

Cabinet

Tuesday 4 February 2020

4.00 pm

Ground floor meeting room, 160 Tooley Street, London SE1 2QH

Supplemental Agenda No. 2

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Item No. 16.	Classification: Open	Date: 4 February 2020	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy 2020-21	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

FOREWORD - COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT

This report sets out in detail the cabinet's budget proposals for 2020-21 to support delivery of our fairer futures priority outcomes in a financially sustainable way. Whilst 2020-21 provides some relief from the enormous funding cuts the Council has faced over the last ten years, general government funding for the council remains inadequate to cope with the growing demands and pressures on our services, particularly social care, children's services, education, homelessness and welfare support.

Whilst we welcomed the much needed new money for social care in 2020-21, this is only the latest of a series of financial 'sticking-plasters' in recent years. We still await the government's long-awaited proposals for sustainable long-term funding for social care. In addition, the effective ring-fencing of elements of the settlement only adds to the difficulty of delivering a unified and 'one-council' approach to the challenges our communities face and the council's vision for public services fit for 2020 and beyond. £1.25m of the additional monies for 2020-21 will be used to pilot a multi-agency 'sure start' approach to support teenagers and parents and £1.5m will support additional preventative mental health provision for children and young people. The latter will go some way to continue and expand the projects already being supported by the £2 million fund set up the council in the 2019-20 budget.

It remains one of the Council's top priorities that young people in Southwark have the very best start in life. We know that our teenagers in particular face increasing and complex challenges and we want to ensure their improved wellbeing and resilience as well as do more to reduce the risk of young people being drawn into serious youth violence. The £2.75m investment set out above will be further supported by an additional commitment of £0.250m for the Positive Futures Fund, funded from the London Devolution Reserve. The fund has already supported community organisations to provide inspiring opportunities for young people that divert them away from crime. This further investment will allow the council to sustain the support for successful projects and to continue to support projects that are led by young people for young people.

Following high levels of challenge and lobbying from the council and representative bodies, additional resources for children and young people with special education needs and disabilities was announced in last year's Spending Round. The additional funding, estimated at £5.1m in 2020-21, is welcome but falls short of the level of resources required and certainly will not be enough to pay down the accumulated deficit, estimated to be £18m by the end of March 2020. We will be meeting with the Department for Education to discuss our Dedicated Schools Grant (DSG) recovery plan to ensure that the government makes good on its assertion that 'DSG deficits should not be covered from general funds'.

In April 2019 the Council reinforced its commitment to combatting carbon emissions and rising global temperatures, by joining the international Climate Change Campaign and declaring a Climate Change Emergency. The council has been working to reduce its emissions for some time, cutting them by 37 per cent since 2010. Moving forward, it will join forces with everybody in the borough, to try to achieve carbon neutrality by 2030. However, it will be impossible to meet the 2030 target without bold steps from central government, transport improvements from City Hall, help from the construction industry, big business, individuals and more.

The council is currently engaging with residents, local groups and other stakeholders so that we can devise, with support from residents, ways to tackle the crisis by 2030. This will require significant revenue and capital investment to achieve. It is proposed that a fund of £2m is created with a view to making the necessary structural changes to revenue and capital budgets from 2021-22 onwards.

Local government pay is now the lowest in the public sector. Negotiations on the 2020-21 pay settlement are ongoing. The budget proposals presented today include for a 2.5% increase in the pay bill, equivalent to around £4m per annum.

Over the last nine years we have kept council tax low, only raising it to protect vital frontline services. After detailed and careful thought, we are proposing that we raise council tax by the maximum permitted 3.99% (inclusive of 2% ring-fenced for adult social care) to close the budget gap. This ensures that in the toughest of times we are able to protect services for our most vulnerable residents and the services which our residents value and depend on. We recognise the pressure that this can add on low-income households so our Council Tax Reduction Scheme will remain unchanged. This means that approximately 12,000 working age households will continue to receive support and will pay no more than 13p extra a week and that 6,900 eligible pensioners will continue to receive 100% relief.

The financial outlook beyond 2020-21 remains extremely uncertain and subject to many unknowns, not least the new government's spending plans, Brexit, general economic factors and the future system of local government finance.

The Government's future intentions for business rates retention and business rates tax more generally are fundamental to future financial plans. The Business Rates Retention arrangements have become increasingly complex over the years, partly due to the increasing number of reliefs introduced by government policy announcements but also annual changes to pooling arrangements. Whilst the Council has benefitted from retaining part of the growth achieved since 2013, business rate growth is now plateauing, collection losses from reliefs are increasing and there continues to be considerable volatility in the system caused by business rate appeals. With a business rates reset planned for April 2021 (which will impact hardest on those authorities such as Southwark who have seen the largest increases in business rate income), more frequent revaluations and proposals for 75% retention arrangements, the risk/reward aspects of the Business Rate Retention arrangement will require careful and detailed consideration in future financial forecasts.

We acknowledge that further work is needed to set out detailed plans to achieve a balanced Medium Term Financial Strategy for the period beyond 2020-21. However, beyond the financial modelling of various scenarios presented to Cabinet in September, meaningful medium term financial planning remains highly speculative. Accordingly, we will update the financial forecasts when we have more certainty on future funding. In the meantime, as part of the budget setting process, we have considered future service and funding risks and how these will be managed. The departmental narratives at Appendix A include an indication of some of the areas of specific budget focus for 2021-22 and 2022-23 though a good deal more certainty is required before plans can be developed further.

We will continue to focus on the delivery of our Council Plan, fairer future promises and budget principles to support the annual budget setting process. We have consistently promised value for money and committed to spending money as if it were from our own pocket.

I would like to thank Overview & Scrutiny committee members for the budget scrutiny session that took place on 27 and 29 January 2020. We have included within this report their recommendations, some of which we have taken forward in this report and others that we will take forward over the coming months.

RECOMMENDATIONS

That cabinet:

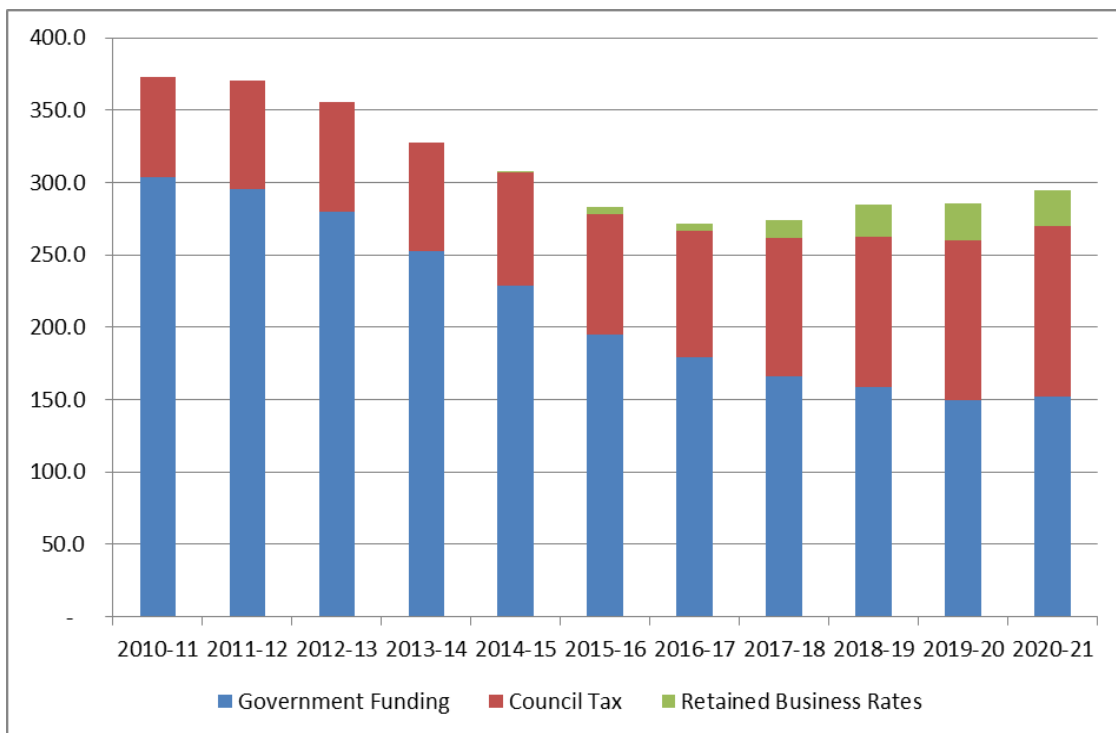
1. Note that the 21 January 2020 cabinet report was considered by Overview and Scrutiny committee on 27 and 29 January 2020 and agree the response to the recommendations arising.
2. Note that the final local government finance settlement had not been published at the time of writing this report but no changes from the provisional settlement published on 20 December 2019 are anticipated.
3. Note that this report presents the final balanced general fund budget proposals for 2020-21 including:
 - Efficiencies and improved use of resources savings of £5.964m
 - Income generation proposals of £2.326m
 - Savings impacting on services of £0.420m
 - Commitments and growth of £19.790m
 - Pay awards and contractual inflation of £3.919m (excluding Children's and Adults Services).
4. Agree to submit this balanced one year 2020-21 budget to council assembly for approval.
5. Note that in the summer of 2020 cabinet will receive a refreshed outlook of the financial position and specifically an update on local government financing in 2021-22 and beyond.

