reasons for reducing the time for consultation must be clearly explained and reasonable.

Voluntary Sector Transition Fund

305. Section 2(1) of the Local Government Act 2000 ('the 2000 Act') gives the Council a discretionary power to promote wellbeing where it considers this will achieve any one or more of the following three objectives:
- the promotion or improvement of the economic well-being of its area;
 - the promotion or improvement of the social wellbeing of its area;

- the promotion or improvement of the environmental wellbeing of its area.
306. Section 2(2) of the 2000 Act states the power can be used in relation to, or for the benefit of, any one or more of the following categories:
- the whole of the council's area;
 - a part of the council's area;
 - all persons resident or present in the council's area;
 - any person resident in the council's area.
307. Section 2(4) of the 2000 Act lists some of the potential sorts of activities that the council can undertake under the well-being power namely:
- a) incur expenditure;
 - b) give financial assistance to any person;
 - c) enter into arrangements or agreements with any person;
 - d) co-operate with, or facilitate or co-ordinate the activities of any person;
 - e) exercise on behalf of any person any functions of that person; and
 - f) provide staff, goods, services or accommodation to any person.
308. Pursuant to section 2(3) of the 2000 Act in exercising the wellbeing power, the Council must have regard to its community strategy which it has a duty to prepare under section 4 of the same.
309. The establishment of the voluntary sector transition fund falls within the scope of the kind of activities the Council can undertake under the power of wellbeing. The fund would achieve the promotion or improvement of the economic, social and environmental wellbeing of the Council's area. It is also confirmed that the Southwark 2016 document (the Council's sustainable community strategy) states that the promotion or improvement of the economic wellbeing of the Council's area is one of its express objectives.
310. Following the approval of the budget by Council Assembly, the decision to implement the savings will be taken by Cabinet or Individual Decision Maker in accordance with Part 3C and 3D of the Constitution.
311. In accordance with paragraph 2 of The Budget and Policy Framework Rules of the constitution, Cabinet are required to recommend the budget to Council Assembly for approval

REASONS FOR URGENCY

312. The Council has an obligation to set a lawful budget by the statutory deadlines and ensure all the necessary preparatory administrative and financial arrangements are in place prior to the next financial year. The Council also required sufficient time to consider the implications of the government settlement on the budget proposals.
313. All local authorities are required to set their council tax by 11 March 2011. Any delay to this date would mean the Council would have to move its instalment date beyond 1 April 2011 resulting in loss of income to the Council.

REASONS FOR LATENESS

314. This report is late because the cabinet wished to give due consideration of the issues raised through the consultation process, including deputations received, by 8 February 2011. Further, the details of the final grant settlement were only formally debated in Parliament on 9 February 2011.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Local Government Settlement 2011/12 and 2012/13	Department of Communities and Local Government	Cathy Doran 020 7525 4396
Briefing note to all councillors on provisional local government settlement 2011/12 and 2012/13	Finance and Resources, 160 Tooley Street	Stephen Gaskell 020 7525 7293
Statement of Accounts 2009/10	Finance and Resources 160 Tooley Street http://www.southwark.gov.uk/info/10016/key_documents/568/statement_of_accounts .	Dennis Callaghan 020 7525 4375
Budget consultation report	Communities, Law & Governance / Communications 160 Tooley Street http://www.southwark.gov.uk/downloads/download/2622/budget_consultation_report	Stephen Douglass 020 7525 0886 Robin Campbell 020 7525 7203
Draft Schools Budget 2011-12 and Headroom Requests	Children's Services, 160 Tooley Street	Fay Hammond 020 7525 0614
Departmental equality impact assessments and detailed timeline of activity to equality impact assess budget proposals	Corporate Strategy 160 Tooley Street http://www.southwark.gov.uk	Claire Webb 020 7525 7136

APPENDICES

No.	Title
Appendices A - E	Draft high level descriptions of budget proposals
Appendix F	Further information on overview and scrutiny committee recommendations
Appendix G	Proposals and criteria for voluntary sector transition fund

AUDIT TRAIL

Cabinet member	Cllr Richard Livingstone, Finance, Resources and Community Safety	
Lead officer	Duncan Whitfield - Finance Director	
Report author	Duncan Whitfield – Finance Director	
Version	Final	
Dated	11 February 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Date final report sent to constitutional team		11 February 2011

SERVICE AREA	DESCRIPTION OF COMMITMENTS	2011/12 £'000	2012/13 £'000	2013/14 £'000
Childrens Services				
Youth Offending Services	Council commitment to address loss of funding for Youth Offending Services.	500	0	0
Specialist Services	Special Guardianship Orders (SGOs): SGOs are relatively recent placement being used to support children usually when they are young but will remain supported until they reach 18. This is expected to carry on rising as there is no one as yet reaching 18.	150	135	0
	Total Children's Services	650	135	0
Environment Community Safety and Culture				
Public Realm	Income shortfall within the Parking unit. The latest projection shows a 9% shortfall between actual income and budgeted income due to better compliance levels.	150	0	160
	Total Environment Community Safety and Culture	150	0	160
Corporate				
Cash management	Estimated loss of interest due to introduction of 20% VAT rate.	65	0	0
Levies	London Pension Fund Authority additional levy for pensions deficit. This is still subject to final decision following consultation. London Councils view is that the recovery plan is deferred until responsibilities for the deficit are established and full legal clarification is sought by CLG.	0	250	250
Pensions Fund	Impact of 2010/11 triennial review, the actuaries have not finalised their actuarial valuation but latest indications are that in order to maintain a planned recovery of the fund deficit in line with the funding strategy there will need to be increases in employers contributions of circa 3% over the next 3 years. The budget option here assumes these increases are stepped up each year to cushion the immediate effect of increased contribution levels.	500	1,000	1,500
Contingency	Contingency provision for service pressures that cannot at present be fully quantified. This estimate is based on previous trends and will need continual review as part of future budget planning and in the context of the medium term resources strategy. The extent of proposed savings carries significant risk for delivery; surplus contingency will be used to mitigate future years budget and funding risks and contribute towards earmarked reserves supporting key council priorities.	1,500	3,500	3,500

SERVICE AREA	DESCRIPTION OF COMMITMENTS	2011/12 £'000	2012/13 £'000	2013/14 £'000
Concessionary fares	<p>Increase in charge for 2011/12 for concessionary fares from London Councils. The increase can be attributed to three main reasons, the final phase of the three year phased transition from charges based on numbers of cards issued to actual journeys, the concessionary fares specific grant formerly paid to London Councils will from 2011/12 be paid through formula grant and lost in the formula, and thirdly the collapse of the five year deal that London Councils had with TFL has increased costs significantly.</p>	3,105		0
Area Based Grant	<p>Fall out of area based grant savings established in previous budgets arising from deringfencing of grants that no longer exist.</p>	1,000		
Carbon Reduction tax	<p>Carbon Reduction 'tax' payable to DEFRA. From 2011/12, all large non-domestic energy consumers are required by government to purchase an allowance for each tonne of carbon dioxide released through their consumption of energy. The council is working hard to reduce the energy it consumes but our large property portfolio and diverse range of services means that we are still a high energy user. The price of allowances for 2011/12 has still not been fixed following changes to the scheme in the comprehensive spending review. Further detail is expected in the next national budget. £500,000 is calculated by multiplying our expected consumption in tonnes of CO2 during 2011/12 by £12, which prior to October was the expected allowance price with a floating market price in place after that.</p>	500	0	0
London Fire and Emergency Planning Authority	<p>London Fire and Emergency Planning Authority (LFEPA) - share of lost grant funding.</p>	20	0	0
Total Corporate Budgets		6,690	4,750	5,250
Total Commitments		7,490	4,885	5,410

SERVICE AREA	DESCRIPTION OF GROWTH	2011/12 £'000	2012/13 £'000	2013/14 £'000
Childrens Services	<p>The provision of free healthy school meals for primary aged pupils in maintained schools in Southwark; phased implementation over academic years 2011-14.</p> <p>Total Childrens Services</p>	<p>1,145</p> <p>1,145</p>	<p>1,414</p> <p>1,414</p>	<p>1,586</p> <p>1,586</p>
Health and Community Services	<p>Impact of a phased reduction in welfare meal charges of 50% of the 2010/11 charge, harmonising the charge for hot and frozen meals in the process. The first reduction will be in 2011/12 and the full reduction be completed by 2014/15.</p> <p>The cost of new clients in Transition from Children's Services. The figures are based on known numbers of children who will transfer to Adult Social Care. Every year there is a cohort of children mainly with learning disabilities who reach the age of 18 and therefore are in transition between children's services and adults social care. This generates a budget pressure for the Council because at the same time as this cohort leaves children's services there are young children entering the system. In addition, because of recent advancements in care practice for people with learning disabilities longevity has improved and there is no significant reduction in client numbers in adults social care due to deaths. Currently there are approximately 45 children in transition each year. Allowance has been made for children who will not transfer to adults care services because, for example, of continuing education or because they chose not to receive adults social care. Approximately 35% of transition clients suffer from autism.</p> <p>Total Health & Community Services</p>	<p>44</p> <p>1,850</p>	<p>42</p> <p>1,960</p>	<p>42</p> <p>2,170</p>
		1,894	2,002	2,212

SERVICE AREA	DESCRIPTION OF GROWTH	2011/12 £'000	2012/13 £'000	2013/14 £'000
Environment Community Safety and Culture				
Directors Office	Funding pressure to resource necessary management changes that will facilitate the delivery of efficiency savings from organisational reviews.	108		
Community Safety	Match funding with the Metropolitan Police Authority to set up Night Time Economy Team as part of the delivery of the Violent Crime Strategy. The joint funding of a night time economy team will aim to reduce serious violent incidents connected to alcohol. The team will comprise police officers, license officers, enforcement officers and wardens, operating on a Friday, Saturday and Sunday night from 20:00- 06:00. The team will not be located to one specific geographical area but be targeted where this is an assessed risk of alcohol related violence. We will be using the learning from other areas who have successfully run such teams to have the maximum impact.	125	0	0
Total Environment Community Safety and Culture		233	0	0
Communities, Law & Governance (CLG)				
Community Engagement	To support the continuing activities of Community Action Southwark and their work to ensure effective working with the voluntary sector in Southwark.	150	50	0
Total CLG		150	50	0
Corporate				
Youth fund	Establishment of a fund to support young people, especially to mitigate the high youth unemployment in the borough and the impact of the removal of education maintenance allowances.	1,000		
National Insurance	The June Emergency Budget announced that the 1% increase in employers National Insurance contributions announced in the March budget would still go ahead. however to 'largely reverse' this increase the Government will increase the threshold for Employer NIC's by £21 above indexation.	300	100	100
Public Sector Pay	The June Emergency Budget announced that public sector pay would be frozen during 2011/12 and 2012/13, except for staff earning under £21k per annum, who would receive a flat rate payment of £250 pa during this period. Currently there are 1,500 Southwark Staff meeting this criteria (excluding HRA staff).	375	375	0

