

<b>Item No.</b> 18.	<b>Classification:</b> Open	<b>Date:</b> 8 December 2015	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Policy and Resources Strategy 2016/17 to 2018/19: Update for Spending Review and Initial Savings Proposals	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley, finance, modernisation and performance	

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

On 25 November 2015 the Chancellor of the Exchequer delivered his Autumn Statement and Comprehensive Spending Review. He revealed that local government will receive the largest percentage cut of all departments, with the DCLG Local Government expenditure limit falling by 56% by 2019-20. The Local Government Association estimates that this will translate into local government funding reductions of 24% on average across councils in England. The Chancellor also proposed that councils should increase council tax by 2% each year in the form of a social care precept, ring fenced to support adult social care.

At this stage we cannot be certain how Southwark will be impacted by these cuts. The provisional local government settlement, setting out proposed funding levels for each local authority, will not be published until the middle of December.

However, given that over the last four years Southwark's funding has been cut by considerably more than average and that costs and demands continue to increase, it seems prudent to continue to work on the assumption that we need to find £96m of savings over the next three years.

In previous years we have waited until we have those provisional settlement figures before publishing detailed savings proposals but, given the scale of the cuts we are expecting, we have decided to publish in this report the £67m of possible budget savings we have identified to date.

In drawing up these budget proposals we have listened to residents' priorities and held true to our Fairer Future Budget Principles. We will protect our most vulnerable residents with no reductions to the Children's Social Care budget and all our libraries will stay open. We will deliver the Southwark Ethical Care Charter and Free Swims & Gyms for all residents.

To find savings we have focused relentlessly on the modernisation of services, increasing efficiency and bearing down on costs. The vast majority of the savings proposed are to come from the back office, service transformation, eliminating duplication, slimming down management layers and working in partnership, especially with the NHS and CCG who joined us in our budget challenge meetings.

Our digital strategy and IT procurement strategies will be agreed in January and shortly after that our new look website will be in operation – a website that will have the My Southwark ethos at its heart, designed around customers' needs and not what the

council wants to tell them. It will allow our residents and other customers to access our services quickly, easily and reliably online and allow for the reduction of time consuming and costly face to face and telephone services.

However, it would be wrong for me to suggest the savings proposals are all efficiencies and reforms. While there remain many opportunities to reform services - to modernise and to provide better services for less money - the fact is that after five years of government cuts, £156m of savings found, in some services a reduced budget will mean a reduced service.

Our draft budget proposals include reductions in the frequency of street cleaning and other valued frontline services, a major reconfiguration of youth and play services, reductions in grant programmes, increases in fees and charges and a host of other difficult decisions. Even so, as it stands today, we are still £29m short of the £96m we believe we will need to save over the next three years and there is every chance that when the provisional local government settlement figures do come in later this month we could still need to find more.

So our work to identify further savings continues, but at the same time I hope that opening up our proposals so far – to the public, the voluntary sector, public and private sector partners and our scrutiny committees – will allow not only for greater interrogation and challenge of the proposals, but also greater creativity and innovation about how we can make the most of our reduced budget, how we can do things differently and how even in these hard times we can continue to work together to deliver a Fairer Future for all in Southwark.

## **RECOMMENDATIONS**

That cabinet:

1. Note that the Spending Review was presented by the Chancellor of the Exchequer as part of his Autumn Statement on 25 November 2015.
2. Note that the provisional grant settlement is currently forecast to be available at some time later in December 2015 and will provide more detail with regard to the council's funding position for 2016/17.
3. Note that, at this time, it is unclear what indicative provisional settlements will be made beyond 2016/17 although total resources available to local government during this period are referred to in the Autumn Statement.
4. Note that in year cuts to the Public Health grant have been confirmed at around £1.6m while Public Health grant for 2016/17 is still to be announced.
5. Note that government is proposing a 2% precept on Council Tax to support adult social care and that there is no clear indication at this time as to how this arrangement will operate, not least in the context of Council Tax Freeze Grant and Council Tax Referendum limits.
6. Note that while the period to be covered by the provisional draft settlement is not known at this time, that the aspiration remains to set a three year budget for the council.
7. Note the challenge to find further savings of around £96m over the next three years set out for the council at cabinet in September and the continuing

commitment of the council to minimise the impact of these real term resource pressures on service delivery.

8. Consider the initial and provisional savings options of around £67m identified within this report.
9. Note, assuming that the savings options included within this report are approved, there will be an estimated budget gap that remains over the three year period of around £29m and therefore instructs the Strategic Director of Finance and Governance to submit a further report to cabinet in January 2016 to include a balanced budget proposal for 2016/17 and indicative budgets for the following two years together with an update of the Medium Term Resourcing Strategy.
10. Instruct officers to complete equality assessments for all budget options to be proposed as part of the January report to cabinet.
11. Instruct officers to complete the two phases of consultation with the community on the overall approach and on the specific proposals in the 2016/17 to 2018/19 budget and feed this into the policy and resources strategy report to cabinet in January and the report to council assembly in February 2016.
12. Agree to recommend that the local discount for empty and unfurnished properties be set to zero with effect from 1 April 2016, and that this recommendation be referred to council assembly to be formally approved on 20 January 2016 as part of the 2016/17 Council Tax Base report.

## **BACKGROUND AND PURPOSE**

13. This report follows the earlier report to cabinet in September 2015. That report indicated the council's estimated funding shortfall of £96m for general fund services for the three year period from 2016/17 to 2018/19.
14. In particular, the shortfall was explained in the context of London Councils' best estimate of government funding for the next three years following the chancellor's budget statement in July. It also took account of known cost and demand pressures over that same period. Cabinet requested that further reports be submitted to cabinet including savings proposals to bridge this estimated funding gap.
15. On 25 November, the chancellor presented his Autumn Statement including details of the Spending Review for the period to 2019/20.
16. This report provides an update on the content of the Spending Review and contains initial proposals of savings that will be necessary in order to achieve balanced budgets over the next three years.

## **KEY ISSUES FOR CONSIDERATION**

17. On 15 September 2015, cabinet considered the initial Policy and Resources Strategy report 2016/17 to 2018/19. The key points considered were :
  - An estimated further loss of grant of £76m by 2018/19 using London Councils' assumptions.

