

Cabinet

Wednesday 27 January 2016

4.00 pm

Ground Floor Meeting Room GO2A, 160 Tooley Street, London
SE1 2QH

Supplemental Agenda No. 2

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Date: 25 January 2016

Item No. 9.	Classification: Open	Date: 27 January 2016	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy - 2016/17 to 2018/19: Revenue Budget	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Fiona Colley, finance, modernisation and performance	

FOREWORD - COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, MODERNISATION AND PERFORMANCE

In December 2015 we published proposals for £67m of savings in Southwark Council's revenue budget to be implemented over the next three years. At that time we were awaiting the provisional local government settlement and feared that we would need to find a further £29m of budget cuts.

When the provisional settlement was published in mid December we were strangely relieved to hear that we would suffer a £47m reduction in our core government funding over the next four years!

In the previous five years the distribution of the reductions in overall funding for local government hit authorities like Southwark – heavily dependent on grant – hardest. The provisional settlement for the next four years takes a very different approach and seems to take greater account of the varying ability of authorities to raise income from their council tax base. The result being that whilst we still face an enormous challenge, it may not be as extreme as we feared in the autumn.

Combining the provisional settlement with other grant announcements and the introduction of the government's proposed Adult Social Care precept, we are now able to present a draft budget that still has a deficit, but of £6m rather than £29m.

However, it is important at this stage that Cabinet understand the high level of uncertainty that remains. Most seriously, we must note that the settlement is still provisional. The local authorities that had done well out of the old distribution method are lobbying hard against the new proposals and it is extremely unlikely that the overall pot of funding for local government will grow. If the lobbying from other authorities succeeds we could well see our funding cut further when the final settlement arrives in early February. For this reason we are joining forces with other London boroughs to ensure our voices are heard in government.

In addition to this we are still awaiting clarity from government on the "efficiency programme" requirement on councils to secure a 4 year rather than 1 year settlement. Likewise there is a lack of clarity on the conditions on the use of the Adult Social Care precept. We are still waiting for settlement figures on the public health grant and other significant funding streams such as new homes bonus and housing benefit administration grant are one year settlements rather than three.

So the draft budget set out in this report is very much a snapshot of our work in progress. It is a draft we are eager to receive comments and views upon from

residents, staff, councillors and other stakeholders as we move towards agreeing a Cabinet recommended budget at our meeting on 9 February 2016 and then setting a final budget at Council Assembly on 24 February 2016.

RECOMMENDATIONS

That cabinet:

1. Note that the provisional settlement was announced by the Secretary of State on 17 December 2015 and that the final settlement is expected to be confirmed by the 12 February 2016.
2. Note that the provisional settlement is for four years with the final three years being indicative, subject to councils making a commitment to efficiency.
3. Note the key issues for Southwark arising from the provisional settlement as set out in this report including:
 - Loss of grant to the council over the period to 2019/20 of £47.0m (23.8%), profiled as set out in the report;
 - Loss of spending power of £9.5m (3.2%) over the same period although this is subject to a number of government assumptions (including annual increases in council tax) and excludes price and demand pressures facing the council;
 - Indicative grant can be assured by government for this period subject to the council agreeing to an efficiency programme, details still to be confirmed;
 - Consultation will be completed on a revised New Homes Bonus Scheme with 'sharper' incentives but with a smaller pot to distribute over the settlement period;
 - New Homes Bonus topslicing previously applied to London local authorities and passported to the GLA for the London LEP will no longer apply with effect from 2016/17;
 - New resources for a Local Authority Better Care Fund have been allocated, although this funding is backloaded in the settlement;
 - Council Tax Freeze Grant will no longer be payable although the Council Tax Referendum Limit will remain at 1.99%;
 - Adult Social Care (ASC) Precept at 2%, subject to confirmation by the Section 151 officer that the precept is being passported to ASC.
4. Note that while the overall funding position has improved since the cabinet report in September 2015, savings will still need to be made by the council over the next three years in excess of £6m in order to balance the budget.
5. Note that balances will continue to be released as planned over the next three years in order to mitigate the impact of reductions in government funding and other pressures.
6. Note the balanced general fund budget proposals for 2016/17 contained within this report including:
 - resources available arising from the provisional settlement;
 - an increase in council tax and retained business rates over the settlement period;

- resources arising from the ASC precept;
 - resources available from the New Homes Bonus scheme;
 - use of balances;
 - corporate contingency;
 - commitments;
 - income generation;
 - efficiencies and improved use of resources and;
 - other savings impacting on service delivery.
7. Note the intention to freeze council tax for a further year in 2016/17, subject to review in future years.
 8. Note the intention to accept the 2% adult social care precept in 2016/17 and beyond.
 9. Note the response to DCLG from the Leader of the council to the consultation on the provisional settlement and his request to meet with the Secretary of State.
 10. Note the indicative budgets for 2016/17, 2017/18 and 2018/19 on the basis of the indicative funding for those years.
 11. Note that this report is to be considered by the overview and scrutiny committee on 2 February 2016 and that any recommendations arising which are agreed by cabinet will be incorporated into the final report to cabinet on 9 February 2016 including balanced budgets for 2016/17 and for 2017/18 and 2018/19 for recommendation to council assembly on 24 February 2016.
 12. Request that officers complete further work in the light of further notifications from government and recommendations from cabinet and from overview and scrutiny Committee and represent balanced budgets for the next three years at cabinet on 9 February 2016.
 13. Note the feedback to date from the public budget consultation exercise.
 14. Note the continuing work underway by strategic directors to complete EQIA in advance of council assembly on 24 February 2016.

BACKGROUND AND PURPOSE

15. In September 2015, cabinet received a report setting out the financial challenge to the council over the next years following the Chancellor's budget statement in July 2015. As a consequence of both lost grant as estimated at the time by London Councils and the ongoing commitments faced by the council largely as a consequence of price and demand pressures, it was reported that there would be a need to generate savings over that three year period of around £96m in order to create a legal and balanced budget.
16. A further report was presented to cabinet on 8 December 2015 where it was noted that:
 - Initial and provisional savings of around £67m had been identified for the period 2016/17 to 2018/19
 - Using the latest funding estimates at that time and assuming all savings were agreed, a gap of some £29m remained.

Cabinet therefore instructed officers to:

- Submit a further report to cabinet in January 2016 to include a balanced proposal for 2016/17 and indicative budgets for the following two years;
- To complete the two phases of consultation with the community on the overall approach and on the specific proposals in the 2016/17 to 2018/19 budget and feed this into the policy and resources strategy report to cabinet in January and the report to council assembly in February 2016;
- Instruct officers to complete further work on equality assessments for all budget options to be proposed as part of the January report to cabinet.

Cabinet also agreed to recommend that the local discount for empty and unfurnished properties be set to zero with effect from 1 April 2016, and that this recommendation be referred to council assembly to be formally approved on 26 January 2016 as part of the 2016/17 council tax base report.

17. Since this time, the government has announced a provisional grant settlement for local authorities including a range of other proposals relating particularly to specific grant funding, rewards and incentives. This report provides an update on the budget consultation exercise and makes proposals for a balanced budget for 2016/17, taking into account the provisional grant settlement and any further information available.

KEY ISSUES FOR CONSIDERATION

Provisional 2016/17 to 2019/20 Local Government Finance Settlement

18. On 17 December 2015, the Secretary of State for Communities and Local Government announced the provisional grant settlement for 2016/17 and indicative funding settlement figures for 2017/18 to 2019/20.
19. Since the announcement, details have gradually emerged regarding both funding levels for individual local authorities and other changes in funding structures. The format of the information has been revised from previous years, especially with regard to the underlying assumptions for the government's calculation of core spending power. For example, this now assumes that local authorities will apply year on year council tax increases over and above the ASC Precept.

Fixed Funding offer

20. The government has set out an offer to local authorities to accept a four year funding settlement to 2019/20. It is understood that this is an offer to individual local authorities, although the conditions to be imposed by the government for accepting the offer, the sanctions if conditions are not met, and implications for not accepting the offer are not known at this time. However, it is understood that government will expect local authorities to make a commitment towards making efficiencies during the period of the settlement, although the details of this commitment are not known.

Specific Grants

21. Further information is still awaited on specific grants including better care fund, public health grant, other new burdens grants, etc.

Changes in Settlement Funding Assessment (SFA)

22. The table below compares the assumed settlement funding assessment contained in the budget assumptions included in the 8 December 2015 cabinet report and the provisional settlement figures.

	2015/16 £m	Adjusted 2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	Reduction 2015/16 to 2018/19 £m	2019/20 £m	Total Reduction
December cabinet estimates	195.2	195.2	187.6	149.9	119.1	(76.1)	112.2	(83.0)
Provisional settlement	195.2	197.7	179.5	165.9	158.3	(39.4)	150.7	(47.0)
Change in funding from summer budget based estimates	0.0	2.5	(8.1)	16.0	39.2		38.5	
Annual reduction in funding			(18.2)	(13.6)	(7.6)		(7.6)	

23. Over the period of the settlement to 2019/20, Southwark loses £47m in settlement funding (23.8%). This equates to £39.4m (18.9%) over the three year period to 2018/19. This compares to £6,536.6m (30.8%) nationally and £1,082.5m (28.2%) in London.
24. While the funding reduction indicated by the provisional settlement of £39.4m is less than that which had previously been assumed using London Councils assumptions following the July budget statement, it remains highly significant. This is not least in the context of savings that have been necessary since 2011/12 in order to balance the council's budget.
25. The reduced loss to the council has been a function of two main reasons. Firstly, there were improvements to the Office of Budgetary Responsibility (OBR) general financial forecasts since the summer; these forecasts will need to be monitored carefully over the period of the settlement as any overestimates of growth may compromise funding available for all public services. Secondly, analysis indicates a shift in the distribution of grant to local authorities, especially in favour of those authorities more highly geared towards government funding. Similarly, it indicates a redistribution of funds towards those local authorities more likely to have greater local needs.
26. The table below shows the effect of the provisional local government settlement at national and London levels and specifically compares these with Southwark. It shows that contrary to recent years, outer London boroughs are subject to a proportionately greater share of the funding reductions than inner London boroughs.

		2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Southwark	Grant Loss	(18.2)	(13.6)	(7.6)	(7.6)	(47.0)
	% Grant Loss	(9.2)	(7.6)	(4.6)	(4.8)	(23.8)
England	£m Grant Loss	(2,648.5)	(1,970.1)	(1,047.9)	(870.1)	(6,536.6)
	% Grant Loss	(12.5)	(10.6)	(6.3)	(5.6)	(30.8)
London	£m Grant Loss	(435.0)	(316.7)	(171.2)	(159.5)	(1,082.5)
	% Grant Loss	(11.3)	(9.3)	(5.6)	(5.5)	(28.2)
Inner London	£m Grant Loss	(180.1)	(133.2)	(74.4)	(74.3)	(462.1)

		2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
	% Grant Loss	(9.6)	(7.9)	(4.8)	(5.0)	(24.7)
Outer London	£m Grant Loss	(254.9)	(183.5)	(96.8)	(85.3)	(620.5)
	% Grant Loss	(13.0)	(10.8)	(6.4)	(6.0)	(31.7)

27. The SFA reduction of £18.2m for Southwark Council in 2016/17 comprises a loss in revenue support grant of £19.0m less the projected increase in retained business rates and top up of £0.8m. Overall this is a greater loss in SFA of £8.2m since the report to cabinet in December 2015. In summary, this is due to more of the required cuts being front loaded into 2016/17.

	Adjusted 2015/16 £m	Indicative 2016/17 (Summer Budget) £m	Provisional 2016/17 £m	Change from 2015/16 £m
Retained business rates	60.2	60.9	60.7	0.5
Business rates top-up	45.0	45.5	45.3	0.3
Revenue Support Grant	92.5	81.3	73.5	(19.0)
Total SFA	197.7	187.7	179.5	(18.2)

Changes in Spending Power

28. Revenue spending power (RSP) was introduced by government as an indicator in 2011/12 and has become a measure through which government may assess their view of the impact of changes to grants on council budgets in cash terms. RSP has not accounted for any changes in the costs of services or the level of demand for them, especially for those which are statutory.
29. For this provisional settlement, government has recognised some of the limitations of previous RSP principles (e.g. resources not managed by local authorities directly, such as the Better Care Fund) and changed the basis of the calculation. The following shows what was included in the 2015/16 spending power calculation.
- Revenue support grant
 - Assumed funding from the local share of business rates
 - Council tax
 - Council tax freeze grant
 - Public health grant
 - Autumn statement measures grant
 - New homes bonus grant
 - NHS funding (from 2015/16, better care fund)
 - Efficiency support grant (applies to councils with reductions in spending power greater than 6.4%, and therefore not available to Southwark).
30. The 2016/17 spending power calculation only includes the following:
- Settlement funding assessment
 - Estimated council tax, including annual increases within the referendum limit of 1.99%
 - Additional council tax from social care flexibility (the ASC Precept)

- Potential additional council tax revenue from district councils with lower quartile Band D council tax levels, these can levy maximum of 2% or £5 increase without a referendum (not available to Southwark)
- Proposed improved better care fund (2017/18 onwards)
- New homes bonus
- Rural services delivery grant (not available to Southwark).

