

Cabinet

Tuesday 7 February 2017

4.00 pm

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

Supplemental Agenda No. 1

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Contact

Paula Thornton 020 7525 4395 or email: paula.thornton@southwark.gov.uk
Webpage: www.southwark.gov.uk

Date: 3 February 2017

Item No. 13.	Classification: Open	Date: 7 February 2017	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy 2017-18	
Ward(s) or groups affected:		All	
Cabinet Member:		Cabinet member for finance, modernisation and performance	

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

Southwark Council faces an extraordinary financial challenge in 2017-18.

Our government funding will reduce by £15m. We also face millions of pounds of unavoidable budget pressures such as increased national insurance and business rates on our offices. This is sadly a situation we have become accustomed to. 2017-18 will be the eighth consecutive year of government funding reductions with at least two more to come.

What makes this year's budget setting challenge unprecedented is the nationwide crisis in funding for the NHS and Social Care. Here in Southwark we have been more successful than most in maintaining services, with the second lowest level of delayed discharges from hospitals of all London boroughs. However, that success has come at a considerable cost and we anticipate that in this financial year the Children's and Adults' Services department will be overspent by £15m.

Before Christmas we hoped that the high profile media coverage of the crisis in Adult Social Care funding would result in additional funding being made available by government. The response of government was to propose that councils could raise an additional 1% of council tax – with Adult Social Care levy of 3% rather than 2% – equivalent to an extra £0.9m in Southwark. The government will also provide a one-off Adult Social Care grant of £1.6m, but funded by further reductions in the New Homes Bonus which resulted in an additional £1m loss of funding. This woefully inadequate response still leaves a substantial deficit in our social care budget.

As a result this report proposes that not only should we levy the 3% Adult Social Care precept, but also a further 1.99% increase in general Council Tax, resulting in the total council tax due to Southwark increasing by 4.99%.

Factoring in the Mayor of London's proposed increase in the policing precept, a band D council tax bill would increase by £50.44 for the year, just less than £1 per week.

The increase will raise an additional £4.5m of income for the council, still considerably less than the loss of government funding, overspends and unavoidable pressures.

The news is not all bad. The success of our local regeneration has resulted in considerable economic and housing growth which in turn translates into increased council tax and business rate income. Our buoyant capital programme has allowed us to continue to invest in the borough and deliver our manifesto promises.

Our continued modernisation and innovation enables us to propose a further £18.9m of savings from efficiency and improved use of resources and £2.5m from additional income next year. Throughout this difficult budget process we have been guided by our Fairer Future budget principles, and our commitment to deliver a Fairer Future for all in Southwark.

RECOMMENDATIONS

That cabinet:

1. Note the context of the budget as agreed by cabinet on 24 January 2017, where the following recommendations were agreed:

“That cabinet:

- 1.1. *Note that the provisional settlement was received on 15 December, and is reflected in the revised 2017-18 draft budget.*
- 1.2. *Note that the key elements for the council arising from the provisional settlement included:*
 - *Settlement Funding Assessment (SFA), updated to include the confirmed Revenue Support Grant (£57.79m) and Business Rate Baseline Funding levels (£108.21m)*
 - *Confirmed new homes bonus for 2017-18 of £13.053m representing an overall reduction of £2.0m on 2016-17 budgeted funding levels;*
 - *Powers to bring forward the timing of the adult social care precept*
 - *A one year only Adult Social Care grant of £1.577m for 2017-18, funded by the government through a further reduction in new homes bonus*
 - *Confirmed improved better care fund in 2017-18 of £1.658m m payable directly to the council and indications of increased funding in 2018-19 and 2019-20;*
 - *Confirmed Public Health Grant for 2017-18 of £28.194m which is a reduction of £0.69m from 2016-17.*
- 1.3. *Note the risk transfer of retained business rate funding to local authorities.*
- 1.4. *Note the impact on school funding grants, specifically the cessation of the Education Support Grant.*
- 1.5. *Note the continued uncertainties especially regarding adult social care and children’s services cost and demand pressures for 2017-18 and beyond and also ongoing funding risks and uncertainties relating particularly to the new Adult Social Care Grant, New Homes Bonus, Public Health Grant and risks of retained Business Rates.*
- 1.6. *Note the current budget deficit for 2017-18 of £1.822m, reduced from £2.6m on 13 December 2016, and £8.1m presented on 1 November 2016, after the incorporation of a number of budget proposals and updated information following the provisional settlement.*
- 1.7. *Note that the general fund budget proposals for 2017-18 contained within this report include:*

- *grant resources arising from the provisional settlement on 15 December (Appendix A)*
 - *Estimated resources for the Autumn Statement Grant*
 - *An assumed increase in Council Tax of 1.99%, below the cap of 2% laid down by the Department for Communities and Local Government (DCLG);*
 - *An assumed increase in the Adult Social Care (ASC) precept of 3%, in line with the maximum laid down by DCLG*
 - *Estimated council tax revenue of £87.5m in line with the Council Tax Base report agreed by cabinet in December*
 - *Estimated retained business rates growth of £8.7m*
 - *Planned use of balances of £3.7m, subject to reserves and balances being available*
 - *Planned contingency of £4m*
 - *Provision for contractual inflation and 1% pay award*
 - *Proposals for budget changes in 2017-18:*
 - *new commitments £22.916m, of which £5.9m is ASC earmarking of precept and grant (Appendix C)*
 - *efficiencies and improved use of resources of £18.247m (Appendix D)*
 - *income generation proposals of £2.482m (Appendix E)*
 - *other savings impacting on service delivery of £4.981m (Appendix F)*
- 1.8. *Note that the assumed increase in the Southwark element of the council tax represents the first increase in eight years (paragraph 48) and it is estimated that Southwark will continue to have the seventh lowest council tax in London.*
- 1.9. *Note that this budget proposes to use the flexibility offered by the government to support social care through an increase in the Adult Social Care precept, equivalent to 3% of council tax, on the basis that these additional funds will be used exclusively for adult social care (paragraph 44).*
- 1.10. *Note the current budget options proposed to help achieve a balanced budget 2017-18 as presented in appendices B-D; including ongoing protection for Children's Social Care budgets.*
- 1.11. *Note the departmental narratives setting out the service context and commitments, savings and income generation proposals (Appendix B).*
- 1.12. *Note the proposed approach to address the Children's and Adults' Social care budget pressures, and comparative data. (Appendix G).*
- 1.13. *Note the reducing level of reserves and balances available to the council to help mitigate the risks of funding reductions moving into future financial years.*
- 1.14. *Note the continuing work underway by strategic directors to complete appropriate equality assessments for all budget proposals (reference in Appendix B)*

- 1.15. *Note the consultation that took place prior to agreeing the indicative budget options for 2017-18 and 2018-19 in February 2016 and that further consultation will be undertaken for new budget options where necessary or appropriate.*
- 1.16. *Note that this report will be considered by overview and scrutiny committee on 30 January 2017 and that any recommendations arising will be incorporated into the final report to cabinet on 7 February 2017.*
- 1.17. *Request that officers complete further work in the light of further notifications from government and recommendations from cabinet and overview and scrutiny to present a fully balanced budget position for cabinet on 7 February 2017.*
- 1.18. *Note that on the basis of this range of uncertainties and as reported to cabinet previously, a balanced one year 2017-18 budget will be presented to cabinet in February for approval in advance of council assembly in February 2017”*
2. Note that the 24 January report was considered by overview and scrutiny committee on 30 January 2017 and agree a response to the recommendations arising (paragraph 86).
3. Note that as at 1 February 2017 the final settlement has not been received, and that the revised 2017-18 budget presented at Appendix A reflects the provisional settlement, and that any changes will be reported to council assembly.
4. Note that this report presents the final balanced general fund budget proposals for 2017-18 including:
- new commitments £22.566m, of which £5.9m is ASC earmarking of precept and grant (Appendix C)
 - efficiencies and improved use of resources of £18.897m (Appendix D)
 - income generation proposals of £2.480m (Appendix E)
 - other savings impacting on service delivery of £5.081m (Appendix F).
5. Agree to submit this balanced one year 2017-18 budget to council assembly for approval.
6. Note that the indicative budgets for 2018-19 and 2019-20 agreed by council assembly in February 2016 are under considerable pressure despite the significant proposals in 2017-18, and note that work will commence early in 2017-18 to update the Fairer Future Medium Term Resources Strategy to address these concerns.
7. Under Part 3C of the constitution full cabinet is responsible for the approval of new fees and charges and agreement of charging levels in line with the medium term resources strategy, and therefore agree the fees and charges presented in Appendix H and note the level of those fees which cabinet is not permitted to set (paragraphs 88 to 93).

BACKGROUND AND PURPOSE

8. This budget strategy is underpinned by the principles set out in the Fairer Future Medium Term Financial Strategy (FFMTFS) and Integrated Efficiency Plan 2017-18

to 2019-20, agreed by cabinet on 20 September 2016. The FFMTFS will continue to be reviewed as more information becomes available and officers continue to work on the future years' budgets and is planned to be presented to cabinet in the summer of 2017.

9. The 1 November 2016 report "Revenue Monitoring Report incorporating Updated Medium Term Financial Strategy and Treasury Management 2016-17" set out the revised financial remit for the three year planning period to 2019-20. The final year, 2019-20, coincides with the end of the current four year settlement term and the proposed start date for the new system of 100% Business Rate Retention. The report highlighted emerging cost pressures in Children's and Adults' Services and for No Recourse to Public Funds.
10. This report updates the 2017-18 budget proposals considered in January 2017 in light of the requirement to balance the budget. This one year budget is considered by the section 151 officer to be the most appropriate strategy at this time given continued uncertainties. These uncertainties include demand and cost pressures for adult social care and children's services costs, and uncertainties in government funding sources for new homes bonus, public health grant and business rate retention beyond 2018-19. A summary of the updated 2017-18 budget can be found at Appendix A.
11. The Policy and Resources Strategy 2017-18 underpins the work of all council departments, ensuring financial sustainability and the best possible level of service for residents. The council remains committed to promoting efficiency as the key driver to reducing costs and minimising the impact of budget decisions on front line services. The Fairer Future for All promises commit to *spending every penny as if it were our own*. This promise is reinforced with the Fairer Future Budget Principles and will remain the council's prime motivation in Policy and Resources Strategies in coming years. Inevitably, as total resources available continue to reduce, demands increase for services and planned efficiency improvements are delivered, protection of these valued front line services becomes increasingly difficult.

Fairer Future Medium Term Financial Strategy

12. The 2015 Spending Review and Autumn Statement announced a 53% cut in government funding to local authorities from 2016-17 to 2019-20. The Spending Review included proposals for 100% retention of business rates by 2020, phasing out of the Revenue Support Grant, the opportunity to raise Council Tax by up to 2% per annum to cover adult social care costs, the continuation of the Public Health grant ring-fencing for a further two years, and New Homes Bonus reform.
13. On 23 November 2016, Chancellor Philip Hammond delivered his first Autumn Statement. This included a number of policy announcements including confirmation that the Autumn Statement will be abolished and the Budget will be moved to the autumn. The March 2017 Budget will therefore be the last spring Budget, and there will be a further Budget in the autumn of 2017. The government will, however, continue to respond to the Office for Budget Responsibility's economic forecasts in the spring in a "Spring Statement" from 2018.

Council Plan and the Budget

14. This budget provides a clear link between council budget financial sustainability and borough wide regeneration. There is an increasing reliance on raising income through local taxation whether through increasing the council tax base through

housing growth or increasing funding from business rate growth. Growth (either business rate or council tax) directly impacts on a significant proportion of our budget through New Homes Bonus, council tax and business rate income sources.

15. The current Council Plan 2014-18 priority themes of quality affordable homes, strong local economy and revitalised neighbourhoods are integral to a sustainable ongoing budget. These links were demonstrated in the council's efficiency statement submission for the four year settlement.

Local Government Settlement 2017-18 update

16. The provisional settlement was received on 15 December, and the impact reported to January 2017 cabinet. As at 1 February 2017 the final settlement has not been received but is expected to confirm the provisional settlement figures.
17. The provisional settlement contains allocations for core funding streams for the Settlement Funding Assessment (SFA) for the three year period 2017-18, 2018-19 and 2019-20, including the significant funding cuts set out in the four year settlement of 2016-17. Overall, SFA for England will fall by 10.6% in 2017-18 (9.4% for London Boroughs), and in real terms by 25.6% by 2019-20 (23.8% for London Boroughs).
18. The level of funding from 2018-19 onwards for New Homes Bonus (2017-18 £13.053m) and Public Health Grant (2017-18 £28.194m) remains unconfirmed.
19. The key changes impacting on the council from the settlement are shown here and discussed in more detail in the paragraphs below:
 - Confirmed revenue support grant of £57.79m;
 - Confirmed business rate top up and the ongoing incremental transfer of the business rate risk to the local authority by a further 12% as a result of the reducing top up grant;
 - Confirmed New Homes Bonus of £13.053m (of which £1.126m is the affordable housing element). This is a £2.0m reduction from the assumed budget;
 - Powers to bring forward the timing of the adult social care precept from 2% in 2017-18 to 3% in 2017-18 (paragraph 44);
 - A new one year only Adult Social Care Support grant of £1.577m (paragraph 37);
 - Confirmed improved better care fund of £1.658m (paragraph 41).
20. The provisional settlement also confirmed reductions to the Education Support Grant (ESG) and changes to school funding arrangements as detailed in paragraph 59 and the departmental narrative in Appendix B.

Change in spending power

21. The Core Spending Power figures calculated by the DCLG include the Settlement Funding Assessment (see paragraph 25), an assumed increase in council tax of

1.99%, in line with the referendum limit, additional increase of the 2% adult social care precept, and average growth in council tax base, the Improved Better Care Fund, New Homes Bonus and the one-off new Adult Social Care Support Grant.

22. The core spending power calculation does not include any inflationary cost pressures, assumptions regarding demand pressures and calls on this funding or reductions in grants such as Public Health.
23. Southwark's reduction in core spending power between 2016-17 and 2017-18 is calculated as -2.5%, compared to the London average reduction of -1.5%. Southwark has the fourth largest reduction in spending powers among the 33 London boroughs. By comparing the components of this spending powers change calculation (see table below), it is clear that there is an increasing reliance on locally raised council tax to fund local authorities' budgets.