- A real terms budget shortfall of £96m after estimated loss of grant plus inflation, pay awards and known demand and other cost pressures were estimated and taken into account.
  - The provisional local government finance settlement was expected to be announced in mid December after the Autumn Statement and Spending Review.
  - In year cuts to Public Health Grant were estimated at around £1.6m, since confirmed by government.
  - Further consultation will be organised and equality analyses will be completed before budget options can be agreed formally at a future meeting of the cabinet and then at council assembly in February 2016.
  - The potential impact of further government welfare reforms and housing policies are likely to have impacts beyond those currently assumed in assessing the funding shortfall of £96m.
  - It was noted that while the council continually strives to become more efficient, further decisions on budget options over and above those taken in recent years are becoming increasingly difficult to identify and to deliver and are more likely to impact on front line services in the future.
18. Officers were instructed to start work on budget options for the next three years with the objective to achieve a balanced budget against the backdrop of funding reductions, service demands, an increasing cost base, and the commitment to the council's fairer future budget principles agreed in September.

### **Current position**

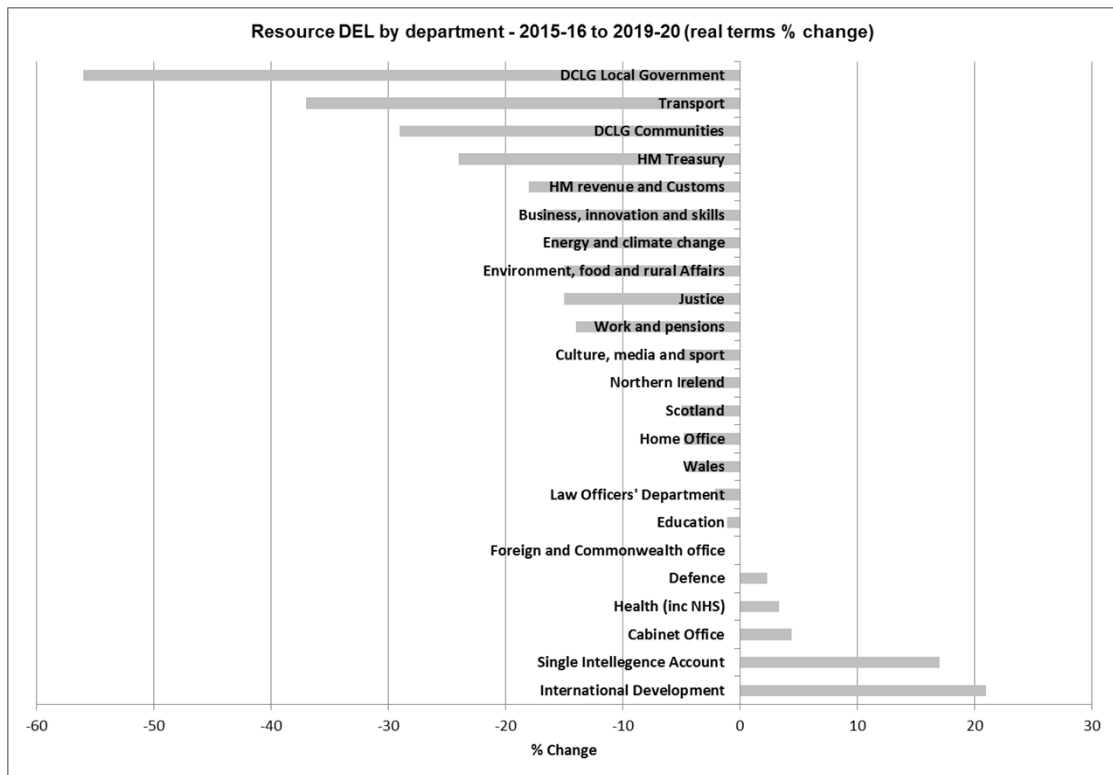
19. Despite the Spending Review announcements, in the absence of any indicative figures from government, the Council's funding estimates continue to use latest London Councils' projections based on the July budget.
20. In order to address the council's future loss of funding, officers were tasked with providing options for a 25% reduction in net council budget over three years. Given the uncertainty over the current funding position, officers have been requested to ensure that any budget options being proposed can be scheduled to be achieved at the earliest opportunity within the three year planning horizon.
21. Officers have considered a variety of options including efficiencies and income generation opportunities. These options are presented in this report and are subject to further review and completion of equality analyses before they can be agreed. To date, options of approximately £67m of savings and income generation have been identified across the three years 2016/17 to 2018/19. These savings are summarised in Appendix A, and are shown in detail in Appendices B to F.
22. Following on from this process and on the assumption that all of these proposals were to be agreed by council assembly in February 2016, the council still faces an overall funding shortfall of around £29m over the three year period. Work therefore will need to continue to consider further options in the future.
23. At this time and in the context of the best assessment of the outcomes of the government's spending review, there have been no changes to the underlying funding assumptions made in September. The council will await the provisional grant statement later in December that will set out 2016/17 funding and may give clearer indications of funding for up to three years beyond then.

24. Further commentary on the Spending Review and future risks and opportunities are outlined elsewhere in this report.

### **Spending Review and Autumn Statement**

25. On 25 November 2015, the Chancellor of the Exchequer presented Spending Review 2015 (SR15). This set out government departmental expenditure limits for the next four years (2016/17 to 2019/20). Alongside the Spending Review, the Chancellor delivered his annual Autumn Statement, which included an update on the overall economic outlook and future plans for both public spending and taxation up to 2020/21.
26. The Spending Review contained a number of policies and announcements, which are likely to impact on local government. At this stage, it is too early to confirm what the exact impact will be on Southwark. More detail will emerge over the coming weeks. However, the key headlines for London local government are summarised below.
- Overall cut to Local Government Resource DEL will be 56% in real terms (53 per cent cash) between 2015/16 and 2019/20 (falling from £11.5bn to £5.4bn)
  - London Councils and Local Government Association estimates the cut to core funding (SFA) to local authorities to be around 24 per cent for England
  - The Mayor of London and the boroughs will jointly commission employment support outside the Jobcentre Plus regime
  - Government will consult on the reform of Business Rates during 2016 taking into account the wider resources available to councils including council tax, and consider the transfer of funding for administration of Housing Benefit for pensioners, Transport for London (TfL) capital funding, and public health
  - The Government's long term review of business rates will now report at Budget 2016
  - There will be the opportunity for councils to introduce a new 'Council tax precept' of up to 2% which must be spent exclusively on adult social care; the details are to be confirmed
  - The Better Care Fund will be expanded by £1.5bn nationally by 2020; the source and profile of this funding is to be confirmed
  - Sharpened incentives for New Homes Bonus will be introduced that will give rise to savings of £800m on the current programme
  - Local authorities will be able to retain 100% of asset disposals to fund qualifying "reform" projects
  - Government will consult on a national schools funding formula to be introduced from 2017
  - Government will reduce Education Services Grant by £600m (from a total of £815m) in 2017/18
  - 400,000 affordable homes to be started by 2020/21 including 135,000 Help to Buy (HtB) shared ownership homes
  - "London Help to Buy" scheme to offer 40% equity loan in recognition of higher housing costs in London
  - Apprenticeship levy on larger employers announced in the Summer Budget will be introduced in April 2017. It will be set at a rate of 0.5% of an employer's paybill.