BACKGROUND AND PURPOSE

6. Each year, the council updates a detailed Policy and Resources Strategy covering a period that normally reflects the duration of the government's financial settlement. As part of the Policy and Resources Strategy, and in line with requirements of the local government finance act, budgets are approved by Council Assembly for the next financial year as part of Council Tax setting. Where the settlement provides provisional funding commitments for more than one year, budgets may be agreed indicatively for a longer period.
7. For many years this process has formed the pivotal component of the council's financial planning process. This strategy, and the formal approval by council assembly, sits at the heart of the council's commitment to financial planning and efficiency. Most

importantly, the strategy is bound to the policies of the council and not least by the commitments in the Fairer Future council plan.

8. Between 2010-11, the first year of the major austerity cuts, and 2019-20, the council has lost government funding in cash terms of more than £146m. According to government calculations, lost spending power has exceeded £85m during the same period. Neither of these figures allow for the real terms impact of price and demand pressures. In addition, the council has committed to priorities that have needed to be funded through a limited number of sources. During this period the council has also looked to keep council tax as low as possible, recognising the pressure this places on all households but particularly the most vulnerable. Southwark remains the eighth lowest council tax rate in London.
9. The following graph shows the changes in the budget requirement (excluding collection fund surplus/deficits) over the period 2010-11 to 2020-21. The Budget Requirement is the amount of expenditure that is funded by general support from central government, council tax and retained business rate growth. The following graph shows how the funding has changed over the period.



10. In September 2015, the council adopted the Fairer Future Budget Principles that confirmed the framework within which the Policy and Resources Strategy is formed. In September 2016 the cabinet approved the Fairer Future Medium Term Financial Strategy (FFMTFS) and Integrated Efficiency Plan noting the relationship to the Council Plan and the new theme to be fit for the future. The FFMTFS was aligned with the four year local government finance settlement announced in February 2016. 2019-20 was the fourth and final year of the four-year settlement.
11. The 2018-19 local government finance settlement confirmed that London Councils would pilot arrangement for the retention of 100% business rate growth through pooling. The pooling arrangements continued in 2019-20, albeit on a less generous 75% retention basis and with more risk passed to councils. Any additional business rates income received as part of the pooling arrangement will be one-off and set aside

for one-off purposes approved by Cabinet.

12. A new Council Plan for the period 2018 to 2022 was agreed by Cabinet in July 2018 and council assembly in November 2018. The Council Plan contains a range of promises and commitments that the council will work towards delivering over the coming years.
13. At cabinet on September 2019, the financial remit was considered which included known and estimated resources available at that time, and assumptions regarding the costs of pay awards and inflation. The report highlighted that funding uncertainties made meaningful financial planning extremely challenging and we outlined a range of potential scenarios suggesting a funding gap in 2020-21 of anywhere between £4m and £32m. Officers were asked to prepare indicative savings and commitments for 2020-21 on a cash limited basis in order to balance the budget. Subsequently at Cabinet on 17 December 2019 and 21 January 2020, proposals were considered to close the budget gap. This report provides an update on the work undertaken to reflect the latest information on available resources and proposals to deliver a balanced budget for 2020-21.
14. As set out in December 2019, the budget will be prepared on a one-year basis for 2020-21, recognising the single year financial settlement and the significant uncertainties relating to the future funding of local government beyond 2020-21, including:
 - Government multi-year Spending Review during 2020
 - A new local government needs based funding formula, the Fair Funding Review
 - Redesign of the Business Rates Retention System from 2021-22
 - Resetting of the business rates baseline from April 2021
 - Government proposals for longer-term, sustainable social care funding
 - Continued uncertainty regarding the outcome of Brexit negotiations and wider economic pressures on inflation, interest rates and area costs within London (especially housing).

KEY ISSUES FOR CONSIDERATION

Updated financial remit 2020-21

15. In accordance with instructions from the December 2019 and January 2020 cabinet, these budget proposals present a balanced budget. This has been achieved under challenging circumstances, not least in the context of the savings that the council has had to make throughout the austerity period since 2010; the increased ring fencing of a large element of resources available for social care; but also the uncertainty and delay caused by the hiatus in normal government business during 2019 due to Brexit.
16. This report outlines all major variations from the 2019-20 budgets. It itemises changes in resources available (e.g. government grant and council tax income) and provides a high-level summary of efficiencies and improved use of resources, income generation and savings that impact on service levels. It also itemises new and emerging growth and commitments that arise from issues such as price, demand pressures and costs arising from the delivery of council plan priorities.
17. Separate schedules are provided that give details of each element of these variations. Responsibility for each element is retained by the cabinet member responsible for the portfolio and operationally managed by the strategic director for that service

(Appendices B, C, D and E).

18. Whilst the Provisional Local Government Finance Settlement enables the council to set a 2020-21 budget on a sound basis, the absence of reliable or even indicative funding information for the period beyond 2020-21 makes medium term financial forecasting extremely difficult. There remain considerable risks and uncertainties surrounding the new governments spending plans, the economic outlook and future local government funding arrangements. All of this contributes to making the preparation of financial plans highly complicated and speculative. As set out in the July Cabinet Report, we have modelled a number of potential financial planning scenarios for the medium-term, which indicate a wide range of potential outcomes. Medium term financial risks and how these risks will be managed were considered as part of the budget challenge process.
19. The Policy and Resources Strategy 2020-21 underpins the work of all council departments, ensuring financial sustainability and the best possible level of service for residents. The council remains committed to promoting efficiency as the key driver to reducing costs and minimising the impact of budget decisions on front line services.
20. This report proposes that a further update be presented to cabinet in the early summer of 2020 to refresh the financial outlook for 2021-22 and beyond, including update on the proposed changes to local government funding.

Updated budget proposals

21. Through the council's budget cycle, savings and income generation options are presented for consideration, which, should they be agreed, contribute towards achieving a balanced budget.
22. A summary of the 2020-21 proposed budget is shown in the table below:

	2019-20 Budget £m	2020-21 Proposed £m
Settlement Funding Assessment	149.875	152.317
BRRS growth	25.000	24.739
Council tax	110.531	117.849
Collection fund surplus/(deficit)	5.018	-0.612
Government grants	63.861	74.991
Total resources	354.285	369.284
Base budget brought forward	348.041	354.285
Inflationary pressures	9.653	3.919
Commitments and growth	16.206	19.790
Efficiencies, income and savings	-19.615	-8.710
Net spending	354.285	369.284
Gap (cumulative)	0	0

23. The 2020-21 proposals for each directorate are summarised in the table below and detailed in Appendices B, C, D and E.

	Commitments £000	Efficiency £000	Income £000	Savings £000	Net impact £000
Chief Executives	50	(89)	-	-	(39)
Adults' social care	6,708	(2,891)	-	-	3,817
Children's services	4,891	(250)	-	-	4,641
Education	300	-	(150)	(150)	-
Children & adult services	11,899	(3,141)	(150)	(150)	8,458
Environment & leisure	785	(495)	(913)	(220)	(843)
Finance & governance	100	(175)	-	-	(75)
Housing & modernisation	1,549	(1,082)	(750)	-	(283)
Place and wellbeing	2,171	(982)	(513)	(50)	626
Corporate	3,236	-	-	-	3,236
Total	19,790	(5,964)	(2,326)	(420)	11,080

24. Commitments within Children's and Adults' Services include £2.267m funded from social care precept and £7.332m from additional social care grant

GENERAL REVENUE FUNDING AND GRANTS

Final Local Government Finance Settlement 2020-21

25. The Secretary of State for Housing, Communities and Local Government announced the Provisional Local Government Finance Settlement on 20 December 2019. Consultation on the provisional settlement closed on 17 January 2020. At the time of writing the final settlement was still awaited, though no changes are anticipated.
26. The LGFS details the Settlement Funding Assessment (SFA) for 2020-21 together with other grant funding included within Core Spending Power (CSP).
27. The 2020-21 headlines are unchanged from those reported to Cabinet in December and are set out below:
- An increase in the core Settlement Funding Assessment (SFA) of £2.442m (1.6%)
 - All existing grants to support social care (Improved Better Care Fund, Winter Pressures and Social Care Grant) will continue into 2020-21 at the same level
 - Additional grant funding for children and adults social care of £7.332m
 - Additional funding to support children with Special Educational Needs which will be provided via the Dedicated Schools Grant of £5.076m
 - Flexibility to enable local authorities to raise additional income via a 2% increase in

council tax through the Social Care precept, a 2% increase would yield £2.267m

- an assumption that councils would increase council tax in line with the proposed council tax referendum limit, a 1.99% increase would yield £2.255m;
 - that there will be a real terms increase in the Public Health Grant – final allocations have not yet been published
 - that the Department of Health and Social Care's contribution (the Better Care Fund) will grow in line with the 3.4% real terms growth in the National Health Service – final allocations have not yet been published
 - increases in the schools budget including funding to compensate schools for the increased cost of employer pensions contributions
 - Additional funding to tackle rough-sleeping and homelessness of £0.716m
 - an increase to early years spending to increase the hourly rate paid to childcare providers through the government's free hours offers
 - No new business rate pilots for 2020-21.
28. The Government has also announced that a longer-term Spending Review will be undertaken during 2020 alongside reviews of the allocation and distribution of those resources (Fair Funding Review), reforms to the operation of the Business Rates Retention Arrangements (including a business rates reset and more frequent revaluations).
29. With respect to the long-awaited Government Plans for social care reform and sustainable funding solutions, the prime minister has indicated that changes would be put before MP's this year and enacted "within this Parliament", which would be by mid 2024.