31. The impact of spending power following the announcement of the provisional settlement is shown in the table below. As part of the government's calculation of spending power, it has been assumed that authorities tax bases will grow, and that council tax increases will be at maximum allowed

		2016/17	2017/18	2018/19	2019/20	Total
Southwark	£m change	(9.5)	(5.2)	(0.1)	5.3	(9.5)
	% Change	(3.3)	(1.8)	0.0	1.9	(3.2)
England	£m change	(1,246.6)	(564.6)	480.2	1,108.7	(222.5)
	% Change	(2.8)	(1.3)	1.1	2.6	(0.5)
London	£m change	(207.6)	(103.6)	33.3	150.4	(127.5)
	% Change	(3.0)	(1.6)	0.5	2.3	(1.9)
Inner London	£m change	(95.9)	(54.6)	(5.7)	49.1	(107.1)
	% Change	(3.4)	(2.0)	(0.2)	1.8	(3.8)
Outer London	£m change	(111.7)	(49.0)	39.0	101.3	(20.4)
	% Change	(2.8)	(1.3)	1.0	2.6	(0.5)

32. The government has reported an average loss in spending power across all local authorities of 2.8% for 2016/17, and only 0.5% over the period of the spending review. For London boroughs this represents an average loss of 3.0% in 2016/17 and a total of 1.9% over the four year period.
33. The provisional settlement figures show Southwark's spending power reducing by 3.3% (3.2% overall), £9.5m being the fourth highest cash reduction in spending power in London behind Camden £10m (4.0%), Newham £9.6m (3.6%) and Lewisham £9.6m (3.8%).
34. Using the government's calculation, the average 2016/17 reduction for London authorities is 3.0% (inner London 3.4%, outer London 2.8%). Unlike in previous years when some outer London boroughs saw an increase in spending power, all London boroughs have reduced spending power in 2016/17.
35. Over the period to 2019/20, all London Boroughs have a reduction in spending power, with the exception of Hounslow and Lewisham (0%) and the following which have increases, Barnet and Sutton (0.9%), Haringey (1.6%), Havering (1.8%), Bexley (2.0%) and Waltham Forest (2.3%).

Budget Assumptions for Southwark

Council Tax and Council Tax Collection Fund

36. The base estimate for 2015/16 allowed for an assumed level of council tax collection of £80m net of reliefs (such as single occupancy discount and council tax support). For 2016/17, it has been assumed in the council tax base report that

cash collection for the year will increase to £83.2m on the basis of a target collection rate of 97%. The increase reflects not only a higher target for collection but also an increase in the council tax base reflecting the impact of the building of homes in Southwark.

37. Looking ahead, the three year estimates include provision for a further increase in council tax cash collection as new homes continue to be brought into the valuation list and as reliefs continue to be reviewed and as collection rates are proved to be rising.
38. In 2016/17, on the basis of information already known with regard to collection in the current year (including arrears) and costs of collection, a surplus is anticipated of £2.4m, which represents the council's share. This will be available as a one-off resource for the new budget year. Beyond 2016/17, a small surplus is being estimated as the target cash collection increases as set out above.
39. Current assumptions are that council tax will be frozen for 2016/17 at 2015/16 levels and no assumption is being made for any increase beyond then. It is recognised that the council's commitment is to retain council tax within the rate of inflation.

Council Tax Freeze Grant

40. The provisional grant settlement has indicated that the council tax freeze grant will no longer be paid from 2016/17 onwards and therefore there is no assumption made for this grant within the indicative budgets. The impact of this loss amounts to approximately £900k.

Retained Business Rates

41. In addition to the retained business rate assumptions given by the government, authorities are able to generate additional resources through growth in the rateable value of business premises, above the government baseline.
42. Development in Southwark continues to progress and as a result an estimate of £4.0m over and above the £60.7m baseline for 2016/17 is included in the indicative budget. SFA is being included within the budget proposals set out separately in this report.
43. The £4.0m estimate reflects a reduction on the 2015/16 target of £5.0m. This is a result of three key reasons:
 - Experience of collection in 2015/16 which is under pressure due to a significant increase in the number and value of appeals (currently estimated at approximately £30m) leading to an increase in annual provisions needing to be made.
 - Changes in Valuation Office ratings of certain business premises (e.g. doctors' surgeries).
 - Market factors arising from delays in building completion, occupation and valuation.
44. Beyond 2016/17, projections are showing an improved position as historic liabilities arising especially from the backlog of appeals are reconciled. More importantly, a number of significant business properties within Southwark will

become fully occupied and NNDR billed and collected. At this time retained business rates in 2017/18 and 2018/19 are estimated to increase to £6.5m.

45. The position will continue to be monitored closely and estimates refreshed as necessary. In particular, reference will need to be made to the revaluation in April 2017 of business properties; early indications of this impact are expected as soon as the autumn of this year.
46. No further information is available at this time regarding the proposed 100% retention of business rates by local authorities scheduled to be introduced by 2020.

Adult social care precept

47. As part of his autumn statement the Chancellor of the Exchequer announced that local authorities responsible for social care would be given the powers to raise a social care precept of up to 2% above the council's existing level council tax.
48. Southwark are minded to implement the Government proposed 2% precept for Adult Social Care. This would raise in the region of £1.7m per annum. The budget for Adult Social Care is £80m.
49. Government funding to Local Authorities for Adult Social Care has been significantly reduced year on year since 2010. The c.£1.7m per annum that this precept will raise is of course welcome but very modest when compared to the cuts that Local Authorities have experienced and are facing from Government. The Government's decision to postpone the implementation of part 2 of the Care Act [Funding Reform] leaves people using Adult Social Care services, their families, providers and people working in the sector in a further prolonged period of uncertainty and that is causing some instability in parts of the sector, such as care homes. So the focus in Southwark for this additional and ring-fenced funding would be quality of services for older people and adults with disabilities living at home, in extra care housing, in care homes and in nursing care homes. Building on the Southwark Ethical Care Charter which is already making a significant difference to residents with care and support needs, our focus for investment is quality of care – treating our residents with dignity and respect and treating care staff fairly. We will continue to lobby Government to take a coordinated approach, in support of integration of health and social care and to fairly funding our public care system.
50. It has been assumed in these budget proposals that the adult social care precept will be increased by 2% per annum over the period of this budget, subject to annual review by cabinet.
51. The government required Section 151 officers to state whether their authority was minded to take up this offer by 15 January 2016, this has been done. The letter stated that taking up of the offer was subject to final details of the scheme being confirmed by DCLG and formal approval by Southwark's locally elected members as part of the budget and council tax setting process. This final decision will be made at the council assembly meeting on 24 February 2016.
52. The letter also responded to the government's question regarding how this scheme should be operated. Southwark's stated view is that while recognising that the precept will be used exclusively for adult service care, it must remain a matter for local discretion as to where these resources are allocated. In addition,

there should be no further administrative burden or reporting requirement applied other than the reference to be made on the council tax bill as already set out previously by DCLG. Given that this is in addition to a continuing decline in grant funding over the coming years, additional bureaucracy for local authorities and for DCLG should be avoided at all cost.

Better Care Fund

53. As part of the provisional settlement, government announced the introduction of a new better care fund for local authorities. Total funding of £1.5bn has been set aside, partly funded by a saving in new homes bonus provision. Precise allocations to local authorities are not known at this time, although indications are that the funding will be backloaded over the settlement period.

New Homes Bonus

54. The New Homes Bonus (NHB) commenced in 2010/11. It is calculated on the amount of extra council tax revenue raised from new-build homes and long-term empty homes brought back into use. There is also payment for providing affordable homes. This was intended to release resources for local authorities to pay for the increased services resulting from the growth in dwellings. Under the original grant scheme NHB would be paid for six years - e.g. 2011/12 would be paid annually until 2016/17, 2012/13 NHB until 2017/18 and so on.
55. In his autumn statement the Chancellor of the Exchequer announced that the government will consult on reforms including sharpening the incentive to reward communities for additional homes including a reduction in the length of payments from six years to four years.
56. The consultation will include the government's preferred option for savings of at least £800 million, which will be reallocated to the new better care fund.
57. Details of both reforms will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a floor to ensure that no authority loses out disproportionately. At this time it is assumed that New Homes Bonus will be lost as a consequence of the sharpened incentives by £3.5m each year beyond 2017/18.
58. Provisional figures announced in the settlement show that the general fund element of NHB for Southwark in 2016/17 will be £16.3m, an increase of £3.2m over the £13.1m funding level from 2015/16.
59. The government announced further on 18 January 2016 that the 2015/16 topslice of NHB to the London LEP through the Greater London Authority will not continue into 2016/17. This means that for 2016/17 the full amount of NHB generated through the increase in taxbase (£15.1m) can be used to support the revenue budget.

Autumn Statement Measures Grant

60. There has been no announcement to date with regard to 2016/17 allocations of the autumn statement measures grant.

61. Current budget estimates assume that this grant will be paid at least at 2015/16 levels.

Housing Benefit Administration Grant, Localised Council Tax Support Grant and Council Tax Support

62. The 2016/17 allocation for the housing benefit administration grant has been announced. This shows a reduction of £0.5m (17.7%) over 2015/16 grant levels.
63. There is yet to be a notification with regard to the local council tax support grant. If grant reductions reflect the housing benefit administration subsidy grant reduction, a further £0.1m could be lost. Uncertainty with regard to the continuation of the Council tax support new burdens funding grant puts a further £0.1m at risk.
64. Current budget estimates include £700k for the potential total loss in grant funding.

Education Services Grant (ESG)

65. It was announced in the spending review that the general funding rate would be subject to an efficiency saving, reducing from £87 per pupil to £77 per pupil. This formed part of a wider proposal to phase out ESG over a period of time as more schools convert to academies and on the assumption that local authority responsibilities are reduced.
66. Provisional grant allocations have been received from the government, indicating that Southwark's ESG will reduce by £266k (approximately 9%) in 2016/17. Currently there is no provision set aside to replace this grant loss with council funding.

Public Health Grant and Commissioning of 0-5 children's public health services

67. In April 2013 public health responsibilities were transferred from the NHS to local authorities. To enable local authorities to discharge their new responsibilities, a specific and ringfenced public health grant was created. Southwark's allocation of public health grant in 2013/14 was £21.8m; this increased to £22.9m in 2014/15, and was frozen at that level for 2015/16.
68. On 1 October 2015 the commissioning of 0-5 year old children's public health services was transferred from NHS England to local authorities, Southwark's allocation was £3.5m, giving a total public health grant for 2015/16 of £26.4m.
69. On 4 June 2015 the government announced a package of in-year cuts to the grant funding of £4.5bn; included in this package was a cut in Department of Health non NHS budgets of £200m. This meant a cut to the public health grant of £200m (6.2%) nationally. Southwark's share of the reduction was some £1.6m, resulting in an amended 2015/16 grant of £24.8m.
70. Southwark's baseline for 2016/17 public health grant will be £28.3m (£24.8m plus £3.5m full year effect of 0-5 commissioning grant).
71. The autumn statement announced an average of 3.9% real terms cuts per annum for the public health grant until 2020/21. A letter from Duncan Selbie, Chief Executive of Public Health England (PHE), on 27 November 2015 gave more

information. The government's real terms cuts translate to a 9.6% cash reduction; for Southwark this would equate to £2.7m by 2020/21.

72. At this time, there has been no confirmation of the reduction in funding. In anticipation of an early announcement by government, the indicative budgets within this report include an estimated annual grant reduction of £0.6m.

Inflation and Pay Costs

73. Due to pressure on budgets, no allowance for the impact of general inflation has been provided in the budget since 2010/11. As a consequence, all non contractual price increases have been absorbed at existing cost assumptions. Where costs have varied, these have had to be absorbed within existing budgets. The impact of this has been that any cost pressures have been balanced against demand, service levels and efficiency.
74. Employee costs have been modelled to show a 1% increase for 2016/17 at £1.7m growth based on the latest employers offer of 1% for 2016/17 and 2017/18.
75. The council calculates "alternative inflation" for long term contracts tied to industry specific rates of inflation. This does not have a single rate, and the current budget is based on contractual inflation modelling at an increase of £1.5m. From 2016/17 this will include the additional contractual cost of the London Living Wage (LLW) insofar as it sits within existing pay inflation rates. Additional commitments have been made to allow for increases above inflation, not least given changes necessary as welfare benefit changes are implemented.
76. On 19 January 2016, ONS announced the inflation statistics for December 2015. The reported indicators show CPI at 0.2% (up by 0.1% from 0.1% in November 2015) and RPI 1.2% (up by 0.1% from 1.2% in November 2015).
77. Over the course of the year inflation rates remained reasonably stable and at low levels, with both indices following broadly the same path.

Commitments

78. In September 2015's cabinet report, a number of assumptions were made for unavoidable council commitments for additional expenditure. Since then these commitments have been continually reviewed as better information is gathered. Current assumptions for 2016/17 include commitments that in total exceed £11m.
79. For some part, these commitments include unavoidable service related costs including IT and facilities management that enable improved and basic management of the council estate allowing for modernisation and service improvement. Other pressures relate to larger underlying influences and these are set out below.