27. In addition, it is understood although yet to be confirmed, that council tax freeze grant will be removed but that the council tax referendum cap will remain at 2% exclusive of any adult social care precept.
28. As in previous spending review and budgets, funding for health, schools, international development and defence has been protected. Further, the Cabinet Office has also been protected and its budget will rise in real terms. These protections magnify the level of cuts for the remaining departments. The chart shows that DCLG Local government will receive the largest percentage cut of all departments over the next four years



Source: HMT, Spending Review 2015; figures from Table 2.1 (p.78)

29. The content of the SR15 while largely confirming previous assumptions now requires the council to undertake a fundamental review of the MTRS in order to ensure that the continuing funding and demand pressures on council finances can be managed appropriately over the next five years.

### Key risks

30. The budget assumptions for Southwark presented to Cabinet in September were based on the information available from government and from London Councils in advance of the autumn statement and spending review presented on 25 November. However, it will not be until the announcement of the provisional local government finance settlement due on or around 16 December 2015 that there will be more certainty on Southwark's funding for 2016/17. The settlement may include 2017/18 and 2018/19 although these grants are only likely to be indicative should they be announced at all.
31. The Autumn Statement and the Comprehensive Spending Review have confirmed the high level spending estimates for public services, including local government. Once again, local government are set to experience proportionately

the most dramatic funding reductions across that sector. While the reductions are set at a macro level for each of the next four years, the distribution of these reductions over the four years is not known at this time. The provisional grant settlement in December is expected to provide more clarity. In addition, the potential knock on effect of financial devolution in other parts of country or within London cannot be estimated at this time.

32. There is also the risk of further funding pressures through more ring-fencing of specific grants and further cuts to the public health grant.
33. Southwark's ability to generate additional business rates and forecast growth, of which only 30% can currently be retained, is also subject to external influences. Even with the growth of business in the area since 2013/14 when the retained business rates system was implemented, this growth has yet to feed through into the system in full as new buildings take time to be fully occupied while others close for redevelopment or major works. Business rates appeals, both pre and post 2013/14, and the delays in getting new properties into rating, mean that estimated growth has yet to be fully realised.
34. There is also the risk of a redistribution of Southwark's share of the national business rate income following the planned business rates revaluation in 2017, and the re-baselining in 2020.
35. 2016/17 and future years are likely to incur further pressures as the impact of welfare and housing reforms occur.

#### **Minimum Revenue Provision**

36. In the context of the further unprecedented reductions in funding, it has been necessary to start undertaking a review of the council's Minimum Revenue Provision (MRP) strategies. This is in line with work being undertaken by several other local authorities wishing to minimise the impacts of the reductions on front line services by increasing the risk appetite for existing debt repayment periods.
37. Essentially this review entails seeking to extend repayment periods for principal repayments over revised assessments of the life of those assets. In assessing these amendments, consideration will also need to be given to the potential impacts on the council's future borrowing requirements to meet the demands of the ten year capital programme.
38. At this time, approximately £5m is being earmarked as a potential saving from 2017/18 onwards, including further revisions to the financing through internal borrowing of the 160 Tooley Street building.
39. All amendments will need to be subject to full consultation with the council's external auditors who will wish to be satisfied that the management of future risk is proportionate. Further work will be completed in advance of cabinet in January 2016 and regular updates provided through Treasury Management reports through 2016/17.

#### **Commitments**

40. The budget gap of £96m reported to cabinet in September included a number of assumptions around unavoidable cost and demand pressures. These included :

- Concessionary Fares (Freedom passes) pressures
- Temporary Accommodation
- No Recourse to Public Funds
- London Living Wage uplift
- Increase in Insurance Premiums
- Increase in Employers NI following the removal from 2016/17 of the 3.4% NI rebate for staff in the pension scheme.
- Inflation and Pay Awards
- Contractual and Licensing Commitments.

41. Officers continue to review these assumptions and where possible take steps to put in place plans to mitigate the pressures over the three year period. The economic forecasts contained within the Autumn Statement and advice from London Councils on future trends and policy changes are also being reviewed. In particular the impact of changes in the education funding arrangements announced in the SR are being assessed, although these are likely to impose further pressures rather than reduce the size of the budget gap. The creation of the apprenticeship levy is a further additional commitment.

42. Detailed information on the nature and extent of these commitments will be reported in full to cabinet in January.

### **Public Health**

43. On 4 November 2015 the government announced that the in-year reduction in public health grant would be by a 6.2% across the board cut.

44. This confirmed that the grant reduction would be £1.6m as reported in the September 2015 Policy and Resources strategy report to cabinet.

45. Any further reductions for 2016/17 are unlikely to be known before the provisional local government finance settlement is announced in December.

### **Removal of local discount on empty properties**

46. Income from council tax equates to only 29% of all sources of council resources available each year to provide essential services to our residents and businesses. It is vital that we maximise the amount of council tax that we bill and collect so that we are able to continue to provide these essential services.

47. On 28 November 2012, Council Assembly agreed a recommendation from cabinet to replace Class A and C exemptions and introduce local discounts from 1 April 2013.

48. One of these was to introduce a local discount set at 100% for up to a maximum of two months for empty and unfurnished properties.

49. Based on an analysis of 2014/15 data, it has been estimated that the abolition of this discount would generate an additional £500k to the general fund. This would however cause an additional £237k to be borne by the HRA.

50. Removal of the local discount for empty and unfurnished properties would bring the council into line with 24 of the 33 London boroughs who do not award a discount in these circumstances



