

Report to February 10 2009 meeting of the Executive

Policy and Resources Strategy – The Council’s 2009-12 Revenue Budget (The Budget and Policy Framework)

Item No.	Classification: Open	Date: February 10 2009	Meeting Name: Executive
Report title:		Policy and Resources Strategy – The 2009/10 Revenue Budget (The Budget and Policy Framework)	
Ward(s) or groups affected:		n/a	
From:		Finance Director	

RECOMMENDATIONS

1. The Executive:
 - i. Notes the final local government settlement for 2009/10 and indicative settlement for 2010/11.
 - ii. Instructs officers to continue with the Fair Funding for Southwark lobbying campaign with regards to the formula grant in particular in relation to population, migration and children and younger adults.
 - iii. Agrees a balanced budget for 2009/10 for recommendation to Council Assembly on 23 February 2009 as set out in paragraph 33, based on a council tax increase of zero percent, which is in line with local policy priorities.
 - iv. In view of the recession and uncertainty with regards future grant settlements, instructs the Finance Director and other Chief Officers to closely monitor and review business and budget plans and processes to ensure limited resources continue to follow local priorities and that value for money outcomes are achieved over the medium term.

BACKGROUND

2008/11 business and budget planning round

2. In December 2007, the government outlined the settlement for grant funding for the period 2008/09 to 2010/11. The settlement was set within the context of the comprehensive spending review (CSR) 2007.
3. Southwark received the minimum increases in grant of 2.0% in 2008/9 and indicative increases of only 1.75% and 1.5% for 2009/10 and 2010/11 respectively. The settlement was significantly below the rate of inflation (rate price index, or RPI) at that time (4%) and did not fully reflect the demand pressures facing the council. As a result of the settlement, Southwark is at the grant floor along with a further 24 other London authorities.
4. Following the settlement members and officers worked up proposals that would meet local priorities and demand pressures, deliver savings that minimised the impact on frontline services and keep council tax increase to within inflation (RPI). This was a demanding process involving detailed scrutiny of budget options. Following this process in February 2008 the executive proposed a three year budget programme including a balanced budget for 2008/09 and indicative proposals for 2009/10 and 2010/11 for agreement by council assembly.
5. On 20th February 2008, council assembly agreed a budget for the period 2008/09, with indicative proposals for 2009/10 and 2010/11. A total allocation of £309m was agreed for 2008/9, with indicative allocations of £314.8m for 2009/10 and £321.3m for 2010/11.

6. In setting the budget resources were aligned to priorities as set out in the corporate plan and *Southwark 2016*, the sustainable community strategy. This included a number of policy and service improvement priorities with regards regeneration, waste, housing, leisure and culture, children's and youth provision, and social care and health.
7. Agreeing the budget also included taking difficult decisions following policy review with regards to social care, which represents one of the most significant pressures impacting on the council budget. Following the budget agreement, the council began a formal consultation process with users, carers and local people on changing the eligibility criteria for adult social care services.
8. Decisions on social care also needed to be made because of the changes to the funding formula in respect of social care which resulted in Southwark receiving a level of grant that was not commensurate with the boroughs needs. The potential impact to the council as a result of these changes is estimated to be in the region of £65m for 2008/11 if the formula changes were implemented without any protection applied from the minimum funding guarantee (sometimes referred to as "the floor") which is the absolute minimum grant increase a council can receive.
9. Ambitious savings and efficiencies of some £35m were agreed for the three-year period 2008/09 to 2010/11, to be principally achieved through more efficient and improved use of resources rather than through any reduction in frontline service provision. The key platform for achieving this stretched level of saving is the consolidation of office accommodation to a single site at Tooley Street as part of the council's broader modernisation programme.
10. There are three key opportunities arising from the move to a single location at Tooley Street:
 - The rationalisation and improvement of back-office delivery to better support frontline service improvement through modern ways of working;
 - The improvement of asset management and delivery of a programme of disposals across the borough to support the council's capital programme;
 - The provision of a more sustainable and modern building to deliver environmental benefits including the reduced need for travel between offices across the borough.
11. Allied to the move to Tooley Street the council will also progress a programme of improvements that will focus on continuing to achieve cost-effective local service delivery in line with priorities and needs.
12. Current revenue monitoring data as at December 2008 highlights that the budget for 2008/09 is on track to be balanced at year end. However, there are pressures arising from the economic downturn and deepening recession which include loss of income for building control and fewer land searches. Further, there are volume and demand pressures continuing within social care. Management action is in place to contain pressures moving forward in the year ahead. These have been addressed through the budget setting process for 2009/10.

KEY ISSUES FOR CONSIDERATION

13. 2009/10 represents the second year of a three year budget programme agreed by council assembly in February 2008. Since that time there have been unprecedented changes in the global financial environment as a result of the economic downturn. The deepening recession that has followed the crisis is having a significant impact on the UK economy. The scale and impact of the slowdown allied to the recession is greater than many 'experts' predicted. London, as a global financial centre, is particularly vulnerable.