Temporary Accommodation

80. Temporary accommodation continues to present a significant budget risk. The council simultaneously faces the challenge of increasing homeless demand and restrictions on the supply-side, necessitating the use of more expensive bed and breakfast accommodation. Whilst action is being taken to manage demand, it remains a constant and enduring pressure over which the council has limited

control within the constraints of current legislation and council policy; £2.4m has been included in current budget estimates for 2016/17.

No Recourse to Public Funds

81. No recourse to public funds (NRPF), like temporary accommodation, is demand driven and has in recent years become a significant continuous pressure on council resources. The rate of increase has been mitigated by the management action implemented, with more rigorous checks undertaken of new cases and existing ones being reassessed by officers including internal audit. However, a significant budget pressure remains, and £2.0m has been included in current budget estimates for 2016/17.
82. It is expected that future actions to manage demand will enable savings to be made in 2017/18 and 2018/19 and return budgets to current levels.

Reapportionment of costs to HRA

83. The housing revenue account bears a significant amount of charges from support services through support cost recharges (SCRs).
84. As savings are made on these services, charges to the HRA and general fund departments reduce. Savings on general fund services can be matched to reduced charges and corresponding reductions in SCR income as all budgets are held within the general fund; income received from the HRA budget is essentially cash to the general fund, and reduced charges do not automatically lead to a reduced budget, so that over the last few years budgets have become imbalanced.
85. To enable HRA SCR income budget to match actual charges a budget adjustment is required in 2016/17, both to redress the balance in previous years and to cover 2016/17 savings. Further budget adjustments will be required in future years as 2017/18 and 2018/19 savings are made.

Concessionary Fares

86. Concessionary fares is the name given to the scheme for 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.
87. On 10 December 2015 London Councils Transport and Environment Committee set the Freedom Pass allocations for 2016/17. London Councils have negotiated a good deal with the transport providers for 2016/17, (see table below for total cost of freedom passes). Costs will increase by less than 0.8% and an additional £100k for concessionary fares is included for 2016/17.

Operator	2015/16 £m	2016/17 £m	Change £m	Change %
Transport for London (TfL)	327.9	333.9	6.0	1.8
Association of Train Operating Companies (ATOC)	21.3	18.5	(2.8)	(13.1)
Other bus operators	2.2	1.7	(0.5)	(22.7)
Reissue costs	1.5	1.5	0.0	0.0
Total	352.9	355.6	2.7	0.8

88. It cannot be assumed however that low increases will continue to be the norm. Inflation is currently low and potential future transfers of services from train operation companies to TfL will add a degree of volatility to the settlement. Prudent estimates have been included for 2017/18 and 2018/19.

Employers' NI

89. Government reforms to the state pension scheme in 2016 will have an impact on employers' contributions to staff in the local government pension scheme. Employers currently receive a 3.4% national insurance rebate for staff in the pension scheme, but when the reforms begin in April 2016 this rebate will not be paid, £500k has been included in the current budget estimates for 2016/17.

Actions to meet the challenge of the 2016/17 Budget

90. Reports were submitted to cabinet through the course of 2015/16, updating them on the situation, especially in the context of emerging information and the autumn statement. In September 2015 a funding gap was reported to cabinet of some £96m over the period 2016/17 to 2018/19. A further report was presented to cabinet in December 2015, identifying some £67m of savings.
91. Throughout the year, all strategic directors and their teams have been taking a number of measures to help meet the challenge of delivering a balanced budget in 2016/17 and indicative budgets for 2017/18 and 2018/19. These considerations have taken place alongside a detailed programme of consultation with the public and other key stakeholders. The results of this consultation are reflected within this report and the detailed proposals for each department are set out in the appendices.
92. Arising from the proposals, there will be a number of staffing impacts as services are reviewed and rationalised and where they are fundamentally transformed. Detailed resource planning will be needed across these services to give certainty as to the precise numbers affected. At this time, it is estimated that as many as 200 posts may be lost, although some will be currently vacant or filled by agency placements or interims. There will also be some natural turnover. At all times, compulsory redundancies will be kept to a minimum, although it is almost certain that there will be some job losses. In all cases, these changes will be subject to consultation with individuals, staff groups and the trades unions.
93. The table below outlines the balanced budget proposal for 2016/17 in line with funding and resource considerations outlined above and budget proposals for each council service as detailed in the appendices to this report.

2016/17 to 2018/19 Budget

	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m
Resources				
Retained business rates (DCLG)	(60.2)	(60.7)	(61.9)	(63.7)
Business rates top-up (DCLG)	(45.0)	(45.3)	(46.2)	(47.6)

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Revenue support grant and other grants (inc Public Health and other specific grants)	(118.9)	(106.6)	(90.1)	(78.6)
Total funding (inc Public Health and other specific grants)	(224.1)	(212.6)	(198.2)	(189.9)
Council tax and Retained Business Rates				
Council tax baseline	(80.0)	(83.2)	(84.5)	(85.8)
ASC Precept	-	(1.7)	(3.4)	(5.1)
Estimated business rates retained	(5.0)	(4.0)	(6.5)	(6.5)
Collection fund surplus	(2.9)	(2.4)	(0.5)	(0.5)
Total revenue from council tax and business rates	(87.9)	(91.3)	(94.9)	(97.7)
Total funding	(312.0)	(303.9)	(293.1)	(287.6)
2015/16 budget starting point (includes Public Health expenditure)	334.6	318.2	310.8	298.9
Employees (1.2%, 1.0%, 1.0%, 1.0%)	2.1	2.2	1.7	1.7
Contractual inflation	2.3	2.6	1.5	1.5
Commitments	4.7	13.3	7.8	6.2
Grants				
Changes to New Homes Bonus	1.4	-6.3	3.5	3.5
Changes in grant related expenditure	3.6	5.4	0.0	0.0
HB admin subsidy and council tax support	0.4	0.7	0.6	0.6
Net change in council tax freeze grant	-0.9	0.9	0.0	0.0
Net budget before proposals	348.2	337.0	325.9	312.4
Proposals				
Efficiencies and improved use of resources	(26.1)	(13.6)	(18.9)	(9.2)
Income generation	(2.9)	(10.0)	(6.0)	(5.0)
Savings impacting on service delivery	(1.0)	(2.6)	(2.1)	(1.6)
Total Budget	318.2	310.8	298.9	296.6
Planned contribution from balances	(6.2)	(6.2)	(5.0)	(4.0)
Net budget after contribution from balances	312.0	304.6	293.9	292.6
Funding shortfall / (surplus)	0.0	0.7	0.8	5.0

94. This budget includes some £69m of savings, a summary is included in appendix A.

95. Details of these savings are included in appendices B to F, supported by commentary from each strategic director relevant to their department as reported to 8 December 2015 cabinet. These commentaries will continue to be developed

during the period before the budget received council assembly approval on 24 February 2016.

96. Details of commitments included in this budget are included as appendix G
97. The budget proposals include the prudent use of reserves, The Strategic Director of Finance and Governance and S151 officer recognises that it is necessary to make some prudent use of balances through the period of introduction of new funding arrangements for local government and the general cutbacks in public expenditure. He recognises also that this expedient can only be short term and that year on year the council target must be to remove any dependency on reserves and balances in order to reconcile resources with spending needs.
98. The 2016/17 budget proposals include a further £6.2m use of reserves. This contribution is consistent with both 2013/14 and 2014/15. In the past, it has been noted that this contribution has been possible given a stable level of reserves and the availability of corporate contingency unused from previous years.
99. 2014/15 saw a reduction in the council's reserves and balance for the first time in a number of years. Revenue monitoring for 2015/16 to be reported to cabinet in February will show that the contingency for the year has been fully expended on controlling increased costs for temporary accommodation and no recourse to public funds.
100. Therefore, while balances continue to be earmarked to support revenue expenditure in 2016/17 and beyond, this will need review early in 2016/17 to ensure that this funding option remains viable.

Corporate Contingency

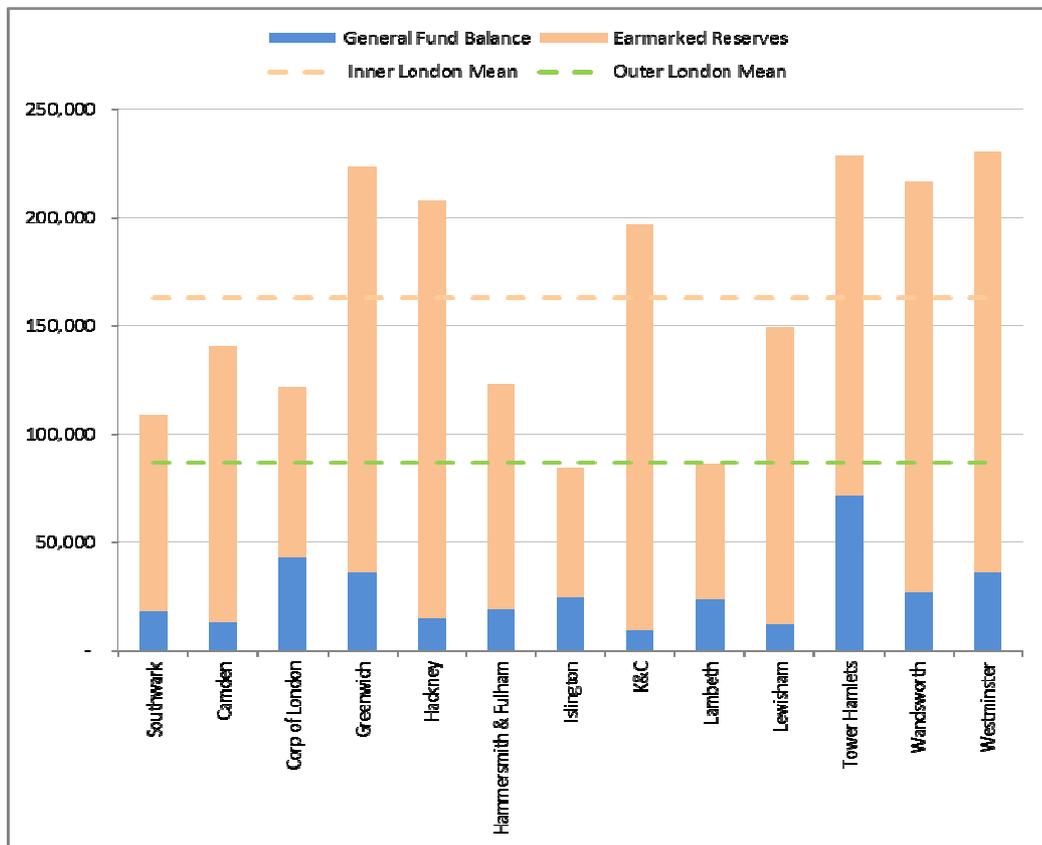
101. The 2015/16 budget included £4m for contingency, held to meet unforeseen costs and service pressures that cannot be contained. For 2015/16, at quarter 3 it will be reported to cabinet in February 2016 that that there remain significant pressures on the temporary accommodation budget as experienced through 2014/15 and also on the no recourse to public funds budget. Corporate contingency will be required to offset these pressures and current forecasts show an adverse variation for both areas of £4.6m.
102. Commitments totalling £4.690m have been included in these budget proposals for these service areas in 2016/17 and beyond. However, favourable variations against the 2015/16 contingency will no longer be available to support the 2016/17 budget and other sources of funding will need to be sought. This will be through either windfall savings in 2015/16 not currently anticipated, alternative use of earmarked reserves with the consequential impacts or through a reduction in the unearmarked general reserve. The S151 officer cannot recommend the final option given the level of balances currently held by the council. The use of other earmarked reserves or windfall savings will be a matter for cabinet decision.

Reserves and Balances

103. Balances and reserves are held by the council in order to fund a range of future commitments, to provide for future investments and to mitigate financial risks. These are reported in detail in the annual statement of accounts and are subject to external audit.

104. In recent years, the council has set aside approximately £6m of unallocated earmarked reserves in order to balance the annual general fund budget and relieve pressure on services. Since 2013/14 a total of £23m has been allocated from reserves and balances for these purposes. This would not be considered normal practice but has been deemed reasonable by the council's S151 officer in the context of unprecedented reductions in government funding.
105. A further contribution of £6m has been assumed in 2016/17 budget calculations: this practice is likely to continue for the period of austerity as long as resources remain available.
106. This annual contribution from balances has been made possible in no small part through the maintenance of contingency provision in the base budget each year. Where calls on this contingency have not been necessary as savings targets have been achieved and in some instances surpassed through early delivery of the outcomes, the annual contingency has become available to return to balances to enable the contribution to be made in future years.
107. As at 31 March 2015, balances and reserves were reported at £109.5m, represented by:
- | | |
|--|--------|
| General Fund Balance | £18.1m |
| Earmarked Reserves | |
| Corporate Projects and Priorities | £16.9m |
| Service Reviews and Improvements (exc. DSG Reserve) | £14.5m |
| Capital Programme and other Capital Investment | £30.4m |
| Strategic Financing, Technical Liabilities & Future Financial Risk | £29.6m |
108. The general fund balance of £18.125m represents the balance of last resort in the event of any major and unforeseen 'event' that compromises the delivery of the council's budget. At current levels, this balance represents around 4% of the council's annual revenue and capital turnover (excluding business rate income of around £200m) and is considered by the Section 151 officer to be appropriate for the organisation in the context of the risk profile. The main risks include the extent of the council's capital programme (4th largest in London in 2014/15) and ongoing regeneration activities.
109. Earmarked reserves are held for specific projects ranging from university scholarships (£465k) to the Southwark Emergency Support Scheme (£3.1m to 2018/19), modernisation (£5.1m) and regeneration and development projects (£9.2m including contribution to Aylesbury developments). Without the presence and future use of these reserves, the future of projects and important cost saving and invest to save initiatives would be compromised, delayed and even halted.
110. Earmarked reserves also contain funds to finance future technical accounting liabilities such as the Waste PFI (£3.8m), contributions to the 2015/16 general fund budget (£6.2m), the council's insurance fund to cover any uninsured loss (£6.4m) and a number of financial risk elements including cover for any loss on debt interest (4m) and social care demand pressure (£1.8m). Details on all of the various balance and reserve items are contained in the audited annual statement of accounts.