## Reserves and Balances

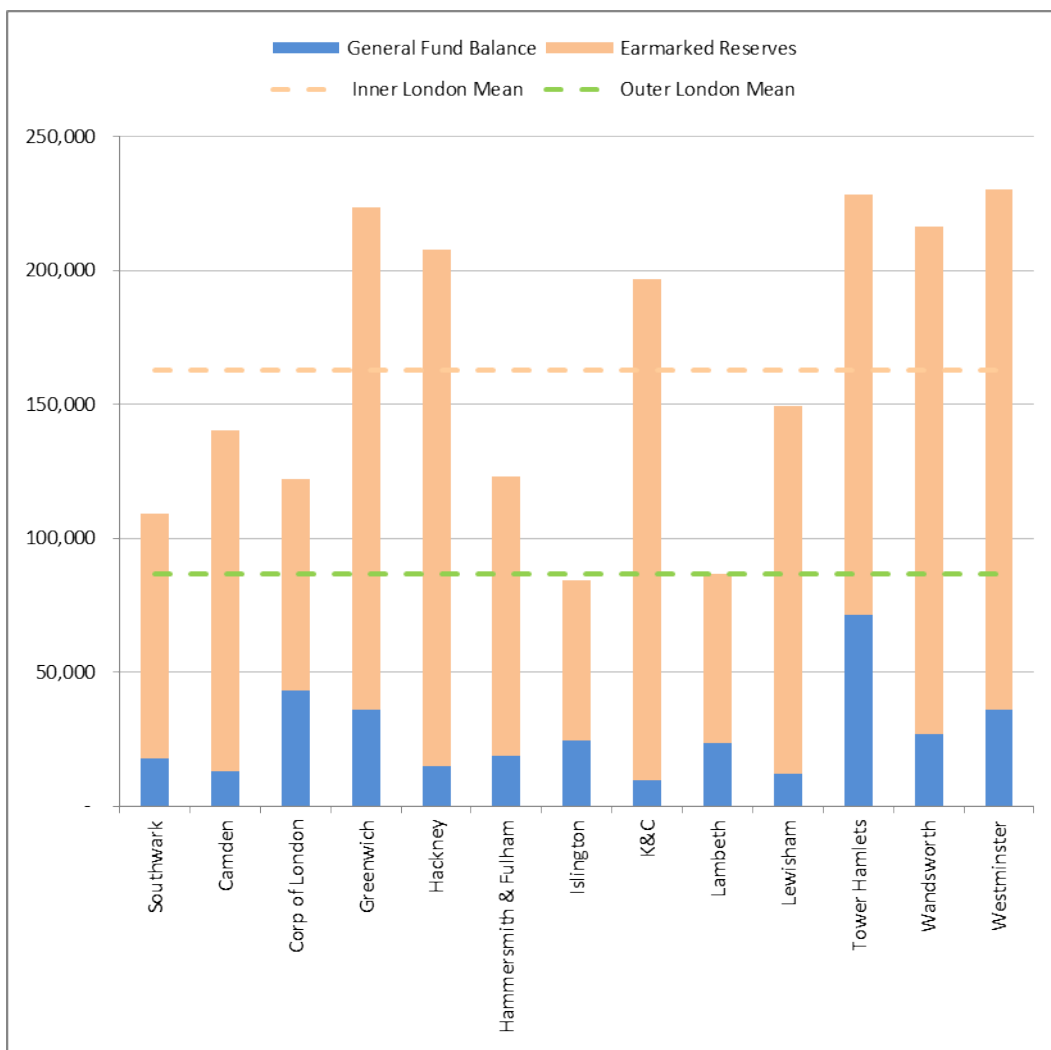
51. Balances and reserves are held by the council in order to fund a range of future commitments, to provide for future investments and to mitigate financial risks. These are reported in detail in the Annual Statement of Accounts and are subject to external audit.
52. In recent years, the council has set aside approximately £6m of unallocated earmarked reserves in order to balance the annual General Fund budget and relieve pressure on services. Since 2013/14 a total of £23m has been allocated from reserves and balances for these purposes. This would not be considered normal practice but has been deemed reasonable by the council's S151 officer in the context of unprecedented reductions in government funding.
53. A further contribution of £6m has been assumed in 2016/17 budget calculations: this practice is likely to continue for the period of austerity as long as resources remain available.
54. This annual contribution from balances has been made possible in no small part through the maintenance of contingency provision in the base budget each year. Where calls on this contingency have not been necessary as savings targets have been achieved and in some instances surpassed through early delivery of the outcomes, the annual contingency has become available to return to balances to enable the contribution to be made in future years.
55. As at 31 March 2015, balances and reserves were reported at £109.5m, represented by :

General Fund Balance	£18.1m
Earmarked Reserves	
Corporate Projects and Priorities	£16.9m
Service Reviews and Improvements (exc. DSG Reserve)	£14.5m
Capital Programme and other Capital Investment	£30.4m
Strategic Financing, Technical Liabilities & Future Financial Risk	£29.6m

56. The General Fund Balance of £18.125m represents the balance of last resort in the event of any major and unforeseen 'event' that compromises the delivery of the council's budget. At current levels, this balance represents around 4% of the council's annual revenue and capital turnover (excluding business rate income of around £200m) and is considered by the Section 151 officer to be appropriate for the organisation in the context of the risk profile. The main risks include the extent of the council's capital programme (4th largest in London in 2014/15) and ongoing regeneration activities.
57. Earmarked reserves are held for specific projects ranging from university scholarships (£465k) to the Southwark Emergency Support Scheme (£3.1m to 2018/19) to modernisation (£5.1m) and regeneration and development projects (£9.2m including contribution to Aylesbury developments. Without the presence and future use of these reserves, the future of projects and important cost saving and invest to save initiatives would be compromised, delayed and even halted.
58. Earmarked reserves also contain funds to finance future technical accounting liabilities such as the Waste PFI (£3.8m), contributions to the 2015/16 general fund budget (£6.2m), the Council's insurance fund to cover any uninsured loss

(£6.4m) and a number of financial risk elements including cover for any loss on debt interest (4m) and social care demand pressure (£1.8m). Details on all of the various balance and reserve items are contained in the audited annual statement of accounts.

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



## **Budget Consultation – Engaging with the community**

62. The approach that is being taken to budget consultation follows the council's agreed Community Engagement framework. It uses a variety of consultation methods both face to face and online to attempt to get as representative a sample of views as possible and conforms to the good practice established for budget consultations.
63. The budget consultation report will also take on board the results of the previous extensive spending challenge exercises over the last 4 years where residents gave us their views on which services should be protected. These exercises told us that residents wanted us to be more efficient and find more cost effective ways to deliver services. Residents also told us that we should cut back office costs and protect frontline services especially for the vulnerable and those most in need.
64. The approach to the current consultation was piloted at Peckham and Nunhead community council on 10 November 2015. This consisted of a short presentation by the cabinet member for finance, modernisation and performance followed by a series of questions where the public voted on their responses. This exercise is now being rolled out borough-wide and throughout the remainder of November and December consultation is taking place both through face to face meetings like community councils and with use of an online survey.
65. The VCS continues to have an essential role to play in Southwark and VCS organisations are a key partner in working with the council to ensure that our most vulnerable residents and communities are protected. In facing the challenges that the financial climate gives us the council and the VCS will continue to have to change and modernise the way we work.
66. In each of the last five years the council has written to all funded voluntary sector organisations outlining the council's process for decisions on funding for the current year. In each case, because of the central government timescale for announcing our financial settlement, we have not been in a position to give as much notice as we want on funding decisions for the next financial year. The council has once again written to all VCS funded organisations pointing out that:
  - over this period the government cuts have meant unprecedented reductions to the funding that the council receives.
  - as in previous years, because of the government timescale for notifying us of our settlement for the coming financial year we as yet have no certainty on what our funding will be for 2016/17
  - work is ongoing to consider a range of savings options that could equate to 25% or more
  - the large scale of the budget gap that we face for the coming year with likely similar gaps in the following two years
  - despite the scale of the reduction to the council's budget in the past the impact overall on voluntary sector programmes to date has been significantly less and that while we will do whatever we can to support the VCS, it clearly becomes harder to sustain the current level of support as further cuts begin to bite.
67. The letters also:
  - make a commitment to giving 3 months' notice where there are funding reductions from the date the council sets its budget (or when a

commissioning decision is taken if this is later than budget setting) to allow VCS organisations to plan for any impact