14. It is now clear that the impact of the economic slowdown has gone well beyond the financial sector towards other sectors of the economy. This, coupled with the downturn in the housing market and related impact on local land and property values, is having a profound effect on localities, communities and individuals across the London region. It is within this context that there is a need for the council to comprehensively review its plans for the remaining period of the current budget programme, including agreement of the 2009/10 budget.

2009/10 and indicative 2010/11 local government settlements

15. On 16th December 2008, the Executive noted the provisional 2009/10 local government settlement and indicative 2010/11 which are years two and three of the current three year settlement. First announced in November 2007, the settlement covers the remaining period of the Comprehensive Spending Review (CSR) 2007.
16. The final settlement for 2009/10 was announced on 21 January 2009 and contains no changes to the formula grant announced in November 2007. Southwark will therefore not receive any additional grant to that originally announced.
17. This is disappointing given the council's continued efforts to lobby for a fairer settlement that meets the complex needs of the borough. Furthermore the settlement has not directly addressed the severity of the impact of the deepening recession and economic slowdown on the council's ability to continue to meet local needs and demands. In particular there has been no compensation to councils for the loss of interest earnings as a result of the unprecedented cuts in interest rates by the Bank of England since October 2008. This is putting significant pressure on council's resources and future planning.
18. The scale and speed of the recession is likely to put significant strain on stretched public services both in Southwark and across London. Economic analysis has indicated that London will be particularly impacted by the deepening recession in terms of potential job losses and the slowing of economic growth in the region. In announcing the provisional settlement some 24 London Boroughs are on the grant floor in 2009/10, receiving the minimum increase in grant. Table 1 below highlights that the grant increase is significantly below that of the national average.

Table 1. Formula grant for 2009/10 and 2010/11

	2009/10		2010/11	
	%	£m	%	£m
England	2.84	780.1	2.65	747.5
London Boroughs	2.02	81.4	1.83	75.2
Inner London	1.79	38.7	1.62	35.7
Outer London	2.28	42.8	2.06	39.5
Southwark	1.75	3.9	1.50	3.4

19. As table 1 shows, for 2009/10 Southwark has received the minimum possible grant increase. This increase (1.75% for 2009/10) is less than the national average increase (2.84% for 2009/10). The main reason for Southwark's poor settlement is that the borough has been severely affected by the formula changes particularly for children and younger adults which substantially underestimates the scale and complexity of demand and need in children and younger adults services.
20. Southwark has a 1.75% increase in formula grant in 2009/10 as a result of the minimum funding guarantee. For 2010/11 the council has received an indicative increase in grant of 1.5%, again as a result of the minimum funding guarantee.

21. The scale of deepening recession and economic downturn has resulted in a significant and unprecedented level of uncertainty as to whether existing assumptions attached to CSR 2007 (upon which the 2010/11 indicative grant is based) remain either sustainable or affordable. This puts a strain on the council's ability to plan with confidence over the medium term. However, the Executive have agreed a medium term resources strategy in December 2008 which provides a sound basis and financial framework upon which to mitigate against potential risks whilst continuing to support local needs and policy priorities.
22. In announcing the final settlement for 2009/10 and indicative 2010/11, the government has not given any indication of the timing of the next comprehensive spending review and the level of grant for local government for 2011/12 and beyond. In addition, the government has not provided any assurance that a grant floor would continue to be in place for future years. The failure to set out future grant allocation makes it extremely challenging to plan with any certainty for future years. This level of uncertainty is made more significant due to the scale and speed of the deepening recession. Officers, through relevant representative bodies, are continuing to lobby for changes to be made to the government's grant formula and to seek assurance on the determination of the "grant floor" in future years.

Refreshing the 2009/10 budget

23. The deepening recession is having a significant impact on major regeneration across London. The final settlement for 2009/10 does not make any specific provision for Southwark with regards to regeneration and development. There are specific risks in the housing, building and development market across all boroughs including the significant fall off in income for services such as land charges and building control. There has been a review of major transport development projects by Transport for London. The review has indicated that proposals such as the cross-river tram will not go ahead. There is a risk that other agencies in the region will delay, postpone or halt existing projects and initiatives which risks reducing the stimulus for future growth in the borough.
24. Allied to the slowdown and the halting of regeneration and development, the economic downturn is also having a sharp impact on the council's planned disposals programme and its ability to meet previously agreed capital programme priorities. This will require further consideration of re-scaling and re-profiling of the programme over the medium term.
25. The continuing economic slowdown is having implications on the council's ability to achieve its local performance priorities across a number of service areas. Demand pressures on services are likely to continue and increase for example with regards housing, homelessness and social care.
26. The unprecedented scale and speed of the slowdown in economic circumstances and the fact that the settlement for 2009/10 is failing to keep pace with the level and complexity of demand on local services, requires the council to revisit plans across all services and review the delivery of key milestones for the remainder of the current three year budget programme.
27. The impact of macro economic policy, principally the unprecedented cut in interest rates, is having a significant impact on the council's ability to effectively forecast, plan and resource activity over the medium term. Since October 2008, interest rates have been cut from 5% to an all time low of 1.5% (January 2009) with the strong possibility of further cuts in the coming months.