111. By comparison, while Southwark remains one of the councils with the largest turnover in London, it is ranked 19th out of 33 London Boroughs by value of reserves. While on the one hand this demonstrates sound financial management, it also indicates that there remains relative risk to other authorities when compared to others who clearly take more prudent views.
112. It should be noted that the use of reserves and balances in forming any part of the annual revenue budget must be considered with great caution, especially in periods where balances are falling overall and significant risks exist within the base budget not least the pressure imposed by savings targets associated with grant loss. While general fund balances were unchanged in 2014/15 from 2013/14, earmarked reserves decreased by approximately £4m. The position will remain under close review and the S151 officer will continue to make recommendations as appropriate within the policy and resources strategy.
113. The graph below shows the level of balances and reserves in Southwark and the other inner London Boroughs.



Budget Consultation – Engaging with the Community

114. As noted in the report to cabinet on 8 December 2105 the approach that has been taken to budget consultation follows the council's agreed Community Engagement framework. It used both face to face and online methods to attempt to get as representative a sample of views as possible.
115. The budget report also takes on board the results of the previous extensive spending challenge exercises over the last four years where residents gave us their views on which services should be protected. These exercises told us that residents wanted us to be more efficient and find more cost effective ways to

deliver services. Residents also told us that we should cut back office costs and protect frontline services especially for the vulnerable and those most in need.

116. The focus for the consultation was through Community Councils commencing at Peckham and Nunhead Community Council on 10 November 2015. This consisted of a short presentation by a cabinet member followed by a series of questions where the public voted on their responses. Residents could also respond through an online survey.
117. In total, 303 people responded to the consultation. Together with those who have responded over the last three years this means that over 1,000 responses have been received in this period.
118. A summary of the results is as follows:
- An overwhelming majority (94%) of those that responded agreed or strongly agreed that the council should continue to focus on being more efficient, protecting frontline services and directing resources to those most in need. This is consistent with the budget consultation exercises over the last few years and is also consistent with what is seen in budget consultation exercises across the country.
 - People who responded are more likely to agree or strongly agree (84%) that the council should empower residents and communities to do more for themselves where they are able to do so.
 - A significant majority (87%) agree or strongly agree that it is right that the council should focus on its priorities of growing the local economy, building new homes and creating more jobs through this period of cutbacks.
 - A majority (74%) agree that we should encourage residents and businesses to deal with us online leaving more costly phone and face to face services for the most vulnerable. While in the face to face consultations people were more likely to be undecided than in the online responses this is to be expected and the majority still agreed that this was the right approach.
 - A significant majority agree or strongly agree (89%) that we should invest in modernising services now including through use of modern technology to save money later to use in support of frontline services.
 - A substantial majority of those who responded agreed we should look at ways of increasing income, for example through continuing to be tough on collecting money we are owed (89%), charging for some services (77%) and delivering services for others where we are able to do so (75%). With regards to charges for those living outside the borough a smaller majority agreed we should charge more (55%) with 23% of respondents being undecided on this issue.
 - With regards to continuing to freeze the council tax the results are less conclusive. 39% of respondents agreed or strongly agreed that council tax should continue to be frozen, 13% were undecided and 48% disagreed or strongly disagreed.
119. As noted in the 8 December 2015 cabinet report the voluntary and community sector (VCS) have also been involved and informed and this consultation is ongoing as the budget process progresses and implementation takes place following agreement of the budget. This has included writing to all funded voluntary sector organisations outlining the council's process for decisions on funding for the current year. This correspondence pointed out that:

- over this period the government cuts have meant unprecedented reductions to the funding that the council receives.
- as in previous years, because of the government timescale for notifying us of our settlement for the coming financial year we as yet have no certainty on what our funding will be for 2016/17.
- work is ongoing to consider a range of savings options that could equate to 25% or more.
- the council faces a significant budget gap for the coming year with likely similar gaps in the following two years
- despite the scale of the reduction to the council's budget in the past the impact overall on voluntary sector programmes to date has been significantly less and that while we will do whatever we can to support the VCS, it clearly becomes harder to sustain the current level of support as further cuts begin to bite.

120. The letters also:

- made a commitment to giving three months' notice where there are funding reductions from the date the council sets its budget (or when a commissioning decision is taken if this is later than budget setting) to allow VCS organisations to plan for any impact
- point out that while difficult decisions have had to be taken in recent years the council remains committed to continued working with partners at this time of unprecedented budget reductions.

121. As noted above the ongoing consultation process will include:

- Consultation with groups impacted by the proposals, for example groups representing young people.
- Staff consultation in line with the council's policies on reorganisation, redeployment and redundancy.
- Deputations to cabinet in January 2016.
- Consultation with the Southwark Forum in January 2016 which represents voluntary sector organisations across the borough.
- Overview and scrutiny committee scrutinising the proposals on 2 February 2016.

NEXT STEPS

122. The proposals in this report will be subject to consideration by the overview and scrutiny committee on 2 February 2016. Any recommendations made will be submitted to cabinet on 9 February 2016, to agree final recommendations to council assembly for the annual budget and council tax setting on 24 February 2016.

123. The exact timing of the final 2016/17 finance settlement is not yet known but will be included in the 9 February report or in a briefing distributed either before or at the meeting.

124. A timetable of scheduled meetings leading up to council tax setting is shown below :

Date	Meeting	Current forward plan description	Summary of decision to be made
02/02/16	Overview and Scrutiny	Policy and Resources Strategy 2016/17 - 2018/19 - revenue budget	OSC to review the budget and make recommendations to cabinet.
09/02/16	Cabinet	Policy and Resources Strategy 2016/17 - 2018/19 - revenue budget	To recommend a balanced budget for 2016/17 to council assembly in February 2016
24/02/16	Council Assembly	Policy and Resources Strategy 2016/17-2018/19 revenue budget	To agree a balanced budget for 2016/17
24/02/16	Council Assembly	Setting the Council Tax 2016/17	To set the council tax levels for 2016/17

Community impact statement

125. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the budget for 2015/16 and for previous years, each department is finalising equality analysis on its budget proposals ahead of the final decisions being taken.
126. Undertaking equality analysis helps the council to understand the potential effects that the budget proposals may have on different groups. The analysis also considers if there may be any unintended consequences and how any of these issues can be mitigated. Analysis is also being undertaken to consider any cross-cutting and organisation-wide impacts. As this exercise nears completion no cumulative impacts have been identified through the cross-council analysis and the outcome has been shared with cabinet members.
127. For many services the budget proposals include efficiencies which have staffing implications. As specific proposals are brought forward, and at each stage of implementation thereafter, the different impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.
128. The development of equality analysis informs each stage of the budget process and work continues to update the analysis as further information becomes available throughout the cycle of planning and implementation. The complete analysis of the budget proposals themselves will also be available for overview and scrutiny committee on 2 February 2016, ahead of agreement of the budget by cabinet on 9 February 2016.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

129. The constitution determines that cabinet consider decisions regarding the strategic aspects of the regulation and control of the council's finances. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government and Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.
130. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:

- Eliminate unlawful discrimination harassment and victimisation
- Advance equality of opportunity between people who share protected characteristics and those who do not
- Foster good relations between people who share protected characteristics and those who do not.

131. Decision makers must understand the effect of policies practices and decisions on people with protected characteristics.

132. Equality impact assessments are the mechanism by which the council considers these effects. The report sets out how it is proposed equality impact assessments will be undertaken in relation to the budget proposals.

133. It is essential that cabinet give due regard to the council's duty under the Equality Act 2010 and the implications for protected groups in the context of that duty in relation to this decision and future decisions on the budget proposals.

REASONS FOR URGENCY

134. The council is committed to publishing budget proposals at the earliest possible opportunity to ensure they are available to the public for comments and questions.

135. Under the council's constitution there is a requirement for the overview and scrutiny committee to review and challenge budget proposals and this is due to take place on 2 February 2016. Presenting this report to cabinet on 27 January 2016 gives the opportunity for debate prior to presentation of final budget figures at council assembly on 24 February 2016.

REASONS FOR LATENESS

136. Due to the late arrival of the information supplied by the Department of Communities and Local Government, extra time has been required to analyse the impact for Southwark and formulate budget options that minimise the impact on Southwark residents.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2016/17 to 2018/19 : Cabinet 15/09/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
Link: http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf		
Policy and Resources 2016/17 to 2018/19 : cabinet 08/12/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
Link: http://moderngov.southwark.gov.uk/documents/b50006501/Supplemental%20Agenda%20No.%201%20Tuesday%2008-Dec-2015%2016.00%20Cabinet.pdf?T=9		
Spending review and Autumn Statement 2015 Briefing – LGA	LGA website	Local Government Association
Link: http://www.local.gov.uk/documents/10180/6869714/On+the+Day+Briefing+SR+2015.pdf/fadcf449-c787-43c0-8648-1ccf403a9275		
Provisional 2016/17 LG settlement briefing – LGA	LGA website	Local Government Association
Link: http://www.local.gov.uk/documents/10180/11309/LGA+On+the+Day+Briefing++Provisional+Local+Government+Finance+Settlement++17+December+2015/6641bf96-a677-4870-8887-5ec0dc551a56		

APPENDICES

No:	Title
Appendix A	Summary savings totals
Appendix B	Children's and Adults – Budget narrative and savings proposals
Appendix C	Environment and Leisure – Budget narrative and savings proposals
Appendix D	Housing and Modernisation – Budget narrative and savings proposals
Appendix E	Chief Executive - Budget narrative and savings proposals
Appendix F	Finance and Governance (inc Corporate) – Budget narrative and savings proposals
Appendix G	Commitments

AUDIT TRAIL

Cabinet member	Councillor Fiona Colley, Cabinet member for finance, modernisation and performance	
Lead officer	Duncan Whitfield – Strategic Director of Finance and Governance	
Report author	Jennifer Seeley – Director of Finance	
Version	Final	
Dated	25 January 2016	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member		Yes
Date final report sent to constitutional team	25 January 2016	

APPENDIX A

SUMMARY EFFICIENCIES, INCOME AND SAVINGS IMPACTING ON SERVICE DELIVERY TOTALS

	Controllable Budget *	Efficiencies and Improved use of resources £,000	Income Generation £,000	Savings impacting on service delivery £,000	Total £,000	Total %
Children's and Adults' Services	164,873	(21,100)	(17,055)	(3,260)	(41,415)	(25.1)
Environment and Leisure	44,293	(3,757)	(2,735)	(671)	(7,163)	(16.2)
Housing and Modernisation	35,588	(5,987)	0	(2,401)	(8,388)	(23.6)
Chief Executive	6,131	(1,247)	(805)	0	(2,052)	(33.5)
Finance and Governance, and corporate budgets	16,991	(4,994)	(425)	0	(5,419)	(31.9)
Total Departmental Savings	267,876	(37,085)	(21,020)	(6,332)	(64,437)	(24.1)
Corporate adjustments					(4,612)	
Total budget reductions					(69,049)	

* Note budget excludes depreciation and support cost recharges, and other non controllable departmental costs including concessionary fares.

APPENDIX B

SUPPORTING NARRATIVE FOR BUDGET PROPOSALS

CHILDREN'S AND ADULTS' SERVICES

Overview

Children's and Adults' Services deliver the core '*people*' aspects of the council's services to our 293,530 residents – Education, Children's Social Care and Adult Social Care. The department focuses on protecting our children and vulnerable residents, addressing inequalities and by working across the council and partnerships, ensuring that the many opportunities being created in Southwark are inclusive and accessible to the whole community. Our approach seeks to maximise good outcomes for residents by providing preventative and helpful universal services.

With more than two thirds of the council's budget, the department has a critical role to play in ensuring value for money. The reach of the department is extensive, effectively engaging with every family, and we work very closely with our partners including schools, the police, the NHS, the voluntary sector and employers. We are very fortunate to have a workforce of highly motivated, professional and resilient people who are deeply committed to Southwark and we are proud of the progress we have made on our journey thus far. By listening to the voice of children, young people, parents and our elders, we continually reflect on our approach and evolve our services to meet the changing needs of our community.

Education

The council is investing in children's centres to help parents balance work and family life. Working with local early years providers who share our values and commitment to giving our children the best start in life, the council is investing in a significant increase in affordable childcare and community nurseries.

With a large population of young people, Southwark has 5 nursery schools, 72 primary schools, 9 special education schools and 17 secondary schools. Performance in our schools is excellent, with our results exceeding London and National performance. We are delivering more and better schools, to meet growing demand for school places and driving up standards across all our schools so that local schools can be schools of choice. Major investment by the council in our schools and a highly effective school improvement service support our young people to achieve their best potential and to benefit from the high quality education on offer in Southwark.