Settlement Funding Assessment (SFA)

30. The Settlement Funding Assessment (SFA) comprises the core funding sources for authorities defined as the Revenue Support Grant, retained business rates and business rate top up. The SFA for 2020-21 is £152.317m, which is an increase of £2.442m in line with the CPI measure of inflation (1.6%). This is the first increase after a decade of austerity where core funding reduced by £146m between 2010 and 2019.

Better Care Fund (BCF)

31. The Better Care Fund was established in 2014-15, with the aim of supporting closer working between local authorities and the Clinical Commissioning Groups (CCG). The council invoices the CCG for its share of the pooled fund, which is offset against appropriate expenditure. The government has confirmed that the BCF will continue into 2020-21 and the NHS contribution will increase by 3.4%. The government has indicated it will issue the actual details in due course.

Improved Better Care Fund (IBCF)

32. The Improved Better Care Fund was originally announced as part of the 2016-17 settlement. Funding was subsequently increased in the spring of 2017 as a response to the national pressure on adult funding care crisis.

33. It has been confirmed that IBCF funding will continue in 2020-21 at 2019-20 levels and allocated using the same methodology. The Winter Pressures Grant, £1.571m in 2019-20, will be rolled in to the IBCF at the same level. Forecast IBCF grant in 2020-21 is £17.323m.

Social Care Support Grant

34. As part of the Spending Round the government announced an additional £1bn nationally to support local authorities in addressing the rising cost and demand pressures on social care services, children's and adults.
35. The proposed distribution methodology utilises the existing Adult Social Care Relative Needs Formula and an equalisation methodology to reflect the distributional impact of the adult social care council tax precept. The additional grant is estimated at £7.332m in 2020-21.

Public Health Grant

36. The Spending Round 2019 indicated that 2020-21 Public Health Grant would increase in real terms in 2020-21. Southwark's allocation of £26.744m in 2019-20 is estimated to increase by £0.722m (3%) to £27.466m in 2020-21. Final allocations have not yet been confirmed.

New Homes Bonus (NHB)

37. New Homes Bonus (NHB) was introduced in 2011 to provide a clear incentive for local authorities to encourage housing growth in their areas. It rewards local councils for each additional home added to the council tax base, including newly built properties and conversions as well as long-term empty properties brought back into use, after deducting demolitions. Following a review of the funding "sharpening the incentive", the grant reduced in 2017-18. In 2018-19, the grant reduced further, as the payment reflected four years' growth (as opposed to six years).
38. It has been confirmed that funding for New Homes Bonus will continue in 2020-21 and will pay for a new year of funding (for 2020-21) and three years' legacy payments that are due from 2017-18 to 2019-20.
39. The LGFS confirmed the total NHB funding for 2020-21 is £14.359m reflecting the continued growth in new homes in Southwark.
40. The LGFS also confirmed the Government's intention that the 2020-21 allocations would not result in legacy payments indicating that for 2021-22 only previous years' legacy payments will be due and that the NHB scheme will be stopped or replaced by an alternative scheme. This will impact hardest on those authorities, such as Southwark, which have seen the largest growth in council tax base.

Dedicated Schools Grant (DSG) and Special Educational Needs and Disabilities (SEND)

41. The DSG is formula based, calculated by the government with the council passing most on to schools and private, voluntary and independent providers. The allocation for 2020-21 has provisionally been set by the Department for Education (DfE) at £332.7m, although this will be revised during the year to reflect updated pupil numbers. The figures include the funding for academies, which will be recouped at a later date.

42. Dedicated Schools Grant can be broken down into the following spending blocks:

	2019-20 £m	2020-21 £m	Change £m
Schools Block	247.3	254.2	6.9
High Needs Block	44.5	50.0	5.5
Early Years Block	26.7	26.8	0.1
Central Block	1.7	1.7	0
Total	320.2	332.7	12.5

43. The figures within the High Needs (SEND) Block reflect the additional revenue funding that was announced as part of the 2019 Spending Round. This will partially reduce in-year pressures but will not resolve the accumulated deficit – forecast to be in the region of £18m by the end of 2019-20.
44. In October 2019 the government published a consultation on ‘Revised arrangements for the Dedicated Schools Grant’ that stated “*at the end of 2018-19, about half of all authorities experienced an overspend, amounting to over £250m in all*”. The document states, “*the Government’s intention is that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income*”.

REVENUE FUNDING FROM LOCAL TAXATION

Council Tax

45. The council is committed to the fairer future promise to “keep council tax low”. The Southwark element of council tax was frozen from 2008-09 until 2017-18 when financial pressures and the cumulative impact of reduced government funding meant that it was no longer sustainable to hold this position.
46. The authority has been able to maintain the eighth lowest level of council tax in London in 2019-20, despite having incurred the largest reduction in government grants. Throughout this period, the government applied a cap on any council tax increases. The purpose of this cap is to ensure that ‘excessive’ council increases occur only where councils have a clear mandate from local people. This level has not been exceeded by Southwark to date and the cap remains in place for 2020-21.
47. Council tax remains below the charge it would have been if CPI had been applied each year since 2010-11.
48. The Council Tax Relief Scheme continues to provide support for our financially vulnerable residents and the Council has committed to making no substantive changes to the scheme for 2020-21.

Adult Social Care precept

49. In 2016-17, in line with government guidance, the council applied a 2% precept to help fund adult social care. Of the 33 London boroughs, 26 took advantage of this precept. For 2017-18, government extended the adult social care precept to allow for 6% over 2017-20, with no more than 3% in each of the first two years. A 3% precept was

applied in 2017-18 and 2018-19, providing a contribution towards the significant financial pressures within the Adult Social Care budget.

50. The government has confirmed flexibility for a further 2% increase in 2020-21 and has assumed in spending power calculations that all councils with social care responsibilities will increase council tax in line with that flexibility. It is proposed to increase the adult social care precept in 2020-21 by 2% in line with government guidance. This will raise an additional £2.267m in 2020-21 and future years. The social care spending plans assume this level of additional funding will be available.

Southwark element of the Council Tax

51. All London Boroughs, including Southwark, increased their council tax in 2019-2020. This is indicative of the cumulative impact the financial stress across local authorities in London.
52. In the context of pressures on council finances, the resilience of reserves and the continued year on year reductions in spending power, council tax remains a key source of income for the council. In order to protect vital frontline services, it is proposed to increase the Southwark element of council tax by 1.99%. This increase will yield £2.255m income in 2020-21 and future years.
53. The impact of an increase in council tax of 3.99% (1.99% plus 2% Adult Social Care Precept) will mean that:
- Residents in Band D properties will see a council tax bill rise of 82p per week
 - Over 60% of residents in the borough live in Bands A-C properties. Residents in Band C properties and below will see a council tax bill rise of up to 73p per week
 - 12,000 of the residents continuing to receive support through the local council tax relief scheme (CTRS) will pay no more than 13p extra per week
 - The council tax reduction scheme will continue to ensure that 6,900 eligible pensioners will continue to receive 100% relief and will see no rise in their council tax bills.

Greater London Authority (GLA) element of the council tax

54. The London Assembly considered the Mayor's draft budget on 29 January 2020. A household in Band D will pay £332.07 to City Hall next year, a 3.6% increase from £320.51 in 2019-20. This equates to 22p per week. London Mayor Sadiq Khan has indicated that the increase in council tax will help fight crime and to fast-track an extra 600 police officers next year. The final draft budget will be considered by the London Assembly on Monday 24 February.

Council Tax Collection

55. As reported in the 2020-21 Council Tax Base report approved by Cabinet in December 2019, the council tax base continues to grow, a direct reflection of the regeneration and investment in new homes. However, the pace of growth has slowed due to general economic conditions. The collection rate was maintained at 97.2%, reflecting current performance and in consideration of the increased collection risk as universal credit is rolled out.
56. The 2019-20 collection fund forecast outturn position is a surplus of £1.425m and this will be accounted for in the council tax calculations for 2020-21.

Business Rates

57. The Government agenda is for local authorities to move towards self-sufficiency and away from dependence on central government. As a step towards this reform, in 2013-14, government changed the funding system to increase reliance on local taxation. The Business Rates Retention arrangements have become increasingly complex over the years, partly due to the increasing number of reliefs introduced by government policy announcements but also annual changes to pooling arrangements.
58. Net business rate income is subject to three key variables:
- (a) Changes to the Rateable Value list (growth and losses)
 - (b) Income foregone from reliefs and whether compensated by the government
 - (c) Accounting adjustments for appeals and bad debts.
59. The budget includes a forecast Business Rate Retention income of £140.608m in 2020-21. This is £24.739m in excess of the baseline funding level of £115.869m (i.e. business rates baseline of £80.015m and 'top-up' of £35.854m). This retained growth is marginally down on that for 2019-20 reflecting a plateauing of growth but also due to significant losses on collection from increases in reliefs and other changes to rateable values.
60. Analysis of the 2018-19 outturn showed that gross rates payable increased by 6.9% over the period since 2017-18, at a time when the small business rates multiplier increased by 3%. However, over the same period, reliefs increased by 45%, reducing the net rates payable and income for the council. This trend has continued, albeit at a lower rate, in 2019-20. As indicated above, the forecast of retained growth in 2020-21 has been adjusted downwards, despite a 1.6% increase in the multiplier.
61. Business rate income continues to be subject to significant volatility due to appeals and Valuation Office Agency changes to rateable values. Careful review of financial risk reserves will be required to manage this volatility. The council was able to set aside additional resources in closing the 2018-19 accounts for this purpose. It is intended to apply the estimated one-off benefit arising from the London business rate pooling in 2019-20 to offset the deficit brought forward from 2018-19 and further mitigate risk.
62. The ongoing move to self-sufficient local government demonstrates the importance of Southwark's capital investment programme within the borough, either as the lead authority or with partners. Regeneration is one of the key routes to ensuring sustainable budget sources as we move closer to reliance on local taxation, either through business rates or through council tax as well as increasing opportunities across the borough for quality of life, jobs and environmental improvements.