DCLG change in spending power from 2016-17 to 2017-18

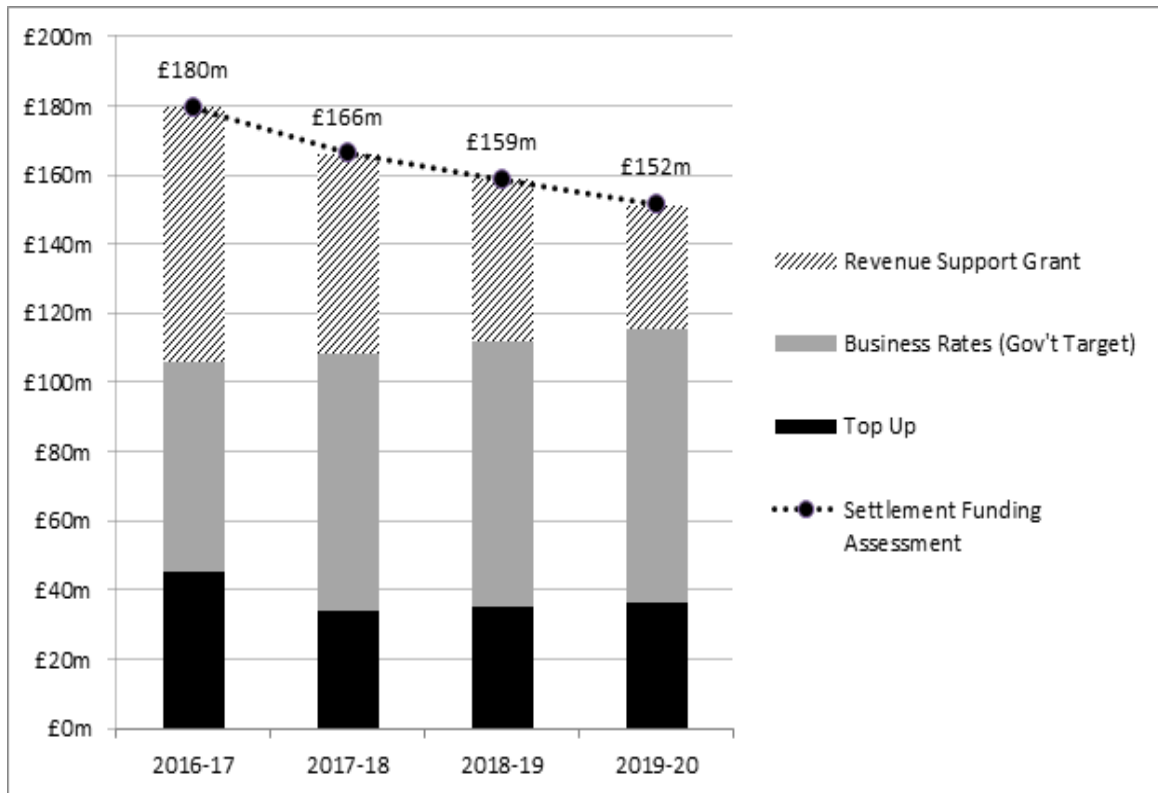
	Change in SFA	Change in Council Tax	Change in Relevant grants	Change in Spending Power
Southwark	-7.5%	8.0%	-1.7%	-2.5%
London Average	-10.6%	7.3%	3.9%	-1.5%

24. The DCLG calculation does not include the impact of cost pressures such as pay and contract inflation, new regulation changes such as apprenticeship levy or revised business rates, in total amounting to over £7m of cost pressures in 2017-18. The DCLG calculation assumes that Southwark will implement a council tax increase and ASC precept.

Settlement Funding Assessment

25. The Settlement Funding Assessment (SFA) comprises the core funding sources for authorities defined as the Revenue Support Grant, retained business rates and business rate top up. The SFA is 7.5% lower than in 2016-17 and by 2019-20 will have reduced by 15.6% over the three year period. The settlement for 2017-18 shows:
- Revenue Support Grant of £57.8m
 - Baseline Business Rate Funding Level of £108.2m, made up of:
 - i. Top up £33.9m
 - ii. Retained business rates £74.3m.
26. The graph and table below show the declining levels of the SFA from 2016-17 to 2019-20.

Southwark Settlement Funding Assessment 2016-17 to 2019-20



	2016-17 £	2017-18 £	2018-19 £	2019-20 £
Revenue Support Grant	73.48	57.79	46.98	35.86
Top Up	45.34	33.90	34.99	36.23
Business Rates (Gov't Target)	60.70	74.31	76.70	79.43
Settlement Funding Assessment	179.52	166.00	158.67	151.52
<i>Annual change in SFA</i>		-7.5%	-4.4%	-4.5%
<i>Cumulative change in SFA</i>		-7.5%	-11.6%	-15.6%

Business Rates Baseline

27. The 2017-18 finance settlement represents the fourth year in which the Business Rates Retention (BRR) scheme is the principal form of external local government funding. There has been significant change to the BRR scheme as a result of the adjustments for the 2017 Revaluation, which alter the business rates baselines for individual authorities. Southwark remains one of the 23 “top up” in boroughs in London. The BRR revaluation adjustment should ensure, as far as is practicable, that an authority’s retained income is the same after revaluation as immediately before.
28. Due to the variable nature of the BRR element of local authority funding, the settlement no longer provides the absolute funding level for authorities. Local authorities will collect more or less than their target level of business rates. The

2017-18 budget includes a forecast assumption that the council's Business Rate Retention income will exceed the baseline funding level by £8.7m.

29. The increasing reliance on local taxation through the BRR as a funding source is shown in the chart above, with a reduction in Revenue Support Grant and increased reliance on BRR over the period 2016-17 to 2019-20. This reduces the levels of secure funding for local authorities, increasing risk and reducing financial planning certainty.
30. The Secretary of State for CLG again restated the government's intentions to reform the BRR system and move to 100% retention by 2020. He announced that the Local Government Finance Bill would enter parliament early in 2017, and that pilots would begin in six areas of the country in April 2017. Southwark's regeneration programme will be key to ensuring sustainable budget sources as we move closer to 100% business rate retention.

Public Health Grant

31. Alongside the provisional settlement, the government published the Public Health Grant Allocations for 2017-18. These have not changed from the indicative figures published last year. Southwark's allocation of £28.194m is 2.45% less than previous years. Between 2013-14, when Public Health responsibilities transferred to local authorities, and 2017-18, grant funding will have reduced by equivalent of 10% with no inflationary increases from 2015-16 onwards. Southwark has the fourth lowest per head public grant allocation of the inner London boroughs.
32. The grant remains ring-fenced in 2017-18. There is no information beyond next year.

New Homes Bonus (NHB)

33. The government has confirmed that New Homes Bonus (NHB) payments to councils will be reduced to five years in 2017-18 (currently six years) and to four years from 2018-19 onwards. A 0.4% baseline will be introduced so that local authorities will need to achieve tax base growth of greater than 0.4% before they receive any NHB funding. Southwark's tax base growth is expected to be in excess of this. The changes to the New Homes Bonus Scheme have allowed the government to remove £241m from the scheme's previously announced funding for 2017-18. This funding has been diverted to the new Adult Social Care Support Grant (paragraph 37). This funding is to be distributed based on the adult social care relative needs formula and is for 2017-18 only.
34. For 2018-19 onwards, the government has yet to decide whether to enforce further reductions on allocations where there is no local plan in place or houses are built following a successful appeal.
35. NHB allocations for 2017-18 have been published. London boroughs' share of the national total has stayed broadly the same at 21%, receiving £261 million of the £1.2 billion national total.
36. Southwark's allocation for 2017-18 is £13.05m (of which £1.126m is the affordable housing element). The 2018-19 and 2019-20 allocations within DCLG's Core Spending Power are only indicative. These are based upon authorities' share of the 2017-18 overall allocation. There could, therefore, be significant variances between these amounts and the actual allocations and so further modelling will need to be

undertaken to calculate NHB for 2018-19 and 2019-20. The level of NHB directly relates to the increase in homes with additional grant for affordable housing, further consolidating the link between local growth and regeneration and funding levels.

Adult Social Care Support Grant (new)

37. This one off grant distributes £241.1m NHB “saving” in proportion to the adult social care relative needs formula from 2013-14 so that all authorities with responsibility for social care receive a share of this funding. London boroughs’ share of the national total is £37m. Southwark’s share is £1.577m. This has been allocated to the Adult Social Care budget as a commitment line but will need to be removed in 2018-19 as this funding is for one year only.
38. At the overall level, it is estimated that London will lose out by £10.6 million from this switch in funding. However, the impact varies across London with 12 boroughs gaining slightly while 21 are worse off. In Southwark, the reduction in the NHB was larger than the increase in the Adult Social Care Support Grant, and has the impact of reducing overall resources by £2.0m. Southwark is the fourth highest cash loser.
39. Further guidance is awaited on the use of this funding.

Improved Better Care Fund (IBCF)

40. There is no change to the illustrative figures set out in the 2016-17 settlement for the Improved Better Care Fund. In 2017-18 the government is providing £105m, rising to £825m in 2018-19, across England. Government has confirmed the allocation methodology and the allocations as they were set out in the technical consultation on the settlement, and this assumes councils will implement the adult social care precept. The allocation methodology, through a separate grant to local government, benefits those councils who raise less from the additional council tax flexibility for social care. The settlement does not confirm how the new flexibility to raise the Social Care Precept will impact the calculation of future years’ IBCF allocations.
41. Southwark’s allocation of IBCF is £1.658m, and further guidance on the use of this funding is expected.

Adult Social Care Precept

42. The introduction of a social care precept was originally announced in the autumn statement in 2015. In the 2016-17 local government finance settlement, the government confirmed that there would be a 2% social care precept and that this would be available for four years up to 2019-20.
43. The 2017-18 local government finance settlement has amended the use of this additional precept. It can now be applied at 3% per annum for the next two years, up to 2018-19, with a total maximum additional precept of 6% for the period 2017-18 to 2019-20. If an authority chooses to use the higher 3% threshold in each of 2017-18 and 2018-19, then it would not be able to have an additional ASC precept in 2019-20.
44. To ensure that councils are using income from the precept for adult social care, councils will be required to publish a description of their plans, including changing levels of spend on adult social care and other services. This must be signed off by the Chief Finance Officer (Section 151 officer). Councils wishing to use the extra

freedom to raise their precept by 3% instead of 2% in 2017-18 must also show how they plan to use this extra money to improve social care. This suggests an increasing burden compared to 2016-17 where local authorities were only required to show that an amount equivalent to the additional council tax had been allocated to adult social care. The DCLG has yet to confirm the final conditions of the scheme.

45. Of interest is the LGA's comments of the impact of the settlement, and specifically the adult social care precept:

- *“No new money from central government has been included in the settlement. The Government has, however, created more flexibility by allowing the social care precept to rise by an additional 1 per cent in 2017-18 and 2018-19 ...this flexibility does not address the £2.6 billion funding gap facing social care by the end of the decade.*
- *By bringing forward council tax raising powers, the Government has recognised the LGA's call for the urgent need to help councils tackle some of the immediate social care pressures they face. However, this shifts the burden of tackling a national crisis onto councils and their residents.*
- *The measures announced in today's settlement will help in part but fall well short of what is needed to fully protect the care services for elderly and vulnerable people today and in the future. In addition, increasing the precept raises different amounts of money for social care in different parts of the country unrelated to need and will add an extra financial burden on already struggling households.*
- *Councils, the NHS, charities and care providers have been clear both before and since the Autumn Statement about the need for an urgent injection of genuinely new additional Government funding to protect care services for elderly and disabled people. Given this unified call for action, it is hugely disappointing that today's settlement has failed to find any new money to tackle the growing crisis in social care.”*

46. In 2016-17, Southwark was among 10 of the 13 inner London boroughs who utilised the power to raise income from the adult social care precept.

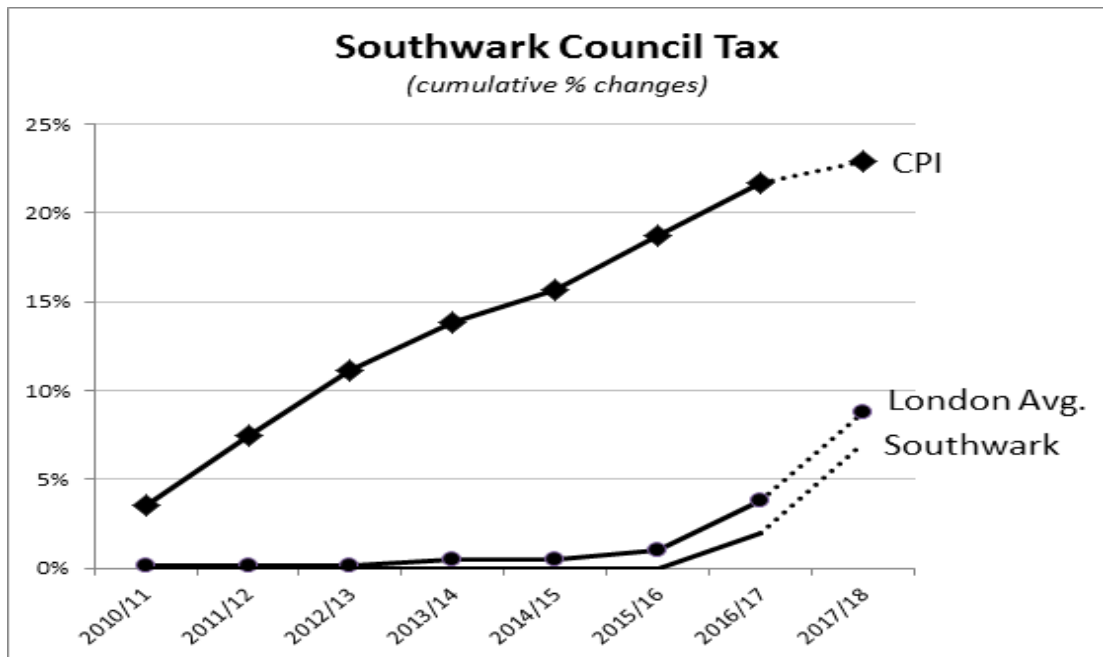
47. As reported in budget monitoring reports to cabinet in November 2016 and February 2017, these national pressures on social care are evident in Southwark with acute cost pressures totalling £15m being reported across Children's, Adults' and Public Health budgets. The precept is important in order to protect services for our most vulnerable residents. The additional 1% will raise £0.9m, bringing the total value of the Adult Social Care Precept to £4.4m. This funding is earmarked for Adult Social Care as a commitment in the schedules of £2.7m (£1.7m 2016-17 plus £2.7m in 2017-18 totals £4.4m).

Southwark element of council tax

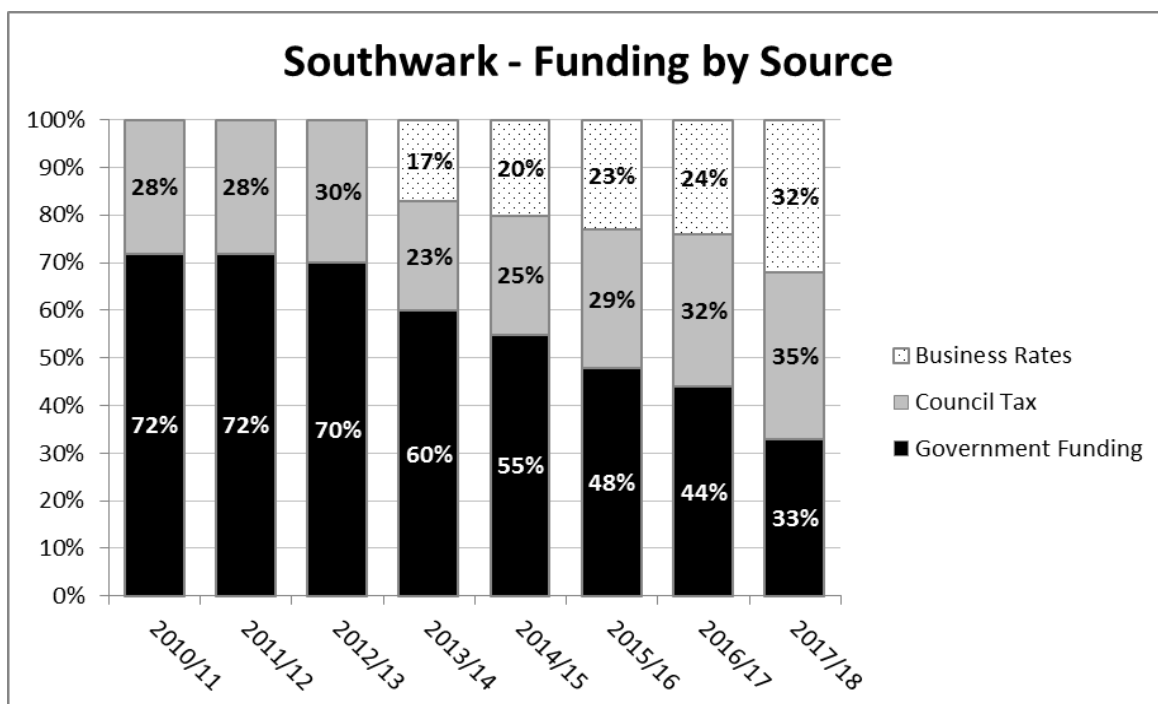
48. The council is committed to the fairer future promise to “keep council tax low”. The Southwark element of council tax has been frozen since 2008-09 and the authority has been able to maintain the seventh lowest level of council tax in London, despite having incurred the largest reduction in government grants. During this same period, the GLA element has reduced by 10.9% and as a consequence Southwark tax payers are paying less in 2016-17 than they did in 2008-09. Throughout this period, the government applied a cap on any council tax increase of 2% per annum

and required a local referendum for any increases at or above this level. This level has not been exceeded by Southwark to date and the cap remains in place for 2017-18, albeit increased to 5% to reflect the additional adult social care precept.