SERVICE AREA	DESCRIPTION OF GROWTH	2011/12 £'000	2012/13 £'000	2013/14 £'000
Voluntary Sector Transition Fund	<p>Creation of voluntary sector transition fund, subject to protocols and criteria for release for partners providing critical Council services but requiring support through period of significant reductions in funding from central government. The emphasis of the fund will be supporting changes that the vcs organisations will need to make in response to the current financial climate. This could include business planning, fundraising strategies, mergers and collaboration where these are appropriate, sharing of back office costs, and new models of service provision. It is proposed that assessment and recommendation of bids will be carried out by an advisory panel including our key vcs partner Community Action Southwark. Final decisions will be made as an IDM decision for the appropriate cabinet member.</p>	1,000	(500)	(500)
	Total Corporate	2,675	(25)	(400)
	Total Growth	6,097	3,441	3,398

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
<p>Childrens Services All Children's 0-5 Service Early years Centres Youth Service Youth Service 5 - 11 After schools Service 5 - 11 & Inclusion Services Leadership Innovation and Learning Commissioning and Business Improvement Commissioning and Business Improvement Commissioning and Business Improvement</p>	<p>Review management structures across all services. Deliver staffing for Toy Libraries within that proposed for the 5 playrooms. For children identified as in need by Children's Social Services, commissioning more effective packages based on children and families' needs. Whatever Magazine: Offer web based publication, moving to web version will save the majority of the printing and distribution costs. Restructure of youth services and grant funding to voluntary organisations ensuring posts are focussed on delivering front line services. This will be undertaken in consultation with young people. Transfer the operation of the After school service to schools and discontinue the subsidy. Review opportunities for efficiency and cost savings by joining up transport procurement across LBS (and potentially other boroughs) allied to savings generated from new transport policy. Reduction in Arts Team posts. Schools requiring arts support will be able to seek this through the schools network and/or through alternative providers. Reconfigure business support across the department. Generating savings through a contribution from schools towards an appropriate level of health and safety support for schools. Improve efficiency of back office processes particularly by exploiting business IT systems and streamlining business processes.</p>	<p>(174) (42) (100) (1,000) (219) (100) (150) (50) (100) (100)</p>	<p>(476) 0 (300) (250) (582) (300) (302) (75)</p>	<p>(500) (250) (200) (400) (75)</p>

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Commissioning and Business Improvement	Reduction in supplies and services costs including printing, stationery, venue, mobiles, staff transport and professional services.	(275)	(20)	
Children's Social Care	Review of current short term market factors for social workers, reflecting changes in the current employment market.	(220)		
Children's Social Care /Commissioning and Business Improvement	Reduce spend by effective procurement and strategies for placements and care packages (incorporating cross-Borough commissioning).	(1,000)	(600)	(900)
Children's Social Care	Cash limit fostering rates to 2010/11 rates.	(93)		
Children's Social Care	A phased reduction in referrals to the Orient Street respite home. Some alternative provision would be required; this represents the net saving.		(200)	
	Total Children's Services	(3,623)	(3,105)	(2,325)
Health and Community Services				
All Client Groups	Reducing unit costs of home and residential care through better spot purchasing and procurement arrangements which will be administered through a central brokerage team.	(350)	(350)	(350)
All Client Groups	Lower costs will be achieved through commissioning improvements. The council will consolidate the number of Supporting People providers and drive down costs through a 'four borough framework agreement' (with Lewisham, Bromley and Lambeth) across the service.	(2,600)		

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Mental Health	<p>Service redesign of pooled arrangements with South London & Maudsley Trust (SLaM), reviewing the adult social care role within mental health services in partnership with other Boroughs and considering options as to how this should be managed. A reduction in costs is planned in 2011/12 as far as possible from back office efficiencies and management overheads. Further discussions will be undertaken with SLAM to realise future year savings.</p>	(650)	(1,500)	
Learning Disabilities	<p>Realign staff from childrens and adults teams into a single structure to provide assessment and care management for 14 to 25 year olds. Families will be encouraged to use personal budgets and self directed support from 14 yrs up with the aim of managing resources available transparently and to obtain better value for money. Budget and support allocated by childrens services (14 -16 years) will be tapered to meet the indicative budget available from adult services at 18 years. An average of 45 clients are expected to come through transition over the next three years.</p>	(95)	(104)	(114)
Older People, Physical Disabilities and Learning Disabilities	<p>Phased transfer over three years from high dependency on residential care into more support to enable clients to continue to live at home and therefore encourage greater independence.</p>	(700)	(660)	(1,360)
	Total Health and Community Services	(4,395)	(2,614)	(1,824)

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Environment Community Safety and Culture				
Public Realm	Reduced costs through procurement of new Highways Term Contract.			(200)
Public Realm	Parks service re-organisation and associated service efficiencies. The parks service is currently being reviewed which will deliver savings and help prioritise investment across the service. The structural changes that will be made are likely to include: more efficient and streamlined management structure with a reduction in management posts; a reduction in the capacity for pro-active outreach work; more staff based in parks, including Burgess Park, in order to raise standards.	(150)		
Public Realm	Revised management arrangements for South Dock Marina. The Council is looking to outsource the management of the Marina to a private commercial operator or other form of management which can focus upon the commercial opportunities that exist at the marina. Berth holders will be involved in the process that is determined moving forward.	(50)	(50)	(100)
Public Realm	Reorganisation of road network management team to include new London wide permitting scheme and other highway licensing functions.	(100)	(150)	
Public Realm	Reduced costs through procurement of new parking enforcement contract.	(160)	(250)	(130)
Community Safety	Reorganisation of Community Safety and Enforcement division by further reducing management posts.	(50)	(60)	
Community Safety	Merge Drugs and Alcohol strategy and commissioning teams into one unit. This saving will be achieved in 2011/12. Further savings will be achieved in 2013/14 that will involve sharing the commissioning of services with Lewisham and Lambeth - the detailed implementation for this is under development.	(40)		(300)
Community Safety	More efficient use of office and support resources.	(10)		

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Community Safety	Restructure the principal enforcement officer functions to focus our resources in the areas, at the times, on the businesses and the communities that need them most. We will also be focusing resources from across our regulatory services in those areas so that we can deal with a range of issues through tougher enforcement.	(137)	(52)	
Community Safety	Merge CCTV services with Lambeth and Lewisham.			(100)
Sustainable Services	Restructure Divisional Management and Support including revising terms and conditions.	(175)	(230)	(35)
Sustainable Services	Refund of one off budget given in 2010/11 for the installation/utilisation of Automatic Meter Reading (AMR) technology systems for the council's metering devices (water, gas, electric) for the purposes of billing and analysis.	(250)		
Sustainable Services	Contract savings resulting from reduced total waste tonnage.	(200)	(100)	
Sustainable Services	Efficiencies resulting from the merging of programmes across the waste policy and sustainability agenda.	(17)		
Sustainable Services	Efficiency savings from the refuse collection service contract to include further roll out of weekly food waste collections where feasible and staged introduction of fortnightly collection of dry recyclables.	(120)	(140)	(115)
Sustainable Services	Utilising spare capacity from the waste and recycling centre at the Old Kent Road Site.		(150)	(150)
Culture, libraries, learning & leisure	Restructure divisional support services.	(48)	(118)	(50)
Culture, libraries, learning & leisure	Reorganise Heritage staffing structure.	(30)		
Culture, libraries, learning & leisure	Contract savings delivered by the new Leisure Management Agreement.	(100)	(200)	(400)
Culture, libraries, learning & leisure	Efficiency savings as a result of revised opening hours for Canada Water Library to similar to that of Peckham Library.	(147)		
	Total Environment Community Safety and Culture	(1,784)	(1,500)	(1,580)

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
DCE including Regeneration & Neighbourhoods				
Director and Business Support - Director's Office	Reduction in Director and Business support professional fee/consultants budgets.	(38)		
Director and Business Support	On-going review of service to deliver efficiencies including departmental restructure, modernisation programme and shared services across functions.	(74)	(19)	(25)
Property Services	Reduction in revenue expenditure across a number of areas including consultants to carry out more work in house.	(171)		
Planning & Transport - Planning Policy	Mainstreaming access officer post functions within existing staffing structures.	(48)		
Planning & Transport - Transport Planning	Savings arising from a change in the procurement of Mouchel Parkman partnership services and associated staffing changes.	(40)		
Planning & Transport -Transport Planning	Saving arising from delivery of road safety team leader post in-house.	(20)		
Planning & Transport - Transport Planning	Savings from management restructure of the Transport Planning unit.			(70)
Planning & Transport -Development Management	Mainstreaming of the vacant Design Review Panel support officer post.	(50)		
Planning & Transport - Development Management	Re-organisation of the planning technical support function.	(50)		
Planning & Transport - Development Management	Savings from review of the technical support area.		(65)	
Economic Development & Strategic Partnership	Service re-organisation resulting in rationalisation of staffing structure.	(120)		

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Economic Development & Strategic Partnership	Reduction in administrative costs.		(13)	
Housing Strategy and Options - Registration Team	Review and rationalisation of the Housing Registration Team.	(33)		
Housing Strategy and Options - Temporary Accommodation	Restructure of service which will result in rationalisation of posts and reconfigured service offer.	(151)		
Housing Strategy and Options - Housing Options Services	Restructure of Housing Options team.		(38)	
Housing Strategy and Options - Placements in HASS	Review and rationalisation of the management structure within support services.	(43)		
Housing Strategy and Options - Business support services - Community Housing Service	Rationalise business support services through restructuring of service.	(52)	(7)	
Housing Strategy and Options -TA model	Reduction in placements in temporary accommodation. The aim of this proposal is to reduce the overall costs of placements by reducing dependency on expensive bed and breakfast accommodation through the use of other social housing, private sector provision and bringing council void properties back into use.	(51)	(38)	(38)
Housing Strategy and Options - Housing Options Services	Review of Housing Options management capacity.	-		(46)
Major Projects	Savings to be achieved from review and rationalisation of project team budgets and strategic management costs across the regeneration function.	(892)	(117)	
Human Resources	Reduction in transactional staff through extension of self-service/efficient process. Reduction in direct staffing support. These reductions exemplify the second and third stages of the HR shared services review which was first implemented in April 2009 as a result of the move to Tooley Street. The shared services review will lead to the consolidation of HR services from across the Council and improved processes, including the use of IT, to improve efficiency.	(420)	(210)	(210)