Business Rates London Wide Pool

63. In 2018-19, London Councils entered into a pilot arrangement for the retention of business rate growth through pooling. The agreement set out the principles and method for distributing any net financial benefits generated by the pool. Although the first year of the pilot related to business rates generated during 2018-19, the available distribution was not finalised until September 2019.
64. Southwark's final share of the total net benefit of the 2018-19 pool was confirmed at £10.186m, which was ring-fenced for one-off initiatives in accordance with council

priorities. The following table summarises the London Devolution Reserve commitments:

Initiative	£m
Positive Futures Fund	0.750
Southwark Pioneers Fund	2.000
London Counter Fraud Hub	1.000
Brexit Risk Reserve	2.000
Health and Wellbeing Board commitment to Children & Young People's Mental Health	2.000
Libraries and Heritage Strategy	1.000
Pilot extension of gym and sports facilities into parks	0.150
Unallocated balance	1.286
Total 2018-19 Pool Benefit	10.186

65. The council recognises the detrimental impact that serious youth violence and knife crime has on our communities and is committed to work with communities to find local solutions that help young people stay away from knives and crime. In 2019 the council launched the positive futures fund with the intention of supporting community organisations to provide inspiring opportunities for young people that divert them away from crime. Young People have been at the heart of the programme's design and delivery and involved in making decisions on how the funding has been allocated to the 24 projects funded to date. An additional investment of £250,000 from the London Devolution Reserve will allow the council to sustain the support for successful projects and to continue to support projects that are led by young people for young people. This investment is additional to the council's existing investment in Youth Services, grants to voluntary sector youth providers and the Youth Fund that was established by the council in 2011. The fund complements these existing programmes but is targeted at those young people most likely to become involved in crime.
66. The Pooling arrangement continues in 2019-20, albeit on less generous terms than 2018-19. As in 2018-19, the first call on any additional resources generated would be used to ensure that each borough and the GLA receives at least the same amount as it would have without entering the pool. Given the fact that any growth will not be finalised until September 2020, no additional pooled business rate income was included as part 2019-20 budget setting process. Latest estimates indicate that the Pool is on course to deliver its forecast growth, which would indicate a receipt of £4.9m. As indicated above, this additional resource has been applied to mitigate the impact of the one-off deficit brought forward on the business rate collection fund with the intention to replenish the Devolution Reserve when there is more certainty on business rate retention and future funding arrangements.
67. The Government has recently confirmed that there will be no further pilot pools in 2020-21. However, the existing London Business Rates Pool will continue into 2020-21 for London authorities to continue to work collectively to mitigate risks, maximise retained income and influence future government policy.
68. The financial benefits from the London Business Rates Pooling arrangements also included collective investment through a 'Strategic Investment Pot' designed to promote economic growth. £46 million was allocated to eight major projects in the first round, including an £8m allocation to the South London innovation corridor to provide workspace, business support and talent development. It is anticipated that that further investment in growth projects of around £40 million will be made through the Strategic Investment Pot. Bids for the second round are currently being evaluated.

REVENUE EXPENDITURE ASSUMPTIONS

2019-20 Financial Performance

69. Budget monitoring variances are a fundamental consideration to inform the Policy and Resources Strategy for future years' budgets. 2019-20 budget monitoring continues to evidence sound financial management. With the exception of Dedicated Schools Grant (DSG), it is anticipated that overall in year revenue spending will be contained within approved budgets.
70. The outturn for 2018-19 confirmed that the budget recovery work in Children's and Adults' has been effective in putting the service on a sustainable financial footing with the services coming in on budget after setting aside resources in an adult social care resilience reserve. This improved performance has continued in 2019-20, demonstrating improved practices have been embedded. This is reflected in the latest forecast, which indicates a small favourable variance at year-end. Notwithstanding this, the department remains exposed to significant risk and uncertainty in 2019-20 and beyond in managing the impacts of the continuing rise in demand and cost pressures within social care and this will continue to be closely monitored.
71. In Education, there are significant pressures on schools funding via the Dedicated Schools Grant with demand and cost pressures particularly acute on the high needs block, which largely stem from increased numbers of education, health and care plans (EHCPs). As at 31 March 2019, there was an accumulated deficit of £11.5m. This is forecast to be in the region of £18m by the end of 2019-20. As reported elsewhere, the additional funding announced as part of the Spending Review will help meet in year spending but will not resolve the accumulated deficit. SEND remains a significant financial risk and recovery is being overseen by the Budget Recovery Board. The Schools Forum is engaged in this process and the council has developed a Draft DSG Recovery Plan which will be discussed with the Education and Skills Funding Agency (ESFA).
72. The outturn position for H&M remains as previously reported and is expected to be broadly neutral at year-end, notwithstanding the continuing cost pressure in temporary accommodation and additional investment required for the SICTS (Shared Information and Communication Technology Service). The key budget headlines are:
- Temporary accommodation has been and remains one of the council's most intractable budget pressures, requiring significant budget growth over the medium-term, most recently, £3.2m (net) in the current year. This was predicated on a saving of £2m being achieved through discrete policy changes in relation to the discharge of duty into the private sector and out-of-borough being adopted in advance of the start of the financial year. However, implementation was delayed until mid-year, which has impacted achievement of this challenging target and has been exacerbated by the council's drive to cease use of nightly paid accommodation. Furthermore, ever rising demand, the high cost of procuring suitable properties and availability of estate voids, which are projected to decline at a faster rate than previously estimated, all contribute to a projected overspend of £1.5m in 2019-20.
 - Amongst a raft of critical upgrade projects to the council's IT infrastructure and systems is the migration of the existing data centre to a cloud computing

environment with Azure and Office 365. These developments will deliver a number of long-term benefits for the council and underpin the council's SMART working transformation programme. However, this is a subscription service rather than a traditional asset ownership model which has the effect of switching the source of funding from capital to revenue, creating a budget pressure in the current year of £0.8m and requiring a budget commitment of £1.5m in 2020-21.

73. Elsewhere areas of spending pressure will be offset by in year savings in other areas. It is anticipated that the planned contingency budget will be fully utilised to meet existing and potential pressures within the 2019-20 budget and to ensure that a balanced position is achieved by the year-end.

Planned Corporate Contingency

74. It is proposed that the planned corporate contingency of £4m be maintained in 2020-21 to support emerging budget pressures during the year. In the current and previous years, this contingency has been essential to manage in year demand and cost pressures.

Pay Award

75. The current budget plans for 2020-21 are based on a projected 2.5% increase in the pay bill. Significant work is currently underway both nationally and within London to reach agreement on pay awards moving forwards. The unions have put forward a pay claim significantly greater than that included in the budget. The position will continue to be closely monitored.

Inflation

76. The Consumer Price Index (CPI) 12 month rate for October was 1.5% with the longer-term view that this will converge with the Office of Budgetary Responsibility (OBR) forecast of 2%. A budgetary pressure of £2m is recognised in the budget commitments for contractual inflation in 2020-21 (excluding Children's and Adult services).

Efficiencies and Improved Use of Resources

77. The fairer future promises contain a commitment to keep council tax low by delivering value for money across all of our services. In part, this is met through ensuring that the council is focussed on meeting the budget gap with proposed efficiency savings. The total budget proposals include efficiency savings of £5.964m (detailed in Appendix B).

Income Generation

78. As the council looks for ways to protect front line services, consideration is given to maximising the council's income generation by seeking income streams in line with council policies and priorities. The council will seek to generate additional income by reviewing fees, charges and contributions and seeking further opportunities to provide commercial services.

Savings Impacting on Service Delivery

79. Wherever possible, the aim is to continue to protect front line services from saving reductions. However, the extent of the government austerity measures means that after careful consideration, it is inevitable that some service reductions will be required

to balance the budget. The schedules at Appendix E propose savings of £0.420m with potential to impact on service delivery.

80. Comprehensive equalities analysis of the impact of these savings will be considered before the budget is finalised.

Commitments

81. The commitments include Children's and Adults' services are funded in part from the increase additional social care grant of £7.332m announced in the governments Spending Round:

Detail	£m
A multi-agency 'Sure Start' approach for teenagers and their families	1.250
Further investment in Children's and Young People's Mental Health	1.500
All Age Disability	2.000
Enhanced prevention	1.300
Transformation	1.282
Total	7.332

82. A detailed list of all commitments can be found in Appendix E. The overarching theme of these commitments is to improve preventative services and to ensure that service budgets are sustainable, particularly in the context of the reduced availability of reserves to support budget pressures.

Fees and Charges

83. Under Part 3C of the constitution, cabinet is responsible for the approval of new fees and charges and agreement of charging levels in line with the medium term resources strategy. Fees and charges schedules were approved by Cabinet in December 2019.

Reserves and Balances

84. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are maintained to fund:
- invest to save opportunities, which form part of the modernisation agenda and are expected to deliver future ongoing revenue savings
 - investment in regeneration and development where spend may be subject to unpredictable market and other factors
 - exceptional items or pressures which are difficult to predict and which are not included in revenue budgets or within the capital programme.
85. For a number of years previously, the council had planned for the use of reserves to help smooth the impact of government funding reductions and other budget pressures especially during the period of austerity. Not only did this help to protect council services but it has also allowed time to transition towards new ways of working, productivity improvements and efficiencies.
86. The level of balances remains subject to the scrutiny of the section 151 officer who must ensure that any one off contributions to the budget is appropriate and affordable. In previous years, this judgment has been facilitated by the availability of unused contingency funds as budgets have met their targets.