49. In 2016-17, and in line with government guidance, the council applied a 2% precept to help fund adult social care. Of the 33 London boroughs, 26 took advantage of this precept. For 2017-18, government has extended the adult social care precept to allow for 6% over the next three years with no more than 3% in each of the first two years. Within this report, it is recommended that a 3% precept be applied for 2017-18, in light of the substantial pressures on adult social care service.
50. Given the pressures on council finances, the reducing levels of reserves and the continued year on year reductions in spending power as assessed by DCLG, the section 151 officer is recommending a 1.99% increase in the Southwark element of council tax for 2017-18. This is in addition to the adult social care 3% precept.
51. Ten of the thirteen inner London Boroughs increased their council tax in 2016-17, 26 out of 33 across London. Since 2008-09 only two boroughs have not increased council tax. This is indicative of the growing stress across local authorities in London.
52. As demonstrated in the chart below, the proposed increase in the council element of council tax remains below the charge it would have been if CPI (inflation) had been applied each year from 2010-11.



53. It can be seen from the chart below that the proportion of the council's resources raised locally through council tax, and more recently from retained business rates, has grown significantly, with a substantial decline in the proportion of funding from government.



54. The impact of the increase in Council Tax of 4.99% will mean that:

- 82% of residents (103,000 households) will see a council tax bill rise of less than £1 per week.
- 70% of the residents receiving support through the local council tax relief scheme (CTRS) will pay no more than 20p extra per week.
- the council tax reduction scheme will continue to ensure that over 7,000 eligible pensioners will continue to receive 100% relief and will see no rise in their council tax bills.

55. The Greater London Authority (GLA) has announced the intention to increase the GLA precept element of council tax in the 33 London boroughs by £4.02 (1.5%) for 2017-18. This entire precept increase will be applied to the policing budget. The final precept will not be confirmed until the Mayor's final draft budget is considered by the London Assembly on Monday 20 February. For a Band D property this equates to £0.08p a week. This has been included in the table below.

56. The table below shows the maximum increases in council tax payable for 4.99% increase assuming no discounts or benefits, and including the GLA precept.

No of occupied properties	Banding	Per week £	Per 10 month instalment £	Per 12 month instalment £	Per Year £
10,695	Band A	0.65	3.36	2.80	33.62
35,128	Band B	0.75	3.92	3.26	39.21
32,320	Band C	0.86	4.48	3.73	44.83
22,070	Band D	0.97	5.04	4.20	50.44
15,315	Band E	1.19	6.16	5.13	61.64

No of occupied properties	Banding	Per week £	Per 10 month instalment £	Per 12 month instalment £	Per Year £
5,878	Band F	1.40	7.28	6.07	72.85
4,015	Band G	1.62	8.40	7.00	84.06
569	Band H	1.94	10.08	8.40	100.88

Council tax collection

57. In December 2016 Cabinet agreed a recommendation that, based on collection performance in previous years and to date in 2016-17, a 97.20% assumed collection rate in 2017-18 would give the best estimate of the likely value to be obtained from the demands issued in April 2017.
58. The collection fund forecast outturn position is a surplus of £2m and this has been accounted for in the council tax calculations for 2017-18.

Education and schools related grants

59. Officers are continuing to work through the implications of the complex settlement for schools and education. The Education Support Grant (ESG) is ending in September 2017. This grant of £2.6m (2016-17) supported education services such as school improvement. A transitional ESG of £0.7m is available for 2017-18 and a small element of the funding is transferred to the Dedicated Schools Grant.
60. At the 19 January 2017 Schools Forum, reports were presented to request funding for these previous ESG funded services from the Dedicated Schools Grant for 2017-18. These were supported by the Schools Forum, to enable services to transition to new ways of working under new funding model during the coming year. This means that the assumed adverse impact in ESG funding of £0.9m can be removed from the final budget proposals (was previously within Appendix A).
61. The dedicated schools grant (DSG) funds schools budgets, high needs pupil support in schools and alternative provisions and early years providers as well as a small element held to fund central services. The DSG has increased in line with increasing pupil numbers; however, cost pressures continue within high needs budgets. The implications of the settlement are currently being worked through and will be reported to the Schools Forum.
62. There is a new national early years funding formula in place for 2017-18. The government is proposing the phased introduction of a new national funding formula for schools from 2018-19. Furthermore, a new local funding scheme proposed for 2017-18 for pupils with additional learning needs aims to improve the targeting of resources.

Children's, Adults' and Public Health budget pressures

63. As reported to cabinet in November 2016 and February 2017, the Children's, Adults' and Public Health services are experiencing significant pressures on their revenue budgets. These pressures are created by a combination of demand and cost pressures and severe reductions in government grant for these statutory responsibilities as well as to the council as a whole. Nationally, pressures on social care linked to pressures in the NHS are recognised, but these pressures far exceed

the resources announced in the government settlement. In total, an estimated adverse variance of £15m is forecast.

64. It should be noted that significant management action has been taken and controls are in place. A budget recovery board is overseeing the management actions. Appendix G sets out this work in more detail.
65. The indicative budget agreed at council assembly in February 2016 proposed Adult Social Care savings and income generation for 2017-18 at £12.2m and commitments of £1.7m resulting in a proposed net impact of a budget reduction of £10.5m for 2017-18. Based on 2015-16 experience and 2016-17 monitoring, the December 2016 report to cabinet had proposed that Adult Social Care savings planned for 2017-18 be deferred to provide sufficient time for the budget recovery actions to be completed. This budget report now proposes savings of £5.6m for Adult Social Care, and also recognises the additional demand and cost pressures for Adult Social Care. The net impact of this is a £6.005m budget increase for Adult Social Care, which reflects the allocation of new resources for Adult Social Care, including the one-off Adult Social Care Support grant of £1.577m, Adult Social Care Precept of £2.7m and improved Better Care Fund of £1.658m.
66. There are considerable pressures in 2016-17 for Children's Services and this is despite protection for Children's Services budgets in 2016-17. Rising demand including protecting children from sexual exploitation, a sharp reduction in secure care places provided by government and pressures such as unaccompanied asylum seeking children have all contributed to the overspend. In 2017-18, it is proposed that Children's Services are protected from making savings as they work towards recovering the budget position and reducing spend in line with resources available. Management action is in hand for controllable areas and further plans are in development including innovation to evolve the services for current needs and context.
67. Public Health is funded through a ring-fenced specific grant. In 2016-17, the Public Health service is expected to overspend in the region of £1.6m as a result of a reduction in government grant to a service which is demand led and largely operates to NHS contracts that novated to the council when the function transferred. There is an expectation that this overspend of the ring-fenced grant will be recovered through savings in 2017-18 as new contracts come into effect and this is reflected in the commitment and savings schedules. In addition, this report indicates the need to achieve further efficiencies in 2017-18 of £690k to reflect the 2017-18 further reduction in government grant.

Commitments, efficiencies, income generation and savings

68. In addition to the necessary commitments, throughout the council's budget preparation cycle, further efficiencies, savings and income generation options are presented for consideration to deliver a balanced budget. The report of 24 January showed a gap of £1.82m. This has been updated for the following changes:

Item	Change £000	Schedule Ref
Reduction in contribution to the Modernisation reserve	(200)	119
Reduction in contribution to the Regeneration reserve	(200)	120
Reduction in the impact of NNDR assessments on the council's own property liability	(250)	126

Item	Change £000	Schedule Ref
Savings arising from 2016-17 implementation of youth and play restructuring	(750)	276 & 413
Removal of requirement for ESG provision (paragraph 60)	(900)	App A line removed
Increase in commitment for London Living Wage and increase of scale for lower graded staff	100	121
Revised calculation of impact of Autumn Statement grant	180	Appendix A
Revised calculation of the impact of changes in National Insurance	200	125
Total change	(1,820)	

69. The 2017-18 proposals for each department are described within the departmental narratives in Appendix B, with the detailed schedules presented in Appendices C, D, E and F. These proposals are summarised in the table below.

Department	Budget 2016-17 ⁽¹⁾ £000	Commit- ments £000	Efficiencies £000	Income £000	Savings £000	Total Change £000	% of Dept Budget
Children's and Adults' Services Total: made up of:	170,144	13,308	(3,711)	0	(4,252)	5,345	3.1
<i>Adults' Services</i>	82,930	11,558	(1,301)		(4,252)	6,005	7.2
<i>Children's Community</i>	86,294	100				100	0.1
<i>Safety</i>	920		(70)			(70)	(7.6)
<i>Public Health</i>	0	1,650	(2,340)			(690)	0.0 ⁽²⁾
Environment and Leisure	70,046	100	(4,580)	(1,505)	(150)	(6,135)	(8.7)
Housing and Modernisation	64,872	3,343	(2,686)	(182)	(679)	(204)	(0.3)
Chief Executive's	8,658		(565)	(493)		(1,058)	(12.2)
Finance and Governance	19,779	85	(1,655)	(300)		(1,870)	(9.5)
Corporate	(62,183)	5,730	(5,700)			30	
Total	271,316	22,566	(18,897)	(2,480)	(5,081)	(3,892)	

⁽¹⁾ Note, budgets include depreciation, internal recharges

⁽²⁾ Public Health is funded from grant and so has a net budget of zero. The gross expenditure for Public Health is £30,757k. The efficiencies include £690k for the reduction in grant.

70. Officers will continue to work to provide better context to inform future budget proposals, as requested at the OSC meeting on 30 January 2017. The 2016-17 budget book is now included as a background paper to this budget report.

Use of reserves and balances

71. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are maintained to fund:

- invest to save opportunities, which form part of the modernisation agenda and are expected to deliver future ongoing revenue savings;

- investment in regeneration and development where spend may be subject to unpredictable market and other factors;
 - exceptional items or pressures which are difficult to predict and which are not included in revenue budgets or within the capital programme.
72. The budget proposals for 2017-18 include a planned release of reserve of £3.7m. For a number of years, the council has planned for the use of reserves to help smooth the impact of government funding reductions and other budget pressures especially during the period of austerity. Not only has this helped to protect council services but it has also allowed time to transition towards new ways of working and productivity improvements.
73. The level of balances remains subject to the scrutiny of the section 151 officer who must ensure that any one off contributions to the budget are appropriate and affordable. In previous years, this judgment has been facilitated by the availability of unused contingency funds as budgets have met their targets. While the Section 151 officer considers that £3.7m is an appropriate contribution for 2017-18, this now incurs a greater level of risk given the requirement to offset emerging cost pressures in adult social care.
74. The continued use of balances and reserves to support revenue expenditure cannot be considered to be sustainable. The end of year position is shown in the table below. In addition to the £21m reduction in 2015-16, current projections would indicate a further reduction of £18m in 2016-17 for:
- the impact of enhanced voluntary redundancy as part of the council's modernisation
 - the £6.2m planned use of reserves to support the 2016-17 budget
 - known commitments
 - the estimated budget forecast position for Children's and Adults' services.

Summary of earmarked reserves	Balance as at 31/03/2015 £000	Net movement in reserves £000	Balance as at 31/03/2016 £000	Estimated closing balance as at 31/03/2017 £000
Corporate projects and priorities	16,866	(7,294)	9,572	
Service reviews and improvements	14,495	(5,140)	9,355	
Capital programme and other capital investment	30,345	(3,523)	26,822	
Strategic financing, technical liabilities and future financial risks	29,645	(868)	28,777	
Total	91,351	(16,825)	74,526	56,000*

*note: excludes DSG ring-fenced reserves.

75. The position will be kept under review, and at this time the availability of similar resources to support the budget in 2018-19 will present a challenge. While this approach may be acceptable during such an unprecedented period of funding reductions, the annual use of balances to contribute towards base budgets is not sustainable.

Corporate contingency

76. It is proposed that the corporate contingency of £4m be maintained to support emerging budget pressures during the year. In the current and previous years, this contingency has been essential to manage in year demand and cost pressures.

2018-19 and 2019-20

77. In February 2016 and in response to the government's four year funding settlement, Council Assembly approved indicative budgets for 2017-18 and 2018-19. In the context of the late announcement of the four year settlement and uncertainty over other government funding moving forward (e.g. Public Health Grant, New Homes Bonus, Business Rates Reset), it was not considered appropriate to set an indicative budget for 2019-20.
78. The November 2016 report presented the basis of a model through to 2019-20. The plan for the three years to 2019-20 requires extensive work to deliver efficiencies and improved use of resources. In order to balance the budget fully in the period to 2019-20, further efficiencies, income generation and savings plans will be required. This work will build on the 2017-18 budget proposals and will be developed early in 2017-18. The Fairer Future Medium Term Resources Strategy will continue to be reviewed as more information becomes available and officers continue to work on the future years' budget savings targets to bring the council to a balanced budget in 2018-19 and 2019-20. These will be subject to further cabinet reports during 2017-18.

Consultation

79. High level consultation was conducted on the three year budget proposals for 2016-17 to 2018-19. The consultation responses received were consistent with prior years' consultations, and were used to inform the 2017-18 indicative budget proposals. The analysis was reported to cabinet and council assembly.
80. Since then, consultation on the voluntary and community strategy has been conducted to ensure that all sections of the VCS could contribute to the development of the strategy, and a series of four open invitation listening events was held which attracted over 200 people. The listening events took place in an atmosphere of good will. There was also recognition of the need to find new ways of making the most of diminishing budgetary resources. There has also been consultation on the development of the policy and policy drafts through the Health and Wellbeing Board, Children's and Adults Board, the Forum for Equalities and Human Rights, the council's departmental commissioning network and the council/VCS Liaison Group.
81. Following the 2016-17 budget proposals consultation on the youth sector has resulted in over 600 responses.

82. In a change to prior years' practice, the council has consulted a wider range of business rate payers, including large, medium and small scale business rate payers.
83. Where consultation with individuals is required as part of discussions on their individual circumstances this approach will continue.

Overview and scrutiny

84. Cabinet has responsibility for drafting the budget and policy framework for approval by council assembly. This includes publishing proposals and taking into account any response from overview and scrutiny committee in drawing up firm proposals for submission to the council.
85. The Overview and Scrutiny Committee (OSC) met on 30 January 2017 to consider the 2017-18 general fund budget proposals as presented to cabinet on 24 January 2017. OSC received presentations from cabinet members and were able to ask questions and seek clarification as necessary.
86. The OSC committee made five recommendations which are reported below and the cabinet is asked to consider these recommendations.

Ref	Recommendation
1	That the monitoring process for delivering savings and efficiencies in Children's and Adult Social Care should include updates to Overview and Scrutiny Committee in June and November 2017 – this should include any concerns arising from discussions at budget recovery board.
2	That the Cabinet works with the NHS to change accessibility rules and manage demand to ensure public health spending is kept under control. This would include work to ensure Southwark residents are accessing care that meets their needs but also reduces unnecessary costs.
3	That there is a review of the voluntary redundancy scheme to ensure it is cost effective and that it can be accessed by low paid staff.
4	That the cabinet carries out external consultation with service users, their families and voluntary sector groups regarding changes to Adult Social Care Services. This should be in addition to consultation with staff and individuals whose care packages might be subject to review.
5	That the cabinet member for environment and the public realm works with local housing associations and private managing agents to improve waste management services available to residents through exploring options around Southwark council waste contracts.

Next steps

87. This report presents a balanced budget proposal for the cabinet to submit to Council Assembly on 22 February 2017, in accordance with the constitution.

Fees and charges

88. The setting of fees and charges is a key decision. Under Part 3C of the constitution full cabinet is responsible for the approval of new fees and charges and agreement of charging levels in line with the medium term resources strategy. Some fees for permits and licences are delegated to Chief Officers.