28. The cut in interest rates will result in 2009/10 of lost interest of £6m on the council's cash balances which in turn impacts on the ability to plan for the medium to longer term. The cut in interest rates combined with the predicted fall in council reserves and balances (as capital receipts decline and reserves are utilised to deliver the modernisation and regeneration programmes) is placing additional and sustained pressure on the council's finances over the medium term.
29. Combined with changes in VAT, the cut in interest rates, have had a significant impact in terms of downward pressure on inflation. The RPI (which takes account of mortgage costs and related factors) fell from 3% in November 2008 to 0.9% in December 2008 and represents the biggest fall in monthly rates in some 28 years. The consumer price index, or CPI, (which takes account of food prices, petrol costs and related factors) fell from 4.1% to 3.1% between November and December 2008. Although falling inflation will assist the council in managing costs in some services, for other services there are continued inflationary pressures (for example utility costs) that are significantly above the current RPI. This strain on resources is further compounded by the continuing and rising demand pressures in services such as social care. The settlement has made no additional provision for such pressure.
30. Since setting the three year budget programme in February 2008, there are a number of unavoidable pressures being placed on resources over which the council has very limited, if any, control. The recent changes to concessionary fares will place particular medium term demands on central resources. This is despite the one-off windfall in resources which will offset some of the immediate pressures for 2009/10. Additionally, supporting the pension fund continues to represent a significant demand on central resources over the medium to longer term.
31. The council have a number of strategic partnership arrangements through the management of major contracts within benefits, information services, tax collection and leisure. The performance of such contracts has a significant impact on the council's ability to meet and resource local priorities and customer expectations. In planning for the future, the continued close monitoring and the strategic review of contracts are essential to the delivery of value for money outcomes.
32. As part of the council's priority of achieving continued value for money and improved use of resources outcomes, it is delivering on an ambitious programme of efficiencies. The delivery of modernisation is a central part of this process, with the office accommodation move to Tooley Street the platform for further achieving local improvement priorities and medium to longer-term efficiencies. In considering plans for 2009/10, and particularly given that the settlement for 2009/10 has resulted in no additional resources to those previously announced as part of the CSR 2007, options for the acceleration of planned efficiencies will be considered. Any acceleration of efficiency plans will take account of the ability to sustain continuous improvement and value for money in service delivery alongside wider implications on the Southwark economy, communities and individuals.
33. The proposed budget for 2009/10 is summarised in table 2 below. Table 2 sets out the expected resources based on the information received to date in the final local government settlement. Details relating to the commitments and savings are set out in Appendices A to C. The table also highlights the original financial plan as agreed as part of the three year programme in February 2008, prior to the global economic slowdown and subsequent recession. The revised plan for 2009/10 assumes central government grant (formula grant) of £227.4m. It assumes that there will be no increase in council tax (Southwark element) in line with policy priorities. The budget proposals are in line with local priorities within the context of the *Southwark 2016*, the sustainable community strategy, and the financial remit as outlined in the medium term resources strategy (MTRS) as reported to the Executive on 16 December 2008.

Table 2. 2009/10 proposed budget

	2009/10 indicative plan (Feb 08) £000s	2009/10 proposed budget (Feb 09) £000s
Formula grant	(227,356)	(227,356)
Council Tax	(87,468)	(86,354)
Projected collection fund surplus 2008/09	0	(1,442)
Total income resources (at zero percent Council Tax increase)	(314,824)	(315,152)
2008/09 budget	309,030	309,030
Inflation	11,222	8,589
Commitments	7,900	14,841
Improved use of resources and efficiencies	(12,978)	(16,562)
Income fees and charges	(350)	(746)
Proposed budget	314,824	315,152

34. The refreshed financial plan for 2009/10 includes some £15million commitments arising from increased demand pressures and the likelihood of additional strain being placed on services as a result of the economic downturn. Over the medium term, it will be important to further assess the extent of the impact on resources as a result of rising demand across services.
35. The refreshed financial plan for 2009/10 includes the improved use of resources and efficiencies of some £17.3million. Like other authorities, the council's ability to generate and maximise income from fees and charges is impacted by the economic slowdown therefore the plans for 2009/10 have been adjusted accordingly. The council will continue, and accelerate where appropriate, the rationalisation of corporate and departmental services with a particular focus on reducing the costs associated with the running of the Council. This will include reviewing management structures, further rationalising support service costs and consolidating strategic activities and support across human resources, finance, policy and performance and procurement in line with the planned move to Tooley Street. Better use of resources will also be achieved through enhanced contract management, improved procurement and service redesign and modernisation, including reviewing capacity to further enhance frontline delivery across a range of council services.