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Human Resources	Reduction in occupational health contract and further reduction of development budgets.	(210)		
Corporate Strategy	Cease Place Survey.	(30)		
Corporate Strategy	Review of structure, staffing levels and support costs across the division. This would include significantly reducing the training budget, ceasing subscriptions to external policy services (such as LGiU which costs £20,000 per annum) and minimising all stationary, software and printing requirements.	(160)	(80)	(60)
Corporate Strategy	Review of Support to Leader and Opposition.	(33)		0
Communications	Communications will be reorganised, subject to consultation, resulting in savings to enable delivery of an agreed annual workplan, which will reflect the trend towards greater utilisation of 'e comms' and new media and away from more traditional printed forms of communications, including reducing the frequency of the council magazine. Part of this proposal includes changing the number of editions of Southwark Life from ten to four per year (realising savings of £218,000). It will still be important for the council to communicate with its residents therefore more will be done to move communications away from printed material to on line and social media.	(411)	0	0
Communications	Centralise and reduce corporate campaigns activity and move away from more traditional printed forms of communications.	(331)		
Communications	Shared service with Westminster.		(50)	(150)
Client Services	Savings already built into Vangent Contract and the renegotiation of the contract to include more services without additional cost.	(1,000)	(1,000)	(1,000)

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Client Services	Further Vangent contract savings. The council is reviewing its existing contractual arrangements with Vangent. Whilst there is a focus on reducing cost this will be achieved through transforming the way we deliver services, enabling cheaper ways for customers to contact us such as the web and ensuring customers enquiries are resolved 'right first time'. The Council is committed to maintaining frontline services and the aim is to continue to improve on the service Vangent provide. Work is being completed to identify potential efficiency savings such as: Automating switchboard, reducing the cost of our Out of Hours service by sharing costs with other local authorities and improving email response rates.	(500)	(500)	(500)
Client Services	Increase Council Tax court costs for summonses and liability orders against non-payers to highest in London. The proposal would increase Council Tax costs by £32 to £127 an increase of 34% and business rate court costs by 37.5% to £227 if approved by the court – these are currently charged by some London authorities.	(1,372)		
Client Services	Savings generated from the recovery of Housing Benefit overpayments by 25%, as the new in-house service will prioritise this activity.	(466)		
Organisational Development	Review of staffing structure resulting in a reduction in the establishment.	(291)		
Organisational Development	Savings from setting up new training contract after creating pooled budgets in phase 2 of the review of the service.	(310)		
Organisational Development	Review the provision of training, centralisation of services resulting in savings from cross-Council working and shared services.	(93)		
	Total DCE Including Regeneration & Neighborhoods	(7,460)	(2,137)	(2,099)

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Communities, Law and Governance (CLG)				
Member Services	Rationalisation in member support, member allowances and constitutional support while maintaining essential services, leading to cessation of support for non statutory bodies and functions. Just under a half of the savings proposed for 2011/12 (£147k) comprise a rationalisation of existing budgets following in-year decisions. £107k relates to management reorganisation and £49k to streamlining discretionary decision making framework and consequential savings.	(303)		(150)
Electoral Services	Streamline the annual canvass by reducing the number of posted notification cycles and subsequently cease household confirmation letters as part of the annual canvass process.	(10)	(30)	
Scrutiny	Review structure of scrutiny committees to reduce administrative and other costs while retaining essential nature of function in overseeing Council activities.		(65)	
Scrutiny	Reductions in printing and professional fees costs.	(13)		
Community Engagement	Reallocation of Quality and Performance team duties following the end of the Comprehensive Area Assessment process and related external reporting and inspection requirements, including the application of built in savings from legal advice contract.	(283)		
Community Engagement	Cease European funding function.	(45)		
Community Councils	Savings from community councils delivered as part of the Democracy Commission process.		(344)	
Legal Services	Fundamental review of team structures within Legal Services to further promote and make use of modern ways of working and remain consistent with best professional practices. Initially realign legal teams to reflect new levels of demand, training reductions and external fee reductions.	(338)	(400)	(200.0)
Total CLG		(992)	(839)	(350)

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Finance and Resources (F&R) Information Services	Reductions in ISD related costs arising from streamlined contractual arrangements and from restructuring of the core element of the ISD Division. Further review of contractual arrangements will coincide with the end of the Council's contract with Serco in July 2012 and the review of the management of the Council's major IT applications that will follow on from the current review.	(923)	(525)	(1,430)
Financial Management	Reduction in core external audit fees (£90k) and grant fees (£15k). Level of savings in 2010/11 will be dependent on continuing improvement in final accounts process; any savings post 2011/12 are dependent on post Audit Commission arrangements and on risk assessment by successor external auditor.	(105)	(0)	(0)
Financial Management	Reduction from 9 to 3 professional accounting trainee posts, achieved in part through consolidation of trainee activities within existing establishment where appropriate.	(20)	(75)	(75)
Corporate Facilities Management	Review of existing contracts and service levels and review and restructuring of CFM function, including new contract arrangements to support Tooley Street management.	(623)	(465)	(350)
Corporate Facilities Management	Reductions in levels of building repair and maintenance in response to future office and administrative buildings and asset management strategies.	(130)	(90)	(269)
Financial Management	Further review of the finance function over the three years, and the renegotiation of the corporate banking contract in 2013/14. This follows on from the completion of the first phase of shared service provision for financial services that saved £1.5m in 2010/11 in response to consolidating services in Tooley Street	(330)	(395)	(315)
Financial Management	Cancellation of non essential corporate subscriptions to accountancy bodies and reduced attendance at accounting and financial seminars and professional events.	(40)		-

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
Financial Services	Post implementation review of the structure and running costs in the Finance Transactional Shared Service (FTSS).	(85)	(240)	(5)
Audit and Risk	Audit and Risk service review. The savings represent a need to consider the wider services, rather than the specific current audit, fraud and risk budget. As such, it is drawn up based upon expected potential savings from all three areas and therefore is likely to represent something close to the 25% target for all service areas.	(85)	(260)	(220)
Audit and Risk	A review of the overall audit, fraud and risk service to focus priorities, including internal audit planned days, structure, staffing and contracted days, and a reduction in running costs.	(75)	(0)	(0)
All Finance and Resources	Further restructure and reviews of F&R services across all functions in both short and medium term in response specifically to reduction in size and diversity of Council services following significant reduction in government funding.	(150)	(460)	(560)
Revenues and Benefits	Give notice in line with policies in other local authorities for discontinuation of discretionary NDR Relief with effect from 2012/13. Registered charities who are eligible for an 80% mandatory relief from paying Business Rates can also apply for a discretionary 20% relief providing they meet Council policy. This proposals removes the discretionary relief.	(0)	(268)	(0)
Corporate	Total F&R	(2,566)	(2,778)	(3,224)
New Homes Bonus	New Homes Bonus subject to consultation outcomes and achievement of Council's build targets.	(1,500)	0	0
Shared Procurement	Shared procurement initiatives with local authorities and other relevant bodies to be established through a programme agreed by the corporate management team and by partnering organisations.	0	(200)	(800)
Management Structures	Review of departmental and corporate management structures by Deputy Chief Executive.	0	(500)	(500)

Efficiencies and Improved Use of Resources

Appendix C

SERVICE AREA	DESCRIPTION OF SERVICE	2011/12 £'000	2012/13 £'000	2013/14 £'000
	Total Corporate Budgets	(1,500)	(700)	(1,300)
	Total Efficiency savings	(22,320)	(13,673)	(12,702)

SERVICE AREA	DESCRIPTION OF INCOME GENERATION	2011/12 £'000	2012/13 £'000	2013/14 £'000
<u>Environment Community Safety and Culture</u>				
Public Realm	Increase Cemetery and Crematorium fees and charges to Inner London Average.	(160)	(75)	(80)
Public Realm	Parking Permits-Additional charges for high CO2 emission vehicles and charges for second and third vehicles. The cost of a resident's parking permit would be based on the amount of carbon dioxide (CO2) pollution produced by the resident's vehicle. Residents who own vehicles which give off low amounts of CO2 will pay less for their permit than residents who drive vehicles which give off more CO2.	(130)	(150)	
Culture, libraries, learning & leisure	Income generated from the new Canada Water Library as a result of increased demand for the hire of facilities.	(50)		
Community Safety	Increased income from Houses in Multiple Occupations (HMOs) as a result of increased licensing and charging for HMO notices.	(90)		
	Total Environment Community Safety and Culture	(430)	(225)	(80)
<u>DCE including Regeneration & Neighbourhoods</u>				
Property Services - Managed Commercial Property Holding Account and Industrial Properties	Increased income due to rent reviews and lease renewals.	0	(50)	(50)
Planning & Transport -Development Management	Restructuring of pre-application and other fees to encourage greater take-up for smaller applications and a higher charge for a more detailed service for larger applications.	0	(25)	
Registrars	Increase Registrar's fees for (e.g. citizenship, nationality checking and weddings) by 25%.	(100)		
	Total DCE Including Regeneration & Neighbourhoods	(100)	(75)	(50)
	Total Income Generation	(530)	(300)	(130)

Savings impacting on service delivery

Appendix E

SERVICE AREA	DESCRIPTION OF SAVINGS	2011/12 £'000	2012/13 £'000	2013/14 £'000
Children's Services				
0 - 5 Early Years	Progressively remove subsidies to community nurseries.	(75)	(75)	
0 - 5 Early Years	Reduce staffing costs for the 5 play centres by deploying resources from children's centres.	(50)	(110)	
0 - 5 Early Years	Savings to be delivered through redirecting grant to support core services.		(384)	
5-11 Primary achievement & 11 - 19 Secondary achievement	Reconfiguration of Primary and Secondary achievement teams. These teams support improving school achievement.	(420)	(250)	
5 - 11 Play Service	Review of play service - reduce funding for supervised play schemes.	(250)	(250)	
Leadership Innovation and Learning	Progressively remove support for supplementary schools.	(150)	(200)	
Leadership Innovation and Learning	Reduction in subsidy for ICT support provided to schools; schools to meet the broadband costs from within their own budget share.	(120)		
Children's Social Care / Commissioning and Business Improvement	Improved targeting of commissioning of voluntary sector providers.	(50)	(75)	
Children's Social Care	Reduction in number of posts in Children's Social Care.	(800)	(500)	(1,000)
All except Children's Social Care	Savings to be delivered through a 13% reduction in staffing across all teams within the department (except Children's Social Care). This saving is planned to be delivered from 2012/13 and so specific proposals will be developed.	-	(1,000)	(1,880)
Children's Social Care	Redesign Integrated Child Support Services saving 25% of core budget.	(225)	(225)	
Children's Social Care , 0-5 and 5-11	Reconfigure support to children and young people with Special Educational Needs and Learning Difficulties and Disabilities.			(858)
	Total Children's Services	(2,140)	(3,069)	(3,738)
Health and Community Services				
All services	Reshape open access services (specifically lunch clubs and day centres) within the voluntary sector to provide practical and social support in the most affordable and cost effective way. In 2011/12 it is proposed to retain a geographical spread with a service in the north, one in Dulwich and one in Cambenwell/Peckham borders. The aim is to achieve greater community cohesion through fewer specialist services for particular groups. In 2012/13 discretionary services such as advice and information will be considered with the aim of rationalising these, subject to specific consultation.	(1,000)	(300)	