89. In the past the agreement of changes to existing fees and charges has been completed by multiple reports to Cabinet Members for individual decision making where this is permitted. To minimise the bureaucracy of preparing multiple individual fees and charges reports for each portfolio holder, which can result in delay in implementing the fees at the start of the financial year this 2017-18 budget report to cabinet includes a schedule of fees and charges to be agreed. This should improve transparency for residents and service users.
90. The proposals are consistent with the Fairer Future Medium Term Financial strategy to review discretionary fees and charges annually, and to increase to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients, and to increase all fees and charges capped by statute to the maximum level the cap allows.
91. Some charges may be further reviewed during the year. For example, adult learner fees will be reviewed for 1 September 2017 to keep in line with the appropriate London average, as information becomes available for the new academic year.
92. The assessed rate for Homecare per hour (Adult Social Care) should be updated to the new average cost after the care at home procurement is finished. This is seen as a review to the cost of service, not a change in the fairer contributions policy (which allows for annual review of the assessed cost of service)
93. Appendix H presents the proposed fees and charges for agreement by cabinet.

COMMUNITY IMPACT STATEMENT

94. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and advance equality of opportunity and foster good relations between different groups.
95. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the budget for 2017-18 and for previous years, each department will undertake equality analysis/screening on its budget proposals ahead of the final decisions being taken. Where screenings identify potential impacts more detailed analysis is being carried out.
96. 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 undertaken to consider any cross-cutting and organisation-wide impacts.
97. For many services the budget proposals will 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.
98. Equality analysis will continue through the cycle of planning and implementation of these budget proposals. 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. Where necessary, consultation will be undertaken alongside mitigating actions where necessary. 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. The equality analyses have been considered across the council to look for any cumulative impacts.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

99. 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.
100. 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.
101. Decision makers must understand the effect of policies, practices and decisions on people with protected characteristics.
102. Equality analysis is the mechanism by which the council considers these effects. The report sets out how it is proposed equality analysis will be undertaken in relation to the budget proposals.
103. 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

104. The cabinet is required to prepare a budget proposal for submission to council assembly. This is the last cabinet meeting before Council Assembly on 22 February 2017. The council is required to set a lawful budget by 11 March 2017.

REASONS FOR LATENESS

105. Under the council's constitution there is a requirement for the overview and scrutiny committee to review and challenge budget proposals and this took place on 30 January 2017. Their recommendations are now reflected in this report. It was anticipated that the final local government settlement would be released before 31 January, and that the report could be updated to reflect this. Unfortunately as at 1 February the settlement has not been issued. The budget presented on 24 January showed a £1.8m gap and additional time has been required to formulate budget

options to present a balanced budget to minimise the impact on Southwark residents.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Revenue Monitoring Report incorporating Updated Medium Term Financial Strategy and Treasury Management 2016-17	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
http://moderngov.southwark.gov.uk/documents/s64608/Report%20Revenue%20Monitoring%20Report%20incorporating%20Updated%20Medium%20Term%20Financial%20Strategy%20and%20Treasury%20.pdf		
Policy and Resources 2016-17 to 2018-19 (27 January 2016 cabinet meeting)	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
http://moderngov.southwark.gov.uk/documents/b50006581/Supplemental%20no.%202%20Wednesday%2027-Jan-2016%2016.00%20Cabinet.pdf?T=9		
Council's Fairer Future Budget Principles approved by cabinet (September 2015).	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf		
Policy and Resources Strategy 2017-18 (13 December 2016 Cabinet Meeting)	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5376&Ver=4		
Policy and Resources Strategy 2017-18 (24 January 2017 Cabinet Meeting)	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
http://moderngov.southwark.gov.uk/documents/s66194/Report%20Policy%20and%20Resources%20Strategy%202017-18.pdf		
2016-17 budget book	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
http://www.2.southwark.gov.uk/downloads/download/4602/budget_book_201617		

Background Papers	Held At	Contact
2016-17 fees and charges reports	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
http://www.2.southwark.gov.uk/info/10016/key_documents/3932/fees_and_charges		

APPENDICES

No.	Title
Appendix A	2017-18 Budget Proposals
Appendix B	Supporting Departmental Narratives for Budget Proposals
Appendix C	Proposed Commitments 2017-18
Appendix D	Proposed Efficiencies and Improved Use of Resources 2017-18
Appendix E	Proposed Income Generation 2017-18
Appendix F	Proposed Savings Impacting on Service Delivery 2017-18
Appendix G	Children's and Adults Services Budget Recovery Board
Appendix H	Proposed Fees and Charges (see separate Appendix H pack)

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	3 February 2017	
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	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	3 February 2017	

APPENDIX A

2017-18 Budget Proposals

	2016-17 Budget £m	2017-18 Budget Proposals £m
Resources		
Retained Business Rates	(60.7)	(74.3)
Business rates top-up	(45.3)	(33.9)
Revenue Support grant	(73.5)	(57.8)
Total Settlement Funding Assessment (DCLG)	(179.5)	(166.0)
New Homes Bonus	(15.1)	(13.1)
Public Health Grant	(29.0)	(28.2)
Autumn Statement measures grant	(3.2)	(2.3)
New – Improved Better Care Fund		(1.7)
New – Adult Social Care Support Grant (one year only)		(1.6)
Specific grants	(47.3)	(46.8)
Total Government Funding	(226.8)	(212.8)
Business Rate Retention growth	(4.6)	(8.7)
Business Rate Retention collection fund surplus		(3.9)
Council Tax baseline	(83.2)	(87.5)
Increase in Council Tax by 1.99%		(1.8)
ASC Council Tax precept (2% in 2016-17, 3% in 2017-18)	(1.7)	(4.4)
Council Tax collection fund (surplus) / deficit	(2.4)	(2.0)
Total revenue from council tax	(91.9)	(108.3)
Total funding before contribution from balances	(318.7)	(321.1)
Contribution from balances	(6.2)	(3.7)
A . Total Resources	(325.0)	(324.8)
Previous Years Budget	326.1	325.0
Inflation		
Employees (1% p.a.)	1.7	1.7
NI changes	0.5	See line 125
Contractual inflation including LLW	2.8	2.0
Commitments and Contingency:		
Corporate contingency (maintaining the existing budget of £4m)		
Growth and Commitments	13.3	22.6
Changes in grant related expenditure	7.0	
B . Budget before savings and efficiencies	351.4	351.2
Net Shortfall before savings and efficiencies (Current year A+B)	26.5	26.4
Proposals		
Effective use of resources and efficiencies	(13.80)	(18.9)
Income Fees and Charges	(10.0)	(2.5)
Other Savings	(2.6)	(5.1)
C. Total proposals	(26.4)	(26.4)
D. Total budget (Current Year B + C)	325.0	324.8
E. Funding Shortfall / (Surplus)	0	0

Subject to roundings

APPENDIX B

SUPPORTING NARRATIVE FOR BUDGET PROPOSALS

CHIEF EXECUTIVE

Overview

- B.1. The Chief Executive's department comprises the Regeneration, Planning and External Affairs divisions along with the Chief Executive's Office.
- B.2. 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.
- B.3. The total general fund revenue budget for the department is £8.720m. Savings proposed for 2017-18 financial year are £1.058m. 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

- B.4. Regeneration has identified total savings of £251k for 2017-18.
- B.5. Savings of £108k arise from a re-alignment of the staffing structure and reduction in running expenditure.
- B.6. The division will be seeking to maximise its income, generating additional income of £108k from a review of rents charged for commercial properties.
- B.7. Further income of £35k will be generated from charging for services provided through partnerships associated with major regeneration projects across the borough.

Planning

- B.8. Planning has identified total savings and additional income of £425k.
- B.9. Savings of £75k will arise from a review of the organisational staffing structure.
- B.10. Additional income of £350k 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.

External Affairs Division

- B.11. The new External Affairs Division incorporates the Cabinet Office and Communications. The office was formed following the reorganisation of the Chief Executive Office in 2016 and the subsequent reconfiguration of functions that provide support for cabinet members, with the administrative function, forming

part of a wider policy and communications team to jointly support cabinet and the council's communication with residents and the wider public. The Division will manage marketing and campaign spending by overseeing expenditure which currently sits in departmental budgets..

B.12. The External Affairs Division, which has a net budget of £1.523m, is proposing total savings of £382k.

B.13. Savings will be achieved through a review of functions and activities that take proper account of future expectations for the office and delivery of Council Plan targets.

Equalities Assessment

B.14. As specific proposals are brought forward, and at each stage of implementation thereafter, the impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.

CHILDRENS' AND ADULT'S SERVICES AND PUBLIC HEALTH

Overview

- B.15. Children's and Adults' Services represents approximately two thirds of the council's budget. The department delivers statutory functions on behalf of the council to our most vulnerable local residents. This is against a backdrop of rising demand and interdependencies with other public services, most notably the NHS, and a reduction in government grants. Southwark council is committed to safe services and high quality care and has introduced arrangements to support this commitment such as the Southwark Ethical Care Charter and safe caseloads for social workers. This comes at a cost and, whilst it is right to do this, it is not recognised in funding to the council from government.
- B.16. The department is managing a large programme of efficiency initiatives and is mindful that the pace of change must allow for the correct fulfilment of obligations to appropriate consultation, procurement and value for money assessments, and implementation in ways that appropriately mitigate inherent risks and treat our residents with dignity and respect.
- B.17. Some of the planned efficiencies are contingent on cooperation by NHS partners, transforming care pathways and the NHS fairly sharing the cost of care in the community for health care needs. Some savings originally profiled in February 2016 to take effect in 2017-18 and 2018-19 have been deferred by one year to allow for continued engagement with NHS partners to achieve the required outcomes.
- B.18. The department has strong plans to achieve savings in the medium term, including in collaboration with the council-wide Modernise programme and working with the community and voluntary sector in Southwark to redesign the local offer to residents. The department has also identified for 2017-18 new efficiencies totalling £3.6m and savings of £4.4m, due to the council's need to provide services within a reduced funding settlement from government.

Education

- B.19. The service is funded by a combination of Education Services Grant (ESG), Dedicated Schools Grant (DSG) and core budget. For 2017-18 there are significant changes to ESG of £2.6m which funds a combination of direct education related services and support costs, some of which relates to retained duties for all schools and some for general duties relating to our maintained schools. With ESG rolled into DSG and new specific grants, additional funding is being sought from Southwark Schools Forum and Maintained Schools. This will provide time for a new service delivery model to be developed, to meet new requirements expected from government in 2018-19.
- B.20. For Education core funding there are significant changes in funding occurring. However, measures have been brought forward in 2017-18 to meet cost pressures, most notably with regard to working with Schools Forum to develop and fund measures to help mitigate Special Educational Needs (SEN) Home to School Transport pressures.
- B.21. The DSG largely directly funds schools budgets, SEND provision and also early years settings. A small element of this is retained to fund council services such as Admissions and Behaviour Services. The Education team continues to work

very closely with Southwark Schools Forum and our maintained schools to agree appropriate funding going forward. Funding can be provided centrally across all funding blocks of the DSG but new restrictions are being imposed by the government on Early Years settings. Changes are expected under the new National Funding Formula in 2018-19 meaning that the council will need to develop an approach to how these services are maintained and funded in the future.

- B.22. The council also works with Southwark Schools Forum on the management and allocation of funding for Schools (including Academies and Free Schools), SEN and Alternative Provision providers and Early Years settings. There are pressures across all of the main areas of funding. The government is currently consulting on phase II of its new National Funding Formula and whilst it has indicated that there will be some protection available in 2018-19, significant reductions are being modelled from 2019-20, hitting inner London, including Southwark, harder than elsewhere in the country.

Children's Social Care

- B.23. The service has a budget of £50m, but there are cost pressures with regard to demand for placements, and also with regard to staffing given the need to maintain caseloads at a safe level and the challenges in retaining and recruiting social workers, especially in London. In line with other Local Authorities, the number of children looked after has increased, in Southwark from 475 as at 31 March 2016 to 502 as at 31 December 2016. There has also been an increase in the number of children in residential placements, including secure care, as government reduces its commissioned secure provision. The approach agreed in 2016-17 was that the budget for Children's Services would be protected for three years. Whilst this approach continues for the service it needs to operate within the allocated budget for 2017-18. Management action has been taken and controls are in place. Further plans are being actively developed to evolve the service for even better outcomes and value for money, including for example, innovation bids for Care Leavers and Family Group Conferencing for children open to the service.

Adult Social Care

- B.24. Southwark is proud to be an Age Friendly Borough, supporting our elders and family carers so that later life is enjoyable and that Southwark benefits from their contribution to community life. Older people are being well supported to be able to stay in their homes or in Extra Care Housing with flexible care and support rather than in residential care homes. Treating people with dignity and respect is at the heart of our approach.
- B.25. 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 hour contracts. Whilst this is clearly the right thing to do, there is no government funding for this approach and the cost to the council is around £4m. This is a significant cost pressure but is considered an important foundation to safe and sustainable care for our vulnerable residents.
- B.26. Services to people with learning disabilities and mental health needs continue to be transformed to modernise our services and deliver better value for money.

Non-care elements of support packages (e.g. accommodation and overheads) are being actively reviewed by commissioners to achieve better value. The care elements of support packages are being reviewed by social workers to ensure that they reflect the national eligibility criteria introduced by the Care Act and the best outcomes possible within our resources. Even after proposed changes, Southwark will still be a council that funds these services well compared to our comparator group and our approach is person-centred.

- B.27. Working closely with Southwark NHS Clinical Commissioning Group (CCG), Adult Social Care is continuing to establish integrated community care services in the form of Local Care Networks and joint commissioning will ensure better value for money. Southwark CCG is supporting Adult Social Care, through the Better Care Fund, to deliver system-wide benefits and through the application of Continuing Health Care funding. Our shared values and vision for integrated health and social care, as set out in our local Five Year Forward View, is the pathway and we will navigate the way forward together.

Comparative Spend

- B.28. Southwark's spending on social care can be compared to 15 other London councils which make up Southwark's statistical neighbours. Although there may be some differences in the population make up which could influence these measures, the statistical neighbour group takes account of this. The following figures are taken from official 2015-16 Adult Social Care returns.
- B.29. Southwark is spending 18.9% above the average for Learning Disabilities gross expenditure per head of adult population at £133.01 versus average of £111.91.
- B.30. Southwark is spending 15.8% above the average for direct payments based on gross expenditure per head of population, at a figure of £38.61 versus average of £33.35. If Southwark were able to ensure that care needs were being met but reduced direct payments spend by 10% to £34.75, the council would still funding this at 4.2% above the average.
- B.31. The following weekly unit costs are net, so are affected by both the gross cost and the extent to which there are NHS contributions for continuing health care needs and joint funding.

Type	Southwark £	Average £	Southwark spend to average spend %
residential and nursing care for Younger PD and Younger LD (18 to 64 year olds)	1,340.62	1,237.00	+8.4
residential and nursing care for Older People (65 years and older)	989.91	708.32	+39.8
disabilities and older people together residential and nursing care for all clients	1.132.52	890.12	+27.2

Public Health

- B.32. The public health grant supports services for sexual health, substance misuse, obesity, smoking, health checks, children's health visitors, school nursing, free healthy school meals, libraries and community sports. Our ambition for better public health outcomes permeates the council plan and is being delivered at scale across the borough. There has been much commissioning activity to ensure value for money going forward as NHS contracts that novated over to the council on transfer of the Public Health function are replaced with council contracts and to ensure that we live within significantly reduced means as government grant is reduced.

Equalities Assessment

- B.33. Initial equalities analysis has been undertaken for each proposal. Consultations have been and will be undertaken 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 in line with Care Act eligibility. This is set down in national legislation and Government guidance; other services are discretionary and universal.
- B.34. 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 analysis is under way and will be collated across the department to look for any cumulative impacts. 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.
- B.35. 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.