The Southwark Schools Forum recognises that the emotional wellbeing of our children and young people has a direct impact on educational experience and achievement. Our schools appreciate the support available from our Early Help service, which includes child and adolescent mental health services. The council delivers this service directly into schools and the service will benefit from additional investment by schools and the NHS from 2016/17.

Our post-16 offer includes a guarantee of education, employment or training for every Southwark school leaver, with 2,000 new apprenticeships and training places. Southwark also directly addresses affordability of higher education by providing scholarships to young people who would otherwise be unable to access this opportunity.

Changes are proposed to Youth and Play services which seek to increase access to community facilities (including capital investment) and to improve the offer to young people and families across

the borough. This will be supported by a continuing universal Youth and Play offer which will work with the strong Leisure offer already available across Southwark. The Youth Grants scheme supports some targeted work and the higher needs are met by our Youth Offending Service. Working with local community organisations such as sports groups, music groups, arts groups and scouts/guides we will be looking to support these groups with access to good community facilities so that they can increase the number of young people they reach and spend their funds on direct provision.

Since the December 2015 cabinet report, officers have received feedback on provisional proposals, and are continuing to develop implementation plans for the transition of the service that continues to make best use of resources available from voluntary sector partners.

Southwark Council spends in excess of £24m on community and voluntary sector provision and going forward we will develop a strategy which aligns our community needs with the local offer of community and voluntary groups to ensure that residents benefit well from this investment.

Children's Social Care

Southwark has traditionally had a high number of *children in care* and *children looked after*. Recently established programmes such as *Families Matter* and a practice model of intensive support for social workers are delivering good outcomes and Southwark is seeing a reduction in the number of children in care and a reduction in repeat referrals. This is very encouraging and has a direct impact on the life chances of our children, young people and parents. By synchronising support to families, including parental mental health, we are strengthening families and mitigating risk. The challenges are still significant but it is clear that the approach and range of services available across the borough are having a positive affect.

The council is working very closely with the police and other partners to protect our children and young people from harm, including child sexual exploitation and gangs. This work is very challenging and demanding of our social workers and with the average career span of a children's social worker in the UK now being just 7 years, retention of experienced social workers and recruitment of highly skilled and resilient social workers is critical. Southwark co-hosts London's social work teaching partnership and our social work academy will invest significantly in our workforce to support them to undertake this most challenging of work on behalf of all of us.

The council is investing in adoption and fostering to increase the opportunities for children and young people to be supported by loving and caring families. There is also a commitment to care leavers through options such as 'staying put' which enables young people to stay on with foster parents and to be supported with accommodation, education and support into employment.

In recognition of the importance of this work and very encouraged by the impact the service is having on Southwark children, young people and families, it is proposed that the budget for Children's Social Care be protected for the next three years. This will give stability to the service, allow for medium-term planning with our partners so that we can synchronise our support, and enable us to shift resources towards early help, prevention and *edge of care* services that we know have better outcomes for children and young people and are more cost effective.

Adult Social Care

Southwark has 24,000 residents aged 65 and over. Our projections indicate a significant increase in our older population going forward, not just because we are living longer thanks to advances in

medicine and positive lifestyle choices but because increasingly older people are choosing to remain in borough, in their communities, rather than escaping to the country.

Southwark is committed to becoming an Age Friendly Borough, supporting our elders and family carers well so that later life is enjoyable and that Southwark benefits from their contribution to community life. Increasingly older people are choosing to be supported at home or in extra care housing rather than care homes. Accessing personal budgets rather than traditional care services enables older people, and carers, to enjoy activities of their choosing and at times that work well for them.

Southwark Council is investing in the local social care workforce through the Southwark Ethical Care Charter which is ensuring that home care workers are paid the London Living Wage, paid for travel time between calls and offered guaranteed hours contracts rather than zero hours contracts.

Our services to people with learning disabilities and mental health needs are in need of transformation and need to deliver better value for money. Non-care elements of support packages (e.g. accommodation and overheads) will be reviewed by commissioners. The care elements of support packages will be reviewed by social workers and we will ensure that there is a better outcomes focus to the support we commission. Even after proposed changes, Southwark will still be a council that funds these services very well, in the top quartile of our comparator group.

Working closely with the NHS, we will establish integrated community care services in the form of Local Care Networks and we will integrate our commissioning of care services with Southwark NHS Clinical Commissioning Group (CCG) to ensure joined up services that make sense to people using the services and people working in them.

Southwark NHS CCG is supporting Adult Social Care through the Better Care Fund which delivers system-wide benefits and through the fair application of Continuing Health Care. This is of direct benefit to local residents.

Equalities Impact Summary

Equalities impact screenings have been undertaken for each proposal. Consultations are underway for proposals relating to service changes, where appropriate. Impact is mitigated by alternative offers of services, support or personal budgets as per service user choice. Some of the services provided by Children's and Adults' Services are provided under legal duties on the council and are provided on the basis of eligibility – this is set down in national legislation and Government guidance. Other services are discretionary and universal.

In line with our Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way so as to not impact disproportionately on any specific section or group in our community. The equality analyses have been collated across the department to look for any cumulative impacts and none have been identified. In line with the process across the council, information on equality analysis will be shared with decision-makers for consideration before any decisions are taken.

Southwark Council's Fairer Future Promises are reflected in the proposals set forth as is a shift upstream to prevention and early help, recognising the evidence base and the outcomes that can be achieved by offering our residents good universal services.

SCHEDULES OF EFFICIENCIES, INCOME AND SAVINGS PROPOSALS FOR CHILDREN'S AND ADULTS' SERVICES

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Efficiencies and improved use of resources						
Adult Social Care	1	Restructuring necessary to support updated commissioning and IT strategies	(1,500)	(500)		(2,000)
Adult Social Care	2	Review of existing and planned contracts to achieve best value and to ensure best practice.	(1,500)	(2,300)	(1,200)	(5,000)
Adult Social Care	3	Reorganisation of Adult Social Care to support modernisation of the service	(500)	(500)		(1,000)
Adult Social Care	4	Review of non direct care cost for people with learning disabilities to ensure that support is appropriate, in line with policy, best practice and value for money. After completion of the review Southwark will remain a top quartile authority for expenditure.	(1,500)	(3,000)	(3,000)	(7,500)
Adult Social Care	5	Reconfiguration and reorganisation of Mental Health teams to support modernisation of the service.	0	(1,000)	(1,000)	(2,000)
Adult Social Care	6	Rationalisation of in house provider units	(250)	(250)		(500)
Education	17	Efficiency and improved value for money arising from reconfiguration of Youth and Play services in advance of transfer to Environment and Leisure Department (See also savings impacting on service delivery)	(750)	(500)		(1,250)
Education	7	Review of Pupil Access, Transport Admissions and Parent Partnership	(95)			(95)
Education	8	Review of support to School Improvement Team	(50)			(50)
Adult Social Care	9	Reconfiguration of Early Help functions.	(1,500)			(1,500)
	10	Review of Community Safety Partnership service organisation structure	(55)	(150)		(205)
Total efficiencies and improved use of resources			(7,700)	(8,200)	(5,200)	(21,100)

Income generation						
Adult Social Care	11	New Contributions Policy in line with Care Act, introduced October 2015.	(2,500)	(500)	0	(3,000)
Adult Social Care	12	NHS funding for health service aspects of care.	(2,000)	(2,000)	(2,000)	(6,000)
Adult Social Care	13	Better care Fund - Integration of Health and Social Care.	(2,000)	(2,000)	(2,000)	(6,000)
Education	14	Dedicated Schools Grant (DSG) funding for Home to School Transport.	(800)	0	0	(800)
Education	15	Increased DSG contribution for the Special Educational Needs service.	(211)	0	0	(211)
Education	16	DSG and NHS funding for Early Help Service.	(1,044)	0	0	(1,044)
Total income generation			(8,555)	(4,500)	(4,000)	(17,055)

Savings impacting on service delivery						
Education	17	Reconfiguration of Youth and Play services in advance of transfer to Environment and Leisure Department including revised operating hours and review of site availability (See also efficiencies and improved use of resources)	(400)	(350)	0	(750)
	17	End of Voluntary Sector grants, subject to a new operating model for youth and play and a wider review of voluntary sector provision.	0	(500)	0	(500)
Public Health		Reduction in expenditure in line with reduction in grant funding	(620)	(690)	(700)	(2,010)
Total savings impacting on service delivery			(1,020)	(1,540)	(700)	(3,260)
Total Children's and Adult Services			(17,275)	(14,240)	(9,900)	(41,415)

APPENDIX C

SUPPORTING NARRATIVE FOR BUDGET PROPOSALS

ENVIRONMENT AND LEISURE

Overview

The Environment & Leisure department delivers services that make a real difference to the everyday lives of all residents and visitors. The majority of our operations are frontline services: they physically improve the environment, they provide opportunities for health and enjoyment or they help improve safety and confidence. The department comprises two directorates, Environment and Leisure. The directorates are supported by a service development team which provides essential support services, specialist advice, research and project assistance.

Environment Directorate:

- **Waste and Cleansing:** This service discharges the council's duties as a Waste Collection Authority (WCA) under Section 45 of the Environmental Protection Act 1990 and as a Principal Litter Authority under Section 89. It has responsibility for the collection of waste for recycling, recovery and disposal from over 131,000 properties, cleaning of the borough's roads, housing estates and open spaces and the controlled disposal of approximately 122,000 tonnes of municipal waste each year. The business unit also manages the council's fleet vehicles.
- **Traded Services:** This service brings together services which are traded other than waste and cleansing services, which have the potential to generate income and share facilities and support services. Services include Street Lighting and Signs, Southwark Building Services and Pest Control.
- **Highways:** This service covers the management of the physical state of the highways including the councils flood and winter service provision and all capital projects on the highways. It also manages the council's cleaner greener safer projects.
- **Regulatory Services:** This service brings together the council's regulatory and enforcement services incorporating Parking services, Network Management and Licensing, Markets and Street trading, Noise and Nuisance team, Housing enforcement team, Trading Standards, Food Safety and Health and Safety team, Licensing and Environmental Protection.

Leisure Directorate

This directorate brings together all services dealing with the delivery of universal services which support people's physical and mental well-being.

- **Parks and Leisure:**
The parks and open spaces division focuses on providing and maintaining vibrant, safe and high quality parks and public spaces. It is responsible for the management and maintenance of the borough's green and open spaces. The division manages the council's cemeteries and crematoria service and the South Dock Marina.
- **Culture:**
This service brings together the council's libraries, arts and heritage service and the events and film service.

Service Development

The team's functions include management of the strategic director's office, health and safety compliance, performance management and the delivery of the department's corporate functions and initiatives.

It also assists all the divisions within the directorates with business plans to effectively deliver their services, research and the development of policy and strategy and with new initiatives.

A more efficient Environment & Leisure department

The department aims 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 savings follows the budget principles by focusing on core provision of quality services, efficiency savings, smarter procurement and robust contract management. The department is also seeking to increase income by raising demand for services.

All of the department's activities contribute towards all the council's Fairer Future Promises and the objectives set out in the Council Plan, whether it be by delivering Free Swim and Gym, delivering A Greener Borough, making the borough a safer place, creating Quality Affordable Homes, contributing to health improvements or improving the environment for everyone in Southwark.

The budget for environment and leisure services in 2015/16 is £69m (£44.3m is controllable). The department has over the last 5 years had to engage in a very rigorous and thorough analysis of its resources, competences and service delivery requirements in its bid to maintain high standards amidst the significant constraints posed by funding reductions.

The department has strived to plan and structure the work of its teams in a manner that allows them to achieve their objectives constantly and ensure that service delivery exceeds expectations.

The department has already achieved savings of £22.4m since 2011/12. It has identified a number of savings options of £6.9m over the next three years made up as follows:

- £3.5m from efficiencies and improved use of resources
- £2.74m from income generation
- £671k from savings impacting on service delivery

Efficiencies & improved use of resources

The strategic director has made a number of internal senior management changes designed to make the structure simpler, leaner and more effective for the future. The changes include a move to a model based on two divisions as against four resulting in a simpler organisation requiring fewer managers. This is estimated to result in savings of £400k over the next three years.

The Environment directorate has put forward options to achieve efficiency savings of £732k.

This has arisen mainly from the Regulatory services business unit which has undertaken a fundamental review of its functions and is proposing to adopt a multi-disciplinary approach (move from single functional silos to functionally flexible and adaptive teams) which maximises the skills and professionalisms of its staff in its service delivery. The amalgamation of business/functional units will improve the transfer of knowledge and skills among teams and potentially lead to improved response speed, simplified planning, improved adaptability resulting in efficiency savings of £612k.

Other efficiency savings include new TfL contract arrangements resulting in reduced charges to the council (£20k) and low energy costs arising from reduced energy prices and increased efficiency of infrastructure (£100k).

It is proposed to make efficiency savings of £2.3m within the Leisure directorate. These have been made possible through more economic and efficient specifications in a number of service contracts (£550k), improved use of capital resources (£640k), a review of the events, libraries and heritage management/staffing structures (£867k), a move towards a self-financing model of service provision for the Events service (£224k) and a £44k reduction in rent for Grove Vale Library.