- point out that while difficult decisions have had to be taken in recent years the council remains committed to continued working with partners at this time of unprecedented budget reductions.

68. Subject to agreement of this report a further phase of consultation on the budget proposals will take place to include:

- Online consultation on the report using the council's MySouthwark consultation hub
- Consultation with groups impacted by the proposals, for example groups representing young people
- Staff and union consultation
- Deputations to Cabinet in January 2016
- Consultation with the Southwark Forum in January 2016 which represents voluntary sector organisations across the borough
- Promoting the consultation through local media
- Overview & Scrutiny Committee scrutinising the proposals on 2 February 2016.

69. The results of this second phase of consultation will also feed into the final decision making by council assembly in February 2016.

70. The first stage of the budget consultation ends on 31 December. All five community councils have now participated in this exercise and the online survey has been live since 18 November. The consultation is ongoing and therefore the interim analysis of results should be treated with caution and is not yet statistically significant. So far 237 residents have given their views. The results to date suggest the following:

- As with previous consultations residents are more likely to agree that the council should continue to focus on being more efficient and direct resources to those most in need
- A majority agree that the council should empower residents and communities to do more for themselves where they are able to do so
- An overwhelming majority support the council's priorities of growing the local economy, building new homes and creating more jobs
- Respondents are more likely to agree that the council should encourage residents and businesses to deal with services online leaving more costly phone and face to face services for the most vulnerable
- A small majority of respondents agree that the council should continue to freeze council tax. This result varied from area to area with residents in Dulwich and Camberwell more likely to support increasing council tax and residents elsewhere more likely to want to freeze it
- Residents tend to agree that the council should invest in modernising services (for example by better use of new technology) to save money later for frontline services
- A majority of residents would prefer the council to be tough on collecting money from residents and businesses that haven't paid their fair share for the services they use
- A small majority of residents agree that the council should increase charges for extra non-statutory services so that they are in line with other authorities and help to protect frontline services

- A majority agree that the council should charge those who do not live in the borough more for services than those who do. This result varied in different parts of the borough with less consensus among residents in Dulwich and Camberwell
- A majority would like to see the council generate income by delivering services to other organisations

71. These results suggest the council's priorities are in line with those of residents. Officers will continue to publicise the consultation over the coming weeks and compile a full summary when it has closed. In addition to feeding the results into Cabinet and Council Assembly officers will publish a summary of residents views and what happened as a result so that this is available to those who participated.

### Next steps

72. Work is continuing to develop the budget proposals and includes the work undertaken by the Leadership Network looking at reducing and integrating services, multi-agency working, managing down demand and digital by default. In addition the council will continue to look at the effectiveness and efficiency of back office services.

73. Further to this report, officers will consider further options and present further reports to cabinet on 26 January 2016 and 9 February 2016. However it is unlikely that the final 2016/17 finance settlement will have been announced in time for this to be included in the January report. If the final settlement is announced before cabinet a briefing will distributed either before or at the meeting as time allows.

74. A timetable of scheduled meetings leading up to council tax setting is shown below, as detailed on the forward plan.

Date	Meeting	Current forward plan description	Summary of decision to be made
20/01/16	Council Assembly	Council Tax Base 2016/17 and NNDR bases	To agree the council tax base for 2016/17
26/01/16	Cabinet	Policy and Resources Strategy 2016/17 - 2018/19 - revenue budget	Cabinet to recommend a balanced budget for 2016/17 to council assembly in Feb 2016 and receive deputations.
02/02/16	Overview and Scrutiny	Policy and Resources Strategy 2016/17 - 2018/19 - revenue budget	OSC to scrutinise budget proposals
09/02/16	Cabinet	Policy and Resources Strategy 2016/17 - 2018/19 - revenue budget	To recommend a balanced budget for 2016/17 to council assembly in February 2016
24/02/16	Council Assembly	Policy and Resources Strategy 2016/17-2018/19 revenue budget	To agree a balanced budget for 2016/17
24/02/16	Council Assembly	Setting the Council Tax 2016/17	To set the council tax levels for 2016/17

## **Community impact statement**

75. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the 2014/15 budget, each department will undertake equality analysis on its budget options.
76. Undertaking equality analysis will help the council to understand the potential effects that the budget proposals may have on different groups. The analysis will also consider if there may be any unintended consequences and about how these issues can be mitigated. Analysis will also be undertaken to consider any cross-cutting and organisation-wide impacts.
77. The equality analysis undertaken will build on previous analysis including the equality analyses carried out as part of 2013/14, 2014/15 and 2015/16 budgets. The council is committed to conducting a rigorous equalities assessment for budget proposals and the equality analysis is underway at this early stage of budget proposals to ensure that it informs decision making at each stage of the process.
78. Screening templates/reports are being completed for each budget proposal or group of proposals. The screening templates use a risk matrix that assesses whether the potential impact of the proposal is high, medium or low. A high level requires that a full equality analysis is undertaken.
79. The screening templates/reports are being collated centrally and an over-arching analysis undertaken to ensure that there are no cumulative impacts on one or more of the protected characteristics in the Equalities Act.
80. All equality screening reports and or full equality analyses will be shared with cabinet members to allow decision makers to consider equality issues when making their budget proposals and making their decisions. All cabinet members have also been briefed on equality issues and decision making and the responsibilities that the council has under equalities and human rights legislation.
81. To date no cumulative impacts have been identified through the cross council analysis. 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.
82. This approach to equalities screening and analysis has been shared with Southwark's Equalities and Human Rights Panel (FEHRS) who have agreed it is a robust approach and the cross council analysis will be shared with the Panel when complete so that they can challenge it.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

83. 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.