ENVIRONMENT AND LEISURE

Overview

B.36. The Environment and 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, support knowledge and learning or help improve safety and confidence. The department comprises two directorates, Environment and Leisure. The directorates are supported by a Service Development team that provides essential support services, specialist advice, research and project assistance.

A More Efficient Environment and Leisure Department

B.37. The department aims to make Southwark's neighbourhoods great places to live, places 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 chargeable services.

B.38. The department's activities are governed by the council values as set out in the Council Plan. Our ambition as a department is to be led by these in everything we do. These values place our residents at the heart of the Council Plan, and therefore at the heart of our business plan too.

B.39. The Council Plan sets out ten fairer future promises. The Environment and Leisure Department supports or leads on five of these, as set out below:

- Value for Money – We will continue to keep Council Tax low by delivering value for money across all our high quality services.
- Free swimming and gyms – We will make it easier to be healthier with free swimming and gyms for all residents
- A greener borough – We will protect our environment by diverting more than 95 per cent of waste away from landfill, doubling the estates receiving green energy and invest in our parks and open spaces.
- Safer communities – We will make Southwark safer with increased CCTV and more estate security doors.
- Revitalised neighbourhoods – We will revitalise our neighbourhoods to make them places in which we can all be proud to live and work, transforming Elephant and Castle, the Aylesbury and the Old Kent Road.

B.40. The budget for environment and leisure services in 2016-17 is £70m. The department over the last five years has achieved savings of £20.1m. It has engaged in a rigorous and thorough analysis of its resources, competences and service delivery requirements to maintain high standards, amidst the significant constraints posed by funding reductions. It has planned and structured the work of its directorates, divisions and teams in a manner that allows them to achieve key objectives and ensure that service delivery exceeds expectations in a changing and challenging environment.

- B.41. The savings options will be delivered alongside the considerable capital spend across the department. This spend delivers a raft of improvements ranging from a new athletics centre in Southwark Park, top quality children's play areas across the borough and significant investment in the leisure centres through to improved cycle infrastructure, CGS projects and highway and footway improvements. Additional revenue funding is proposed to support expansion of playground provision arising from Parks and Top Quality Play commitment.
- B.42. For the forthcoming year, 2017-18, the department has identified a number of options as follows:
- £4.58m from efficiencies and improved use of resources
 - £1.5m from income generation
 - £150k from savings impacting on service delivery

Efficiencies and Improved Use of Resources

- B.43. Efficiency savings have been identified by undertaking reviews of structures and functions and increasingly adopting a multi-disciplinary approach (a move from single functional silos to functionally flexible and adaptive teams) which maximises the skills and professionalisms of staff in service delivery. The reorganisations will aim to streamline management functions, review and make better use of resources (including skills and knowledge) and will result in efficiency savings of £1.1m.
- B.44. Other efficiency savings include a £650k reduction in waste management costs arising mainly from an anticipated reduction in waste tonnage. The council's waste strategy includes a programme of waste minimisation involving improved awareness and education which are expected to complement each other and focus on controlling the growth rate of waste produced and its subsequent disposal.
- B.45. It is also proposed to reconfigure the warden service and management to provide a visible presence in appropriate areas whilst increasing environmental enforcement capabilities to crack down on environmental crime such as fly tipping, graffiti, dog fouling and littering and achieve savings of £320k.
- B.46. The department has also made savings of £75k from managing energy procurement and increased efficiency of infrastructure.
- B.47. It is also proposed to make efficiency savings of £1.1m within the Leisure directorate through more economic and efficient specifications in a number of service contracts and improved use of capital resources.
- B.48. Prior year action to deliver efficiencies and savings in the Youth and Play services have contributed £750k in 2017-18.

Income Generation

- B.49. This council, like a number of others, is adopting a more commercial approach to its activities which also means ensuring better outcomes for its residents. The department is aligning its income generating activities to its corporate plans and objectives in order to develop a sustainable income stream so as to protect its

frontline services. The department is proposing to generate additional income of £1.5m in 2017-18.

- B.50. The department will continue with the structured implementation of the additional licensing scheme for houses in multiple occupation and of the selective licensing scheme for privately rented properties. Licensing fees will be designed to incentivise and reward co-operation from landlords in a bid to improve the quality of the stock and living conditions of private rented sector. This is expected to generate additional income of £400k.
- B.51. The department will also seek to expand its income streams by proactively marketing its services such as the collection and disposal of commercial waste; introducing a self-financing events service and increasing income from events hires; redeveloping and potentially expanding marina facilities in Greenland Dock; receiving 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 £1m.
- B.52. Parking bay suspension 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 2016-17 to 2018-19. Marina fees have been reviewed and increased except for the berthing fees for current resident berth holders where the agreed reducing discount is applied.

Savings Impacting on Service Delivery

- B.53. The department will manage its trees in a reasonable, sensible and cost-effective way and is proposing to reduce tree inspection frequency and intervention levels without detrimentally impacting on its overall tree inspection regime and managing risk at an acceptable level by identifying, prioritising and undertaking safety work according to level of risk.

Conclusion

- B.54. 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.

Equalities Analysis

- B.55. 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.
- B.56. 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.

- B.57. 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.
- B.58. The proposals to increase marina fees are proposed to be in line with the London average and have been assessed in terms of equalities as a low risk. The potential expansion of Greenland Dock has been assessed and is also considered a low risk. The proposals to reconfigure the Wardens services have been assessed as a low risk but should issues emerge during future implementation these will be considered.

FINANCE AND GOVERNANCE

Overview

- B.59. The Finance and Governance Department includes the Director's office which provides strategic leadership for the department and section 151 responsibilities, Exchequer Services which encompasses revenues and benefits, housing rent collection, as well as the financial transaction processing teams, the Law and Democracy division responsible for Electoral services, Constitutional and Community Council support, and legal services, Professional Financial Services (including finance, audit and procurement teams) and the Finance, Information and Governance Team.
- B.60. 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". This budget proposes efficiency savings and income generation of £1.95m for a total budget of £20.27m.

Efficiencies and Improved Use of Resources

- B.61. The efficiency savings across the department are mainly made up of staffing related savings which reflects the fact that over 70% of the overall expenditure budget is staffing costs. These staffing savings are arising as a result of consolidating the impact of the enhanced voluntary redundancy scheme, reorganisations in the in the context of becoming a more efficient organisation, changing what we do and how we work to become an organisation fit for the future.
- B.62. In addition to the staffing related savings, £0.16m of the savings proposed are related to reducing training budgets and audit and professional fee budgets.

Income Generation

- B.63. The income generation proposals of £0.3m for Exchequer Services relate to the recovery of housing benefits overpayments and debt recovery charges.
- B.64. Professional financial services are proposing a commitment of £0.08m to reflect the fact that the responsibility for housing benefit fraud investigation has moved to the DWP and the consequential reduction in the proceeds of crime income budget.

Equality Analysis

- B.65. As specific proposals are brought forward, and at each stage of implementation thereafter, the impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.
- B.66. Equality analysis will for an integral part of the set up arrangements of the Enforcement Agency Service.

HOUSING AND MODERNISATION

Overview

B.67. Housing & Modernisation (H&M) comprises: Asset Management, Communities, Resident Services, Customer Experience and Modernisation. There are also a number of functions that are not service specific which fall under the heading of Central Services. The provision of services such as income management (rents, tenant and homeowner service charges and garage rents, etc.) and the in-house repairs contractor, Southwark Building Services, fall within the remit of Finance & Governance and Environment & Leisure respectively, following the council's strategic management restructure in autumn 2015.

B.68. 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.

B.69. 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. In developing budget proposals, the department is committed to delivering savings that as far as possible protect frontline service provision. The drive towards greater operational efficiency through service rationalisation/integration and moving towards more cost effective customer transaction routes continues apace and is integral to the achievement of this.

B.70. The total General Fund budget of on which savings are predicated is £64.872m (£41.948m excluding depreciation and recharges) against which £3.547m has been identified for 2017-18, comprising predominantly of efficiency savings of £2.686m. These have largely been identified through revised and more efficient working within the housing service and more collaboratively across the council, streamlining back-office structures and reducing management overheads and pursuing alternative service delivery models. These proposals address a number of key budget themes, such as digital by default, reduce and integrate and managing demand. However, it has not been entirely possible to achieve the required level of savings without some limited impact on service delivery to the

value of £679k. There is also £182k of additional rental income predicated against Tooley Street.

Asset Management

- B.71. 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 and health and safety and other technical works contracts. General Fund services (under new management arrangements), comprise: aids and adaptations, handypersons and private sector housing renewal and empty homes. Service reconfiguration and rationalisation across these functions will deliver savings of £36k.

Communities

- B.72. 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 NRPF clients (No Recourse to Public Funds). The division is also responsible for Prevent (the central government initiative to tackle violent extremism) and community awareness of Child Sexual Exploitation.
- B.73. NRPF is demand-driven and represents a significant and enduring pressure on council resources. The extent of inherited caseload remains problematic but is gradually reducing and more rigorous assessment of new cases presenting has reduced acceptance rates and stabilised the position, but there remains considerable risk in this area which is recognised with a commitment of £2m to address this pressure.
- B.74. Until recently the voluntary sector had been largely protected from the full severity of council funding cuts, but budget savings were necessary in 2016-17 across a range of community related services and the VCS grants/contract budgets to ensure funding was at a more sustainable level going forward. Further savings of £174k have been achieved through reorganisation of the communities division in the community participation and civic office and VCS commissioning for 2017-18.
- B.75. Work continues to bring commissioning together across the council and potentially with the Clinical Commissioning Group (CCG), which would provide further opportunities to streamline service provision, ensure consistency across the piece and deliver further economies.

Resident Services

- B.76. The division is responsible for a range of services that predominantly fall within the HRA, including tenancy management, special investigations, housing strategy/policy and business planning. General Fund services comprise traveller's sites, sheltered, resettlement and supported housing management which have shared funding arrangements with the HRA. Savings of £55k are deliverable within the housing strategy/policy area for 2017-18.

Modernisation

- B.77. The Modernisation division incorporates Information & Data Services division (IDSD), Human Resources (HR), Corporate Facilities Management (CFM) and

Organisation Transformation (OT). These services are of a corporate nature and underpin the modernise agenda of transforming where and how we work in order to better serve our customers and will be achieved by implementing the workforce, IT and workplace strategies agreed by cabinet on 1 November 2016. This will enable us to meet the challenges of the council's digital strategy, eliminate duplication, streamline processes and seek synergies between services and move towards online provision and self-service (both internally and externally), and ultimately deliver improved customer outcomes, whilst realising significant on-going savings.

- B.78. CFM and IDSD consume much of the modernise budget and a key element for both is the current 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 or efficiency, which is challenging.
- B.79. Rationalising the number of CFM service providers to just two for the running of the council's key operational buildings will deliver savings over the medium-term. Aligned to this is the ongoing development of the corporate accommodation strategy, which seeks to rationalise the operational estate and maximise the utilisation of buildings in conjunction with targeted capital investment to reduce future running costs and enhance the asset value. For 2017-18 there are a number of cost saving proposals predicated on volume/activity reductions across a range of goods and services, such as removals and storage, postage, cleaning, catering and consumables totalling £662k in 2017-18.
- B.80. The IT service provision has been reviewed with the key objective to establish a stable, resilient and quality IT service which will deliver a modern, reliable, secure, cost effective technology that supports the digital strategy and enables service transformation across the council. This will require additional investment initially to provide both an enhanced retained client function together with a new service provider from mid 2017. A report to cabinet is scheduled for 7 February 2017 setting out the council's options for the provision of IT services over the medium-term.
- B.81. Reconfiguration and rationalisation of HR services and consolidation of the former Organisation Development and Transformation agendas within a new Organisational Transformation team will deliver a net saving of £186k (£399k gross), after a commitment of £213k to establish base budget funding for the former corporate programme team which has been subsumed into OT.

Customer Experience

- B.82. The division is responsible for a diverse range of functions including the customer service centre (CSC), the council's website, the provision of face to face services for residents through My Southwark Service Points (MSSP) and the new Homeowners service at Market Place. It is also responsible for customer resolution, concessionary travel, registrars and citizenship, coroners and mortuary services and housing solutions (incorporating temporary accommodation).
- B.83. Savings proposals totalling £450k relate to the closure of the Bermondsey MSSP and the gradual transitioning of non-emergency services from the CSC to on-line provision only. The nature of these savings away from face to face and telephone contact to remote provision are deemed to have an impact on service delivery but

are essential to mitigate the service impact in more critical areas of the council's budget.

- B.84. The merger of housing solutions and temporary accommodation provides a new integrated end to end service approach which is delivering further savings of £271k through service rationalisation and improved procurement, together with £500k in the cost of nightly paid accommodation. This latter proposal is predicated on a reduction in bed and breakfast usage and adoption of alternative and cheaper forms of accommodation. This remains dependent on demand remaining stable and there being adequate supply-side availability.

Central Services

- B.85. There are a number of budgets within H&M of a financing/overhead nature that underpin the provision of landlord services without being directly attributable to a particular service area. 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 net controllable budget is only £104k of which savings of £13k are proposed through a reduction in the budget for ad-hoc legal work.

Housing and Modernisation – Equalities Assessment Summary

- B.86. The department undertakes equality analysis/screening on its budget proposals ahead of final decisions being taken. This helps to understand the potential effects that the budget proposals may have on different groups and whether there may be unintended consequences and how such issues can be mitigated. Analysis is also undertaken to consider any cross-cutting and organisation-wide impacts and continues through the cycle of planning and implementation of these proposals
- B.87. 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. Where necessary, consultation will be undertaken alongside mitigating actions where necessary. 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. To date no cumulative impacts have been identified through the analysis.
- B.88. 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, redeployment and redundancy.