Income Generation

The department can identify with the financial challenges and issues raised by reductions in funding and consequently, the need to adopt strategies and a positive approach to rise up and tackle them. There are plans to generate additional income of £2.74m over the next three years.

The department will recover the reasonable costs of provision of a number of services resulting in savings of £250k., introduce two approved CPZ's (Canada Water and North Dulwich and Denmark Hill (£200k) and amend parking permit charges to encourage the use of less polluting vehicles (£350k).

The department will also seek to expand its income streams by proactively marketing its services such as the collection and disposal of commercial waste, redevelop and potentially expand marina facilities in Greenland Dock, implement additional licensing scheme for houses in multiple occupation and selective licensing scheme for private rented properties, highway licensing and management fees arising from major regeneration projects and income from solar panel installations on viable sites. These are expected to result in savings of approximately £1.77m.

Marina fees will be increased to a level, at a minimum, that is equal to the most appropriate London average in line with the Medium Term Resources Strategy 2015/16 – 2017/18. The rates will be consistent with similar facilities in inner London. This will generate an additional £170k.

Savings impacting on Service delivery

The Waste and Cleansing unit has identified a number of options to achieve savings of £471k. These include a review of the current cleansing arrangements and a reduction in the opening hours of the household waste recycling centre.

Other proposals (£200k) include reduced tree inspection frequency and intervention levels and reduced hours of late litter collection in parks related to campaign to encourage responsible behaviour.

In delivering these savings and income proposals, the department has sought to minimise any detrimental impact on service delivery. The budget proposals have been developed in line with the cabinet's budget principles, and they will deliver the best value for money possible whilst maximising the use of existing assets. The department's proposals are based on service need and demand with the aim of protecting front-line services and supporting the needs of our residents.

Environment and Leisure – Equalities Impact Summary

The Environment and Leisure department offers and delivers a diverse range of services that shape the everyday experience of residents in the borough. Any savings proposals that may have a negative impact on the wider community or reduce the level of services offered have to be closely examined both in terms of community impact and the general duties of the Equality Act.

We have sought to do all we can to protect and offer continuity for front line operational services, especially where they have an impact on vulnerable residents. However, the majority of our services are front line and changes and reductions to service delivery are inevitable in order to meet the scale of savings required. The proposals set out here seek to make savings and efficiencies through increased income generation, back office reductions, improved processes, leaner staffing structures and negotiating better value for money from our contractors.

An equality screening process has been completed on all the proposals to ensure that we have properly considered any impact there may be on specific groups and those with protected characteristics. Each of the proposals has been risk assessed and none has been assessed as high risk in terms of equalities impact.

The proposal to review and amend parking permit charges to encourage the use of less polluting vehicles has been assessed as low risk and it is recommended a further equalities analysis should be carried out once further details of the scheme are developed.

SCHEDULES OF EFFICIENCIES, INCOME AND SAVINGS PROPOSALS FOR ENVIRONMENT AND LEISURE

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Efficiencies and improved use of resources						
Culture	18	Review events management with a view to increasing commissioning and associated restructure of the events team	(105)	0	0	(105)
Culture	19	Refocus Heritage team in preparation for the development of new facilities	(75)	0	0	(75)
Culture	20	Review library management and staffing structures	(166)	0	(96)	(262)
Culture	21	Review the arts grants and management structure	0	(155)	0	(155)
Culture	22	Introduce a self financing events service	0	(224)	0	(224)
Culture	23	Review use and management of Kingswood House with continued library service	0	(75)	0	(75)
Culture	24	Working in partnership with developer of Grove Vale Library to deliver a new library with lower running costs	0	(44)	0	(44)
Regulatory Services	25	Reconfiguration of division into functionally flexible and adaptive teams with a multi disciplinary approach in responding to council priorities	(547)	(65)	0	(612)
Waste and Cleansing	26	Review of Environment division management / staffing structure	(50)	0	0	(50)
Energy and Sustainability	27	Reduced energy prices and increased efficiency of infrastructure	(25)	(75)	0	(100)
Highways	28	New TfL contract arrangements resulting in reduced charge to the council	(20)	0	0	(20)
Strategic Director	29	Savings arising from Senior Management Restructure of Environment and Leisure Department	(400)	0	0	(400)
Parks and Leisure	30	Capitalisation of costs of major equipment previously charged to revenue	(100)	(200)	0	(300)
Parks and Leisure	31	Refocus Area repairs and maintenance priorities to optimise opportunities within the existing capital programme	0	(60)	0	(60)
Parks and Leisure	32	Review use of existing capital budget contribution in line with new contractual arrangements for leisure facilities maintenance	0	(140)	(140)	(280)
Parks and Leisure	33	Review Leisure Management Structure (completed in 2015/16)	(45)	0	0	(45)
Parks and Leisure	34	Anticipated savings from the new Leisure Management Agreement	0	(350)	(350)	(700)
Parks and Leisure	35	Efficiencies arising from the specification of the new Grounds Maintenance contract	(50)	(50)	0	(100)
Parks and Leisure	36	Review of the new parks and leisure management structure	0	(150)	0	(150)
Total efficiencies and improved use of resources			(1,583)	(1,588)	(586)	(3,757)

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Income generation						
Waste and Cleansing	37	Introduce charging for collection of additional garden waste bags; regular brown bin garden waste collection will continue to be free of charge	(20)	0	0	(20)
Waste and Cleansing	38	Recover the cost of recycling collections undertaken from non-domestic properties	(40)	0	0	(40)
Waste and Cleansing	39	Increase income from expansion of commercial waste service in response to demand	(50)	(40)	(60)	(150)
Energy and Sustainability	40	Recover costs from schools and HRA for contract management and procurement of utility contracts	(190)	0	0	(190)
Energy and Sustainability	41	Income from additional solar panel installations on sites to be identified	(25)	(10)	(10)	(45)
Regulatory Services	42	Additional income from highway licensing and management fees arising from major regeneration projects	(100)	(150)	(50)	(300)
Parks and Leisure	43	All marina fees reviewed and increased in line with MTRS and to ensure movement towards rates that are consistent with similar facilities in inner London over time	(50)	(60)	(60)	(170)
Parks and Leisure	44	Redevelopment and potential expansion of marina facilities in Greenland Dock	0	(420)	(450)	(870)
Regulatory Services	45	Introduction of two approved CPZ's (Canada Water and North Dulwich and Denmark Hill)	(200)	0	0	(200)
Regulatory Services	46	Amend parking permit charges to encourage the use of less polluting vehicles		(175)	(175)	(350)
Regulatory Services	47	Implementation of additional licensing scheme for houses in multiple occupation and of the selective licensing scheme for private rented properties	(200)	(200)	0	(400)
Total income generation			(875)	(1,055)	(805)	(2,735)

Savings impacting on service delivery						
Waste and Cleansing	48	Cease the use of mechanical sweeping overnight and measure the impact on street cleanliness	(26)	0	0	(26)
Waste and Cleansing	49	Review cleaning service management arrangements	(80)	0	0	(80)
Waste and Cleansing	50	Review frequency of litter picking and sweeping of some residential roads	(152)	0	0	(152)
Waste and Cleansing	51	End overnight fly tip clearance provision and move to stricter enforcement regime	(134)	0	0	(134)
Waste and Cleansing	52	Reduce waste service communications programme	0	(50)	0	(50)
Waste and Cleansing	53	Reduce opening hours of the household waste recycling centre	(29)	0	0	(29)
Highways	54	Cease joint investigation of RTAs with police where not on borough roads, ensure all accident analysis is funded by capital schemes	(20)	(30)	0	(50)
Parks and Leisure	55	Reduce tree inspection frequency and intervention levels	(50)	(50)	0	(100)
Parks and Leisure	56	Reduced hours of late litter collection in parks related to campaign to encourage responsible behaviour	(50)	0	0	(50)
Total Savings impacting on service delivery			(541)	(130)	0	(671)
Total Environment and Leisure			(2,999)	(2,773)	(1,391)	(7,163)

APPENDIX D**SUPPORTING NARRATIVE FOR BUDGET PROPOSALS****HOUSING AND MODERNISATION****Overview**

As part of the council's recent reorganisation, the Housing & Community Services Department (H&CS) became the Housing & Modernisation Department (H&M) comprising: Asset Management, Communities, Resident Services, Customer Experience and Modernisation. Services, such as income collection (rents, service charges and garage rents, etc.), and Southwark Building Services, which were formally within H&CS, have transferred to Finance & Governance and Environment & Leisure respectively as part of the new strategic management arrangements from autumn 2015.

The most significant change is in relation to the creation of the Modernisation division, which incorporates Information & Data Services division (IDSD), Human Resources (HR), Organisational Learning and Development (OD), Corporate Facilities Management (CFM) and Modernise. Whilst located in H&M, it is a corporate function which serves to improve council-wide service delivery through a wide-reaching programme of service reviews. The focus will be on meeting the challenges of the council's digital strategy, streamlining processes and delivering services online and by self-service when they can. It will seek to eliminate duplication and bring together service delivery where there are synergies and obvious overlaps. When appropriate, it will seek to develop partnerships with the private and third sectors that result in an improved customer experience. It also aims to review IT systems, rationalise the number of applications and make better use of those that remain, together with upgrading the IT infrastructure.

In order to deliver quality services it is necessary to have the right workforce with the right skills. Our workforce planning will aim to ensure that we look ahead, invest in our staff and ensure that we have the personnel we need to deliver the services our residents demand. By modernising the council's services and service delivery methods, we will realise significant and ongoing savings.

In delivering the council's vision, as outlined in the Fairer Future Promises, the department aims to maximise investment in the housing stock, build new council homes at council rents and improve performance in all core service areas. We aspire to work closely with residents to deliver consistently high quality services, achieve better value for money and continue to support the most vulnerable residents, particularly those in temporary housing need. Activities are primarily focused on:

- Ensuring council housing is warm, dry and safe including a kitchen and bathroom renewal programme
- Delivering an improved and customer orientated housing repairs service, including an enhanced voids letting standard
- Delivering an enhanced homeowner service and ensuring that charges are accurate and fair
- Tackling fraud and ensuring that homes are allocated to those in genuine housing need
- Increasing housing supply and reducing the use of temporary accommodation
- Improving the customer experience and increasing digital service delivery

- Delivering efficiency savings and improving value for money.
- Involving customers in the improvement and local management of services.
- Developing the department's equalities framework.

The department delivers a diverse range of services funded from both the council's General Fund, and the ring-fenced Housing Revenue Account (HRA) for landlord services. The total General Fund budget for the department on which savings are predicated is £35.588m against which savings of £8.388m are proposed over the next three years. These address a number of budget themes, such as digital by default, reduce and integrate and managing demand.

Budget savings are set out by division below.

Asset Management

The division is predominantly responsible for services funded from the HRA, such as major works and new homes delivery, voids management, repairs and maintenance, compliance including engineering and fire risk assessments (FRA) and other technical contracts. General Fund services relate to aids and adaptations, handypersons, and improvements to private sector housing including renewal, empty homes and adaptations for people with disabilities. Reconfiguration and management rationalisation of the aids and adaptations and handypersons' services and movement of stair-lift maintenance to the HRA (in recognition that provision is now entirely council-based) will deliver savings of £98k.

Communities

The division is responsible for consultation and community engagement with council tenants, homeowners and residents, local tenant management organisations, the Mayor's office, work with and funding for the voluntary and community sector (VCS) and support for people with No Recourse to Public Funds (NRPF). Support for clients with NRPF is demand-driven and has become a significant pressure on council resources in recent years. New strategic management arrangements are now in place designed to control/manage demand and reduce the budget pressure going forward. The division is now also responsible for Prevent (the central government initiative to tackle violent extremism) and community awareness of Child Sexual Exploitation.

Despite the significant level of cuts in council funding over the medium-term, the voluntary sector has been largely protected, but the severity of the cuts makes this position difficult to sustain going forward and presents a challenge. Where possible, residents and the VCS have been involved in developing budget proposals that protect services in a climate of reducing resources and identify where investment in preventative services can reduce demand on more costly crisis services further down the line.

The approach taken has been to implement reductions in year one with the intention of achieving stable levels of support in the following years. Work is also underway to bring commissioning together across the council and potentially with the Clinical Commissioning Group (CCG), which will provide further opportunities to streamline service provision and ensure consistency across the council. The proposed budget savings comprise a reduction in management support for community councils, community participation and civic office (£193k); a reduction in VCS grant and contract funding comprising both contract efficiencies and service reductions, with associated rationalisation of client-side support (£829k) and a review and restructuring of support

arrangements for the Neighbourhoods service and wider divisional running cost savings (£87k).

Resident Services

The division is responsible for a range of services that predominantly fall within the HRA, including all housing management services to residents, tenants and homeowners, special investigations, HRA business planning and housing strategy and policy. General Fund services comprise travellers sites, private sector housing functions (including licensing for private sector landlords), and sheltered, resettlement and supported housing services which have shared funding arrangements. Procurement efficiencies on equipment purchases and some limited restructuring in supported housing will deliver savings of £122k.

Modernisation

CFM and IDSD consume much of the modernise budget and a key element for both is the delivery of infrastructure services through third party providers which means that savings options predominately focus on reducing contract spend where feasible, without adversely impacting on the council's service delivery and efficiency.