Climate Change Emergency

87. The Council has reinforced its commitment to combatting carbon emissions and rising global temperatures, by joining the international Climate Change Campaign and declaring a Climate Change Emergency. The Climate Emergency is a major new focus for the council, working in partnership with stakeholders, partners, staff and residents to tackle the effects of global warming and the risk to our planet.
88. A Climate Change Emergency reserve of £2m is to be established from resources earmarked for regeneration and development and for carbon reduction. The reserve will be available to support the coordination of the various activities and action plans across the council and to support the delivery of the Climate Change Strategy, to be informed by extensive engagement during the first half of 2020. This complements the council's existing and future commitments to build new homes, provide efficient heating systems to our council homes, improve air quality, reduce our own operational property estate and so on, much of which features in current or emerging areas of work across the council. The work undertaken in 2020-21 will also inform any ongoing revenue or capital commitments needed to support this work.

Consultation

89. High-level consultation was conducted on the three-year budget proposals for 2016-17 to 2018-19. The consultation responses received were consistent with prior years' consultations, and were used to inform the budget proposals. A substantial majority of those who responded to this consultation agreed that the council should continue to focus on being more efficient, protecting frontline services and directing resources to those most in need and this is reflected in the budget proposals.
90. Since then the council has held the 'Southwark Conversation' in 2017 in which over 3000 residents responded as well as consulting on the Council Plan 2018-2022 during 2018. Together these have shaped the key priorities for the council over the coming years.
91. In addition, consultation on the Voluntary and Community strategy was conducted to ensure that all sections of the voluntary and community sector could contribute to the development of the strategy, and a series of four open invitation listening events was held which attracted over 200 people. The listening events took place in an atmosphere of goodwill. There was also recognition of the need to find new ways of making the most of diminishing budgetary resources. There has also been consultation on the development of the policy and policy drafts through the Health and Wellbeing Board, Children's and Adults' Board, the Forum for Equalities and Human Rights, the council's departmental commissioning network and the council/VCS Liaison Group.

Overview and Scrutiny Committee

92. Cabinet has responsibility for drafting the budget and policy framework for approval by council assembly. This includes publishing proposals and taking into account any response from overview and scrutiny committee in drawing up firm proposals for submission to the council.
93. The Overview and Scrutiny committee (OSC) met on 27 and 29 January 2020 to consider the 2020-21 general fund budget proposals as presented to cabinet on 21

January 2020. OSC received presentations from cabinet members and were able to ask questions and seek clarification as necessary.

94. The OSC made 18 recommendations, attached at Appendix F, which were finalised on Friday 31 January. Cabinet is asked to consider these recommendations and management responses (to be tabled).

Next Steps

95. This report presents a balanced budget proposal for the cabinet to submit to council assembly on 26 February 2020 in accordance with the Constitution.

Community impact statement

96. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and advance equality of opportunity and foster good relations between different groups.
97. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the budget for 2019-20 and for previous years, the council has undertaken equality analysis/screening on its budget proposals, which helps to understand the potential effects that the proposals may have on different groups and whether there may be unintended consequences and in the event, how such issues can be mitigated. Analysis is also undertaken to consider any cross-cutting and council-wide impacts. Where screenings identify potential impacts, more detailed analysis is carried out.
98. Undertaking equality analysis helps the council to understand the potential effects that the budget proposals may have on different groups. The analysis also considers if there may be any unintended consequences and how any of these issues can be mitigated. Analysis is also undertaken to consider any crosscutting and organisation-wide impacts.
99. For many services, the budget proposals will include efficiencies which have staffing implications. As specific proposals are brought forward, and at each stage of implementation thereafter, the different impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.
100. Equality analysis will continue through the cycle of planning and implementation of these budget proposals. In line with our Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way to not impact disproportionately on any specific section or group in our community. Where necessary, consultation will be undertaken alongside mitigating actions where required. 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.
101. The impact of change for service users is varied as the council seeks to both balance its budget and invest in areas where evidence indicates there is greatest impact on health and well being of people in the borough. In particular increased investment in Centre for teenagers and parents, Mental Health services for children and young

people, All Age Disability, augmenting existing drug and alcohol programme, community sports and healthy activities for older people, swimming lessons free for all residents, increasing the Southwark Emergency Support Scheme will significantly improve health outcomes and address the health inequalities and well being in Southwark.

102. The cumulative impacts across each of the protected characteristics, and mitigating measures are outlined below:

Age

Overall the proposed changes identified in the budget aim to improve services for young people through programmes such the centre for teenagers and internship programme, and should improve the opportunities for older people to live well, through schemes such as the investment in physical activity for older people. Where services are increasing their use of digital interventions the negative impact for older people is mitigated by alternative and supported mechanisms for service engagement and access.

Disability

The shift to provision of public health services to digital services should improve access for people with disabilities. In Southwark there are still 8,000 yet to be transferred to PIP and a reduction in legal advice services may have an impact on this group as a significant number of claims are only successful following appeal. However the introduction of the disability hub later in the year may mitigate this reduction.

Gender Reassignment

No impacts have been identified however it should be noted that there is limited base line information about this group against which to measure potential impacts.

Marriage and Civil Partnership

No impacts have been identified

Pregnancy and Maternity

The proposed recommissioned smoking cessation service includes a pregnancy quit / offer for pregnant women, and a recommendation for the PH team smoking lead to work with maternity services to increase referrals from maternity services.

Race

Most of the proposed changes will produce a positive impact for BAME communities in Southwark. Although the changes proposed for legal services contract may have a disproportionate impact on BAME clients as they form a higher percentage of service users, this impact is mitigated by a number of programmes elsewhere. These include older people's hub, and disability hub. There is potential for increased London wide funding for NRPF clients; funding dedicated to advice in different languages will be ring fenced within the generalist advice contract and referral to VCS funded organisations that support different groups will provide some support.

Religion or Belief

No significant impacts have been identified.

Sex

The most significant impact appears to be The PrEP Impact trial which appears to be targeting men more than women to receive PrEP, based on risk of HIV exposure. There is also the possibility that the increased clinic activity due to PrEP may be diverting resources away from women, who are traditionally higher users of sexual and

reproductive health services. Ongoing monitoring of services will enable the service to understand any adverse change.

Sexual Orientation

The PrEP Impact trial has identified men who have sex with men as a target group to receive PrEP.

Socio-economic Disadvantage

Most of the impact relates to the impact on service users as a consequence of increased costs to access services. For many of these further EA is required and change will be delivered after due consideration of the potential impact and any mitigations that may be put in place as the services develop their proposals. The new internship scheme, changes to the smoking cessation service and making swim sessions free to all residents will all have a positive benefit for this group.

Human Rights

The only impact will be from the reduction in legal advice services which identify and challenge on discrimination.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

103. 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.
104. 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.
105. Decision makers must understand the effect of policies, practices and decisions on people with protected characteristics.
106. Equality analysis is the mechanism by which the council considers these effects. The report sets out how it is proposed equality analysis will be undertaken in relation to the budget proposals.
107. 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

108. The cabinet is required to prepare a budget proposal for submission to council assembly. This is the last cabinet meeting before Council Assembly on 26 February 2020. The council is required to set a lawful budget by 11 March 2020.

REASONS FOR LATENESS

109. Under the council's constitution, there is a requirement for the overview and scrutiny committee to review and challenge budget proposals and this took place on 27 and 29 January 2020. The committee's recommendations were agreed on 31 January 2020.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources Strategy: 2020-21 Updated Financial Remit	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 020 7525 0614
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s77446/Report%20Policy%20and%20Resources%20Strategy%20revenue%20monitoring%20report%20including%20treasury%20management%202018.pdf		
Council's Fairer Future Budget Principles approved by cabinet (September 2015).	160 Tooley Street PO Box 64529 London SE1P 5LX	Rob Woollatt 020 7525 0614
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf		

APPENDICES

No:	Title
Appendix A	Departmental Narratives
Appendix B	Proposed Efficiencies and Improved Use of Resources
Appendix C	Proposed Income Generation
Appendix D	Proposed Savings Impacting on Service Delivery
Appendix E	Proposed Commitments
Appendix F	Overview and Scrutiny Recommendations

AUDIT TRAIL

Cabinet member	Councillor Victoria Mills, Finance, Performance and Brexit	
Lead officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report author	Rob Woollatt, Interim Departmental Finance Manager	
Version	Final	
Dated	3 February 2020	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to constitutional team		3 February 2020

APPENDIX A**CHIEF EXECUTIVE****Overview**

- B.1. The Chief Executive's department comprises the Chief Executive's Office and External Affairs Team.
- B.2. The Chief Exec's Office supports the Chief Executive and chief officer leadership team in translating political vision into projects and programmes across the council as well as supporting effective scrutiny function and management of the opposition office. The division also includes the emergency planning and resilience team, therefore creating a direct line between the Chief Executive as the council's most senior responsible officer and the team.
- B.3. The External Affairs division comprises policy and public affairs; media; marketing; and cabinet support. As well as this, we manage internal communications for the council and the administration's political assistant. Our services are responsible for managing and enhancing the standing of the council through the development of external and internal communications, public affairs, policy projects and initiatives. The total general fund net budget for the department for 2019-20 is £3.4m.