84. 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.
85. Decision makers must understand the effect of policies, practices and decisions on people with protected characteristics.
86. Equality analyses are the mechanism by which the council considers these effects. The report sets out how it is proposed equality impact assessments will be undertaken in relation to the budget proposals.
87. 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**

88. The council is committed to publishing budget proposal at the earliest possible opportunity to ensure they are available to the public for comments and questions.
89. This report is urgent because of the significant impact of the 2015 Spending Review announced by the chancellor of the exchequer on 25 November 2015.

#### **REASONS FOR LATENESS**

90. It was not possible to finalise this report until details of the Autumn Statement were made public on 25 November 2015. Officers have been working since to analyse the areas of potential impact of the Autumn Statement, in as far as is possible, on Southwark Council's finances.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2015/16 to 2017/18: cabinet 10/02/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
Link: <a href="http://moderngov.southwark.gov.uk/documents/b50005448/Supplemental%20Agenda%20No.%202%20Tuesday%2010-Feb-2015%2016.00%20Cabinet.pdf?T=9">http://moderngov.southwark.gov.uk/documents/b50005448/Supplemental%20Agenda%20No.%202%20Tuesday%2010-Feb-2015%2016.00%20Cabinet.pdf?T=9</a>		
Policy and Resources Strategy 2016/17 to 2018/19 Scene Setting Report : cabinet 15/09/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
Link: <a href="http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf">http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf</a>		

## APPENDICES

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

## AUDIT TRAIL

<b>Cabinet member</b>	Councillor Fiona Colley, Cabinet Member for Finance, Modernisation and Performance	
<b>Lead officer</b>	Duncan Whitfield – Strategic Director of Finance & Governance	
<b>Report author</b>	Jennifer Seeley – Director of Finance	
<b>Version</b>	FINAL	
<b>Dated</b>	4 December 2015	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>		Yes
<b>Date final report sent to constitutional team</b>	4 December 2015	



## APPENDIX A

### SUMMARY EFFICIENCIES, INCOME AND SAVINGS IMPACTING ON SERVICE DELIVERY TOTALS

	Controllable Budget *	Efficiencies and Improved use of resources £m	Income Generation £m	Savings impacting on service delivery £m	Total £m	Total %
Children's and Adults' Services	164,873	(19,850)	(17,055)	(2,500)	(39,405)	(23.9)
Environment and Leisure	44,293	(3,507)	(2,735)	(671)	(6,913)	(15.6)
Housing and Modernisation	35,588	(5,987)	0	(2,401)	(8,388)	(23.6)
Chief Executive	6,131	(1,247)	(805)	0	(2,052)	(33.5)
Finance and Governance, and corporate budgets	16,991	(4,992)	(425)	0	(5,417)	(31.9)
<b>Total Departmental Savings</b>	<b>267,876</b>	<b>(35,583)</b>	<b>(21,020)</b>	<b>(5,572)</b>	<b>(62,175)</b>	<b>(23.2)</b>
Corporate adjustments					(5,000)	
<b>Total budget reductions</b>					<b>(67,275)</b>	

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

# APPENDIX B

## SUPPORTING NARRATIVE FOR BUDGET PROPOSALS

### CHILDREN'S AND ADULTS' SERVICES

#### Overview

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

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

#### Education

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

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

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

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

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

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

### **Children's Social Care**

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

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

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

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

### **Adult Social Care**

Southwark has 24,000 residents aged 65 and over. Our projections indicate a significant increase in our older population going forward, not just because we are living longer thanks to advances in medicine and positive lifestyle choices but because increasingly older people are choosing to remain in borough, in their communities, rather than escaping to the country.

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

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

Our services to people with learning disabilities and mental health needs are in need of transformation and need to deliver better value for money. Non-care elements of support packages (e.g. accommodation and overheads) will be reviewed by commissioners. The care elements of support packages will be reviewed by social workers and we will ensure that there is a better

outcomes focus to the support we commission. Even after proposed changes, Southwark will still be a council that funds these services very well, in the top quartile of our comparator group.

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

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

### **Equalities Impact Summary**

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

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

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

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

<b>Division</b>	<b>Ref</b>	<b>Description</b>	<b>2016/17 to 2018/19 £'000</b>
<b>Efficiencies and improved use of resources</b>			
Adult Social Care	1	Restructuring necessary to support updated commissioning and IT strategies	(2,000)
Adult Social Care	2	Review of contracts to achieve best value and to ensure best practice.	(5,000)
Adult Social Care	3	Reorganisation of Adult Social Care to support modernisation of the service	(1,000)
Adult Social Care	4	Review of non direct care cost for people with learning disabilities to ensure that support is appropriate, in line with policy, best practice and value for money. After completion of the review Southwark will remain a top quartile authority for expenditure.	(7,500)
Adult Social Care	5	Reconfiguration and reorganisation of Mental Health teams to support modernisation of the service.	(2,000)
Adult Social Care	6	Rationalisation of in house provider units	(500)
Education	7	Review of Pupil Access, Transport Admissions and Parent Partnership	(95)
Education	8	Review of support to School Improvement Team	(50)
Education	9	Reconfiguration of Early Help functions.	(1,650)
Adult Social Care	10	Review of Community Safety Partnership service organisation structure	(55)
<b>Total efficiencies and improved use of resources</b>			<b>(19,850)</b>
<b>Income generation</b>			
Adult Social Care	11	New Contributions Policy in line with Care Act, introduced October 2015.	(3,000)
Adult Social Care	12	NHS funding for health service aspects of care.	(6,000)
Adult Social Care	13	Better care Fund - Integration of Health and Social Care.	(6,000)
Education	14	Dedicated Schools Grant (DSG) funding for Home to School Transport.	(800)
Education	15	Increased DSG contribution for the Special Educational Needs service.	(211)
Education	16	DSG and NHS funding for Early Help Service.	(1,044)
<b>Total income generation</b>			<b>(17,055)</b>
<b>Income generation</b>			
Education	17	Reconfiguration of Youth and Play services, including transfer to Environment and Leisure Department	(2,500)
<b>Total income generation</b>			<b>(2,500)</b>
<b>Total Children's and Adult Services</b>			<b>(39,405)</b>

# APPENDIX C

## SUPPORTING NARRATIVE FOR BUDGET PROPOSALS

### ENVIRONMENT AND LEISURE

#### Overview

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

#### Environment Directorate:

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

#### Leisure Directorate

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

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

#### Service Development

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

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

### **A more efficient Environment & Leisure department**

The department aims to make Southwark's neighbourhoods great places to live, that are clean, safe and vibrant and where activities and opportunities are accessible to all. The department's approach to achieving savings follows the budget principles by focusing on core provision of quality services, efficiency savings, smarter procurement and robust contract management. The department is also seeking to increase income by raising demand for services.