Collection fund monitor 2008/09

36. The estimated balance on the Collection Fund for Council Tax transactions to 31 March 2009 is a surplus of £1.933m, of which Southwark's element is £1.442m. The surplus is due mainly to higher than expected council tax billing in 2008/9, principally as a result of new developments being completed in the borough. The surplus is one-off and must be used to reduce the demand on Council Tax payers in 2009/10, which assists in delivering a zero percent council tax increase.

Table 3. Collection fund monitor 2008/09

	£m
Southwark Council	1.442
Greater London Authority	0.491
Total Surplus	1.933

Schools Budget and Dedicated Schools Grant (DSG)

37. The estimated allocation of Dedicated Schools Grants for 2009/10 is £172m based on the latest projection of pupil numbers. This allocation will be reduced by approximately £5.3m, which is the estimated amount of recoupment in respect of those schools which transferred to academy status in September 2008.

38. The actual DSG that will be received is therefore estimated to be £166.7m. These resources must be deployed to fund the Schools Budget. The DSG per pupil guaranteed level of funding will increase by 3.6%, comprising a 2.1% increase in the minimum funding guarantee, 0.7% for ministerial priorities and a further 0.8% headroom.

39. The Council is also expected to receive further resources of £3.05m from the Learning Skills Council (to fund pupils aged 16-19) and £0.6m as a specific grant (London Pay Grant) from DCSF which must also be used to support expenditure within the Schools Budget.

40. All schools will receive at least the minimum funding guarantee set by the government at 2.1%, comprising cost pressures of 3.1% less an assumed 1% efficiency saving. The additional resources allocated via DSG to meet ministerial priorities (personalisation and SEN), estimated at £1m for 2009/10, will also be directly passported to schools.

41. The remaining resources will be directed at special education needs through special schools, hospital schools and the Southwark autistic spectrum conditions strategy. Funding will also be provided to complete the roll-out of pupil development centres across all primary and special schools.

42. Budgets for services not delegated to schools (retained resources) will be increased in line with corporate inflation.

43. In accordance with Government regulations, the Schools Forum was consulted on these proposals at its meeting on 29th January 2009.

Housing Revenue Account (HRA)

44. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenants' rents and service charges, housing subsidy, leaseholder service charges and other income.
45. The HRA rent setting and budget report was approved by the Executive on 27th January 2009, following consultation, which commenced with the Tenant council meeting of 5th January 2009. This meeting referred the report to individual Area Housing Forums for consideration during January, and a consolidated response was received from a further Tenant council meeting on 26th January 2009.

GLA Precept

46. The GLA is to set its budget and precept on 11 February 2009. The draft budget has indicated an increase in precept of 0%.

A strong and stable resource base

47. In setting out the proposed budget for 2009/10 the Finance Director as the statutory section 151 Officer is assured that spending commitments and proposed savings have been set within the resources available that meet local priorities. The budget for 2009/10 is therefore considered to be robust.
48. In addition to ensuring that sufficient funds are available to finance the ongoing management of Council services, the Finance Director needs to be assured that there is an appropriate level of reserves and balances available. Reserves and balances are needed in any event but especially to protect against risks due to the size, scale and complexity of projects and services.
49. Maintaining an adequate level of reserves, balances and risk are key factors in the Finance Director's assessment of the robustness of the budget. In December 2008, the executive agreed a refreshed medium term financial strategy as part of the MTRS that set a target level of working balances of £20m over the medium term, in line with similar organisations in London. The Council has made progress to achieving this level of balances, currently standing at £17.344m as included in the audited statement of accounts for 2007/08. The Finance Director will continue to review the level of balances and reserves and report to the Executive through the normal finance and performance monitoring process.

Medium term resources strategy (MTRS)

50. At its meeting on 16th December 2008, the executive approved the MTRS. The MTRS aligns the council's financial priorities (as expressed through the medium term financial strategy) with key strategies for asset management, human resources and information technology to create a strategic resource framework to support delivery of local priorities. The MTRS supports the broader partnership ambition of the local area agreement and *Southwark 2016*, the sustainable community strategy. This includes the treatment of area-based grant which will be considered as part of the council's medium term business and budget planning.
51. The MTRS creates the framework for the effective and efficient use of resources and maximisation of resource opportunities in order to achieve long-term policy outcomes and value for money. In agreeing the MTRS the council has set broad financial priorities and principles within which to operate in times of uncertainty.