SERVICE AREA	DESCRIPTION OF SAVINGS	2011/12 £'000	2012/13 £'000	2013/14 £'000
All services	Services and voluntary sector partners will be encouraged to operate in ways that build future sustainability and enables people to contribute their time and skills. This may mean the decommissioning of any residual non affordable or less cost effective open access services. This will create opportunities for alternative solutions for the wider community. This is a saving in 2013/14 and therefore will be further developed.		-	(1,200)
All Client Groups	Review and redesign functions to deliver new customer approach for personalised services. Adult Social Care service delivery will be reconfigured to align with the personalisation agenda and new customer journey, including a single point of contact. The redesign will drive value through the department through redefinition of operating models, structures and roles and responsibilities. This is expected to result in a reduction of approximately 15% in the number of posts across assessment and care management and commissioning.	(300)	(1,001)	(300)
All Client Groups	Reduce the Supporting People budgets (a total of approximately 30% including efficiencies) to be achieved through cessation of low support services with investment focused on the most vulnerable groups.	(1,000)	(1,600)	(500)
All Client Groups	Further phased reduction of 20% in Supporting People budgets, impacting across all client groups. Concentration will be on the scaling back of low support services and maintaining investment on the most vulnerable groups.		(1,400)	(1,300)
Mental Health	Service reductions with South London & Maudsley Trust (SLaM) as part of wider review of the adult social care role within mental health services in partnership with other Boroughs. Investment will focus on the core council contribution to mental health services.			(3,000)
Mental Health	Rationalise and reshape the number of Mental Health Day Centres and the services provided. There are 6 day services for people with mental health needs run by a variety of organisations, including the Council. This is above the level of provision in our neighbouring boroughs and we plan to review how these can be re-configured within a reduced financial envelope to meet the needs of people in the most cost effective way.	(200)		
Older People	Rationalise and redesign Council run day centres (to include consultation on the closure of Holmhurst Centre in 2011/12 and reprovision through Fred Francis Centre).	(400)	(400)	
Older People	Discontinue the 'Shopping' contract and seek more affordable ways to meet eligible needs of this client group.	(50)		
Physical Disabilities	Develop new Southwark Resource Centre which supports people with physical disabilities by providing training and skills to encourage greater independence.	(400)		(400)

SERVICE AREA	DESCRIPTION OF SAVINGS	2011/12 £'000	2012/13 £'000	2013/14 £'000
Learning Disabilities	Redesign and where appropriate decommission day centre provision to develop clients' independent living skills and to facilitate their access to local services. Day services for people with learning disabilities are provided externally. We plan to review the level of provision and our block contract arrangements to achieve an affordable model that can be sustained in the future. This includes looking at personal budgets as the way of meeting the needs of people who continue to require a service.		(3,400)	
	Total Health & Community Services	(3,350)	(8,101)	(6,700)
Environment Community Safety and Culture				
Public Realm	Savings from revision of reactive street maintenance. This proposal will involve reducing what is spent on road repairs, lighting and street furniture. Safety issues will continue to be prioritised and addressed but planned maintenance programmes will be reduced. Resources will be focused on urgent repairs to be done.	(600)	(200)	
Director and Business Support - Director's Office	Rationalising services currently provided by the Area Action Team and Street Leaders.	(203)		
Public Realm	Reduce support and administration costs within Cleaner greener safer programme.	(300)		
Public Realm	Savings from no longer providing untaxed vehicle removal service.	(20)		
Public Realm	Savings resulting from rationalisation of school crossing patrol service. Some 25% of patrols are located at crossing which are already signal controlled. A road safety assessment will be carried out to identify those locations where the patrols can be removed without unduly affecting road safety.	(50)		
Public Realm	Re-targeting environment grants programme.	(184)	(61)	
Community Safety	Savings resulting from the re-organisation of the community safety service.	(35)	(45)	
Community Safety	Reorganise SASBU team in line with new legislative framework for tackling anti social behaviour and managing high risk cases.	(45)	(90)	

SERVICE AREA	DESCRIPTION OF SAVINGS	2011/12 £'000	2012/13 £'000	2013/14 £'000
Community Safety	Savings resulting from the creation of a dedicated noise service (providing a 7 day a week day time and Thursday, Friday and Saturday nights) through amalgamation with wardens response team.	(250)		
Community Safety	Savings resulting from the review of the London training and resource centre, which supports training for wardens and other environment enforcement officers.	(80)		
Community Safety	Reorganise Community Wardens Service to focus on three key town centre locations and supported by a response team linked directly to the retained environmental enforcement team. The 3 town centre teams will be based in Elephant and Castle, Camberwell and Peckham Town Centres. The reactive response team will be targeted to the areas, times and issues that concern our community the most. The additional accredited powers given to wardens means that the service will be able to deal with a wider range of anti social behaviour issues. Close working relationships with the Police and shared tasking arrangements means that we will use a variety of interventions to tackle anti-social behaviour.	(1,079)	(531)	
Sustainable Services	End grant to Community Recycling in Southwark Partnership (CRISP) for the disposal of non-household waste (e.g. furniture, IT equipment).	(25)		
Sustainable Services	Reduction in accommodation costs following move from Manor Place Depot.	(25)	(60)	
Sustainable Services	Savings from reduced requirement for PFI advisors in delivery of waste PFI project.	(580)		
Sustainable Services	Savings from revised specification for street cleansing - alternate day litter picking. Daily litter picking will be maintained in areas of greatest need.	(300)		
Sustainable Services	Savings from revised specification for street cleansing - night sweeping. This will remove the night sweeping service. Sweeping schedules will be changed to mitigate the impact of the loss of service.	(120)		
Sustainable Services	Savings from revised specification for street cleansing - detritus clearance. The proposal is to offer a monthly clearance service as opposed to the current fortnightly frequency.	(460)		
Sustainable Services	Savings from the rescheduling and reprioritising of the mechanical sweeping service.	(50)	(100)	
Culture, libraries, learning & leisure	Rationalisation of Arts funding contribution programme.	(58)		
Culture, libraries, learning & leisure	Rationalisation of Events programme to provide core funding for 3 major events.	(115)		
Culture, libraries, learning & leisure	Rationalise and reprioritise the major arts grants programme.	(60)		

SERVICE AREA	DESCRIPTION OF SAVINGS	2011/12 £'000	2012/13 £'000	2013/14 £'000
Culture, libraries, learning & leisure	End the small arts grants programme.	(37)		(53)
Culture, libraries, learning & leisure	Savings from the lease of Kingswood House. There is currently a significant amount of unoccupied and little used space in Kingswood House. In order to maximise income from the House it is proposed that these spaces be leased to a third party organisation.		(67)	
Culture, libraries, learning & leisure	End funding contribution to London Open House.	(3)		
Culture, libraries, learning & leisure	Reduce the funding to the South London Gallery.	(10)	(10)	
Culture, libraries, learning & leisure	Savings derived from the re-configuration of support staff within the culture service.	(72)	(40)	
Culture, libraries, learning & leisure	Reorganise Leisure management & support structure.	(60)		
Culture, libraries, learning & leisure	Reduce Sports Development and transfer £300k to Children's Services to consolidate young people's sports offer.	(238)		(300)
Culture, libraries, learning & leisure	Review of Library services. The future size and shape of the service needs to be considered as part of the Council's overall budget plan for the next three years and a complete review and consultation period will take place with a view to saving library costs in 2012/13. The review will focus upon delivering the service more efficiently through the restructuring of posts and deployment of staff across the libraries. There are no plans at present to close any library buildings.		(274)	(123)
Culture, libraries, learning & leisure	Discontinue the mobile library service.	(80)		
Culture, libraries, learning & leisure	Discontinue the Housebound Library Services.			(150)
	Total Environment Community Safety and Culture	(5,114)	(1,478)	(626)

Savings impacting on service delivery

Appendix E

SERVICE AREA	DESCRIPTION OF SAVINGS	2011/12 £'000	2012/13 £'000	2013/14 £'000
<u>DCE including Regeneration & Neighbourhoods</u>				
Property Services	Savings achieved through reprioritisation of repairs and maintenance on commercial estate and rationalisation of GIS support services.	(75)	(15)	
Planning & Transport - Development Management	Following a review of procedures (to be undertaken in 2011/12) to deliver a more effective public consultation process for planning applications. This will include using modern technology and smarter ways of working.	(50)	(35)	
Planning & Transport -Planning Policy	Discontinue specialist planning aid services provided by Willowbrook and revert to using Planning Aid for London.			
Planning & Transport - Development Management	Savings from review and restructure of the Development Management unit.		(90)	
Economic Development & Strategic Partnership	Reducing commissioning budget and re-targeting cash to schemes with the highest level of need and that represent greater value for money.		(130)	(100)
Economic Development & Strategic Partnership	Savings resulting from re-organisation of staffing.			(38)
Housing Strategy and Options - private tenancies team	Savings from the review and rationalisation of private tenancies team.	(34)		
Housing Strategy and Options - Older Persons Service	Savings from rationalisation of service including reductions in equipment budget.	(29)		
Housing Strategy and Options - Strategy & Regeneration	Restructure and rationalisation of Housing Renewal Team.	(74)	(110)	
Housing Strategy and Options - Temporary Accommodation	Reduction in funds used to provide emergency furniture for resettlement clients.	(6)	(14)	
Housing Strategy and Options - Temporary Accommodation	Restructure of supported hostels service.		(11)	
Housing Strategy and Options - Temporary Accommodation	Rationalise service provision including reduced information support and placement support.		(14)	(26)
Housing Strategy and Options -Homeless Casework Team	Review and rationalisation of Homeless Casework Team.	(95)		
Housing Strategy and Options - SMART service - Older Persons Service	Restructure monitoring and support function.		(28)	