Commitments

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
101	C&A	Adult Social Care	Cllr Livingstone	All	Adult Social Care Support Grant. One off funding for 2017-18.		1,577	No	Yes	Yes	Better management of cost of care with no impact on service users
102	C&A	Adult Social Care	Cllr Livingstone	All	Improved Better Care Fund - earmarked for ASC to ensure that services can support our most vulnerable residents		1,658	No	Yes	Yes	Positive impact by protecting ASC.
103	C&A	Adult Social Care	Cllr Livingstone	All	Winter care pressures, this resource will help to mitigate the winter pressures on adult social care in 2017-18		1,400	No	Yes	Yes	Positive impact.
104	C&A	Adult Social Care	Cllr Livingstone	All	Integration of health and social care		2,000	No	Yes	Yes	Positive impact.
105	C&A	Adult Social Care	Cllr Livingstone	All	Additional funding to reflect London market pressures on range of contracts		1,587	No	Yes	Yes	No impact on service users.
106	C&A	Adult Social Care	Cllr Livingstone	All	Additional funds raised through the application of the adult social care precept to ensure that services can support our most vulnerable residents		2,700	Yes	Yes	Yes	No impact on service users.
107	C&A	Adult Social Care	Cllr Livingstone	All	Further implementation of Southwark Ethical Care Charter		500	No	Yes	Yes	Positive impact on staff and service users.
108	C&A	Adult Social Care	Cllr Livingstone	All	Demand Pressures for clients over 85 year olds		136	No	Yes	Yes	Positive impact on service users.
109	C&A	Public Health	Cllr Livingstone	All	Commitment in recognition that current demand pressures result in spending in excess of the ring-fenced Public Health Grant in 2016-17 to be recovered through savings in 2017-18		1,650	No	Yes	Yes	Funding commitment above ring-fenced grant to avoid negative impact.
110	C&A	Education	Cllr Mills	All	Increase in costs for free healthy school meals and fruit in schools		100	No	Yes		Positive impact.
111	E&L	Cllr Wingfield	Cllr Hargrove	All	Revenue to support expansion of playground provision arising from Parks and Top Quality Play commitment		100	No	Yes		Positive impact.
112	H&M	Modernise (ICT)	Cllr Colley	All	A range of updates, upgrades and enhanced server and system licences to support the enhanced IT infrastructure.		130	Yes	Yes		No impact on service users.
113	H&M	Modernise (Organisation Transformation)	Cllr Colley	All	Budget commitment to support Incorporation of the former Corporate Programmes Unit into Modernisation (was previously funded from reserves)		213	No	Yes		No/minimal impact on staff or service users

Commitments

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
114	H&M	Modernise (ICT)	Cllr Colley	All	ICT re-organisation/restructure - increase in-house capacity to maintain/improve business as usual (BAU) and develop/deliver the council's IT strategy		1,000	No	Yes		Potential impacts on staff. As specific proposals come 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.
115	H&M	Communities	Cllr Colley	All	Commitment to meet demand pressures for No Recourse to Public Funds services		2,000	No	Yes		Positive Impact on service users.
116	F&G	Professional Finance Services	Cllr Colley	All	Removal of audit and fraud recovery of proceeds of crime income target as Southwark is no longer responsible for housing benefit fraud investigation. Removing £85k of total income budget of £125k		85	Yes	Yes		No/minimal impact on staff or service users
117	Corporate	Corporate	Cllr Colley	All	Concessionary fares increases due to inflation and change in usage patterns		300	Yes	Yes		No/minimal impact on staff or service users
118	Corporate	Corporate	Cllr Colley	All	Review of recharges for central services with regard to savings achieved and targeted with equivalent benefit to the HRA		500	Yes	Yes		No/minimal impact on staff or service users
119	Corporate	Corporate	Cllr Colley	All	Contribution to Modernisation reserves for major council projects		300	Yes	Yes		Positive Impact on service users.
120	Corporate	Corporate	Cllr Colley	All	Contribution to Regeneration and Development reserves for major council projects		300	Yes	Yes		Positive Impact on service users.
121	Corporate	Corporate	Cllr Colley	All	Increase in London Living Wage and alignment of pay for lower graded staff		350	Yes	Yes		Positive Impact on service users.
122	Corporate	Pensions	Cllr Colley	All	Apprentice levy on large employers being introduced in April 2017 to fund three million new apprentices nationwide by 2020		500	Yes	Yes		Positive Impact on service users.
123	Corporate	Insurance	Cllr Colley	All	Increase in LPFA Levy		100	No	Yes		No/minimal impact on staff or service users
124	Corporate	Insurance	Cllr Colley	All	2% increase in insurance premium tax		80	No	Yes		No/minimal impact on staff or service users

Commitments

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary	
125	Corporate	Corporate	Cllr Colley	All	National Insurance changes		1,700	No	Yes		No/minimal impact on staff or service users	
126	Corporate	Corporate	Cllr Colley	All	Estimated cost of NNDR revaluation on council administrative and operational buildings, subject to appeal		1,000	Yes	Yes		No/minimal impact on staff or service users	
127	Corporate	Corporate	Cllr Colley	All	Reduction in HB and CTB related admin grants		600	Yes	Yes		No/minimal impact on staff or service users	
							<u><u>22,566</u></u>					

Efficiencies and Improved Use of Resources

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
201	C&A	Adult Social Care	Cllr Livingstone	All	Reorganisation of social work staffing	(2)	(90)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
202	C&A	Adult Social Care	Cllr Livingstone	All	Cease non-statutory client affairs deputyship function.	(3)	(94)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
203	C&A	Adult Social Care	Cllr Livingstone	All	Review and remodelling of appointeeship caseholding to reduce/externalise Southwark held appointeeship cases	(2)	(57)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
204	C&A	Adult Social Care	Cllr Livingstone	All	Efficiencies through greater use of universal services, including using link workers to help service users access third sector provisions in the borough		(50)	No	Yes	Yes	Impact mitigated by signposting to third sector provision.
205	C&A	Adult Social Care	Cllr Livingstone	All	Efficiencies in placement costs through successful negotiation of non-care elements in residential care and supported accommodation rates with providers. This will bring costs in line with benchmarking.		(930)	No	Yes	Yes	Impact mitigated by costs met by Housing Benefit and other contributions for non-care costs.

Efficiencies and Improved Use of Resources

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
206	C&A	Adult Social Care	Cllr Livingstone	All	Commissioning and contracting efficiencies in Mental Health.		(80)	No	Yes	Yes	New placement arrangements for individuals requiring support - negotiation of better placement arrangements with providers should mean no or minimal impact for service users.
207	C&A	Community Safety	Cllr Hargrove	All	Community Safety Partnership service re-organisation.	(2)	(70)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
208	C&A	Public Health	Cllr Livingstone	All	Integrated tariff pricing and channel shift for sexual health services		(1,500)	No	Yes	Yes	Mitigates impact on service users through for example shift to 24 hour access to testing online.
209	C&A	Public Health	Cllr Livingstone	All	Change in referral pathway and remuneration for tobacco control		(100)	No	Yes	Yes	Targeting of prevention activity should lead to positive impacts for those that need more targeted support.
210	C&A	Public Health	Cllr Livingstone	All	Change in referral pathway and remuneration for healthy weight		(50)	No	Yes	Yes	Targeting of prevention activity should lead to positive impacts for those that need more targeted support.
211	C&A	Public Health	Cllr Livingstone	All	Review of the health checks service		(150)	No	Yes	Yes	More targeted service focused on primary care should lead to no or minimal impact on service users.
212	C&A	Public Health	Cllr Livingstone	All	Rationalisation of the substance misuse services		(540)	No	Yes	Yes	Savings built into procurement of contract mitigate any potential impact.

Efficiencies and Improved Use of Resources

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
213	E&L	Culture	Cllr Situ	All	Complete a total review of the library service to streamline and modernise service provision without closing libraries	(5)	(200)	No	Yes	Yes	No impact on service users, savings on back office costs. Potential impacts on staff. As specific proposals come 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.
214	E&L	Culture	Cllr Situ	All	Review the arts and events staff structure and arts grants	(3)	(205)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
215	E&L	Regulatory Services	Cllr Hargrove	All	Reconfiguration of division into functionally flexible and adaptive teams with a multi-disciplinary approach to responding to council priorities	(1)	(65)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
216	E&L	Energy and Sustainability	Cllr Wingfield	All	Reduced energy prices and increased efficiency of infrastructure		(75)	Yes	Yes		No/minimal impact on staff or service users
217	E&L	Parks and Leisure	Cllr Hargrove	All	Refocus area repairs and maintenance priorities to optimise opportunities within the existing capital programme		(60)	Yes	Yes		No/minimal impact on staff or service users
218	E&L	Parks and Leisure	Cllr Hargrove	All	Review use of existing capital budget contribution in line with new contractual arrangements for leisure facilities maintenance		(140)	Yes	Yes		No/minimal impact on staff or service users

Efficiencies and Improved Use of Resources

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
219	E&L	Parks and Leisure	Cllr Hargrove	All	Anticipated savings from new Leisure Management Agreement		(850)	No	Yes		No/minimal impact on staff or service users
220	E&L	Parks and Leisure	Cllr Wingfield	All	Efficiencies arising from the specification of the new Grounds Maintenance contract		(50)	Yes	Yes		No/minimal impact on staff or service users
221	E&L	Parks and Leisure	Cllr Hargrove/Cllr Wingfield	All	Review new parks and leisure management structure	(5)	(200)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
222	E&L	Waste and Cleansing	Cllr Wingfield	All	Reduce waste service communications programme		(50)	Yes	Yes		No/minimal impact on staff or service users
223	E&L	Regulatory Services	Cllr Wingfield	All	Provision of CCTV service to assist the parking contractor in accordance with legislation		(105)	No	Yes		No/minimal impact on staff or service users
224	E&L	Libraries & Heritage	Cllr Situ	All	Library and Heritage Management team restructure	(1)	(50)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
225	E&L	Waste and Cleansing	Cllr Wingfield	All	Remodel waste PFI waste tonnage growth from 1.5% per annum to 1.2% per annum.		(600)	No	Yes		No/minimal impact on staff or service users

Efficiencies and Improved Use of Resources

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
226	E&L	Regulatory Services	Cllr Hargrove	All	Review of Warden management	(1)	(70)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
227	E&L	Regulatory Services	Cllr Hargrove	All	Reconfigure the warden service to provide a visible presence in appropriate areas whilst increasing our environmental enforcement capabilities to crack down on environmental crime such as fly tipping, graffiti, dog fouling and littering.	(6)	(250)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
228	E&L	Regulatory Services	Cllr Hargrove	All	Review departmental overheads		(100)	No	Yes		No/minimal impact on staff or service users
229	E&L	Regulatory Services	Cllr Wingfield	All	Reduced expenditure arising from adoption of modern ways of parking enforcement and increased income arising from the increase in cashless payments (in line with Council policy)		(350)	No	Yes		No/minimal impact on staff or service users
230	E&L	Regulatory Services	Cllr Wingfield	All	Project based Air Quality Assessments to the extent permitted by parking legislation.		(200)	No	Yes		No/minimal impact on staff or service users
231	E&L	Regulatory Services	Cllr Wingfield	All	Cease discount offered for paying for parking by phone, and savings on parking meter collection costs		(210)	No	Yes		No/minimal impact on staff or service users
232	E&L	Waste and Cleansing	Cllr Wingfield	All	Funding of additional street cleaning staff during leafing season to enable parking enforcement to continue.		(100)	No	Yes		No/minimal impact on staff or service users

Efficiencies and Improved Use of Resources

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
276	E&L	Culture	Cllr Hargrove	All	Complete the reconfiguration of youth and play services while maintaining agreed level of grants to voluntary providers.	(6)	(650)	Yes	Yes	yes	The delivery of youth and play provision has a direct community and equalities impact on large sections of the boroughs residents. Extensive consultation has been carried out and incorporated into the new strategy, engaging with children, young people and their families to identify their priorities for activities. Although there are direct impacts, these have been mitigated by taking a broad and balanced approach, and as such the strategy should minimise impact and enhance positive opportunities. Where specific decisions are to be made about provision individual equality and community and equality analysis will be carried out in line with the council's procedures. Potential impacts on staff. As specific proposals come 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.
233	H&M	Customer Experience	Cllr Cryan	All	Service reconfiguration and rationalisation and procurement efficiencies – merged housing solutions/temporary accommodation	(7)	(271)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.

Efficiencies and Improved Use of Resources

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
234	H&M	Modernise (HR and Organisation Transformation)	Cllr Colley	All	Service reconfiguration and rationalisation – HR and Organisational Development and Transformation		(137)	Yes	Yes		Potential impacts on staff. As specific proposals come 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.
235	H&M	Modernise (ICT)	Cllr Colley	All	Service reconfiguration and rationalisation	(1)	(60)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
236	H&M	Modernise (ICT)	Cllr Colley	All	IT user volume reduction and control		(55)	Yes	Yes		No/minimal impact on staff or service users
237	H&M	Modernise (ICT)	Cllr Colley	All	MFD and telephone call volume reduction and control		(40)	Yes	Yes		No/minimal impact on staff or service users
238	H&M	Modernise (ICT)	Cllr Colley	All	Contract renegotiation and cost reduction – voice/date, hosted services and secure login system		(200)	Yes	Yes		No/minimal impact on staff or service users
239	H&M	Modernise (ICT)	Cllr Colley	All	Contract renegotiation and cost reduction – software licences		(300)	Yes	Yes		No/minimal impact on staff or service users
240	H&M	Modernise (CFM)	Cllr Colley	All	Operational estate rationalisation programme		(110)	Yes	Yes		No/minimal impact on staff or service users

Efficiencies and Improved Use of Resources

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
241	H&M	Modernise (CFM)	Cllr Colley	All	FM services re-procurement	(2)	(72)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
242	H&M	Modernise (CFM)	Cllr Colley	All	Service reconfiguration and rationalisation – postal services		(60)	Yes	Yes		No/minimal impact on staff or service users
243	H&M	Modernise (CFM)	Cllr Colley	All	Reconfigure staff catering arrangements		(35)	Yes	Yes		No/minimal impact on staff or service users
244	H&M	Modernise (CFM)	Cllr Colley	All	Stationery and consumables reduction and control alongside a review of stationery core supplier list - pursue cheaper procurement options		(40)	Yes	Yes		No/minimal impact on staff or service users
245	H&M	Modernise (CFM)	Cllr Colley	All	Review of cleaning and security service levels across operational estate		(30)	Yes	Yes		No/minimal impact on staff or service users
246	H&M	Modernise (CFM)	Cllr Colley	All	Review of removals and storage arrangements		(40)	Yes	Yes		No/minimal impact on staff or service users
247	H&M	Modernise (ICT)	Cllr Colley	All	Renegotiation of wide area network (WAN) contract		(150)	No	Yes		No/minimal impact on staff or service users
248	H&M	Modernise (CFM)	Cllr Colley	All	Reduction in postage charges - cease using first class mail		(25)	No	Yes		No/minimal impact on staff or service users

Efficiencies and Improved Use of Resources

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249	H&M	Modernise (CFM)	Cllr Colley	All	Restructure/rationalisation - recruit to critical operational/technical posts with consequent reduction of 4 posts overall	(4)	(220)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
250	H&M	Modernise (CFM)	Cllr Colley	All	Invest to Save - installation of hand dryers at Tooley Street offers on-going contractual saving over current provision		(30)	No	Yes		No/minimal impact on staff or service users
251	H&M	Modernise (HR)	Cllr Colley	All	Overachievement of savings as part of an ambitious remodelling of the HR function which has resulted in a reduction in employee costs of c.20% and further savings across the baseline budget.		(138)	No	Yes		No/minimal impact on service users.
252	H&M	Modernise (Organisation Transformation)	Cllr Colley	All	Deletion of two posts through the voluntary severance scheme (year 1). The work of the team is under review in order to deliver the requirements of the new workforce strategy.	(2)	(124)	No	Yes		No/minimal impact on service users.
253	H&M	Customer Experience	Cllr Cryan	All	Reduce usage/cost of nightly paid accommodation through alternative provision (estate voids, private rented sector) and unified TA procurement through H&M.		(500)	No	Yes		No/minimal impact on staff or service users
254	H&M	Asset Management	Cllr Cryan	All	Rationalisation of the newly combined Specialist Housing Service comprising: Adaptations, Handypersons, Private Sector Renewal/ Empty Homes.		(36)	No	Yes		No/minimal impact on staff or service users
255	H&M	Central Services	Cllr Cryan	All	Reduction in legal contingency budget		(13)	No	Yes		No/minimal impact on staff or service users
256	CE	Planning	Cllr Williams	All	Continued rationalisation of the planning organisational structure in line with natural turnover of staff and changing demands for the service		(75)	Yes	Yes		No/minimal impact on staff or service users

Efficiencies and Improved Use of Resources

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257	CE	Regeneration	Cllr Williams	All	Realignment of staffing resources to support major programmes of work and reorganisation of property services		(100)	Yes	Yes		No/minimal impact on staff or service users
258	CE	External Affairs Division	Cllr John	All	Review of function and activity		(382)	Yes	Yes		Potential impacts on staff. As specific proposals come 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.
259	CE	Regeneration	Cllr Williams	All	Reduce various running costs		(8)	No	Yes		No/minimal impact on staff or service users
260	F&G	Exchequer Services	Cllr Colley	All	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	(2)	(75)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
261	F&G	Exchequer Services	Cllr Colley	All	Housing Benefits processing – implementation of Universal Credit reduced the volume of staff required for processing HB	(8)	(320)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.

Efficiencies and Improved Use of Resources

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262	F&G	Exchequer Services	Cllr Colley	All	Local support services – reduction in support activities and integration of new income collection functions to provide economies in scale in the Rightfully Yours and similar teams	(1)	(50)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
263	F&G	Exchequer Services	Cllr Colley	All	Move towards becoming a cashless council by 2017-18 including review of bullion office services	(4)	(150)	No	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
264	F&G	Law and Democracy	Cllr John	All	Realignment of staffing budgets in prior year and review of staffing structure to provide a more efficient use of resources across law and democracy division incorporating legal, constitution and land charges	(6)	(310)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
265	F&G	Law and Democracy	Cllr John	All	Cease or reduce undertaking work upon which service departments place a low priority, or if services could be provided more cheaply externally	(2)	(100)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.