In CFM, rationalising the number of providers that the council currently contracts with from 30+ down to just two will deliver direct contract savings and allow for rationalisation of the client-side. This will be achieved through the development of the corporate accommodation strategy, rationalisation of the operational estate and maximising the utilisation of buildings in conjunction with targeted capital investment to reduce future running costs and maximise the asset value of the estate, delivering savings of £1.956m over the period.

The proposed IDSD savings of £1.625m will be achieved through a combination of contract renegotiation and managing down demand on volume-based contract costs. Conversely, in delivering a new IT platform there are a number of unavoidable maintenance/development costs requiring growth over the same period.

Reconfiguration and rationalisation of HR services and consolidation of the Organisational Development and transformation agendas will deliver service improvements at reduced cost over the medium term (£684k).

Customer Experience

The division is responsible for a diverse range of functions including the customer service centre (CSC) and maintaining and developing the council's website, along with the provision of face to face services for residents through My Southwark Service Points (MSSP). It is also responsible for customer resolution, concessionary travel, registrars and citizenship, coroners and mortuary services and housing solutions/temporary accommodation. In total, savings totalling £2.772m over the three year budget horizon are proposed.

The customer access programme aims to achieve improved customer service whilst delivering efficiencies through on-line access, self service and smart telephony. The majority of council services are now accessible on-line, 24-hours a day at the customer's convenience. Service reconfiguration in the contact centre has already delivered c.£3.9m savings since it was brought in-house in 2013, with a further £1.854m proposed over the next three years by moving to on-line service provision only with consequent reductions in client-side support (£1.138m), improved contract

procurement associated with systems and project development (£200k) and service rationalisation within My Southwark Service Points (£339k) and customer resolution (£177k).

The amalgamation of Housing Solutions and Temporary Accommodation will provide a new integrated 'end to end' service approach with a view to deliver savings of £918k over the medium-term. However, temporary accommodation continues to present a financial risk for the council, by virtue of increasing homeless demand and supply-side volatility. More financially neutral forms of accommodation such as estate voids and hostels are used where possible, but demand still necessitates the use of more expensive bed and breakfast accommodation. Measures to manage demand, up-scale supply and discharge our statutory responsibilities through the private sector and registered providers are already in train and are critical to managing and controlling costs. Given the volatility, corporate reserves have been earmarked as contingency against this pressure.

Central Functions

The department contains areas that support the delivery of landlord functions without being directly related to a particular aspect of service delivery. Within the General Fund, these are predominantly corporate support costs recharged to departments and are uncontrollable at a local level (with savings being predicated corporately). The controllable budget is £157k of which savings of £22k are proposed through a reduction in the legal budget (£13k) and the movement of the mortgage portfolio administration to the HRA (in recognition that provision is now entirely council-based), saving (£9k).

Housing and Modernisation – Equalities Impact Summary

In developing budget proposals, the department remains committed to delivering efficiency savings that as far as possible protect frontline service provision. The drive towards greater operational efficiencies through service rationalisation and integration and moving towards more cost effective customer transaction routes continues apace and is integral to the achievement of savings.

The recent corporate restructuring has provided further opportunity to realise even greater efficiencies over the medium term (2016/17 – 2018/19). A further £5.987m has been identified through revised and more efficient working within the housing service, working more collaboratively across the council via streamlining back-office processes and structures, partnership working and investment in alternative service delivery models. However, given the scale of reductions in central government funding, it is not possible to achieve the required level of savings without some detriment to service provision within the Communities and Customer Experience divisions totalling £2.401m.

In line with the Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way as to not impact disproportionately on any specific section of the community. Where necessary, consultation will be undertaken before implementing the changes and actions taken to mitigate the impact.

All proposals or groups of proposals have been subject to equality screenings to identify any disproportionate impacts on any of the protected characteristics in the Equalities Act. Where any potential impacts have been identified full equality analysis has been undertaken including looking at any mitigating actions that are necessary. The equality analyses have been collated across the department to look for any

cumulative impacts and to date none have been identified. In line with the process across the council, information on the equality analysis will be shared with the relevant cabinet members so it can be considered when decisions are taken.

Any potential impacts on staff will also have equality analysis undertaken at each stage of implementation to assess their potential impact on different categories of staff in accordance with the council's policies on reorganisation.

APPENDIX D

SCHEDULES OF EFFICIENCIES, INCOME AND SAVINGS PROPOSALS FOR HOUSING & MODERNISATION

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Efficiencies and improved use of resources						
Resident Services	57	Procurement efficiencies – Sheltered Wardens, Resettlement and Supported Accommodation	(53)	0	0	(53)
Resident Services	58	Service reconfiguration/rationalisation – Supported Accommodation	(69)	0	0	(69)
Asset Management	59	Stair lift Maintenance – council landlord provision, necessitates redirection to HRA	(76)	0	0	(76)
Asset Management	60	Service reconfiguration/rationalisation – Handypersons and Aids and Adaptations	(22)	0	0	(22)
Communities	61	Service reconfiguration/rationalisation – Neighbourhoods Team and reduced divisional running costs	(87)	00	0	(87)
Communities	62	Contract efficiencies – VCS Commissioning	(92)	0	0	(92)
Customer Experience	63	Service reconfiguration/rationalisation and procurement efficiencies – merged Housing Solutions/Temporary Accommodation	(489)	(271)	(158)	(918)
Customer Experience	64	Service reconfiguration/rationalisation – Customer Services	(58)	0	0	(58)
Customer Experience	65	IT contract efficiencies – Customer Services	(80)	(75)	0	(155)
Customer Experience	66	Service reconfiguration/rationalisation – My Southwark Service Points	(170)	0	0	(170)
Modernisation	67	Service reconfiguration/rationalisation - HR and Organisational Development/Transformation	(410)	(137)	(137)	(684)
Central Functions	68	Mortgage portfolio – council landlord provision, necessitates redirection to HRA	(9)	0	0	(9)
Central Functions	69	Staged reduction in legal contingency budget	(13)	0	0	(13)
Modernisation (IDSD)	70	Service reconfiguration/rationalisation	(300)	(60)	0	(360)
Modernisation (IDSD)	71	IT user volume reduction/control	0	(85)	(80)	(165)
Modernisation (IDSD)	72	Contract renegotiation/cost reduction - systems support	(130)	0	0	(130)
Modernisation (IDSD)	73	MFD and telephone call volume reduction/control	(100)	(80)	(90)	(270)
Modernisation (IDSD)	74	Contract renegotiation/cost reduction - voice/data, hosted services and secure login system	(50)	(250)	0	(300)
Modernisation (IDSD)	75	Contract renegotiation/cost reduction - software licences	(100)	(300)	0	(400)
Modernisation (CFM)	76	Operational estate rationalisation programme	(80)	(110)	(250)	(440)
Modernisation (CFM)	77	FM services re-procurement	(150)	(72)	(114)	(336)
Modernisation (CFM)	78	Service reconfiguration/rationalisation - postal services	(100)	(60)	(30)	(190)
Modernisation (CFM)	79	Reconfigure staff catering arrangements	(90)	(125)	0	(215)

Modernisation (CFM)	80	Stationery/consumables volume reduction/control	(10)	(50)	(45)	(105)
Modernisation (CFM)	81	Review of operational opening times and workspace charges for 160 Tooley Street	0	(70)	0	(70)
Modernisation (CFM)	82	Review of cleaning and security service levels across operational estate	(80)	(30)	(20)	(130)
Modernisation (CFM)	83	Review of removals and storage arrangements	0	(40)	(30)	(70)
Modernisation (CFM)	84	Delivery of FM capital planned preventive maintenance programme across operational estate	0	0	(400)	(400)
Total efficiencies and improved use of resources			(2,818)	(1,815)	(1,354)	(5,987)

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Savings impacting on service delivery						
Communities	85	Contract rationalisation/reduction – VCS Commissioning	(253)	(74)	(410)	(737)
Communities	86	Reduced staffing – Community Participation and Civic Office.	(43)	(100)	(50)	(193)
Customer Experience	87	Move to online only provision for some appropriate non emergency services – Customer Services	(264)	(229)	(449)	(942)
Customer Experience	88	Reduced staffing – Customer Services	(138)	0	0	(138)
Customer Experience	89	Reduced project capacity – Customer Services	(45)	0	0	(45)
Customer Experience	90	Replacement of My Southwark Service Point at Market Place with My Southwark Homeowners Service	(169)	0	0	(169)
Customer Experience	91	Reduced staffing – Customer Resolution	(177)	0	0	(177)
Total Savings impacting on service delivery			(1,089)	(403)	(909)	(2,401)

Total Housing and Modernisation			(3,907)	(2,218)	(2,263)	(8,388)
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APPENDIX E**SUPPORTING NARRATIVE FOR BUDGET PROPOSALS****CHIEF EXECUTIVE****Overview**

The Chief Executive's department comprises the Regeneration and Planning divisions along with the Chief Executive's Office.

The department leads on the council's delivery of regeneration and building a strong local economy, which is bringing about thousands of new homes, jobs and opportunities across the borough, making our neighbourhoods places in which people are proud to live and work.

The total general fund revenue budget for the department is £6.156m. Savings are proposed of £2.052m. This equates to 33% of the department's budget. These will be achieved through more efficient and smarter ways of working including staff reorganisation, management reconfiguration, better use of resources and proposals to raise income.

Regeneration

Regeneration has identified total savings of £0.630m over three years.

Of this, savings of £300k arise from a re-alignment of the staffing budget with the current approved structure, taking account of future departmental staffing/structure plans.

The division will be seeking to maximise its income, generating additional income of £225k from a review of rents charged for commercial properties.

Further income of £105k will be generated from charging for services provided through partnerships associated with major regeneration projects across the borough.

Planning

Planning, which has a net budget of £2.107m, has identified total savings and additional income of £0.595m.

Of this, the largest majority of savings of £105k will arise from a review of the organisational staffing structure. £15k will arise from implementing a pilot scheme on planning notification methods.

Additional income of £475k will be generated from a number of sources. These include additional Community Infrastructure Levy (CIL) administration fee income, a review of planning fees to bring Southwark more in line with other central London boroughs as per the MTRS, and provision of additional in-house planning consultancy services.

Chief Executive's Office

The Chief Executive's Office is made up of Strategy and Partnerships, the Cabinet Office and Communications. The office was formed following the deletion of the Corporate

Strategy division on 31 May 2015 and the subsequent reconfiguration of functions that provide central support to the leadership of the council alongside specific delivery of priority programmes around building a strong local economy.

The Chief Executive's Office, which has a net budget of £3.308m, is proposing total savings of £0.827m, 25.0% of the budget.

Savings will be applied through review of functions that take proper account of future expectations for the office and delivery of Council Plan targets.

Chief Executive's Department Equalities Impact Summary

The services relating to general fund expenditure across Chief Executive's are largely staff based. The role of Chief Executive's Department is to ensure that robust performance measures are in place to support the council's compliance with the public sector equality duty in its role as employer and service provider.

In terms of direct customer contact, Southwark's regeneration and planning services provide a platform for addressing strategic equality priorities with regards to community development, improvements in the built environment and in maximising economic growth opportunities.

Residents across all housing tenures, visitors and businesses in the borough are all potential beneficiaries of regeneration schemes. However, in planning and delivering for future regeneration, the council needs to be mindful of the potential impact on some of the most disadvantaged and vulnerable groups and ensure mitigating actions are identified and in place. For example where external funding from government has been reduced, the mitigating action is to retarget available resources to schemes that support people with higher levels of need as far as is possible.

The majority of savings proposed for 2016/17 to 2018/19 will be achieved through more efficient and smarter ways of working achieved through service and management reconfiguration. The impacts of such savings would primarily fall on staff rather than service users in the first instance. As specific proposals are implemented the different impacts on different categories of staff will be assessed.

APPENDIX E

SCHEDULES OF EFFICIENCIES, INCOME AND SAVINGS PROPOSALS FOR CHIEF EXECUTIVE

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Efficiencies and improved use of resources						
Planning	92	Continued rationalisation of the planning organisation structure in line with natural turnover of staff and changing demands for the service	(30)	(75)	0	(105)
Planning	93	Pilot scheme on planning notification methods with specific concentration on the most effective means of consultation. The most appropriate way of running the pilot will be established through 2016/17.	0	(15)	0	(15)
Regeneration	94	Realignment of staffing resources to support major programmes of work and reorganisation of property services	(100)	(100)	(100)	(300)
Strategy and Partnerships (including local economy, scrutiny & member services)	95	Deletion of post of Director of Corporate Strategy	(120)	0	0	(120)
Strategy and Partnerships (including local economy, scrutiny & member services)	96	Rationalisation and review of activity and maximisation of external funding sources (e.g. section 106) to fund local economy activities	0	0	(325)	(325)
Communications	97	Review of function and activity	0	(230)	0	(230)
Cabinet Office	98	Review of function and activity	0	(152)	0	(152)
Total efficiencies and improved use of resources			(250)	(572)	(425)	(1,247)
Income Generation						
Planning	99	Additional CIL service charge income arising from continuing stream of developments	(125)	(50)	0	(175)
Planning	100	Additional planning fee income in line with continued increase in demand and increase in fees (set nationally)	(25)	(25)	0	(50)
Planning	101	Review of fees for pre planning advice	(75)	(25)	(50)	(150)
Planning	102	Provision of additional in house planning consultancy for council projects	(50)	(50)	0	(100)
Regeneration	103	Ongoing of commercial rents to renew and replace leases and to reduce running costs	(25)	(100)	(100)	(225)
Regeneration	104	Charging for services provided through partnerships associated with major regeneration projects boroughwide	(20)	(35)	(50)	(105)
Total income generation			(320)	(285)	(200)	(805)
Total Chief Executive's Department			(570)	(857)	(625)	(2,052)

APPENDIX F

SUPPORTING NARRATIVE FOR BUDGET PROPOSALS

FINANCE & GOVERNANCE AND CORPORATE BUDGETS

Overview

The Finance and Governance Department (F&G) includes Professional Finance Services (incorporating Procurement Advice and Audit teams); Finance and Information Governance; Exchequer Services (including Revenues and Benefits, Housing Rents and Leasehold Service Charges); and Law and Democracy (including Legal Services provided by the Monitoring Officer).