52. Given the level of additional budget pressure over the medium term as a result of the impact of the economic downturn and unprecedented cut in interest rates, officers will continue to closely monitor and review business and budget plans to ensure limited resources continue to follow local priorities and value for money outcomes are achieved. This includes enhancing the monitoring and budget development processes to ensure the delivery of balanced budgets for the Policy and Resources Strategy programme for 2010/11 to 2012/13. The MTRS will also be kept under regular review to ensure that the priorities and principles best reflect the changing environment in which the council operates.

Community Impact Statement

53. The purpose of this report is to outline budget proposals for Council services, following the final local government settlement and with a recommended Council Tax increase of 0%. Future decisions made on the basis of the agreement of the 2009/10 budget may require detailed consideration of the impact on local people and communities as appropriate including consultation where required.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Legal and Democratic Services

54. The council has obligations under Section 32 of the Local Government and Finance Act 1992 to calculate and agree an annual budget, as referred to in paragraph 33 above. The matters contained in this report will assist in the future discharge of that obligation.

REASONS FOR URGENCY

55. This report is urgent owing to the Council's obligation to set a lawful budget by statutory deadlines and the need to ensure all the necessary preparatory administrative and financial arrangements are in place prior to the next financial year. All local authorities are required to set their council tax by 11 March 2009; this Council will set the Southwark Council Tax on 23 February 2009. Any delay to this date would mean the council would have to move its instalment date beyond 1st April 2009 resulting in loss of income to the council.

REASONS FOR LATENESS

56. The timing of the final announcement of the local government settlement on 21 January 2009 did not include any additional support to assist Southwark in managing the effect of the economic downturn on its services and resources. Further, the dramatic fall in inflation indices and the Bank of England base rate, has meant that officers have had to work towards finalising the budget proposals and it has not been possible to complete this report until after the original agenda despatch.

BACKGROUND INFORMATION

Background Papers	Held At	Contact
Policy and Resources Strategy and budget working papers	Town Hall	Cathy Doran, extension 54396 Stephen Gaskell, Extension 57293

APPENDICES

No.	Title
Appendix A	Commitments
Appendix B	Improved Use of Resources and Efficiencies
Appendix C	Income, Fees and Charges

Audit Trail

Lead Officer	Duncan Whitfield, Finance Director	
Report Author	Simon Hughes, Assistant Finance Director Cathy Doran, FMS Stephen Gaskell, Corporate Planning and Performance	
Version	Final	
Dated	03 February 2009	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal and Democratic Services	Yes	Yes
Finance Director	Yes	Yes
List other Officers here – all Chief Officers	Yes	Yes
Date final report sent to Constitutional Support Services	03 February 2009	

Commitments

Department/Title	Description of Commitments	2009/10
Health & Community Services		£'000
Learning Disabilities	The predicted additional services needed by users who receive residential, nursing and home-care. The cost of transitional clients from Children's in 2009/10 is estimated to be £1.347m and the balance of £0.269m relates to additional non transitional clients. Transition costs reflect the full year impact of 24 clients transferred in 2008/09 and part year effect of 27 clients transferred during 2009/10.	1,698
Physical Disabilities	Demand led pressures arising from: high incidence of ill-health and chronic disease in Southwark that leads to physical disability and social care need (for example HIV/AIDS, high blood pressure, stroke, sickle-cell anaemia etc.); complexity of need from alcohol and drug misuse.	855
Older Persons	The council strategy, in line with government guidance, is to care for clients in the home rather than residential accommodation wherever possible. Residential care expenditure is reducing because of a reduction in activity but the cost of home care is increasing because of increased activity and higher client needs including the increasing levels of dementia and mental health needs associated with an aging population.	78
	Total Health & Community Services	2,631

Commitments

Department/Title	Description of Commitments	2009/10
Environment & Housing		£'000
Culture, Libraries, Learning and Leisure - Canada Water Library	Establishing budget for running costs of new library.	513
Culture, Libraries, Learning & leisure	A commitment as a result of fall out of savings accrued from general management, and administrative and improved workforce planning.	83
Culture, Libraries, Learning and Leisure	Additional commitment arising from changes to delivery of activities within parks in support of local priorities	30
Invest to Save	One-off investment to achieve savings through reduced energy costs in future years across the council's operational building (the SALIX Finance option)	100
Community Safety and Enforcement	Commitment to support pedal cycle warden patrols. This will offer opportunities for increased visibility, coverage of much greater areas and increased public reassurance, proactive targeting of emerging trends in street crime /anti social behaviour and providing a greater scope in support of policing/stewarding events	50
Culture, Libraries, Learning & Leisure	Fallout of one-off saving through the planned temporary closure of John Harvard Library whilst major refurbishment works are undertaken.	20
	Total Environment & Housing	796