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

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

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

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

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

#### **Efficiencies & improved use of resources (£3.5m)**

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

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

This has arisen mainly from the Regulatory services business unit which has undertaken a fundamental review of its functions and is proposing to adopt a multi-disciplinary approach (move from single functional silos to functionally flexible and adaptive teams) which maximises the skills and professionalisms of its staff in its service delivery. The amalgamation of business/functional units will improve the transfer of knowledge and

skills among teams and potentially lead to improved response speed, simplified planning, improved adaptability resulting in efficiency savings of £612k.

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

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

### **Income Generation (£2.74m)**

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

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

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

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

### **Savings impacting on Service delivery (£671k)**

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

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

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



## **Environment and Leisure – Equalities Impact Summary**

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

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

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

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

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

<b>Division</b>	<b>Ref</b>	<b>Description</b>	<b>2016/17 to 2018/19 £'000</b>
<b>Efficiencies and improved use of resources</b>			
Culture	18	Review events management with a view to increasing commissioning and associated restructure of the events team	(105)
Culture	19	Refocus Heritage team in preparation for the development of new facilities	(75)
Culture	20	Review library management and staffing structures	(262)
Culture	21	Review the arts grants and management structure	(155)
Culture	22	Introduce a self financing events service	(224)
Culture	23	Review use and management of Kingswood House with continued library service	(75)
Culture	24	Working in partnership with developer of Grove Vale Library to deliver a new library with lower running costs	(44)
Regulatory Services	25	Reconfiguration of division into functionally flexible and adaptive teams with a multi disciplinary approach in responding to council priorities	(612)
Waste and Cleansing	26	Review of Environment division management / staffing structure	(50)
Energy and Sustainability	27	Reduced energy prices and increased efficiency of infrastructure	(100)
Highways	28	New TfL contract arrangements resulting in reduced charge to the council	(20)
Strategic Director	29	Savings arising from Senior Management Restructure of Environment and Leisure Department	(400)
Parks and Leisure	30	Capitalisation of costs of major equipment generates revenue savings	(300)
Parks and Leisure	31	Refocus Area repairs and maintenance priorities to optimise opportunities within the existing capital programme	(60)
Parks and Leisure	32	Review use of existing capital budget provision in line with new contractual arrangements for leisure facilities maintenance	(280)
Parks and Leisure	33	Review Leisure Management Structure (completed in 2015/16)	(45)
Parks and Leisure	34	Anticipated savings from the new Leisure Management Agreement	(450)
Parks and Leisure	35	Efficiencies arising from the specification of the new Grounds Maintenance contract	(100)
Parks and Leisure	36	Review of the new parks and leisure management structure	(150)
<b>Total efficiencies and improved use of resources</b>			<b>(3,507)</b>

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

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

<b>Total Environment and Leisure</b>			<b>(6,913)</b>
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### SUPPORTING NARRATIVE FOR BUDGET PROPOSALS

#### HOUSING AND MODERNISATION

##### Overview

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

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

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

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

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

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

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

Budget savings are set out by division below.

### **Asset Management (£447k)**

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

### **Communities (£4.435m)**

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

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

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

funding comprising both contract efficiencies and service reductions, with associated rationalisation of client-side support (£829k) and a review and restructuring of support arrangements for the Neighbourhoods service and wider divisional running cost savings (£87k).

### **Resident Services (£1.133m)**

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

### **Modernisation (£16,747m)**

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

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

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

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

### **Customer Experience (£12,866m)**

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

The customer access programme aims to achieve improved customer service whilst delivering efficiencies through on-line access, self service and smart telephony. The majority of council services are now accessible on-line, 24-hours a day at the

customer's convenience. Service reconfiguration in the contact centre has already delivered c.£3.9m savings since it was brought in-house in 2013, with a further £1.854m proposed over the next three years by moving to on-line service provision only with consequent reductions in client-side support (£1.138m), improved contract procurement associated with systems and project development (£200k) and service rationalisation within My Southwark Service Points (£339k) and customer resolution (£177k).

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

### **Central Functions (£-40k)**

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

### **Housing and Modernisation – Equalities Impact Summary**

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

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

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

All proposals or groups of proposals have been subject to equality screenings to identify any disproportionate impacts on any of the protected characteristics in the Equalities Act. Where any potential impacts have been identified full equality analysis has been undertaken including looking at any mitigating actions that are necessary. The equality analyses have been collated across the department to look for any cumulative impacts and to date none have been identified. In line with the process across the council, information on the equality analysis will be shared with the relevant cabinet members so it can be considered when decisions are taken.

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



## APPENDIX D

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

Division	Ref	Description	2016/17 to 2018/19 £'000
<b>Efficiencies and improved use of resources</b>			
Resident Services	57	Procurement efficiencies – Sheltered Wardens, Resettlement and Supported Accommodation	(53)
Resident Services	58	Service reconfiguration/rationalisation – Supported Accommodation	(69)
Asset Management	59	Stair lift Maintenance – council landlord provision, necessitates redirection to HRA	(76)
Asset Management	60	Service reconfiguration/rationalisation – Handypersons and Aids and Adaptations	(22)
Communities	61	Service reconfiguration/rationalisation – Neighbourhoods Team and reduced divisional running costs	(87)
Communities	62	Contract efficiencies – VCS Commissioning	(92)
Customer Experience	63	Service reconfiguration/rationalisation and procurement efficiencies – merged Housing Solutions/Temporary Accommodation	(918)
Customer Experience	64	Service reconfiguration/rationalisation – Customer Services	(58)
Customer Experience	65	IT contract efficiencies – Customer Services	(155)
Customer Experience	66	Service reconfiguration/rationalisation – My Southwark Service Points	(170)
Modernisation	67	Service reconfiguration/rationalisation - HR and Organisational Development/Transformation	(684)
Central Functions	68	Mortgage portfolio – council landlord provision, necessitates redirection to HRA	(9)
Central Functions	69	Staged reduction in legal contingency budget	(13)
Modernisation (IDSD)	70	Service reconfiguration/rationalisation	(360)
Modernisation (IDSD)	71	IT user volume reduction/control	(165)
Modernisation (IDSD)	72	Contract renegotiation/cost reduction - systems support	(130)
Modernisation (IDSD)	73	MFD and telephone call volume reduction/control	(270)
Modernisation (IDSD)	74	Contract renegotiation/cost reduction - voice/data, hosted services and secure login system	(300)
Modernisation (IDSD)	75	Contract renegotiation/cost reduction - software licences	(400)
Modernisation (CFM)	76	Operational estate rationalisation programme	(440)
Modernisation (CFM)	77	FM services re-procurement	(336)
Modernisation (CFM)	78	Service reconfiguration/rationalisation - postal services	(190)
Modernisation (CFM)	79	Reconfigure staff catering arrangements	(215)
Modernisation (CFM)	80	Stationery / consumables volume reduction/control	(105)
Modernisation (CFM)	81	Review of operational opening times and workspace charges for Tooley Street	(70)
Modernisation (CFM)	82	Review of cleaning and security service levels across operational estate	(130)
Modernisation (CFM)	83	Review of removals and storage arrangements	(70)
Modernisation (CFM)	84	Delivery of FM capital planned preventive maintenance programme across operational estate	(400)
<b>Total efficiencies and improved use of resources</b>			<b>(5,987)</b>