Efficiencies and Improved Use of Resources

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266	F&G	Law and Democracy	Cllr John	All	Review of support services following restructure of division	(2)	(60)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
267	F&G	Law and Democracy	Cllr John	All	Review fees through revised service agreements with client departments		(75)	Yes	Yes		No/minimal impact on staff or service users
268	F&G	Law and Democracy	Cllr John	All	Review provision of training to take advantage of lower cost and free provision provided via contracts		(20)	Yes	Yes		No/minimal impact on staff or service users
269	F&G	Professional Finance Services	Cllr Colley	All	Staff savings of £257k in 2017-18 through impact of voluntary redundancies. This is a reduction of a 5 posts in 2017-18 across PFS; equivalent to a 6% reduction in FTE. Note this in addition to a 35% reduction in posts in finance in 2016-17.	(5)	(257)	Yes	Yes		No/minimal impact on staff/service users.
270	F&G	Professional Finance Services	Cllr Colley	All	Deletion of apprentice post, in anti fraud team, and deletion part year of anti fraud grade 10 post (from 01/10/17). Two posts from team of 9	(2)	(43)	Yes	Yes	Yes	No/minimal impact on staff/service users.
271	F&G	Finance and Information Governance	Cllr Colley	All	Permanent reduction in one post that has been held vacant pending savings; this equates to a 5% reduction in FTE across the division.	(1)	(55)	No	Yes	Yes	No/minimal impact on staff or service users
272	F&G	Finance and Information Governance	Cllr Colley	All	Reduction in departmental sponsorship scheme of professional training across Finance, Legal and Exchequer Services from total budget of £50k.		(10)	No	Yes		No/minimal impact on staff or service users
273	F&G	Finance and Information Governance	Cllr Colley	All	Reduction in external audit core fees (£100k) and external audit grants fee (£30k)		(130)	No	Yes		No/minimal impact on staff or service users

Efficiencies and Improved Use of Resources

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary	
274	Corporate	Corporate	Cllr Colley	All	Review of existing debt structure for 160 Tooley Street, including further reduction in General Fund debt liabilities, subject to agreement with external auditors		(2,000)	Yes	Yes		No/minimal impact on staff or service users	
275	Corporate	Corporate	Cllr Colley	All	Review of council's minimum revenue provision in order to reduce revenue costs for 2017-18 onwards by extending repayment periods of depreciation subject to agreement with external auditors		(3,700)	No	Yes		No/minimal impact on staff or service users	
							<u>(18,897)</u>					

Income Generation

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
301	E&L	Culture	Cllr Situ	All	Introduce a self-financing events service and increased income from events hires		(225)	No	Yes		No/minimal impact on staff or service users
302	E&L	Waste and Cleansing	Cllr Wingfield	All	Increase income from expansion of commercial waste service in response to demand		(40)	Yes	Yes		No/minimal impact on staff or service users
303	E&L	Energy and Sustainability	Cllr Wingfield	All	Income from additional solar panel installations at sites to be identified		(10)	Yes	Yes		No/minimal impact on staff or service users
304	E&L	Regulatory Services	Cllr Wingfield	All	Additional income from highway licensing and management fees arising from major regeneration projects		(150)	Yes	Yes		No/minimal impact on staff or service users
305	E&L	Parks and Leisure	Cllr Wingfield	Surrey Docks	Marina fees reviewed and increased except for the berthing fees for current resident berthholders where the agreed reducing discount is applied.		(60)	Yes	Yes		No/minimal impact on staff or service users
306	E&L	Parks and Leisure	Cllr Wingfield	Surrey Docks	Redevelopment and potential expansion of marina facilities in Greenland Dock		(100)	No	Yes		No/minimal impact on staff or service users
307	E&L	Regulatory Services	Cllr Hargrove	All	Continued implementation of additional licensing scheme for houses in multiple occupation and of the selective licensing scheme for private rented properties		(400)	No	Yes	No	Positive impact on the community in driving up standards in PRS accommodation
308	E&L	Regulatory Services	Cllr Wingfield	All	Bring charges for parking bay suspension to inner London average		(70)	No	Yes		No/minimal impact on staff or service users
309	E&L	Regulatory Services	Cllr Wingfield	All	Income from private contractors for the right to access the public realm during construction works		(400)	No	Yes		No/minimal impact on staff or service users
310	E&L	Parks and Leisure	Cllr Hargrove	All	Extra income from café and concessions procurement		(50)	No	Yes		No/minimal impact on staff or service users
311	H&M	Modernise (CFM)	Cllr Colley	All	Increase rental income for occupation of Tooley Street by Clinical Commissioning Group (CCG)		(107)	No	Yes		No/minimal impact on staff or service users

Income Generation

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312	H&M	Modernise (CFM)	Cllr Colley	All	Generate income from lettings		(75)	No	Yes		No/minimal impact on staff or service users
313	CE	Planning	Cllr Williams	All	Additional Community Infrastructure Levy (CIL) service charge income arising from continuing stream of developments		(100)	No	Yes		Positive impact on the community
314	CE	Planning	Cllr Williams	All	Additional planning fee income in line with continued increase in demand and increase in fees (set nationally)		(125)	No	Yes		No/minimal impact on staff or service users
315	CE	Planning	Cllr Williams	All	Review of fees for pre-planning advice		(75)	No	Yes		No/minimal impact on staff or service users
316	CE	Planning	Cllr Williams	All	Provision of additional in-house planning consultancy for council projects		(50)	Yes	Yes		No/minimal impact on staff or service users
317	CE	Regeneration	Cllr Colley	All	Ongoing review of commercial rents to renew and replace leases and to reduce running costs		(108)	No	Yes		No/minimal impact on staff or service users
318	CE	Regeneration	Cllr Williams	All	Charging for services provided through partnerships associated with major regeneration projects borough wide		(35)	Yes	Yes		No/minimal impact on staff or service users
319	F&G	Exchequer Services	Cllr Colley	All	Create internal enforcement agents for debt recovery (new service)		(200)	No	Yes	Yes	Equality analysis will form an integral part of the set up arrangements for the Enforcement Agency Service.
320	F&G	Exchequer Services	Cllr Colley	All	An increase to the original income generation proposal - HB overpayment recovery - increase income on debt recovery (subject to future government welfare benefit changes including universal credit)		(100)	No	Yes		No/minimal impact on staff or service users

(2,480)

Savings Impacting on Service Delivery

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
401	C&A	Adult Social Care	Cllr Livingstone	All	Review of day care provision for people with learning disabilities, including the review of managed account provider services (MAPS), to align with duties under the Care Act and to develop options for alternative provision		(537)	No	Yes	Yes	Consolidation of day services into a single day centre offer sufficient capacity in new arrangements to minimise any potential impact.
402	C&A	Adult Social Care	Cllr Livingstone	All	Rationalisation of the personal budgets offer through applying a 10% deflator across care groups to bring in line with comparator authorities. Implementation over review cycle to ensure that the impact on each individual client is mitigated appropriately.		(410)	No	Yes	Yes	Any impact to be mitigated by reviews of care packages.
403	C&A	Adult Social Care	Cllr Livingstone	All	Rationalisation of respite offer for people with learning disabilities, to align with duties across the Care Act	(9)	(350)	No	Yes	Yes	Any impact to be mitigated by reviews of care packages.
404	C&A	Adult Social Care	Cllr Livingstone	All	Rationalisation of transport provision to align with national statutory duty		(375)	No	Yes	Yes	Any impact to be mitigated by reviews of care packages.
405	C&A	Adult Social Care	Cllr Livingstone	All	Rationalisation of equipment provision to align with statutory duty. Non-statutory equipment will need to be purchased by clients/families or provided via local charities		(900)	No	Yes	Yes	Any impact to be mitigated by reviews of care packages.
406	C&A	Adult Social Care	Cllr Livingstone	All	Rationalisation of commissioned services previously funded by Supporting People grant which is no longer provided by government. Targeting remaining funding on those who will benefit most from this enhanced housing support to move on into mainstream housing.		(1,680)	No	Yes	Yes	Impacts mitigated by targeting at those most in need and move into mainstream housing.

Savings Impacting on Service Delivery

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
407	E&L	Parks and Leisure	Cllr Wingfield	All	Reduce tree inspection frequency and intervention levels	(1)	(50)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.
413	E&L	Culture	Cllr Hargrove	All	Explore opportunities for alternative delivery for youth service where appropriate following community sector interest at certain sites.		(100)		Yes	Yes	The delivery of youth and play provision has a direct community and equalities impact on large sections of the boroughs residents. Extensive consultation has been carried out and incorporated into the new strategy, engaging with children, young people and their families to identify their priorities for activities. Although there are direct impacts, these have been mitigated by taking a broad and balanced approach, and as such the strategy should minimise impact and enhance positive opportunities. Where specific decisions are to be made about provision individual equality and community and equality analysis will be carried out in line with the council's procedures. Community sector delivery will be assessed for its positive impact on the community.
408	H&M	Communities	Cllr Hargrove	All	Contract renegotiation and cost reduction – VCS commissioning	(1)	(74)	Yes	Yes	Yes	No/minimal impact on staff or service users
409	H&M	Communities	Cllr Hargrove	All	Reduced staffing – Community Participation and Civic Office	(2)	(100)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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.

Savings Impacting on Service Delivery

24 January Cabinet Report New Reference	Department	Division	Member	Ward	Description	2017-18 FTE	2017-18 £000	Included in indicative Three Year Budget (Council Assembly February 2016)?	Screening Completed	Detailed Equality analysis required through implementation or undertaken at this stage?	Screening summary
410	H&M	Customer Experience	Cllr Colley	All	Move to online only provision for some appropriate non-emergency services – Customer Services	(6)	(229)	Yes	Yes	Yes	Potential impacts on staff. As specific proposals come 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. Impact mitigated by support to those without access to online services through use of telephone or face to face for those that need it and signposting to for example libraries and digital hubs that provide support and training to help people to access online services.
411	H&M	Customer Experience	Cllr Colley	All	Remove residual Bermondsey My Southwark Service Point (MSSP) budgets following 2016-17 closure		(221)	No	Yes		No/minimal impact on staff or service users
412	H&M	Resident Services	Cllr Cryan	All	Rationalisation of corporate/housing strategy functions within H&M - former homelessness prevention grant savings can be released in year 1, but funding for fixed-term post to be retained until 2018-19 for Temporary Accommodation (TA) strategy.		(55)	No	Yes		No/minimal impact on staff or service users

(5,081)

APPENDIX G**CHILDREN'S AND ADULTS' SERVICES BUDGET RECOVERY BOARD**

- G.1. The council has faced very significant cuts to grant funding from government and as a result has a very challenging programme of efficiencies to bring our spend closer to the reality of our new, much reduced, means.
- G.2. Children's and Adults' Services is the largest department within the council and accordingly has the largest challenge. The department is experiencing very significant pressures and the pace of implementation of efficiencies in some areas is not progressing as quickly as needed. Given the vulnerable people that we support, this is inherently difficult.
- G.3. The increased pressures in Adult Social Care, in both level of demand and complexity of need, reflect the service pressures in adult social care being experienced across London and the country, and population increases of older people in Southwark. Implementation of the Care Act has increased levels of referrals, information and advice, and carers assessments. Inflationary market pressures have been felt by providers and the department has sought to protect quality of care and sustain local provision for residents.
- G.4. There are significant budget pressures in children's social care flowing from placements and staffing. There is a plan to reduce in year pressures in these areas and also to identify additional income, to the extent that this is possible given demand pressures and also the need to keep the service safe. The service is therefore developing a range of measures to reduce spend to budget beyond 2016-17 and into 2017-18 and the years beyond.
- G.5. The current financial forecast for the department is projecting a multi-million pound overspend and we need to arrest this immediately to recover our budget position. As reported to cabinet in 1 November 2016, and in a report to 7 February 2017, the Children's, Adults' and Public Health services are experiencing significant pressures on their revenue budgets. These pressures are created by a combination of cost and demand pressures and reductions in Public Health grant at a time when savings also need to be made in the context of wider reductions in resources available to the council as a whole.
- G.6. The Children and Adults Budget recovery board has been established to provide oversight over the significant budget reductions and demand pressures experienced by the Children's and Adults' department and to review management action in year 2016-17 to ensure spend is kept as low as possible consistent with service delivery and client safety. The Board is reviewing measures to address this significant risk for the council and to ensure our statutory duties are fulfilled. It is an example of cross council working to ensure this action has the necessary impact. The Board operates with close consideration of the need to meet the council's statutory duties and manage risk appropriately to ensure a safe service.
- G.7. The Board is also concerned to review the changes required over a longer period to ensure success and sustainability.

- G.8. The board is chaired by the Strategic Director of Finance and Governance, with the Strategic Director of Children's and Adult's Services, and the Chief Executive has a standing invitation.
- G.9. The Board is attended by all Children's and Adults' services directors, supported by the departmental finance managers for the department. In addition, the Director of Law and Democracy and Director of Finance attend.
- G.10. The Board has sought to ensure that the process is as rigorous and transparent as possible such that highlight reports reflect key action areas being undertaken to get the current forecast overspend down, show how actions are being put in place and yielding results, being clear about what we are doing, who is responsible, and importantly providing a status report on how we are doing to reach savings, efficiency, and income generation targets.
- G.11. The Board understands that it has to provide reassurance about the scale of the challenge, and that accurate forecasting is essential. This will include being transparent, but not complacent, about adverse financial predictions.
- G.12. Management action has been taken including:
- Introducing controls over the recruitment of staff, in particular agency staff and also areas operating over establishment
 - Improved management and procurement over residential placements and renewing the Independent Fostering Agency framework arrangements
 - Increasing income levels across a range of areas, most notably unaccompanied asylum seeker claims, housing benefits, inter agency adoption and payments by results
 - Reviewing all relevant placement for continuing health care eligibility and funding
 - For non statutory services and associated roles; making better use of these to reduce external spend, seeking alternative funding and if this is not possible ceasing the service
 - Efficiencies with regard to back office supporting roles and associated costs
 - Reviewing policies on carer allowances where they are more financially generous than statutory requirements and/or statistical neighbours
 - Bidding for innovation grant funding for services where available
 - Introduction of a new scheme of management – changes to permissions and authorisation limits with revised roles and functions for individuals and/or panels.
- G.13. The Board is seeking the most accurate possible financial forecasting in each and every team and service so financial forecasting is updated often and captures the very latest spend, savings and approved commitments.
- G.14. The Board is placing especial emphasis on data quality for placements and commitments, such that new, changes and ending placements/commitments are promptly recorded to maintain an accurate forecast.

Public Health

- G.15. Public Health is funded through a ring-fenced specific grant totalling £28.2m in 2017-18. The allocation has reduced by £3m from 2015-16 to 2017-18, with a

further reduction of £1.4m (5%) indicated by government for the period to 2019-20.

- G.16. There is a continuing demand pressure in sexual health services, despite cost pressures being reduced where controllable through the expansion of community based services and more efficient methods of service delivery. A new London integrated tariff will be in place from April 2017 to reduce the unit costs of appointments and testing, very much in line with local developments in digital services such as on-line sexual health services for confidential home testing which has proven both very popular and effective.
- G.17. Substance misuse services are being rationalised and the health checks team restructured to meet the decrease in public health grant in 2017-18. Referral pathways and remuneration models are being reviewed for services funded by the public health grant to provide service improvements and improved use of resources, to help contain overall public health demand pressures within government grant funding.