Commitments

Department/Title	Description of Commitments	2009/10
Regeneration & Neighbourhoods		£'000
Building Control	Commitments resulting from reduced income allied to the downturn in the building and development market.	172
	Total Regeneration & Neighbourhoods	172
Legal & Democratic		
Legal	Legal support to Major Projects activity in order to manage the extensive range of regeneration projects. This will lead to enhanced control over the engagement of external legal advice and minimise costs where these resources are necessary.	70
Legal Administration	Decontamination, archiving and storage of essential legal, case and contract documentation.	60
Democratic	Reduced income from land charges as a result of housing market downturn	600
	Total Legal & Democratic	730

Commitments

Department/Title	Description of Commitments	2009/10
Deputy Chief Executive		£'000
Concessionary Fares	Reallocation of Concessionary Fares charges following London Councils arbitration	584
Concessionary Fares	One off windfall in resources for concessionary fares to offset immediate pressures for 2009/10.	(1,618)
Customer and Client Services	Adminstration and support costs to achieve improved service delivery with regards freedom passes	106
	Total Deputy Chief Executive	(928)
Corporate		
Pensions	Following the actuaries triennial valuation it has been recommended that the employers oncost rate be increased to 14.5% from the current 10.5%. This bid is the additional required to increase departmental budgets to the new increased charge. The next triennial review is due 2011/12.	600
Modernisation and Accommodation	Modernisation agenda - accomodation strategy incurs additional costs with effect from 2009/10 that are fully met by efficiency savings	5,000

Commitments

Department/Title	Description of Commitments	2009/10
Reserves	Reducing annual contribution to Regeneration and Development reserve. No further scheduled contribution to earmarked reserve after March 2009.	£'000 (1,000)
London Pension Fund Authority (LPFA)	LPFA additional Levy for pensions deficit subject to finalisation	877
Medium Term Resources Strategy	Contingency provision for service pressures that cannot at present be fully quantified. This estimate is based on previous trends and will need continual review as part of future budget planning and in the context of the Medium Term Resource Strategy.	1,200
Strategic Finance	Contingency provision for the impact of the economic downturn and unprecedented fall in Bank of England base rates.	6,000
Reserves	Planned reduction in contribution to balances and functional changes to government funding for the council	(1,237)
	Total Corporate Budgets	11,440
	Total Commitments	14,841

Improved Use of Resources and Efficiencies

Department/Title	Description of Savings Proposal	2009/10
Children Services		£'000
Community services - Modernisation of Early Years Provision	Two main programmes will be initiated : 1. revising the early years centre staffing structures such that Ofsted staffing ratios continue to be met but the utilisation of staff is more efficient and services enhanced and 2. Reduction in management and administrative costs through organisational and structural review.	(500)
Locality Delivery	Begin the restructuring of support services through locality delivery, eliminating overlaps and duplications, modernisation of access and inclusion services.	(280)
Modernisation and accommodation	Savings as part of modernisation and accommodation programme. Savings are proposed in budgets for consultants and through rationalisation of running costs.	(300)
External Resources	Efficiency opportunities arising from effective use of external grant to better support local priorities.	(200)
Placements	Increased efficiency as a result of reconfiguration of placements contracts.	(400)
Youth	Efficiencies realised through the development of an Integrated Youth Support Service (IYSS)	(200)
Modernisation and accommodation programme	Efficiencies realised from the reconfiguration of central support services in line with the council's modernisation and accommodation programme.	(370)
Play and After Schools	Reconfiguration of play and after schools services	(133)
Youth	Savings accrued from the review of project activity supporting youth and after schools services.	(175)

Improved Use of Resources and Efficiencies

Department/Title	Description of Savings Proposal	2009/10
Child and Health Disabilities	Reconfiguration of Child and Health disabilities service through improved partnership working	(120)
Specialist	Reconfiguration of specialist services including revised staffing structure	(63)
Pupil Support	Savings as a result of reduced demand in uptake of In Year Fair Access (IYFA) pupils support grant, following transfer to academy status of the majority of Southwark secondary schools.	(40)
Placement and Care Packages	Continued efficient use of the mix of placements and care packages available across the following areas - fostering and adoption (including reducing use of independent fostering agency placements), family placements and placements in secure accommodation. There will a reduction of five agency fostering places in line with projected demand.	(150)
	Total Children Services	(2,931)
Health & Community Services		
Homecare	Efficiencies resulting from the retendering of block contracts, improved contract management and consolidation of providers to achieve improved economies of scale in service delivery	(600)
Day Centres	Day Centre (Evelyn Coyle & Southwark.Park) - redesign of day centre services has enabled clients attending two day centres to be accommodated at a single location.	(100)
Advise	A Council wide review is taking place of benefits advisory services which will result in consolidation of existing facilities and efficiencies	(125)
Eligibility criteria	Savings resulting from review of eligibility criteria as detailed in report to Executive in October 2008.	(2,500)