Efficiencies and Improved Use of Resources

- B.4. The department is proposing total efficiency savings of £89k. These includes the use of non general fund income such as S106 contribution to fund some staffing activity of £32k and realigning the direct support to local internship programme through the council's core programme of £30k. Reducing the frequency of the Southwark Life from four to three editions per year is also expected to generate savings of £27k.
- B.5. Looking ahead to 2021-22 and 2022-23, the Chief Executives Office in considering the implications and funding strategy for employment support should a reduction in the general fund commissioning budget be applied.

Commitments

- B.6. Additional staffing resource of £50k is proposed for 2020-21 to support the enhanced model of delivery for scrutiny committee.

Equalities Analysis

- B.7. As specific proposals are brought forward the impacts on residents and staff will be assessed for equalities impact, although an initial equalities impact assessment has not highlighted any areas of concern. Any proposals affecting staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures. It is expected that all staffing savings proposed for 2020-21 can be managed through natural turnover of staff.

CHILDREN'S AND ADULTS' SERVICES

Overview

- B.8. Children's and Adults' Services represents approximately two thirds of the council's budget. The department provides a wide range of services, including social care and education, to all sections of the population in Southwark.
- B.9. The budget proposals for 2020-21 include a range of modest efficiencies that largely achieve reductions in expenditure through the continuation and improvement of tried-and-tested approaches. These efficiencies, which are both safe and fair, are necessary to contain inflationary cost pressures which include increases in the London Living Wage. These are difficult decisions to make but are consistent with the Council's vision of a fairer future for all.
- B.10. New 'one-off' monies announced in the 2019 Spending Review are being invested in initiatives to further support provision for children and young people's mental health, SEND, the development of a multi-agency 'sure start' approach to support teenagers and parents, additional investment around drug and alcohol programmes and other preventative healthy lifestyles schemes, as well as improved technology and workforce development. It remains one of the Council's top priorities that young people in Southwark have the very best start in life. We know that our teenagers in particular face increasing and complex challenges and we want to ensure there is improved wellbeing and resilience as well as do more to reduce the risk of young people being drawn into serious youth violence.
- B.11. The sector has struggled in recent years with the combined effects of austerity, demand pressures and continued funding uncertainty. The impact of this is seen nation-wide, both in the number of councils reporting major social care overspends and in the number of providers going bankrupt or handing back contracts.
- B.12. For several years now, the Council, in partnership with NHS and voluntary sector colleagues, has risen to these challenges and continues to provide a safe social care service with good outcomes within budget. The department is once again forecasting a breakeven social care position for 2019-20. However, central government policy changes on Special Educational Needs and Disability have caused a significant and growing deficit for the ring-fenced Dedicated Schools Grant.
- B.13. The 2019 Spending Review announced an additional £5.1m to be spent on High Needs (SEND) in 2020-21. This will partially reduce in-year pressures but will not resolve the accumulated deficit – forecast to be in the region of £18m by the end of 2019-20. The DSG remains the biggest financial risk for the department and recovery is being overseen by the Budget Recovery Board. The Schools Forum is engaged in this process and the council has developed a Draft DSG Recovery Plan which it will be discussing with the ESFA in January 2020.
- B.14. The Spending Review also committed an additional £7.3m in one-off grant funding to Social Care. This is a welcome development and will go some way towards mitigating the enormous efficiencies made by the department since 2010. However, whilst this sum sounds like a substantial investment it represents just over 3% of the annual gross expenditure of the department (excluding schools). Along with the Better Care Fund (now accounting for more than 25% of Adult Social Care funding), and the Adult Social Care Precept, the additional Social Care Support Grant is simply the latest instalment in a piecemeal funding saga littered with 'one-offs' and ring-fences. It is a

testament to the collaborative attitude and can-do ethos of the council that it has been able to achieve so much in such a bleak environment. It is incumbent upon the next government to take seriously the future of social care and to bring forward a coherent and properly funded policy that deals with the intersection between health and social care.

Forward View

B.15. Departmental budget planning beyond 2020-21 is highly dependent on any central government funding decisions in the coming year, both in social care and education and more widely in terms of the local government finance settlement. In the context of the current short-term approach from central government it is difficult to predict future resources and the department naturally endeavours to limit any efficiencies that may impact on service. However, whilst not under consideration for the 2020-21 budget round, options the department may consider in the event of future adverse financial settlements are outlined below.

B.16. Areas for future consideration include;

- A strategic review of joint NHS and LA resources including the Better Care Fund to prioritise social care outcomes and protect core services.
- Review of SEND provision including transport in light of the 'Major Review into Support for Children with SEND' announced by the government in September 2019.
- Ongoing review of management structures across the department.
- Working with other Local Authorities to ensure Ministry of Justice take funding responsibility for Family Drug and Alcohol Courts.
- A review of fees and charges for non-grant funded creative and leisure Adult Education courses.

Equalities Analysis

B.17. Initial equalities analysis has been undertaken for each proposal. Consultations have been and will be undertaken for proposals relating to service changes where appropriate. Impact is mitigated by alternative offers of services, support or personal budgets as per service user choice in line with Care Act eligibility and national legislative thresholds and government guidance; other services are discretionary and universal.

B.18. In line with our Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way so as to not impact disproportionately on any specific section or group in our community. The equality analysis is under way and will be collated to look for any cumulative impacts. In line with the process across the council, information on equality analysis will be shared with decision-makers for consideration before any decisions are taken.

B.19. Southwark Council's Fairer Future Promises are reflected in the proposals set forth as is a shift upstream to prevention and early help, recognising the evidence base and the outcomes that can be achieved by offering our residents good universal services.

ENVIRONMENT AND LEISURE

Overview

- B.20. The Environment and Leisure department delivers services that make a real difference to the everyday lives of all residents and visitors. The department is focused on providing high quality services to the borough's residents and shaping those services to support the wellbeing of our residents and support the objectives of other parts of the Council.
- B.21. The department aims to make Southwark's neighbourhoods great places to live, places that are clean, safe and vibrant and where activities and opportunities are accessible to all. As well as our front-line environmental services we are proud to work with partners to improve health and wellbeing for all our residents through a rich leisure and cultural programme.
- B.22. Many of the operational activities of the department are frontline services for the benefit of all residents: they physically improve the environment; they provide opportunities for health and enjoyment, support knowledge and learning or help improve safety and confidence. The department comprises two directorates, Environment and Leisure.
- B.23. The 2019-20 net general budget for the department is £68.1m. The department over the last eight years has achieved savings of £34m. The savings options would be delivered alongside the considerable capital spend across the department.
- B.24. For the forthcoming year, 2020-21, the department has identified a number of savings options amounting to £1.678m:
- Efficiencies and Improved Use of Resources £495k
 - Income Generation £913k
 - Savings impacting on service delivery £220k

Efficiencies and Improved Use of Resources

- B.25. Efficiency savings of £230k are proposed from lower prices in the recently tendered parking contract. Revenue savings in salary costs are proposed through a combination of capitalising the cost of staff engaged on capital construction projects, a fee recovery basis in network management, and use of Proceeds of Crime Awards funding in trading standards.
- B.26. The department will be embarking on service reviews, focusing on increased commerciality and a service efficiencies programme over the following two years which is estimated to generate additional savings of over £1m across 2021-22 and 2022-23.

Income Generation

- B.27. The council, like a number of other councils, is adopting a more commercial approach to its activities and the department is proposing to generate additional income of £913k in 2020-21.
- B.28. The annual increase in fees and charges by inflationary uplift across the departmental services is expected to generate additional income of £328k.

- B.29. A review of the cemeteries services operation has identified additional income of £350k for 2020-21 whilst still maintaining modest inflationary increases in the fees and charges for 2020-21.
- B.30. A through review of the fees charged across the departmental services has been carried out to ensure the charges reflect the cost of providing the service and are also in line with the London averages. This, together with the review of rental income is expected to generate additional income of £235k.
- B.31. Proposals for future years include the introduction of new Controlled Parking Zones (CPZ) in areas where parking concerns have already been raised and the potential expansion of CPZs borough-wide as part of the Council's approach to tackle the climate emergency through an increase in more environmentally-friendly vehicles and the reduction of vehicle usage overall. These proposals could generate over £1m for the years 2021-22 and 2022-23, subject to policy, consultation and statutory process, although the financial impact could be short-lived if policy objectives were realised.
- B.32. Work is currently underway to expand the council's Private Sector Housing Licensing Scheme. The new scheme is expected to be in place by January 2021, subject to evidenced need, policy, consultation and statutory processes. This expanded scheme could reasonably expect to be self-financing.

Savings impacting on Service Delivery

- B.33. Modest savings of £220k are proposed in some service areas through the reconfiguration of current teams and changes to working arrangements with the aim of minimising impact on service delivery and staff.

Commitments

- B.34. Several initiatives arising from the council plan commitments totalling £285k are proposed in the base budget for 2020-21 plus an additional £150k from the London Devolution Reserve. Alongside capital investment for our parks, this will enable gym and sports facilities to be improved in our parks to extend the existing free swim and gym offer, to offer free swimming lessons for residents following the successful pilot, and to ensure that every primary age child gets a free visit to the theatre every year.
- B.35. Additional commitments of £500k are proposed to deliver a robust tree inspection and maintenance regime with an additional budget of £60k for the enhanced inspection service on our highways in order to comply with new the code of practice.
- B.36. The Climate Emergency is a major new focus for the council, working in partnership with stakeholders, partners, staff and residents to tackle the effects of global warming and the risk to our planet. A Climate Emergency reserve of £2m is proposed in 2020-21 to coordinate the various activities and action plans across the council and will support the delivery of the Climate Change Strategy following extensive engagement during the first half of 2020. This complements the council's existing and future commitments to build new homes, provide efficient heating systems to our council homes, improve air quality, reduce our own operational property estate and so on, much of which features in current or emerging areas of work across the council.