Division	Ref	Description	2016/17 to 2018/19 £'000
<b>Savings impacting on service delivery</b>			
Communities	85	Contract rationalisation/reduction – VCS Commissioning	(737)
Communities	86	Reduced staffing – Neighbourhoods, Community Councils, Community Participation and Civic Office	(193)
Customer Experience	87	Move to online only provision for some services – Customer Services	(942)
Customer Experience	88	Reduced staffing – Customer Services	(138)
Customer Experience	89	Reduced project capacity – Customer Services	(45)
Customer Experience	90	Replacement of My Southwark Service Point at Market Place with My Southwark Homeowners Service.	(169)
Customer Experience	91	Reduced staffing – Customer Resolution	(177)
<b>Total Savings impacting on service delivery</b>			<b>(2,401)</b>
<b>Total Housing and Modernisation</b>			<b>(8,388)</b>

## **APPENDIX E**

### **SUPPORTING NARRATIVE FOR BUDGET PROPOSALS**

#### **CHIEF EXECUTIVE**

##### **Overview**

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

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

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

##### **Regeneration**

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

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

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

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

##### **Planning**

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

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

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

##### **Chief Executive's Office**

The Chief Executive's Office is made up of Strategy and Partnerships, the Cabinet Office and Communications. The office was formed following the deletion of the Corporate Strategy division on 31 May 2015 and the subsequent reconfiguration of functions that

provide central support to the leadership of the council alongside specific delivery of priority programmes around building a strong local economy.

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

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

### **Chief Executive's Department Equalities Impact Summary**

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

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

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

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

## APPENDIX E

### SCHEDULES OF EFFICIENCIES, INCOME AND SAVINGS PROPOSALS FOR CHIEF EXECUTIVE

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

# **APPENDIX F**

## **SUPPORTING NARRATIVE FOR BUDGET PROPOSALS**

### **FINANCE & GOVERNANCE AND CORPORATE BUDGETS**

#### **Overview**

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

In supporting the Fairer Future promises of the council, the department's vision is to "make a positive difference everywhere we engage" and to be "efficient and effective in all that we do". Specifically, Finance and Governance endeavours to help the council to "manage every penny as carefully as local families look after their own household budgets". The total budget for the department is £17.38m. The savings proposed for the department over the next three years of £5.42m (31.2%) are made up of proposals that address a number of budget themes:

£0.523m Digital by Default;  
£3.976m Reduce and Integrate;  
£0.918m Managing Demand.

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

#### **Professional Finance Services and Financial and Information Governance**

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

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

#### **Law and Democracy**

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

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

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

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

### **Exchequer Services**

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

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

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

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

### **F&G Equalities Impact Summary**

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

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

While most of the department's services are back office, Exchequer Services and Financial and Information Governance provide a number of front line functions serving the public and businesses directly. Any changes to services to the public introduced as a result of savings will be implemented in such a way as to not impact disproportionately on any specific section of the community. Where necessary, public consultation will be completed before implementing the changes.

## APPENDIX F

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

Division	Ref	Description	2016/17 to 2018/19 £'000
<b>Efficiencies and improved use of resources</b>			
Professional Finance Services and Financial and Information Governance	105	Reduction in staffing structure within Professional Financial Services Division	(2,447)
Professional Finance Services and Financial and Information Governance	106	Fundamental review of service including potential integration within professional finance and legal teams and realignment of CIPFA trainee functions following restructuring of Professional Financial Services.	(209)
Exchequer Services	107	Reduction in Revenues and Benefits (R&B) (workforce vision). Ongoing transformation of R&B organisational structure, in support of digital by default initiative/future Universal Credit rollout. Accompanied by staff development & modernisation of operational ways of working.	(300)
Exchequer Services	108	Use alternative to Royal Mail for postage, this relates to statutory (essential) correspondence including bulk mailings & promotion of digital by default processes (e-billing)	(50)
Exchequer Services	109	Restructure FTSS- review and rationalise FTSS structure in the context of an increase in electronic transactions. Review of key processes, supporting IT and productivity levels within the area.	(373)
Exchequer Services	110	Housing Benefits Processing- implementation of Universal Credit reduced the volume of staff required for processing HB	(400)
Exchequer Services	111	Local support services- reduction in support activities and integration of new income collection functions to provide economies of scale in the rightfully yours and similar teams	(198)
Exchequer Services	112	Debt reduction/income collection efficiencies- following realignment of services with housing functions	(300)
Exchequer Services	113	Move towards becoming a cashless council by 2017/18 including review of bullion office services	(70)
Exchequer Services	114	End paper payslip production for all staff using employee self serve (ESS) and provide alternative payslip provision for those without access to ESS	(5)
Law and Democracy	115	Realignment of staffing budgets in prior year and review of staffing structure to provide a more efficient use of resources	(270)
Law and Democracy	116	Cease or reduce undertaking work upon which service departments place a low priority, or if services could be obtained more cheaply externally	(100)
Law and Democracy	117	Review of support services following restructure of division	(60)
Law and Democracy	118	Review fees through revised service agreements with client departments	(150)
Law and Democracy	119	Review provision of training to take advantage of lower cost and free provision provided via contracts.	(20)
Law and Democracy	120	Review of the function and structure of the Constitutional Team to provide services to members more efficiently	(40)
<b>Total efficiencies and improved use of resources</b>			<b>(4,992)</b>

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

<b>Total Finance and Governance and Corporate</b>	<b>(5,417)</b>
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#### Corporate budget adjustments

<b>Division</b>	<b>Ref</b>	<b>Description</b>	<b>2016/17 to 2018/19 £'000</b>
Corporate budgets	123	Review of existing debt structure for 160 Tooley Street for 2017/18 onwards including further reduction in General Fund debt liabilities, subject to agreement with external auditors	(2,000)
Corporate budgets	124	Review of Council's minimum revenue position in order to reduce revenue costs for 2017/18 onwards by extending repayment periods of depreciation subject to agreement with external auditors	(3,000)
<b>Total Corporate adjustments</b>			<b>(5,000)</b>