In supporting the Fairer Future promises of the council, the department's vision is to "make a positive difference everywhere we engage" and to be "efficient and effective in all that we do". Specifically, Finance and Governance endeavours to help the council to "manage every penny as carefully as local families look after their own household budgets".

The total budget for the department is £17.38m. The savings proposed for the department over the next three years of £5.42m (31.2%) are made up of proposals that address a number of budget themes:

£0.523m Digital by Default;

£3.976m Reduce and Integrate;

£0.918m Managing Demand.

Over the past five years, budget consultation with the public has repeatedly recognised the need for savings to be concentrated as a priority on the back office services in order to maximise the protection of services on the front line. This guidance from the public is again reflected by these proposals.

Professional Finance Services and Financial and Information Governance

Professional Finance Services has identified options for total savings of £2.447m (36.0%). Given that the budget is made up mainly of staffing costs, there are limited opportunities to make savings from other sources. The options proposed therefore concentrate on a fundamental review of the organisational structure. This follows a number of other organisational savings over previous years and reflects the need now for the team to function differently in the context of a smaller council arising from recent and future funding reductions.

Financial and Information Governance has identified options for total savings of £0.209m, (25.0%). The savings will arise from reviews of the structure of this small team, the services provided and the potential to integrate these functions with other teams over the next three financial years.

Law and Democracy

Law and Democracy has identified options for total savings of £0.640m (28.9%).

£390k of the savings options relate to staffing, most of which arise from a review of the structure including the Constitutional team which has recently transferred to Law and Democracy from the Chief Executive's department. Other staffing-related savings will follow a review of support services and training provision within the division

Consultation with other services will take place on which areas of Legal Services' work they will require, which will generate a further saving of £100k.

Additional income of £150k is planned to be generated by reviewing fees charged to other departments with a view to making the rates more commercial and helping to manage demand for legal services downwards.

Exchequer Services

Exchequer Services have recently expanded to take on new services. Potential savings in these areas will be reviewed in the coming months, including any economies of scale that could be generated through the integrated income collection function and will need especially to be conscious of the balance between costs chargeable to the general fund and to the HRA. To date, the existing Revenues and Benefits team has identified options for total savings of £2.121m, 28.1% of the budget.

Of these options, savings of £673k arise from a transformation of the organisational structure of Revenues and Benefits, including Finance Transactional Shared Services (FTSS), with the accompanying review of processes and modernisation of operational ways of working.

Further staffing-related savings of £673k can be realised from organisational reviews following future changes in service including the implementation of Universal Credit and a reduction in activities from local support services. Reviewing postage volumes and also using an alternative contractor will generate savings of £50k.

In addition, there are opportunities to raise further income of £725k. These opportunities include a change in regulations allowing councils to retain initial fees for enforcement agents; an increase in activity on recovery of housing benefit overpayments; and initial efficiencies following the realignment of services with housing.

F&G Equalities Impact Summary

The department is committed to achieving the required level of savings to meet the budget challenges and to reflect closely on the findings of public consultation. At the same time, the department remains mindful of its legal responsibilities of both the S151 officer and the Monitoring Officer. There is a statutory requirement to sustain many services at a minimum level to safeguard the council.

The impact of implementing these proposals will fall largely on staff as the majority of the departmental budget is staffing related. The management team is committed to assessing the impact on staff to ensure fairness and equality and council consultation and other processes will continue to be followed for changes being made within each division.

While most of the department's services are back office, Exchequer Services and Financial and Information Governance provide a number of front line functions serving the public and

businesses directly. Any changes to services to the public introduced as a result of savings will be implemented in such a way as to not impact disproportionately on any specific section of the community. Where necessary, public consultation will be completed before implementing the changes.

APPENDIX F

SCHEDULES OF EFFICIENCIES, INCOME AND SAVINGS PROPOSALS FINANCE AND GOVERNANCE AND CORPORATE

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Efficiencies and improved use of resources						
Professional Finance Services and Financial and Information Governance	105	Reduction in staffing structure within Professional Financial Services Division	(1,200)	(400)	(847)	(2,447)
Professional Finance Services and Financial and Information Governance	106	Fundamental review of service including potential integration within professional finance and legal teams and realignment of CIPFA trainee functions following restructuring of Professional Financial Services.	(40)	0	(169)	(209)
Exchequer Services	107	Reduction in Revenues and Benefits (R&B) (workforce vision). Ongoing transformation of R&B organisational structure, in support of digital by default initiative/future Universal Credit rollout. Accompanied by staff development & modernisation of operational ways of working.	(50)	(125)	(125)	(300)
Exchequer Services	108	Use alternative to Royal Mail for postage, this relates to statutory (essential) correspondence including bulk mailings & promotion of digital by default processes (e-billing)	(50)	0	0	(50)
Exchequer Services	109	Restructure FTSS- review and rationalise FTSS structure in the context of an increase in electronic transactions. Review of key processes, supporting IT and productivity levels within the area.	(300)	(75)	0	(375)
Exchequer Services	110	Housing Benefits Processing- implementation of Universal Credit reduced the volume of staff required for processing HB	0	(200)	(200)	(400)
Exchequer Services	111	Local support services- reduction in support activities and integration of new income collection functions to provide economies of scale in the rightfully yours and similar teams	0	(50)	(148)	(198)
Exchequer Services	112	Debt reduction/income collection efficiencies- following realignment of services with housing functions	0	(200)	(100)	(300)
Exchequer Services	113	Move towards becoming a cashless council by 2017/18 including review of bullion office services	0	(70)	0	(70)
Exchequer Services	114	End paper payslip production for all staff using employee self serve (ESS) and provide alternative payslip provision for those without access to ESS	(5)	0	0	(5)

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Law and Democracy	115	Realignment of staffing budgets in prior year and review of staffing structure to provide a more efficient use of resources	0	(270)	0	(270)
Law and Democracy	116	Cease or reduce undertaking work upon which service departments place a low priority, or if services could be obtained more cheaply externally	0	(100)	0	(100)
Law and Democracy	117	Review of support services following restructure of division	0	(60)	0	(60)
Law and Democracy	118	Review fees through revised service agreements with client departments	0	(75)	(75)	(150)
Law and Democracy	119	Review provision of training to take advantage of lower cost and free provision provided via contracts.	0	(20)	0	(20)
Law and Democracy	120	Review of the function and structure of the Constitutional Team to provide services to members more efficiently	0	(40)	0	(40)
Total efficiencies and improved use of resources			(1,645)	(1,685)	(1,664)	(4,994)

Income generation						
Exchequer Services	121	Create internal enforcement agents for debt recovery following change in regulations that give councils opportunity to retain the initial fee following default of £75. Maintaining control over this process will help reduce complaints and work towards developing a corporate approach to debt collection	(175)	(100)	0	(275)
Exchequer Services	122	HB Overpayment Recovery- increased income on debt recovery (subject to future government welfare benefit changes including universal credit)	(75)	(75)	0	(150)
Total income generation			(250)	(175)	0	(425)

Total Finance and Governance and Corporate			(1,895)	(1,860)	(1,664)	(5,419)
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Corporate budget adjustments

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Corporate budgets		Reversal of 2015/16 only - Phased reduction in insurance fund provision to reflect improved risk management and claims performance	300			300
Corporate budgets		Reversal of 2015/16 only -Additional funding for Neighbourhood Fund funded from reserves, now part of base budget.	88			88
Corporate budgets	123	Review of existing debt structure for 160 Tooley Street for 2017/18 onwards including further reduction in General Fund debt liabilities, subject to agreement with external auditors	0	(2,000)	0	(2,000)
Corporate budgets	124	Review of Council's minimum revenue position in order to reduce revenue costs for 2017/18 onwards by extending repayment periods of depreciation subject to agreement with external auditors	0	(3,000)	0	(3,000)
Total Corporate adjustments			388	(5,000)	0	(4,612)

APPENDIX G

SUMMARY COMMITMENTS

	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £'000
Children's and Adults' Services	1,979	1,700	1,700	5,379
Environment and Leisure	80	0	0	80
Finance and Governance	0	50	50	100
Housing and Modernisation	7,096	2,130	0	9,226
Total Departmental Commitments	9,155	3,880	1,750	14,785
Corporate commitments	4,100	3,900	4,400	12,400
Total Commitments	13,255	7,780	6,150	27,185

SCHEDULE OF COMMITMENTS PROPOSALS FOR CHILDREN'S AND ADULTS' SERVICES

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Children's and Adults' Services						
Education	1	Increase in costs for free health school meals and fruit and vegetables due to increasing school rolls.	279	0	0	279
Adult Social Care	2	Service costs covered by ASC council tax precept	1,700	1,700	1,700	5,100
Total Children's and Adults' Services commitments			1,979	1,700	1,700	5,379
Environment and Leisure						
Culture	3	Newington Library storage, including Cumin collection	80	0	0	80
Total Environment and Leisure commitments			80	0	0	80
Finance and Governance						
	4	Removal of audit and fraud recovery of proceeds of crime income budget as southwark are no longer responsible for housing benefit fraud	0	50	50	100
Total Finance and Governance commitments			0	50	50	100

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Housing and Modernisation						
Customer Experience (Registrars)	5	Reduced income from marriage registrations due to a clamp down on sham marriages	55			55
Customer Experience (Citizenship)	6	Reduced income from Citizenship applications due to issues within the Home Office	90			90
Community Engagement (No recourse to public funds)	7	Adjustment to take account of sustained pressures on No Recourse to Public Funds Budget. Savings hoped to be achieved are no longer considered achievable in light of the continued demand for services and one off use of reserves will no longer be appropriate given this demand	2,290			2,290
Specialist Housing Services (Neighbourhoods)	8	Temporary accommodation is needed to house homeless clients. Demand is a serious pressure on general fund resources. Statutory need expected to continue to rise throughout financial year 2016-17. Emergency placement budgets are insufficient and homelessness is increasing. There are presently no signs of this slowing down. Housing availability continues to be scarce across the borough, so hotel costs increase. The housing problem has recently been temporarily alleviated by the intervention of London councils and the sub-region working together to keep the cost of hotels stable. This has helped and with the availability of estate voids properties planned for next year from the Aylesbury phasing programme means assistance of further accommodation is also available. However, this is insufficient to cover the cost.	2,400			2,400
	9	A range of updates, upgrades and enhanced server and system licences to support the enhanced IT infrastructure, including; CITRIX (£160k / £100k), VMWare (£100k), Symantec licencing (£50k), Netbackup (£160k), signify (£120k / £30k), AppSense (£40k), Nomad (£15k) and WebSense (£70k)	715	130		845
Corporate Facilities Management	10	Shortfall in Tooley Street income due to reduced occupation by Southwark CCG	800			800
Corporate Facilities Management	11	Rent due on Queens Road 1 building following end of rent free period	396			396
Corporate Facilities Management	12	Full year running costs of Queens Road 2 Building now quantified	140			140
Corporate Facilities Management	13	Adoption of a standardised planned maintenance approach across operational estate.	210			210
Corporate Facilities Management	14	Estimated cost of NNDR revaluation on Council administrative and operational buildings (subject to appeal)		2,000		2,000
Total Housing and Modernisation commitments			7,096	2,130	0	9,226

Division	Ref	Description	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 to 2018/19 £'000
Corporate Budgets						
Pensions	15	Increase in employers contributions arising from triennial review	0	1,000	1,500	2,500
Corporate Facilities Management	16	Net additional costs for facilities management of Camberwell New Library	500	0	0	500
Concessionary fares	17	To cover increases through inflation and change in usage patterns	100	300	300	700
	18	Review of recharges for central services with regard to savings achieved and targeted with equivalent benefit to the HRA.	2,000	1,000	1,000	4,000
Corporate	19	Contribution to Modernisation reserves for major Council projects	500	500	500	1,500
Corporate	20	Contribution to Regeneration and Development reserves for major Council projects	500	500	500	1,500
Corporate	21	Increase in 2015 London Living Wage rate of 2.7%, from £9.15 to £9.40 per hour.	500	100	100	700
Pensions	22	Apprentice levy on large employers is being introduced in April 2017, this is to fund three million new apprentices by 2020	0	500	500	1,000
Total Corporate commitments			4,100	3,900	4,400	12,400

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