SERVICE AREA	DESCRIPTION OF SAVINGS	2011/12 £'000	2012/13 £'000	2013/14 £'000
Housing Strategy and Options -Policy & Performance and procurement	Rationalise back office support e.g. communications.	(2)	(24)	(44)
Housing Strategy and Options - Housing Options Services	Restructure the Housing Options team. This may lead to some reduction in the homelessness prevention advice currently provided.			
CLG	Total DCE Including Regeneration & Neighborhoods	(365)	(471)	(208)
Community Engagement	Review of voluntary sector grants programme in the context of reductions in government funding, including the consequential loss of a commissioning post.	0	(245)	
	Total CLG	-	(245)	-
	Total savings impacting on service delivery	(10,969)	(13,364)	(11,272)

Appendix F

Further information on recommendations from overview and scrutiny on 31 January 2011

Recommendation	Further information
<p>That the cabinet work with Community Action Southwark in setting criteria and managing the distribution of the transition fund for voluntary sector funding</p>	<p>Cabinet is asked to agree this recommendation.</p> <p>The proposed protocols and criteria for the voluntary sector transition fund are set out at Appendix G within this report.</p>
<p>That cabinet consider how to involve voluntary organisations in strategic discussions about the commissioning of adult social care services</p>	<p>Cabinet is asked to agree this recommendation.</p> <p>Commissioning strategies for services have previously been developed with involvement from stakeholders, including service users and carers through the Service User & Carer Panel, Partnership Boards and Carers' Strategic Group. VCS organisations are represented in all of our Partnership Boards and on the Carer's Strategic Group. These strategies included recognition of priorities identified through the Joint Strategic Needs Assessment (JSNA). Work is now underway to refresh the JSNA for Southwark and the adult social care commissioning team is feeding into that process so that we can continue to make and manage these links.</p> <p>A monthly Support & Care Market Forum was established by council officers working in commissioning in Southwark in August 2010, open to all existing and potential providers across all services – this includes a number of VCS organisations. The aim of this Forum is to share ideas and best practice, and provide an opportunity for discussion around key issues, such as business models and planning and workforce development. Recent sessions have covered areas such as day services provision, the vision for adult social care in Southwark, support planning and adapting and planning for personalisation, all of which are key for the future commissioning of services in Southwark. The sessions provide opportunities for attendees to engage directly with council officers.</p> <p>We recognise the importance of making sure that all our mechanisms for engaging with stakeholders, including service users, carers and other providers, as well as VCS organisations, are effective and have a clear role as we move forward into what will undoubtedly be a challenging period for public services. We are therefore seeking to review our existing channels of engagement to make sure that they are fit for purpose and it is clear to all involved how their input is being used and considered when decisions are made, particularly in the medium to long term.</p> <p>In terms of the budget proposals, our proposals sit broadly within our overall vision for the future of adult social care in Southwark, which we are also developing. This draft vision has been discussed with a range of stakeholder</p>

Recommendation	Further information
	<p>groups in draft form to help support its development and seek input on the overall approach and direction. Feedback from these sessions is to be used to refine and finalise the vision before it is sent to Cabinet for a decision. Again, VCS organisations have been part of these discussions.</p> <p>Furthermore, we are committed to ensuring that we consult and engage with people on the implementation of any budget proposals. We have already published a consultation on the future of open access services, particularly lunch clubs, day services and advice, information and befriending projects in the borough, many of which are currently provided by VCS organisations.</p> <p>This consultation suggests a way forward to support the vision for adult social care and also make some required significant savings and invites organisations to participate in making suggestions for how best this work can be taken forward. It also seeks to engage them in understanding the council's focus for the future and what this means for the types of services providers offer so that they can shape proposals and services appropriately.</p> <p>All of this work sits in the wider context of the council as a whole continuing to work in partnership with the voluntary sector to support organisations to become more self-sustaining.</p> <p>We will continue to engage and consult on proposals as we move forward and in line with any cabinet decisions on the budget report.</p>
<p>That cabinet clarify the purposes of the £1 million youth fund allocation made on 25 January 2011, including the fair and cost-effective administration of support for individuals</p>	<p>Cabinet is asked to agreed this recommendation.</p> <p>It is proposed that £1m will be allocated each year for the duration of the three year budget to support young people, in particular for the mitigation of the high youth unemployment in the borough and the impact of the removal of education maintenance allowances.</p> <p>The detailed proposals to support this resource will be presented to cabinet for their approval at their meeting on 22 March 2011.</p>
<p>That the cabinet member for children's services update the education & children's services scrutiny sub-committee on how she will involve young people in the redesign of the youth service</p>	<p>Cabinet is asked to agreed this recommendation.</p>

Recommendation	Further information
That cabinet explore making wider use of volunteers in the community to help support and mentor parents and families experiencing problems	Cabinet is asked to agreed this recommendation.
That if the cabinet is minded to create a voluntary redundancy scheme and/or a redeployment pool then it considers a thorough report, including advantages and disadvantages both for staff and the council and including full information on costs and funding	Cabinet is asked to agreed this recommendation.
That cabinet carry out a review of senior officers pay, in accordance with the principle in paragraph 242 of the report to review top pay, and report back to overview & scrutiny committee	Cabinet is asked to agreed this recommendation. There are some underlying principles that the Council will aim to maintain through this period of significant change whilst trying to ease the financial pressures over the medium term, which form part of the draft medium term resources strategy. One of these principles is to review top pay in line with Hutton inquiry report (due March 2011); and review the application of terms and conditions and discretionary elements to ensure they are contemporary and fit for purpose.
Given that the sports development budget will be reduced to zero in 2013/14, that cabinet is urged to consider an adequate revenue budget going forward to support sports development, including the Community Games, and making sensible use of the capital allocation for the Olympic Legacy fund	Cabinet is asked to agreed this recommendation.
That before implementing any changes for residents parking charges based on vehicle emissions or second or third cars, cabinet consult via Community	Cabinet is asked to agreed this recommendation.

Recommendation	Further information
Councils on detailed proposals	

Appendix G

Southwark Council Voluntary & Community Sector Transition/Sustainability Fund

Recommendation.

1. To agree the criteria, process and timescale for allocation of the Transition Fund.

Background.

2. At its meeting of 25 January 2011 the Cabinet approved the draft budget proposals with a final balanced budget report to be presented to Cabinet on 8th February for recommendation to Council Assembly on 22 February 2011.
3. Included in the draft budget proposals is a £1.5m Transition fund over the next two years that will provide interim support in helping VCS organisations make the changes necessary to meet the challenges from reduced public sector funding and in order to develop a more sustainable sector.
4. This paper sets out proposals for criteria, process and timescales as set out below.

Decision Making Process

5. Assessment and recommendation of bids will be carried out by an advisory panel consisting of the CEO of CAS and council officers from various departments with the final decisions taken by the appropriate cabinet member.
6. Approval of grants over £2,500 under the community support programme is a matter for the Cabinet Member for Community Engagement & Equalities (Constitution: Clauses 2 and 5 Part 3D) and will be considered via individual member decision making (IDM).

Timescale

7. Indicative outline timescale is as follows:

8 February 2011	Cabinet agrees a final balanced budget
15 February 2011	Final budget agreed to be presented to Council Assembly
16 February 2011	Fund Advertised (subject to budget). CAS ebulletin. J4b. South London Press
25 February 2011	Deadline for receipt of completed applications
28 Feb- 04 March 2011	Assessment by Officers and Advisory Panel
11 March	IDM report on decisions published
21 March	IDM on awards taken (Note: this is earliest decision)

	date, if the decision is taken later other timings will be adjusted accordingly)
22 March	Notice of decision published and call-in period commences
29 March	End of call-in period
w/c 29 March 2011	Notification to successful organisations

Proposed Criteria

8. This will be a **first round** of funding the criteria for which are as follows. A further round may follow later in the financial year.

Southwark council has established a sustainability fund for third sector organisations in the borough and is intended to help organisations which deliver high quality public services adapt to a changing and challenging funding environment during a period when they are at risk from reductions in Southwark council funding.

Are you eligible?

You can only apply for a Sustainability Fund grant if your organisation can meet **all five** of the following criteria:

1. You are one of the following third sector organisations:
 - a properly constituted voluntary and community unincorporated charitable association, registered charity, registered as an industrial and provident society, community interest company or a social enterprise
 - you are in receipt of Southwark council funding and you can provide evidence of reduction in this funding for 2011/12.
 - You have a longstanding relationship with and experience of delivering public sector services on behalf of Southwark council
2. You are based in and delivering the majority of your services in Southwark.
3. You are delivering frontline public services in one or more of the following areas:
 - infrastructure organisations
 - health and social care
 - tackling homelessness
 - education and training
 - welfare to work/employment services
 - children and families
 - debt counselling and legal advice.
 - arts and culture
 - environment and ecology
 - community safety
 - services for young people
4. You have evidence, or have substantial reason to believe, that between April 2011 and March 2012, your organisation will experience a significant reduction in

Southwark council funding. Your free reserves could sustain your organisation for no more than six months.

5. You must tell us if you are in receipt of or are applying for transition funding from other sources. If this is to fund the same activities you are applying to us for then your application may not be a priority for our funding.

Grant size: Grants will normally be less than £25k but in exceptional circumstances we may consider more.

NB: Priority will be given to multi-funded organisations which are likely to losing funding from more than one council funding stream.

What your grant can be used for:

The funding is for activities that will enable your organisation to become more sustainable in the current climate and will include:

- Development of fundraising strategies/funding bids;
- Support with business plan development;
- Enabling development of mergers and collaborations;
- Enabling sharing of back office costs/shared services;
- Development of initiatives that will support third sector organisations to engage with the personalisation agenda;
- New models of service provision/innovation/ doing it more effectively and efficiently/ and realising savings.

Grant terms

The grant will be subject to the usual Council grant monitoring processes.

APPENDIX 2

Item No. 4.	Classification: Open	Date: 15 February 2011	Meeting Name: Cabinet
Report title:		Housing Revenue Account – Approval of HRA Budget 2011/12	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

FOREWARD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT

1. This year, for the first time, I am recommending to Cabinet that we prudently consider the savings needed to balance the Housing Revenue Account (HRA) mainly because of the reductions in subsidy from central government. I believe as an act of public faith that it is important to fully involve residents in the difficult choices we have to make if we are to both retain their trust and are to be seen as acting with integrity and as necessary to fulfil statutory requirements for consultation.
2. Cabinet has already considered the rent setting element of the HRA budget. This paper sets out in more detail how we intend to bridge the savings gap required to balance the HRA in 2011/12.
3. I have listened to what residents have to say on which services are important to them and have reflected their views by recommending that front-line services are maintained, together with an increased emphasis on more efficient and smarter ways of working. Residents want a more visible and direct housing service, stronger performance management of contractors, and excellent customer service. Therefore, wherever possible, my objective has been in proposing savings that protect front-line services and deliver an improved service overall for residents.
4. In that vein, I have asked officers, when restructuring services to meet the level of savings required, to maintain a local presence on estates, with accessible and visible staff.
5. Involving residents in the consultation around the HRA is a new process for the council. The timing of the final settlement from government has meant that the process has been rushed this year. Therefore, at the time of writing, the detail of how services should be reconfigured is not yet complete although draft structures will be available for consultation with staff from the beginning of February.
6. Moving forward, consultation on the HRA will be an iterative process. Residents and staff will be involved at a much earlier stage in future years and on an ongoing basis. The council is committed to opening this process up and linking the HRA budget setting seamlessly with that of the General Fund budget.