Improved Use of Resources and Efficiencies

Department/Title	Description of Savings Proposal	2009/10
Supporting People	Savings resulting from service redesign	(700)
	Total Health & Community Services	(4,025)
Environment & Housing		
Public Realm	Early implementation of SMS payments ('RINGO' system) borough wide following Bankside pilot. The savings arise from service reconfiguration following implementation of the new system.	(50)
Public Realm	Parking contract efficiencies. The procurement of new IT system with lower operating costs will assist in negotiating reductions in contract cost.	(50)
Community Safety & Enforcement	General efficiencies created as a result of service restructure.	(35)
Community Safety & Enforcement	Efficiencies resulting from the review of the wardens service, focusing on the key priorities for the council. Review to include the streamlining of the management structure as part of the divisional service review	(50)
Community Safety & Enforcement	Efficiencies from review and reorganisation of the division by realigning management structures.	(60)
Waste Management & Transport	Efficiencies from the review and reorganisation of the Fleet Business Unit by realigning management structures.	(60)
Culture, Libraries, Learning & leisure	Structural review and reorganisation of libraries management	(50)
Departmental support	Efficiencies created from a rationalisation of departmental support costs as part of the planned modernisation and accommodation strategy. Efficiencies include IT costs, travel costs and general administration costs.	(100)

Improved Use of Resources and Efficiencies

Department/Title	Description of Savings Proposal	2009/10
Community Safety & Enforcement	Service restructuring resulting in deletion of arson reduction coordinator post	(20)
Community Safety & Enforcement	Service reconfiguration within the police constable commissioned service.	(40)
Community Safety & Enforcement	Restructuring of special projects team	(127)
Community Safety & Enforcement	Review of service provision in support of activities in reducing domestic violence	(15)
Community Safety & Enforcement	Rationalisation of policy support to the safer southwark partnership resulting in loss of policy and quality officer post.	(30)
Waste Management & Transport	Streamline the number of flytip lorries operating across the borough.	(140)
	Total Environment & Housing	(827)
Regeneration & Neighbourhoods		
Modernisation and accommodation programme	Departmental operational efficiency arising from modernisation and accommodation programme, particularly through improved ways of working to better support frontline service delivery.	(59)
Social inclusion	Efficiency savings from review of service delivery, with particular focus on modernised ways of working within community support and social inclusion.	(193)
Information and Strategy	Efficiencies resulting from rationalisation of support costs and overheads, particularly with regards recruitment.	(45)

Improved Use of Resources and Efficiencies

Department/Title	Description of Savings Proposal	2009/10
Economic Development and Strategic Partnership	Efficiencies realised from the reconfiguration and reprioritisation of service delivery aligned with the redirection of external resources to support improved outcomes in economic development.	(28)
Management and business support	Efficiencies arising from review of management structures and supplies and services expenditure including reduction of agency staff.	(55)
Community Housing - Temporary Accommodation, Housing Options and Housing Assessment and Support Services	Efficiency savings from review and restructure of service costs and resources.	(181)
Social Inclusion	Efficiencies arising from the 2009/10 London boroughs levy scheme.	(21)
Economic Development	Efficiencies through improved contract management	(26)
Community Housing	More efficient use of resources through improvements in legal contract management	(18)
Housing Options	Service restructuring through improved procurement and reduced demand.	(36)
Social Inclusion - Voluntary Sector Budgets	Improved prioritisation of community support grants.	(23)
	Total Regeneration & Neighbourhoods	(685)

Improved Use of Resources and Efficiencies

Department/Title	Description of Savings Proposal	2009/10
Major Projects Modernisation and accommodation programme Project Management	Efficiencies through the rationalisation of support costs across the services as a result of modernisation and improved ways of working to better support frontline service delivery Reconfiguration of project management in support of the Elephant and Castle regeneration programme, including reduced consultancy costs. Total Major Projects	 (93) (85) (178)
Financial Management Services Departmental Efficiency Programme Contracts	 Efficiencies from modern ways of working programmed as part of the departmental efficiency review arising from the move to Tooley Street , including transaction processing, rationalisation of structures for trainees and income management, storage and use of accommodation. Efficiencies gained through renewal of insurance and internal audit contracts. Total Financial Management Services	 (290) (70) (360)
Deputy Chief Executive Information Services Information services	 Efficiency savings as a result of agreed contract for information services. Rationalisation of Information Knowledge Management (IKM) Team.	 (800) (300)