Equality Analysis

- B.37. As specific proposals are brought forward the impacts on residents will be assessed for equalities impact, although an initial equalities impact assessment has not highlighted

any significant concern. Any proposals affecting staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures. It is expected that all staffing savings proposed for 2020-21 can be managed through natural turnover of staff or targeted training and redeployment opportunities.

PLACE AND WELLBEING DEPARTMENT

- B.38. The department consists of four divisions: Regeneration, Planning, Public Health and Community Engagement.
- B.39. The Place and Wellbeing Department brings together planners, regeneration, health and community engagement professionals and colleagues dedicated to shaping place to improve wellbeing, community engagement and cohesion, and economic prosperity.
- B.40. The department leads on the council's delivery of regeneration and building strong local communities, bringing about thousands of new homes, jobs and opportunities across the borough and making our neighbourhoods places in which people are proud to live and work
- B.41. The department also aims to improve the health and wellbeing of Southwark's residents and to reduce health inequalities by working closely with local communities, CCG, NHS and the Voluntary Sector and promoting asset based community development in partnership with the voluntary and community sector.
- B.42. The department has a total net income budget of £930k for 2019-20 after taking account of all income and recharges.
- B.43. Excluding Public Health (shown below), for the forthcoming year, the department has identified a number of savings options amounting to £396k for 2020-21.
- Efficiencies and Improved Use of Resources £83k
 - Income Generation £313k

Efficiencies and Improved Use of Resources

- B.44. Efficiency savings of £83k are proposed in the recommissioning arrangements on the Information and Advice Services contract.

Income

- B.45. The department is proposing additional income of £218k expected from a combination of increased planning fee income and renewal of commercial rents and leases. Recharge of staff costs engaged on construction and development projects are also expected to generate additional income of £95k for 2020-21.
- B.46. The additional income from the above areas are expected to continue into the following two years and estimated to generate additional income of over £1m across the 2021-22 and 2022-23 period.

Commitment

- B.47. Additional resources of £300k are proposed for the expansion of the planning team in 2020-21 to respond to regeneration and development activity and the council's ambitious new council homes programme. This will improve the divisional coordination and planning committee support. This investment will be off-set by the achievement of additional planning fee income expected for future years and efficiencies through new ways of working.

Public Health

B.48. The Public Health service is funded from a ring-fenced grant of £26.7m. Significant cost pressures of £1.7m are being identified in Public Health areas for 2020/21 which emanates mainly from the demand pressures on sexual health services. Southwark has proactively supported our residents' participation in the HIV PrEP Impact Trial and will continue to advocate for the Government to fully fund a new national commissioned PrEP programme, providing access to this highly effective HIV prevention tool. During 2020/21 some of the initial additional investment in sexual health, such as the investment in the "Digital First" model, will significantly expand access to online HIV/STI testing services for all residents while reducing the pressures from more costly in-person clinic visits, and is expected to generate savings in the following years. Additional resources of £262k are also proposed in 2020/21 to fund the cost of extending free school meals to nursery schools. Savings of £1.1m are proposed for 2020/21 from a combination of efficiencies, service design and economies in commissioning arrangements across the service areas. The residual budget gap of £600k is proposed to be funded from the increase in Public Health grant expected for 2020/21.

Equality Analysis

B.49. As specific proposals are brought forward, and at each stage of implementation thereafter, the impacts on different categories of staff, will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures. In addition, as specific service and programme related proposals are brought forward, the impacts on residents will be assessed for equalities impact. It is expected that the staffing budget savings proposed for 2020-21 will be managed through natural turnover of staff.

FINANCE AND GOVERNANCE

Overview

- B.50. The Finance and Governance Department includes the Director's office which provides strategic leadership for the department and Section 151 responsibilities; Exchequer Services which encompasses revenues and benefits and housing rent collection, as well as the financial transaction processing teams; the Law and Democracy division responsible for electoral, constitutional and legal services; Professional Financial Services; and the Financial and Information Governance Team.
- B.51. 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".
- B.52. The departments budget proposals are based on a cash limited budget for 2020-21 with the impact of pay and price inflation being consumed within existing budget provision, above forecast income, holding posts vacant and other management efficiencies.
- B.53. The specific budget proposals include efficiency savings of £0.175m and commitments of £0.1m.

Efficiencies

- B.54. Over 70% of the departments expenditure budget is staffing costs and we are continuously reviewing services to ensure they are operating efficiently and are adapting to changing demands and caseloads so as to ensure they are fit for the future. Further savings of £0.150m are proposed in 2020-21, £0.050m in professional finance services following the structural review in previous years and £0.100m in Exchequer Services as a consequence of caseload reductions from ongoing Universal Credit transition.
- B.55. In addition to the staffing related savings, £0.025m of efficiencies are proposed in the Financial and Information Governance service from a reduction in specialist risk and insurance advisory service.

Commitments

- B.56. The department is proposing commitments of £0.100m, £0.050m for implementation and monitoring of the new Fairer Futures Procurement Framework and £0.050m to increase provision for the Southwark Emergency Support Scheme (SESS). The SESS provides support to residents of the borough who are facing a crisis, emergency or disaster and who are in receipt of benefit. Demand on the budget, £0.6m in 2019-20, has been increasing as a consequence of welfare reform and Universal Credit.

Equality Analysis

- B.57. As specific proposals are brought forward, and at each stage of implementation thereafter, the impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures. It is expected that the staffing budget savings proposed for 2020-21 will be managed through natural turnover of staff.

HOUSING AND MODERNISATION (H&M)

Overview

- B.58. The department comprises a diverse range of services funded from both the general fund and the ring-fenced housing revenue account (HRA) for landlord services. In delivering the council's Fairer Future Promises, the department aims to maximise investment in its housing stock, build new council homes at council rents, deliver consistently high quality services and continue to support the most vulnerable residents, particularly those in need of temporary housing or who have no recourse to public funds.
- B.59. A proposed standstill (cash limited) budget gives rise to an unavoidable cost pressure of £901k in 2020-21. Given a large proportion of the housing general fund budget is either demand driven or of a fixed contractual nature, this pressure cannot be absorbed without having some detrimental impact on service delivery going forward. For 2020-21 efficiencies and income generation measures will deliver £1.832m, whilst commitments total £1.549m with potentially more in 2021-22. Further detail on the budget proposals are outlined below.

Asset Management

- B.60. Services comprise aids and adaptations, handypersons and private sector housing renewal and empty homes. Savings have previously been achieved through the rationalisation of management across these functions without impacting on service delivery but there are no opportunities to deliver further savings at this juncture.

Communities

- B.61. The division is responsible for consultation and community engagement with council tenants, homeowners and residents, the civic office, community safety, Prevent and child sexual exploitation and No Recourse to Public Funds (NRPF).
- B.62. The latter has been a persistent budgetary pressure over a number of years requiring growth in previous budget rounds. Whilst the position to date has stabilised with caseload and expenditure continuing on a gradual downward trajectory, however, risks remain around demand volatility, challenging housing supply and protracted case resolution by the Home Office, which cautions against premature reduction of the budget at this juncture.
- B.63. By March 2020 the council will have exhausted the Local Justice Re-investment Pilot funding that was a reward for working with partners to reduce re-offending rates in the borough. The pilot ended in 2015 and the remaining funding (£121k for 2019-20) has been used to support offender management and youth violence work since then. Moving forward this work will form part of the multi-agency community harm and exploitation hub that the council is working with partners to establish following the recommendations of an external peer review into how the community safety partnership tackles violence, vulnerability, gangs, county lines etc., carried out by the Violence & Vulnerability Unit. The council is exploring what additional resources will be required to support the hub and what other sources of funding may be available to support this vital work.
- B.64. Looking ahead to 2021-22, there is no guarantee that MOPAC/GLA funding through the London Crime Prevention Fund will continue beyond the coming year. The current allocation of £899k supports the bulk of the council's community safety work including work on youth violence, offender management and domestic abuse.

Resident Services

B.65. Services comprise travellers' sites and supported housing management, which has shared funding arrangements with the HRA. Significant reconfiguration and improvement works to address health and safety and fire protection issues at sites has been undertaken with some further works planned for 2020-21. The council has been successful in securing grant funding of £1.738m from the Greater London Authority (GLA) towards these works and is in preliminary discussions around a further grant bid towards a hostels improvement programme. Residual savings arising from the closure of the temporary site at Devonshire Grove means a saving of £35k can be achieved without any detrimental service impact.

Modernisation

B.66. The modernisation division incorporates information technology and digital services (ITDS), human resources (HR), facilities management (FM) and organisation transformation (OT). These services are of a corporate nature and underpin the council's modernising agenda.

B.67. Tooley Street currently hosts 107 employees of the Clinical Commissioning Group (CCG) and from early 2020 this is planned to increase by a further hundred or so. This remains subject to final negotiations and contract and will generate an additional £750k in rental income per annum.

B.68. Facilities management are responsible for ensuring the council's operational estate is both compliant with health and safety regulations and fit for purpose for staff and service users. Whilst commitments approved in previous rounds have addressed inherent budget pressures/anomalies and stabilised the position, there remains very limited budget flexibility, other than an estimated half-year saving of £55k in 2020-21 through the change to LED lighting in Tooley Street. This is an 'invest to save' initiative and contributes to the council's carbon reduction commitment, with an equivalent budget saving anticipated in year two (2021-22).