RECOMMENDATIONS

7. Cabinet is recommended to:
- Note the savings required to deliver a balanced HRA for 2011/12 and
 - Approve the proposals to deliver the savings
 - Note the consultation carried out to date
 - Note the further consultation and assessments that will be carried out.

BACKGROUND INFORMATION

8. The Spending Review undertaken by the Coalition Government published on 20 October 2010 contained significant financial decisions for local government. The HRA, despite being ring-fenced from the rest of the General Fund was not immune from the fall-out from this, and officers were instructed to identify a savings package in line with that required for the rest of the council.
9. The Cabinet considered the rent setting part of the HRA budget on 25 January 2011. That report included reference to the efficiency savings required to deliver a balanced HRA and that a further report would be presented to Cabinet setting out the detail of the savings for endorsement before the end of the current financial year.
10. This further report sets out the proposals for efficiency savings following consultation so far undertaken with residents. The council has been keen to involve residents in this discussion as customers of the new housing services department and because they will know best what services they wish to maintain.
11. Statutory consultation is required under Section 105 of the Housing Act 1985. The process for consultation has been necessarily truncated this year as the final settlement was not received from central government until 10 January 2011. We have discussed where savings could be made with local area forums and Home Owners Council. The HRA budget for 2010/11 detailed at Appendix A was utilised for this purpose. A letter has been sent to the chairs of Tenants and Residents Associations and there has been a presentation to the Tenants Council. In addition, a sub-group of the Tenants Council, the HRA Savings Workings Party has been working with officers. Moving forward, officers have undertaken to keep this group going and to build in a consultation programme with a longer lead-in time for the years ahead.

Statutory Framework

12. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, housing subsidy, leaseholder service charges and other income.

13. Consultation on matters of housing management is provided for by Section 105 of the Housing Act 1985. A matter is one of housing if in the opinion of the landlord authority, it fulfils three conditions inter alia that:-
- It relates to the management of dwellings let by the authority under secure tenancies or to the provision of services or amenity in connection with such dwellings.
 - It represents a change in the practice or policy of the landlord authority
 - It is likely to substantially affect its secure tenants as a whole or a group of them.

KEY ISSUES FOR CONSIDERATION

14. When determining where savings, should be made, the starting point has been to listen to residents' concerns about the services they wish to protect, the potential for better value for money and more efficient ways of working.
15. The scale of savings required is immense with the Housing Services directorate required to deliver 25% savings over the next three years. This is in line with pressures on the HRA budget as outlined in paragraph 15. This is also in line with the Council's aspiration to align the processes between the HRA and the General Fund. This alignment will evolve throughout the lifetime of the administration and is due for further review through 2011/12. Such savings require a radical approach to structures and working practices, but importantly it also provides an opportunity for transformational change to improve access, harness new technologies to deliver better services and increase efficiency.
16. The guiding principle is that customers should be placed at the heart of the proposals and the service should be more responsive with increased ownership and follow-through. In assessing budget proposals moving forward, there is a requirement to ensure particular scrutiny of central and support services, and back office functions to ensure that maximum resources may be allocated to front-line services.

Outline of Proposals

17. The approach to delivery involves the migration of all transactional services to more automated processes, the migration of all low level professional advice to an advice line service and the implementation of mobile working across housing functions to ensure the best use of frontline working.
18. Consultation has been carried out with residents around the following proposals:
- Creation of a professionally staffed Advice Line to provide advice and support over the telephone
 - Centralisation of income, voids and garages to increase efficiency and performance
 - Further rationalisation and reform of client based services
 - Review and closure of area housing offices and moving to a north/south management structure for tenancy management

19. The savings identified in Appendix B of this report are the £7.0m required to ensure a balanced budget for the HRA in 2011/12 (Appendix A of the Final HRA Rent-Setting and Budget Report 2011/12 considered by Cabinet on 25 January 2011 refers) This is because a number of risks and unknown factors suggest that the HRA in future years will be under considerable additional pressure. Identified issues are:
- Available HRA reserves are at low level, such that they are considered insufficient and well below the level considered prudent for an authority of this size to deal with a contingency.
 - Central government has yet to issue detailed proposals around self-financing which will commence in April 2012. Initial indications are that this will create a difficult position in early years
 - The 'investment gap' in housing capital means that the revenue account must continue to contribute to bridging that gap.
 - Current pressures created by reduced government funding of local authorities are likely to continue into the future and housing services are not exempt from this process.

Housing Management

20. Operationally, the changes proposed are aimed at improving front line services and escalating the modernisation agenda within the Housing service.

Repairs and Maintenance

21. The repairs and maintenance service for both heating and day-to-day jobs is the major priority for the new administration. Residents report that the service is not good enough and customer satisfaction is low. The council's priority is not just to protect these services but to bring them up to a standard of excellence.
22. Residents fed back their concern that too much money is wasted on propping up the inefficiency of third-party contracts and failure to deal with issues at first point of contact. The ongoing costs associated with managing poor performance are a particular source of concern. Although residents appreciate and understand the need to deliver services more efficiently, they asked the council to continue to invest resources in improving the quality of repairs and maintenance contractors and increasing the scrutiny of performance.
23. New contractor financial models are being developed for the repairs and heating contractors that incentivise them to deal with the 280,000 orders they receive each year right first time and at the best possible price. New models will be in place by June 2011 and a large proportion of savings on this service will be delivered by this more efficient method of managing contractors.
24. A new model has been developed for the delivery of voids that will ensure voids are turned around more quickly and at a lower price. This has already saved around £300k in the current year and will continue to contribute towards a large savings target.

25. New technology is being introduced that means field staff have access to up to date and real time information ensuring they are able to respond to and resolve residents issues immediately and without delay. This will also allow us to deploy operatives more quickly and efficiently.
26. Structural changes and contract changes will allow us to increase the number of post inspections of jobs to a 15% sample each month. Additionally, we will deliver the new Administration's commitment to introduce an independent check when post-inspecting the quality of jobs.
27. Better management of contracts will deliver efficiency savings but we are also expecting to make savings from staff and management reductions; however the changes to the structure of technical services will support rather than detract from the improvements to services outlined above. There will be a leaner client - side with contractors managing more of the front end.

Tenancy and Leasehold Management Services

28. Residents have been very clear that they want services to remain accessible. Personal and local contact is important to them and the savings proposals set out ways in which we will continue to deliver locally-based services which are responsive to residents needs.
29. Residents were also very keen that local services become more visible, increasing the amount of time that housing officers spend out on their estates and reinstating local resident liaison. As far as possible, residents wanted frontline services to be protected and for officers to look to achieve efficiency savings from the 'back office' management overheads, stronger contract management and smarter ways of working.
30. Easier access to the service will be provided through a professionally staffed housing advice line. Service levels will be maintained on estate an inspection with the possibility being explored of technical specialism's being introduced into communal repairs and estate inspections. Better targeting and intelligence of tenancy checks will increase recovery with fewer resources. There will be a professional management service for leaseholders with a one stop shop for enquiries and complaints, an enhanced service for those experiencing anti social behaviour and a continued emphasis on providing signposting services to those who are more vulnerable.
31. To pay for continuing high levels of service on the ground, we are proposing reducing the number of area offices, and delivering front line reception services through other local council facilities. Residents have said that a visible presence on estates is important so we plan to supplement access to services with a mobile office that will visit the more distant estates on a regular basis, with regular surgeries and catch up times during the day, and out of working hours.
32. We recognise the need to support local TRAs in their development and project work, and will work with residents to agree how resident liaison support should be delivered in the future.

Accommodation

33. Proposals for the outline management structure for the landlord service are currently being worked on. It is proposed however that the management of housing rent and debt collection, voids and garages be centralised, and based in the Council's Tooley Street office. It is proposed that the current structure, of eight area teams, be reconfigured with a reduced management structure and two teams based in the north and south of the borough. It is proposed that the 'north' team would be based in Tooley Street, and the 'south' team would be based in the new Queen's Road southern 'hub'. An interim 'south' office could be located in the Council's Cator Street premises.
34. Although the back office housing functions would be rationalised, the intention is to deliver a highly visible local service. Mobile working would be encouraged through the purchase of new technology. It is proposed that at least four reception areas would be maintained, the location of which will be the subject of further consultation as required by statute. In addition, we are exploring putting in place a mobile office to serve the whole of the borough delivering front-line services to less mobile residents.

Back Office Functions

35. We propose 4 local office hubs for face to face meetings and reception services with team bases and managers split between Peckham Road and Tooley Street so that both the north and south of the borough are served by local teams.
36. A number of services currently based in the area offices could be delivered more effectively and flexibly if they were managed from the council's Tooley Street base, so it is proposed that the income collection function should come together at that site. In addition, we propose strengthening the level of support available to those who have difficulty paying their rent, through better money advice and access to support services for vulnerable people.
37. The central voids team would be maintained and extended to provide a lettings agency for all council properties. In addition, we propose appointing a dedicated manager to maximise the lettings of garages and professionally market this potentially valuable asset. This will include centralising the management and letting of all garages across the estate.

Aylesbury Estate

38. The regeneration of the Aylesbury estate is a central part of the council's future work. Changing the physical shape of the area and providing good quality new accommodation, bright and attractive public space and a busy neighbourhood with shops and community facilities are all part of the long-term ambitions for Aylesbury. This commitment holds firm and the Council is now actively exploring how the regeneration programme should be taken forward.
39. While all this happens, the immediate needs of residents must be taken into account. The proposal preserves the special management arrangement for this unique estate. The neighbourhood service has been developed with residents and they will continue to play a central role in helping us to manage the estate and the regeneration.

Environment and Community Safety

40. The proposed savings related to Southwark Anti Social Behaviour Unit and the Environmental Enforcement Service, relate directly to the overall changes in the councils general fund. Community safety and enforcement services will be more targeted to the areas, times people and businesses, most affected by crime and nuisance behaviour, either a victims or perpetrators.