Improved Use of Resources and Efficiencies

Department/Title	Description of Savings Proposal	2009/10
Modernisation	Savings accrued from time-limited project management costs as a result of delivering key milestones of modernise programme with regards to move Tooley Street and related workstreams	(466)
Customer and Client Services	Efficiency savings related to service improvement associated with housing benefit overpayments	(150)
Customer and Client Services	Improve and modernise delivery of service including reconfiguration of complaints and arbitration services	(70)
Customer and Client Services	Maximising the optimum delivery of services with regards access to one stop shops	(149)
Customer and Client Services	Planned efficiencies resulting from contract for revenues and benefits services	(181)
Corporate Strategy	Rationalisation and reconfiguration of capacity within corporate strategy function	(50)
Organisational Development	Delivery of efficiency and service improvement resulting from restructuring of service	(200)
Property	Planned reduction in costs for running of GIS system	(115)
Property	Restructure and rationalise service as part of management review of business	(50)
Facilities Management	Rationalisation and improvement of facilities management aligned with modernisation and accommodation programme, including reductions in cost and volume of meeting room and other refreshments..	(251)
Management structures	Re-alignment of management structures across department	(130)

Improved Use of Resources and Efficiencies

Department/Title	Description of Savings Proposal	2009/10
Area Based Grant (including Working Neighbourhood Fund)	De-ringfencing of area based grant in accordance with Government guidance will allow the Council the opportunity to rationalise the use of resources more effectively in line with Council priorities and targets agreed by Government.	(700)
Strategic Partnerships	Savings through aligning policy and research functions across the department resulting in a reduction of three posts and rationalising research activity.	(115)
	Total Deputy Chief Executive	(3,727)
Legal & Democratic		
Legal	Restructure support services enabled by adoption of new technologies	(200)
Democratic	Efficiencies resulting from rationalisation of support costs	(17)
Administrative support	Improve the administrative operation costs associated with legal service support.	(19)
	Total Legal & Democratic	(236)
Corporate Budgets		
Modernisation and Accommodation Strategy (including Tooley Street Productivity)	Modernisation agenda - Accommodation strategy is committed to providing efficiency savings to offset any additional costs incurred as a consequence (see commitments). In the first instance (2009/10) these efficiencies refer specifically to those benefits that could not have otherwise been obtained without the centralisation of office accommodation and services across the Council, including those efficiencies arising from modern ways of working and the disposal of properties that become surplus to requirements.	(593)

Improved Use of Resources and Efficiencies

Department/Title	Description of Savings Proposal	2009/10
Shared Support Services	<p>Efficiencies gained through the implementation of shared support services with the modernisation and accommodation programme acting as a key catalyst to drive forward delivery. For 2009/10, three key priorities have been assigned with target savings. These are the Council's professional and transaction based finance activity (£1.5m), the Human Resources function (£0.6m) and other back office support functions including administrative and PA support, Facilities Management. Projects are underway to establish revised structures and to complete the consultation processes necessary to conclude these projects. Priority will be given to identifying vacancies that can be reduced and rationalising the use of agency placements in these areas. Further shared support savings are earmarked for future years.</p> <p>Total Corporate Budgets</p>	<p>(3,000)</p> <p>(3,593)</p>
	TOTAL improved use of resources and efficiency savings	(16,562)

Income, Fees and Charges

Department/Title	Description of Savings Proposal	2009/10
		£'000
Health and Community Services		
Changes in charging	Changes to the fairer charging mechanism to collect additional client contributions for care packages by increasing per centage applied to surplus funds from 60% to 70% in 2009/10. This brings Southwark closer to London average of about 85% over a three year period from 2008/09. This will require consultation with those affected.	(100)
	Total Health & Community Services	(100)
Environment & Housing		
Public Realm	Additional income - licensing for commercial premises	(50)
Public Realm	Additional income from skip licences.	(50)
Public Realm	Net income recovery of reasonable costs (contribution to overheads) from issuing permits and licences to statutory organisations under the Traffic Management Act which becomes operational from 1st March 2009	
Public Realm	Additional advertising income	(100)
Sustainable Services	Additional income from pest control	(50)
Culture, Libraries, Learning & Leisure	Commercial sponsorship income from events	(30)
	Total Environment & Housing	(280)

Income, Fees and Charges

Department/Title	Description of Savings Proposal	2009/10
		£'000
Regeneration & Neighbourhoods		
Planning Policy	More effective use of Housing and Planning Delivery Grant	(36)
Development Control	Increase in Pre Applications Income.	(78)
Economic Development & Strategic Partnerships	Increase income including planning gains.	(16)
Housing Strategy and Regeneration- Adaptations Team	Capitalisation to support project delivery within the adaptations team.	(36)
	Total Regeneration and Neighbourhoods	(166)
Deputy Chief Executive		
Revenues and Benefits	Customer service centre and revenue and benefits increased income from service activity.	(200)
	Total Deputy Chief Executive	(200)
	Total Income, Fees and Charges	(746)