Item No. 14.	Classification Open	Date: 7 February 2017	Meeting Name: Cabinet
Report title:		Housing Revenue Account - Proposed Increases in Garage Charges for 2017-18	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	

FOREWORD – COUNCILLOR STEPHANIE CRYAN, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING

Last month cabinet agreed the HRA budget report for 2017/2018. Feedback had been received on the report following consultation with Area Forums, Tenants Council and Homeowners Council. The response from these groups indicated there was some concern regarding the proposal to increase garage rents. Cabinet agreed the HRA budget but deferred the decision on garage rents. Officers were asked to look again at whether there was scope to reduce the proposed increase for tenants and at the same time look again at the private sector garage rents.

The additional work has resulted in revised recommendations for next year’s charges and has also prepared the ground for a more intensive garage review to take place in 2017-18.

RECOMMENDATIONS

1. That cabinet approves an increase in the standard and concessionary garage rents of £1 per week, to £19.62 and £14.62 respectively. That cabinet also approve an increase of £0.50 per week for small sites currently charged at £10 per week and no increase for small sites currently charged £5 per week.
2. That cabinet approves an increase in the private sector rent of £5 per week, to £32.50.
3. That cabinet notes the ongoing planned maintenance programme to refurbish closed and empty garages.
4. That cabinet requests a further report be provided to the cabinet member for housing during 2017-18 assessing the potential to zone private sector rents based on proximity to public transport links, with the potential to charge in excess of £32.50 for more accessible locations.

5. That cabinet requests officers to carry out a borough-wide garage review to assess usage and opportunities for the garage portfolio. That cabinet notes the recommendations in the report titled "Achieving 500 New Affordable Business and Creative Spaces by 2018" which is on the same agenda.
6. Cabinet approves the proposed budget mitigation measure to fund the revenue shortfall arising from the revised fee increase from the HRA contingency budget as set out in the report.

BACKGROUND INFORMATION

7. On 24 January 2017 cabinet considered the Housing Revenue Account Final Rent Setting and Budget Report 2017-18. While cabinet approved most of the recommendations, officers were requested to provide a further report and recommendations on garage rents for the cabinet meeting on 7 February 2017.
8. The last review of the garage portfolio was carried out in 2009-10 and led to the introduction of a new standard rent of £18.62 per week from 1 April 2011. In April 2012 a concessionary £5 reduction on the weekly rent was introduced for tenants and resident leaseholders who were either Blue Badge holders or who were over 70 years of age. At the same time a private sector rent of £27.50 was introduced.
9. Zoning of garage rents was considered during the original review, but proved to be unpopular with tenants and homeowners. In order to mitigate the loss of rent income it is intended to explore the option of zoning garage rents again, but more specifically for private sector tenants.
10. Garages on housing land were constructed under powers in Part II of the Housing Act 1985 which enable their provision and maintenance in connection with the requirements of those occupying housing accommodation provided under that Part. As the garage portfolio is maintained within the Housing Revenue Account the garages must first be provided to those occupying housing accommodation maintained within the HRA.

KEY ISSUES FOR CONSIDERATION

11. There are currently 6,257 garages available for letting although 605 of these are in need of major repair to put them into a lettable condition, and refurbishment of these is currently being programmed. A further 308 are in need of minor repairs, which are ongoing, and 45 are being held for new homes delivery, with potentially more in the pipeline. The remaining 549 are available for letting immediately, although a significant proportion are deemed as 'hard to let' given their location. For example, 230 of these are on the Aylesbury Estate.
12. At the time of writing 3,123 garages are let to council tenants and resident leaseholders on the standard weekly rent of £18.62. 943 garages are let on the concessionary rent of £13.62, and 633 are let to private sector tenants at a rent of £27.50. 51 garages are let on differential rents, reflecting their size and situation, including a small number (11) that are let to the in-house cleaning service and other housing services at a zero rent.

13. An average of 31 garage accounts are terminated each month, and approximately 26 are repossessed for rent arrears. These are re-let as soon as possible from the waiting list which currently has circa 3,600 applicants. Of these 1,565 are private sector applicants, 1,596 are tenants and 470 are resident homeowners, with 8 not specifying a category. Conversely, around 70 new lets occur on average each month, and a further 12 accounts are re-instated following repossession action, giving a net increase of 25 on average each month.
14. In September 2011 the central garage team was created, since when 597 have had major refurbishment and a further 281 closed garages have been refurbished and opened for letting. A further 415 are expected to be refurbished over the coming months and returned to the portfolio to add to the rental stream. To date, 207 garages have been decanted to clear the site for either regeneration projects or new homes delivery, with a further 295 garages on proposed sites due to be decanted in the short to medium term, which will have a detrimental impact on the rental stream going forward. As part of the 2017-18 HRA savings programme, the garage repair budget has had to be scaled back which will lead to a re-profiling of the garage refurbishment programme.
15. In 2016-17 garage service charges were introduced where an additional service was provided, such as water, electricity and additional security. Service charges were also added to garages that were substantially larger or had an additional parking space in front. This raises a relatively small amount of income and it is not proposed to vary these charges in 2017-18, but they will be subject to review on an annual basis in future.
16. An annual web-based benchmarking exercise is carried out in order to inform the budget setting process. The exercise carried out in the current year indicated that Southwark's rents are competitive in the market place, although they are higher than many local authorities. Benchmarking has been carried out with the following local authorities: Westminster, Kensington and Chelsea, Corporation of London, Greenwich, Lambeth, Lewisham, Islington, Camden, Croydon, Hackney, Tower Hamlets. Benchmarking has also been carried out with the following private sector companies/web-hosts; Gum Tree, Lock-Up Garages, Viva Street, Big Yellow, Henfield Self Storage and Shurgard.

Local Authorities (Neighbouring boroughs with sufficient garages information available)				
Local Authority	Average garage tenancy per week for those LA deemed public sector residents eligible for concessionary charge	Average garage tenancy per week for those LA deemed public sector residents	Average garage tenancy per week for those LA deemed private sector residents	
Westminster	Unknown	£17.90	Unknown	Nearly all garages let to HRA residents
Kensington and Chelsea	Unknown	£5.09 to £25.64	£12.85 to £64.11	Rents vary from scheme to scheme
Corporation of London	Unknown	£2.07 to £55.52	Unknown	Rents vary from scheme to scheme and include estate parking
Greenwich	£4.00	£4.80	£6.00	
Lambeth	N/A	£12.23	£30.00	
Lewisham	£6.90	£13.81	£23.07	
Islington	£7.91	£16.47	£32.94	
Camden	£0.00	£12.00	£44.00	
Croydon	£14.00	£14.00	£14.00	
Hackney	N/A	£18.20	£21.84	
Tower Hamlets	£4.97	£9.94	£11.93	
Private Garages within 5 Miles of LBS				
Private Company/ Host Website	Average garage tenancy per week (Inc. VAT)			
Gum Tree	£87.90			
Lock up Garages	£21.00			
Viva Street	£26.80			
Private Self Storage within 5 Miles of LBS				

Private Company	Average tenancy per week (Inc. VAT) for space equivalent to the size of average Southwark garage			
Big Yellow	£84.28			
Henfield Self Storage	£35.93			
Shurgard	£71.54			

Community impact statement

17. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and advance equality of opportunity and foster good relations between different groups.
18. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the budget for 2017-18 and for previous years, each department will undertake equality analysis/screening on its budget proposals ahead of the final decisions being taken. Where screenings identify potential impacts more detailed analysis is being carried out.
19. 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 undertaken to consider any cross-cutting and organisation-wide impacts.
20. For many services the budget proposals will 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.
21. Equality analysis will continue through the cycle of planning and implementation of these budget proposals. 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. Where necessary, consultation will be undertaken alongside mitigating actions where necessary. 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. To date no cumulative impacts have been identified through the analysis.

Financial Implications

22. The government's imposition of statutory rent control for the period 2016-17 to 2019-20, means the HRA's primary income stream is being constrained, requiring the identification of efficiency savings first and foremost and the maximisation of other income sources to ameliorate the need to make savings in more critical front-line service areas that impact on residents. This is necessary to close the budget gap and ensure a balanced HRA budget can be set as required by statute.
23. Garage and associated non-residential charges were last subject to change in 2012-13, and small-scale service charges were introduced during the current year. Benchmarking shows that Southwark's charges are generally towards the upper end of the price range, but still remain reasonably competitive and offer particular value for money with regards to the provision of storage, for which a proportion of the garage stock is used, for both personal and business use (although it is difficult to gauge the extent of this).
24. The proposed increases for 2017-18 are shown below:

	2016-17 £ per week	2017-18 £ per week	Change £ per week
Standard charge	18.62	19.62	1.00
Concessionary charge	13.62	14.62	1.00
Small sites (i)	10.00	10.50	0.50
Small sites (ii)	5.00	5.00	0.00
Private sector (non-resident charge)	27.50	32.50	5.00

NB. The £5.00 concessionary charge differential for elderly and Blue Badge holders is preserved under these proposals.

25. This would generate additional income of £346k in a full year, (against the £448k originally assumed in the 24 January 2017 cabinet report), leaving a shortfall of £102k. In order to enable a balanced budget to be set it is proposed to mitigate the revenue loss from the HRA contingency, which would avoid any further service delivery impact.

26. This assumes occupancy rates remain broadly stable following the increase, but there is a risk that private sector numbers may fall and that it may deter future demand from this cohort. However, there is a substantial waiting list for garages, both from residents and the private sector, so it is reasonable to assume that occupancy levels overall would be maintained, notwithstanding a potential reduction in the proportion of private sector renters at the higher rate, being replaced by residents at the standard rate, with a further revenue loss. For example, a shift of one hundred accounts from private sector to standard rate would result in a loss of £67k. Going forward, this will be one of the key considerations in the assessment of charging policy and possible introduction of zone pricing.

Consultation and notification

27. Consultation on the HRA Final Rent Setting and Budget Report 2017-18, which included a proposed increase in garage rents, was carried out with Tenants Council, Homeowners Council, the Area Housing Forums and the Southwark TMO Committee. The results of this consultation were included as Appendix G to the budget report presented to Cabinet on 24 January 2017. Four of the Area Forums (Peckham, Rotherhithe, Walworth East and Walworth West) and Tenants Council rejected the proposed increase of 10%. Two Forums (Bermondsey East and Borough and Bankside) were inquorate, and three (Bermondsey West, Camberwell East and Camberwell West) agreed to the original proposal. Nunhead and Peckham Rye Area Forum and the Southwark TMO Committee both noted the report, as did Homeowners Council. Aylesbury Area Forum agreed with the increase but recommended that priority should be given to those with mobility issues, who should also receive further concessions. Dulwich Area Forum agreed the increase but recommended that it be for private sector tenants only and not Southwark residents. Given the results of the consultation were inconclusive, cabinet considered alternative pricing options at the meeting but deferred their decision pending a report back.
28. Subsequent to approval of increases in garage charges, either as set out in this report or as amended by cabinet, and the passing of the necessary date for its implementation, the council will issue a contractual notification of variation in non-residential rents to all garage tenants, no less than 14 days prior to the commencement of the new rents and charges referred to above.

REASONS FOR URGENCY

29. The Housing Revenue Account Final Rent Setting and Budget Report 2017-18 was received by cabinet on 24 January 2017. Cabinet requested that officers provide an alternative recommendation in relation to the proposed increase in garage rent, and asked for a further report to be presented to cabinet on 7 February 2017. The report could not be delayed as it forms part of the HRA budget setting process, which requires the HRA to have a balanced budget set before the start of the financial year, and for statutory rent notifications to be issued to tenants 28 days before any variation is implemented.

REASONS FOR LATENESS

30. It has not been possible to circulate this report five clear days in advance of the meeting as the decision requesting this report was made at cabinet on 24 January 2017. Further to consultation and feedback on the HRA, a decision on these charges was deferred so that additional information and proposals in relation to the charges can be considered by cabinet on 7 February 2017.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

31. Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989 ('the 1989 Act'). The 1989 Act provisions include a duty, under Section 76 of the 1989 Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.
32. Under section 74 of the Local Government and Housing Act 1989, expenditure and income relating to housing and other property provided by the council under Part II of the Housing Act 1985, must be accounted for in the Housing Revenue Account ("the HRA"). This includes garages constructed under powers in Part II of the Housing Act 1985.
33. The Housing Act 1985 – Local Government and Housing Act 1989, Leasehold Reform, Housing and Urban Development Act 1993, Circular No. 8/95 ("the Circular"), gives guidance to local housing authorities in England on certain aspects of the HRA. Guidance relating to garages (and garage sites) let to non-HRA tenants is provided in paragraph 14 of the Circular which provides; "Where an authority has a policy of letting, on a long-term basis, blocks of HRA garages to people who are not HRA tenants, the authority should consider appropriating the garages from Part II of the 1985 Act and accounting for them in the General Fund. The department considers that, where tenants do not have the opportunity to rent garages in a block, the provision of those garages does not form part of an authority's housing function."
34. There is no statutory requirement to consult on the recommendation in this report. As a term of the tenancy agreement with its tenants however, Southwark Council has undertaken to consult with the Tenant Council before seeking to change rent and other charges. The report indicates consultation has taken place in order to comply with this contractual term. Cabinet must consider the outcome of the consultation.
35. As noted at paragraph 17 of this report, the public sector equality duty (PSED) contained within section 149 of the Equality Act 2010 requires the council to have due regard in its decision-making processes to the need to:
- a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it; and
 - c) Foster good relations between those who share a relevant characteristic and those that do not share it.

36. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The duty also applies to marriage and civil partnership, but only in relation to (a) above.
37. The council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making decisions in the current context. The cabinet must consider the report author's reference to equalities considerations at paragraphs 17-21 of this report.

Strategic Director of Finance and Governance

38. Cabinet considered the proposed increase in garage rents at its meeting on 24 January 2017 but deferred making a decision pending receipt of further information, specifically in relation to private sector rents and the possibility of introducing zone pricing. Given the urgency, this report addresses some of the more immediate information requests, proposes an alternative fee increase for 2017-18 and budget mitigation, and commits to investigate the viability of zone pricing and report back later in the year.
39. Garage rents and other non-residential charges fall within the purview of the HRA which reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. The council is obliged by statute to agree a balanced budget and the proposals contained in the 24 January 2017 cabinet report - HRA Final Rent Setting and Budget Report 2017-18, conformed to that requirement.
40. The revised fee proposals outlined above would generate a budget shortfall in income from that predicated previously. At the 24 January 2017 cabinet meeting, officers were charged with identifying further savings as required to mitigate any potential shortfall occurring as a result of agreeing a different set of fee proposals. The HRA contingency budget represents less than 1 percent of the gross HRA and is held to address specific budget anomalies or unforeseen pressures that may arise during the year and generally reduce budgetary risk. In the circumstances and given the relatively low level of materiality, it is considered appropriate to use this to manage the revenue shortfall. In the normal course of events, if there are no calls on the contingency during the year, it can be applied to fund the HIP or repay debt or added to reserves, whichever is deemed to be the highest priority at year-end and this will be unaffected by this decision.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing Revenue Account – Final Rent-Setting and Budget Report 2017-18	160 Tooley Street London SE1 2QH	Paula Thornton Constitutional Team 020 7525 4395
Link: (Copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/s66095/Report%20Housing%20Revenue%20Account%20-%20Final%20Rent-Setting%20and%20Budget%20Report%202017-18.pdf		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing		
Lead Officers	Dominic Cain, Director of Exchequer Services		
Report Author	Louise Turff, Homeownership Manager		
Version	Final		
Dated	2 February 2017		
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	Yes
	Date final report sent to Constitutional Team	2 February 2017	

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Paula Thornton Tel: 020 7525 4395

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Barrie Hargrove	1	Gerri Scott	1
Richard Livingstone	1	Duncan Whitfield	1
Victoria Mills	1	David Quirke-Thornton	1
Johnson Situ	1		
Ian Wingfield	1	Officers	
Mark Williams	1	Doreen Forrester-Brown	1
		Jennifer Seeley	1
Other Councillors		Norman Coombe	1
Gavin Edwards	1	Jin Lim	1
Jasmine Ali	1		
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