Housing Strategy and Options

41. Frontline housing services are provided from the housing options centre, providing a choice based lettings service, and temporary accommodation for homeless households on the council's estates and hostels. Other functions include tenancy sustainment and the strategic co-ordination of the housing investment programme.
42. Within the budget of £6.9m, savings have been identified that contribute to a balanced HRA and aim to protect core frontline services for vulnerable people. Operational reductions focus on more efficient ways of working; making optimum use of the online housing register and reduction in repairs and maintenance whilst ensuring that the Council meets it's statutory and contractual obligations under Section 11 of the Landlord and Tenant Act 1985 and the Council's tenancy terms and conditions.

Home Ownership

43. Appendix A of this report shows that the Home Ownership and Tenant Management Initiatives Division's budgets with some potential for savings are, at £6.0m (or 2.3% of the total HRA), the smallest of all the budget heads. Even within the £6m budget the greater proportion of the expenditure is staff salaries delivering either statutory services (for example the Right to Buy and statutory consultation) or income recovery. Any savings would therefore be marginal and not reflect the ever growing number of homeowners in management.
44. Both the Home Ownership and Tenant Management Initiatives business units have undergone reorganisation within the past year; another fundamental review is not considered appropriate at the current time. Having said this some marginal savings can be made to reflect the lower level of activity in the property market at the current time.

Strategic Services

45. HRA functions that fall within the remit of Strategic Services comprise corporate and departmental overheads, housing subsidy and debt financing, revenue support for the investment programme and financing for major projects. Overall responsibility for the HRA rests with the Finance Director.
46. By far the largest area of expenditure is that of corporate support costs encompassing finance, procurement, HR, legal, IT, accommodation/ facilities, democratic and corporate policy and the customer service centre, for which the HRA bears its proportionate element. The methodology underpinning the reallocation of costs between the HRA and the General Fund has been subject to a thorough review and rebasing during 2010/11 to ensure it is both equitable and accurate and provides greater transparency moving forward.

47. The extent of savings required by the council over the medium term, particularly in corporate support functions is anticipated to result in lower recharges to the HRA. Further detail and clarity is required before this can be calculated precisely, but prudent early estimates indicate £0.4m is deliverable in 2011/12 with greater savings in years two and three. This has been assumed for planning purposes towards meeting the budget gap, along with other specific savings and budget re-alignment.
48. Overall, cost reductions in excess of £1m have been identified for 2011/12, across a broad range of activity, including rationalisation of the finance support function, reduction in the Cashiers SLA charge arising from lower volumes and efficiency gains, pay award provisions no longer required and reduced Thames Water commitments reflecting stock movements. It has also been possible to reduce the level of bad debt provisions required to meet liabilities as a result of improvements in income and arrears management.

Equalities

49. In September 2010, Cabinet agreed seven principles that would guide its decision making on the budget. These budget principles are consistent with the Council's Equalities and Human Rights Scheme 2008-11. One of these principles was to "limit the impact of its budget on the most vulnerable and to being transparent with any specific group or groups of users who may be affected by any cut or reduction in service provision, and to conduct an equalities impact assessment (EqIA) of budget proposals."
50. To this end, as part of the Fairer Future for All budget consultation, the Council has considered impacts on the equalities strands as part of the budget setting process and in accordance with the Council's Equalities and Human Rights scheme.
51. Under equality legislation, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between different groups; and foster good relations between different groups. The Council also has legal obligations under the Human Rights Act so therefore has to consider the potential impact its decisions could have on human rights.
52. The Council works in accordance with the general equalities duties which are set out in section 71 of the Race Relations Act 1976, section 49A(i) of the Disability discrimination Act 1995 and section 76A of the Sex Discrimination Act 1975 and the requirements of the Human Rights Act. The legislation requires that this duty to pay 'due regard' be demonstrated in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.
53. The Equality Act 2010 introduces a new public sector duty that comes into force from April 2011. This extends coverage to age, sexual orientation, pregnancy and maternity, and religion or belief. The Equality Act 2010 protects people from discrimination on the basis of 'protected characteristics'. The relevant characteristics for services and public functions are disability, gender reassignment, pregnancy and maternity, race, religion or belief sex, and sexual orientation.

54. Guidance on the implications of the Equality Act 2010 and the duties it places on the Council has been issued to service departments and members. In preparation for these new duties coming into force, the Equalities and Human Rights Commission recommends that public authorities start to assess the impact their financial decisions might have on the new protected groups where relevant and proportionate.
55. The Council's Equalities and Human Rights Scheme 2008-11 provides the strategic framework for the Council to meet its specific race equality duties, disability equality duties and gender equality duties. Anti-discrimination duties in respect of age, faith or belief, and sexual orientation are also included as strands in the scheme which means that the Council already largely meet the new requirements of the Equality Act 2010 public sector equality duty, with the exception of gender reassignment and pregnancy and maternity.
56. EqIAs need to contain sufficient information, including the demonstration that they are evidence based, to enable the Council to show that it has paid 'due regard' to equality groups in its decision making and identify methods for mitigating or avoiding any adverse impacts.
57. The Council has ensured that the consideration of equality issues has been embedded in the budget setting process. In preparing budget proposals, the Council has paid due regard to the equalities implications, including service changes or reconfigurations. Some of the specific activities undertaken to demonstrate this include:
 - Training of staff and members, including face to face sessions and written guidance to remind them of the requirements of legislation (including Equality Act 2010), and of the Council's Equality and Human Rights scheme 2008-2011.
 - Explicit Cabinet commitment to equalities made through its vision statement, "Fairer Future for All" and its "budget principles".
 - Extensive consultation with residents and staff via a range of forums, with findings from these consultations fed into decision making processes for senior officers and members.
 - Equality impact assessments of departmental budget proposals submitted to Director of Finance and Resources with budget proposals. These documents were the culmination of assessing impacts throughout the process.
58. Equality impact assessments will be undertaken as part of on-going considerations around the implementation of the Council's budget decision. These will be prepared by departments in compliance with current and ongoing policies and procedures. Equality impact assessment will continue to be embedded in the process moving forward.

Community impact assessment

59. This report sets out draft budget proposals for 2011/12. The actions that may be required by the council as a result of the any draft proposals being taken forward are likely to have an impact on local people and communities in terms of service provision and programme delivery. Consultation will be carried out, responses and impact considered when decisions around those services and programmes are proposed.

Consultation on Savings

60. The timescale for the setting of the HRA budget has been exceptionally tight, but a clear commitment has been made to adopt a more open and transparent approach to consulting with residents.

Two main routes for consultation have been adopted.

- Consultation on detailed proposals through the Housing Revenue Account Working Party, a group of involved tenants and homeowners.
 - Consultation on general priorities through the Area Forums and the Home Ownership and Tenants Councils. The results of this exercise are now being collated and will be fed back into the Working Party.
61. This approach will be developed further over the next year, and early input from a wider group of residents sought over a longer period of time to inform the 2012/2013 budget.
62. The HRA working party has considered both the strategic position in relation to the HRA and the more detailed proposals underpinning the budget settlement this year from the housing management, home ownership and community housing services.
63. In terms of the detail of the proposal, the Working Party has made the following comments on the landlord service:
- Centralisation of income – this broad approach agreed with a suggestion that in future years the Strategic Director of Housing consider where this service could be based.
 - Centralisation of garage management – this broad approach agreed as a good way of maximising the income collection from the non residential portfolio.
 - Centralisation of voids management – residents were concerned that the pilot scheme had resulted in a deterioration of the quality of properties being let. In response it was agreed that further analysis of customer satisfaction, complaints and arbitration would take place. Residents suggested that a consolidated process which covered the end to end void and lettings should be considered as it has been successful elsewhere. Officers have undertaken to carry out this work and to feedback to the Working Party.

- Creation of a Housing Advice Line – residents did not agree that this approach would improve the quality of service to residents. There were concerns that in a borough with a large number of vulnerable and disadvantaged people, and with a large number of ethnic minority residents, an over-reliance on telephone contact could disenfranchise a large number of tenants. They asked that consideration be given to improving the quality and level of contact at the front line. In response, the Strategic Director of Housing has agreed that this proposal is reviewed. A new structure and proposal is now in preparation.
- Housing Officers and Customer Services – residents understood the reasons for a streamlined management structure given that a large element of the current area service would be centralised. No concerns were raised about the move to two back office hubs, but residents were concerned about the number of replacement receptions and their potential location in One Stop Shops. If these issues could be addressed, residents would be more inclined to support the proposal. These discussions linked directly to those on the housing officer role, with feedback being that the housing officer service worked well and should not be targeted for reductions.
- Repairs, engineering and investment – residents expressed concern that staff reductions on the client side of these key services could affect the Council's ability to manage contractors effectively. The idea of placing complaints in the hands of contractors was rejected, and consequently this proposal will not be progressed. The Working Party was supportive of the proposed contract efficiency savings and of the increased emphasis on post inspection and quality.

64. The Strategic Director of Housing Services is revisiting these proposals with a view to reducing management costs and increasing the proposed number of housing officers within the structure. The residents' concerns over the direction of travel have been noted and proposals will ensure a high level of face to face contact.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Human Resources

65. The proposals appended require a significant reduction in posts in 2011/12 arising from the HRA savings programme. In implementing these savings management will look first at vacancies (a selective recruitment freeze has been in place for 2 years), and agency / temporary staff cover, as well as natural wastage. The Council has tried and tested procedures to manage workforce change and is preparing to provide greater emphasis on the redeployment process, supporting staff and in mitigating redundancies.
66. There are some underlying principles that the Council will aim to maintain through this period of significant change whilst trying to ease the financial pressures over the medium term:
- To maximise opportunities for redeployment utilising the existing workforce positively to meet future needs.

- To promote innovation and voluntary schemes which contribute to the reduction of the overall paybill for example through flexible working, flexible retirement; and to facilitate fast track approval.
- To aim to maintain our standing as a good employer and as an employer of choice.
- To continue to provide opportunities to refresh the workforce through apprentices, trainees etc. and employ high quality specialist staff to critical hard to fill roles, particularly as recruitment is curtailed.
- To implement a framework for managing and learning from change process, overcoming barriers and emphasising the positive aspects.
- To undertake equality impact assessments at all critical stages of the change process.
- To continue to invest in learning and development; and provide accessible, targeted and high quality corporate learning, targeting skills maximisation, leadership capacity and nurturing career development.
- To sustain a remuneration strategy that supports organisational objectives and is affordable, perceived as fair and retains a diverse motivated workforce.
- To review top pay in line with Hutton inquiry report (due March 2011); and review the application of terms and conditions and discretionary elements to ensure they are contemporary and fit for purpose.
- To continue to make progress in key areas of sickness management and agency controls.

Strategic Director of Communities, Law & Governance

67. Statutory requirements as to the keeping of a Housing Revenue Account are contained in the Local Government and Housing Act 1989. The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the Housing Revenue Account and to implement and review the budget.
68. Section 105 Housing Act 1985 requires the council to consult with its secure tenants on matters of housing management, which in the opinion of the council as landlord represents a new programme of maintenance, improvement or demolition, or a change in the policy or practice of the authority and is likely to substantially affect either secure tenants as a whole or a group of them.
69. To meet legal requirements consultation must:
 - be undertaken when the proposals are still at a formative stage,
 - include sufficient details and reasons for the proposals to allow any interested party the opportunity to consider the proposals and formulate a response and

- allow adequate time for interested parties to consider the proposal and formulate their response.
70. The report refers to consultation carried out to date and recognises the need for further consultation. Details of the statutory consultation and responses will need to be fully considered when decisions around the services and programmes are made in due course.
 71. When taking a decision on the recommendations the Cabinet should consider the outcome of the consultation including representations made by secure tenants and also take into account all other relevant considerations in accordance with general administrative law principles to ensure the decision is not vulnerable to challenge.
 72. The Council has statutory and contractual obligations to repair and maintain it's dwellings imposed by Section 11 of the Landlord and Tenant Act 1985 and by virtue of it's Tenancy terms and conditions.
 73. The report recognises that when making any reduction in repairs and maintenance that the Council must ensure it meets both it's contractual and statutory duties in this regard.
 74. Positive equalities obligations are placed on local authorities sometimes described as equalities duties with regard to race, disability and gender.
 75. Gender equalities duties were introduced by the Equality Act 2006, which amended the Sex Discrimination Act 1975. The general duties in summary require local authorities to have due regard to the need to:
 - (a) "eliminate unlawful discrimination and harassment and
 - (b) Promote the equality of opportunity between men and women."
 76. Race equality duties were introduced by the Race Relations Amendment Act 2000 which amended the Race Relations Act 1976. The general duties in summary require local authorities are required to give due regard to the need to:
 - (a) "eliminate unlawful discrimination and harassment
 - (b) promote the equality of opportunity and
 - (c) promote good race relations between people of different racial groups"
 77. Disability equality duties were introduced by the Disability Discrimination Act 2005 which amended the Disability Act 1995. The general duties in summary require local authorities to carry out their functions with due regard to the need to:
 - (a) "promote equal opportunities between disabled persons and other persons
 - (b) eliminate discrimination that is unlawful under the Act

- (c) eliminate harassment of disabled persons that is related to their disabilities
- (d) promote a positive attitude towards disabled persons
- (e) encourage participation by disabled persons in public life and
- (f) Take steps to take account of disabled person's disabilities even where that involves treating disabled persons more favorably than other persons."

78. As set out in the equalities section of the report section 71 of the Race Relations Act 1976, 49A(i) of the Disability Discrimination Act 1995 and 76A of the Sex Discrimination Act 1975, require local authorities to act in accordance with the equalities duties and have due regard to these duties when we are carrying out our functions, which includes making decisions in the current context.
79. The report author refers to the fact that equalities have be considered as part of the budget setting process and that equalities impact assessments have been and will be undertaken. Equality impact assessments are an essential tool to assist councils to comply with our equalities duties and to make decisions fairly. The council's equalities and human rights impact assessment process goes beyond our current equalities duties to incorporate religion/belief, sexual orientation and age.
80. The Equality Act 2010 does not come into effect in relation to public sector equalities duties until April 2011. However in line with good practice equalities and human rights impact assessments will be carried out mindful of the protected characteristics.
81. The Head of Human Resources section notes that some of the proposals require a reduction in posts and therefore present employment law implications. It is proposed that the focus is on redeployment and other strategies to mitigate redundancies. It is important that decisions are taken in accordance with the council's Reorganisation, Redeployment and Redundancy Procedure and other relevant human resources procedures so that we act in accordance with employment legislation.
82. One of the underlying principles is that equalities impact assessments are carried out at critical stages so that we have due regard to the equalities implications of the proposed staffing changes and comply with our equalities duties.

Finance Director

83. The council's requirement to set a balanced HRA budget is met by the identification and application of these savings and improvements to Appendix A of the Cabinet report 'HRA Final Rent-Setting and Budget" considered on 25 January 2011.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
HRA Final Rent-Setting and Budget Report 2011-12 (Cabinet 25 January 2011, item 7)	160 Tooley Street SE1 2TZ	Shaun Regan 020 7525 7771
Equalities Impact Assessment on Housing Management Proposals	160 Tooley Street SE1 2TZ	Antoinette Stasaitis 0207 525 7713

APPENDICES

No:	Title:
Appendix A	Housing Revenue Account – Indicative Budget 2011/12
Appendix B	Housing Revenue Budget Movements 2010/11 To 2011/12
Appendix C	Detailed timeline of EqIA of budget

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing	
Lead Officers	Gerri Scott, Strategic Director of Housing Services and Duncan Whitfield, Finance Director	
Report Authors	Gerri Scott, Strategic Director of Housing Services and Ian Young, Head of Housing Finance	
Version	Final	
Dated	28 January 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Human Resources	Yes	Yes
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		28 January 2011

APPENDIX A

HOUSING REVENUE ACCOUNT – INDICATIVE BUDGET 2011/12 (NET)

	2010/11 Net £m	Budget Pressures £m	Rents and Charges £m	Efficiency Savings £m	2011/12 Net £m
Environment Services					
Estate Cleaning	10.5	–	–	–	10.5
Grounds Maintenance	2.5	–	–	–	2.5
Refuse Collection	1.1	–	–	–	1.1
Pest Control	1.1	0.1	–	–	1.2
Community Safety	1.9	–	–	(0.1)	1.8
Estate Parking	0.5	0.1	–	–	0.6
HQ Functions	0.6	–	–	–	0.6
Heating Account	12.2	–	–	–	12.2
Energy Management	0.3	–	–	–	0.3
	30.7	0.2	-	(0.1)	30.8
Housing Strategy and Options					
Housing Assessments & Needs	1.9	0.1	–	(0.2)	1.8
Temporary Accommodation	(1.5)	0.9	(0.2)	(0.3)	(1.1)
Sheltered Housing	0.1	–	–	–	0.1
Housing Support Services	0.9	–	–	(0.1)	0.8
Strategy and Investment	1.6	0.1	–	(0.1)	1.6
	3.0	1.1	(0.2)	(0.7)	3.2
Home Ownership					
Tenant Management Organisations	(5.0)	–	(0.8)	–	(5.8)
Home Ownership Services	(18.7)	0.2	(0.9)	(0.1)	(19.5)
Commercial Properties	(5.4)	–	–	–	(5.4)
	(29.1)	0.2	(1.7)	(0.1)	(30.7)
Support and Customer Services					
Debt Financing/Subsidy	53.3	6.7	–	–	60.0
Support and Customer Services	25.3	1.6	–	(0.8)	26.1
Contribution to Reserves	–	2.0	–	–	2.0
Revenue Support for Capital	12.5	–	–	–	12.5
Pensions	2.8	–	–	–	2.8
Thames Water	10.8	–	–	(0.2)	10.6
Major Projects/Regeneration	7.1	–	–	–	7.1
	111.8	10.3	–	(1.0)	121.1
Housing Management					
Service Improvement	0.8	–	–	(0.2)	0.6
Resident Involvement	0.8	–	–	–	0.8
Tenancy Management	(166.6)	1.9	(10.5)	(2.4)	(177.6)
Repairs and Maintenance	26.0	3.5	–	(2.0)	27.5
Heating Contract	13.3	–	–	–	13.3
Other Contracts	4.7	–	–	–	4.7
Asset Management & Investment	4.6	2.2	–	(2.2)	4.6
	(116.4)	7.6	(10.5)	(6.8)	(126.1)
Total HRA	(0.0)	19.4	(12.4)	(8.7)	(1.7)
Surplus savings over Budget Gap	–	–	–	1.7	1.7

APPENDIX B

HRA BUDGET MOVEMENTS 2010/11 TO 2011/12

	£m
<u>Commitments/ Unavoidable Demands:*</u>	
Housing Subsidy and Debt Financing (net)	6.7
General Inflation	1.6
Fire Risk Assessment Works Programme	3.5
Realignment of Base Budget	3.1
Service Improvements and Enhancements	1.1
Contribution to HRA Reserves	2.0
Major Projects/Regeneration Initiatives	1.4
Gross Deficit/ (Surplus)	19.4
<u>Rents and Charges:*</u>	
Guideline Rent Increase	(10.2)
Tenant Service Charges	(0.4)
Non-Residential Rents (Garages)	(0.9)
Leaseholder Service Charges and Major Works	(0.9)
Sub-total	(12.4)
NET DEFICIT BEFORE EFFICIENCY SAVINGS	7.0
<u>Efficiency Savings:**</u>	
Savings required to meet net deficit	(7.0)
Sub-total	(7.0)
NET DEFICIT / (SURPLUS)	0.0

* Please refer to the Indicative Rent-Setting and Budget Report (Cabinet 14 December 2010) for a detailed analysis of the items in these sections.

** See Appendix A for details.

APPENDIX CDetailed timeline of EqlA of budget**August to November 2010**

- Ongoing programme of equalities and diversity training for all staff.
- Equality Duties and Individual Decision Making Guidance provided to Cabinet Members and Chief Officers on in-year grant cuts.
- Equality and Diversity training provided for members.
- Cabinet agreed seven principles that would guide its decision making on the budget. Budget principles consistent with the Council's Equalities and Human Rights Scheme 2008-11.
- Guidance on "Equality impact framework for the budget process" circulated to Chief Officers.
- Spending challenge exercise held at Community Council meetings.
- Public consultation meetings held, including meetings with the Chamber of Commerce and Homeowners' Association.
- Fairer Future events held by Leader and Chief Executive for staff to set out the scale of challenge facing the Council and asking staff for input. Feedback fed into the decision making process.
- Consultation carried with sample of Southwark residents aged 16+. Participants chosen at random with quotas for age, gender, work status and ethnicity. Results fed back to participants to allow them to comment on the results. Comments used to inform decisions.

December 2010

- Initial budget proposals prepared, including consideration of the needs of service users and non-users
- Specific reference paid to the equality strands as set out in Southwark Council's Equalities and Human Rights Scheme but also giving consideration to the additional characteristics in the Equality Act 2010.
- Budget Challenge sessions held between strategic directors and Members. Directors' draft budgets, including equalities impacts, challenged by elected members.

January 2011

- EqlAs included in departmental budget proposals to the Director of Finance and Resources.

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