B.69. Looking forward, the council's two existing external FM service contracts will co-terminate in March 2021 and a procurement strategy is currently being developed to secure a consolidated contract, with some limited expansion of the 'in-house' provision. This is a complex procurement and given external market conditions affecting FM providers, it is anticipated there will be an upward cost pressure from 2021-22, which is likely to supersede any previously anticipated employee savings proposed for 2022-23, following full implementation of the new FM contract.

B.70. The council is currently engaged on a major IT improvement programme involving migrating its data centre and computing environment to the cloud and implementing a revised operating model in the shared service. This is necessary to ensure the council's IT infrastructure and systems are modern, stable, resilient and above all secure. Alongside this sits the SMART working programme which is the catalyst for transforming the way the council works. Notwithstanding the previous budget commitments made, this will require further revenue investment, currently estimated at £1.5m in 2020-21, which should provide a stable resource baseline going forward.

B.71. Reorganisation and rationalisation of the HR and OT services have already delivered significant savings in the current year with no undue impact on service delivery. The use of agency staff to cover vacancies and address capacity shortfalls is necessary and varies with changing circumstances. However, the service continues to implement measures to reduce usage across the council through greater workforce planning and

recruitment and anticipates being able to deliver net savings of £200k per annum in 2020-21 and 2021-22.

Customer Experience

- B.72. The division is responsible for a diverse range of functions including the customer service centre (CSC), customer resolution, concessionary travel, registrars and citizenship, coroners and mortuary services and housing solutions/temporary accommodation.
- B.73. For 2020-21 there is a wind-fall saving of £792k arising on the Concessionary Travel Scheme as the council's contribution to Transport for London (TFL) will be lower reflecting current/anticipated usage following changes in the age eligibility threshold from 60 to 65 years old. This is partly offset by an additional commitment of £49k arising from the change in eligibility for Blue Badges that commenced in August 2019.

Temporary Accommodation (TA) and Housing Solutions

- B.74. Southwark is recognised nationally as a leading authority on homeless prevention but the cost of TA remains one of the council's most intractable budget pressures. This adverse budgetary situation is driven by the growing national homelessness crisis. More people are approaching the council at risk of homelessness, rents for the private sector accommodation that is available to the council to use as TA have been rising rapidly (with a national absence of any reasonable rent controls) and the government has reduced and then frozen the Local Housing Allowance (meaning benefits no longer cover the cost of the rent for many people in TA). These factors combined with the council's statutory and policy obligations have driven up the cost of TA to the council.
- B.75. For 2019-20, a net budget commitment of £3.2m was approved for TA, including an ambitious savings target of £2m, one million of which was predicated on early changes to local discharge policy being approved. However, implementation was delayed and along with other negative factors means the target will not be met. Furthermore, the position going forward remains uncertain as without government action the national housing crisis looks set to worsen. In addition, the budget is heavily reliant on the use of estate voids, particularly Aylesbury, which are projected to decline at a faster rate than previously estimated, with a consequent cost impact to the general fund. By way of mitigation, strenuous action continues to bear down on the cost of private sector leased accommodation through the renegotiation of existing provision and realisation of better value from the procurement of new properties. The position will be kept under close review, but at this juncture there remains a material risk that the cost pressure will continue to exceed the resources available in 2020-21.

Equalities Assessment Summary

- B.76. The department undertakes equality analysis/screening on its budget proposals ahead of final decisions being taken. This helps to understand the potential effects that the budget proposals may have on different groups and whether there may be unintended consequences and how such issues can be mitigated. Analysis is also undertaken to consider any cross-cutting and organisation-wide impacts and continues through the cycle of planning and implementation of these proposals
- B.77. In line with our Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way so as to not impact disproportionately on any specific section or group in our community. Where necessary, consultation will be

undertaken alongside mitigating actions where necessary. In line with the process across the council, information on the equality analysis will be shared with the relevant cabinet members so it can be considered when decisions are taken. To date no cumulative impacts have been identified through the analysis.

CORPORATE

Overview

B.78. The Corporate budgets include technical accounting budgets such as Minimum Revenue Provision (MRP), treasury income and costs, pension related costs and budgets which impact across the wider council. The £4m contingency budget also sits within corporate to support the wider budget risks.

Commitments

B.79. As indicated in capital monitoring and treasury management reports, the council has an underlying need to borrow in order to fund the council's capital investment programme. A commitment is included to reflect the additional debt financing costs of £2.6m in 2020-21 as a consequence of approved capital investment decisions.

B.80. The Government's decision to arbitrarily increase the interest rate charged to local authorities by 1% in September 2019 will further increase debt charges by £0.6m in 2020-21.

B.81. Debt financing costs are forecast to increase by a further £3.3m in 2021-22 and £3.6m in 2022-23.

Equality Analysis

B.82. There are no equality analysis implications for these proposals.

Savings Type
Last Updated
Version Number

Efficiencies and Improved Use of Resources

31 January 2020

2020-21
£000

Chief Executive's	(89)
Children's and Adults' Services	(3,141)
Corporate	-
Environment and Leisure	(495)
Finance and Governance	(175)
Housing and Modernisation	(1,082)
Place and Wellbeing	(83)
Public Health	(899)
	<u>(5,964)</u>
Adults' Social Care	(2,391)
Commissioning	(750)
Children's Services	-
Education	-
Total Children's and Adults' Services	<u>(3,141)</u>

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Chief Executive's	Chief Executive's Office	101	Where possible, increase contribution from non-general fund (e.g. section 106 etc) to fund some staffing activity to offset call on general fund	(32)	No impact
Chief Executive's	External Affairs	102	Reduce the frequency of Southwark Life from four editions per year to three	(27)	No/minimal impact on staff or service users
Chief Executive's	Chief Executive's Office	103	Realign the direct financial support to the Young Vic to deliver the local internship programme (Young Vic Young Associates) through the Council's core internship programme	(30)	Impacts positive through programme expansion
Children's and Adults' Services	Adults' Social Care	104	Workforce Development – reduction in use of temporary staff, consolidation of training budgets and premises savings resulting from the transfer of staff to new office at Castlemead	(800)	Any formal change to structures would address EA issues as a part of standard council procedures. There will be no impact on service users.
Children's and Adults' Services	Adults' Social Care	105	Continue programme of annual reviews of care packages to ensure that provision is in line with Care Act entitlements.	(1,391)	No negative impacts identified at this stage. Care package reviews are undertaken on a case-by-case basis and all relevant information will be taken into account at this stage.
Children's and Adults' Services	Adults' Social Care	106	Closer working with the voluntary sector through the new older people's hub and increased investment from grant-giving bodies resulting in more efficient ways of working and better outcomes for service users.	(200)	Equalities analysis has been considered as part of the procurement process. Further assessments will be undertaken as required.
Children's and Adults' Services	Commissioning	107	Expansion and development of children's commissioning activity resulting in improved VFM through the All Age Disabilities pathway.	(250)	No/minimal impact on service users as this is primarily about changes in the way we contract with providers. Equalities impact assessments will be undertaken as appropriate during any specific procurement exercises.

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Children's and Adults' Services	Commissioning	108	Part-year impact of a programme of commissioning projects aimed at providing better sector management and improved VFM across care homes, reablement and housing related support in the borough.	(500)	Outcomes will be driven by new KPIs of which service access and participation will be drawn and steer further steps. For bed based care The provision of this new service will extend opportunities for people who are at risk of avoidable admission into long term bed based care , providing a period of re-ablement in which their independence, wellbeing and choices can be maximised. The service will increase opportunities for service access and participation for people with restricted characteristics and notably improve outcomes for individuals through reducing discharge delays attributable to awaiting residential care and through improving independence and well-being and in supporting a return home wherever possible. Mental Health Supported Housing and Homelessness Hostels review. The review is going forward in two strands: supported housing and homelessness hostels. A separate Equality Impact Assessment will be completed for each client group as part of the Gateway 1 reports for these areas of spend.
Environment and Leisure	Environment – Regulatory Services	109	Improved efficiency and value for money arising from the recently tendered parking contract.	(230)	No impact
Environment and Leisure	Environment – Regulatory Services	110	Management salary costs in Highways Network Management to be funded by existing income	(50)	No impact
Environment and Leisure	Environment – Regulatory Services	111	Realignment of resources within Noise Team against demand	(25)	A more detailed EQIA will need to be carried out prior to implementation. Although there are no impacts specifically on protected groups, there may be a socio-economic differential.
Environment and Leisure	Leisure – Parks and Leisure Management	112	Capitalisation of cost of staff engaged on capital construction projects.	(100)	No impact
Environment and Leisure	Leisure – Parks and Leisure Management	113	Review of client management resource in parks to reflect the good performance of the parks contractor	(25)	No impact
Environment and Leisure	Environment – Regulatory Services	114	Use of Proceeds of Crime awards to fund existing Principal Enforcement Officer post in Trading Standards	(65)	No impact
Finance and Governance	Professional Finance Service	115	Following completion of structural review of Professional Finance Services, further reduction in staffing resource, to be mitigated by enhanced business partnering approach and improvements to financial management system.	(50)	No impacts on service users, savings on back-office costs. Potential impacts on staff. As specific proposals come forward and at each stage of implementation thereafter the different impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.
Finance and Governance	Exchequer Services	116	Reduction in Benefit staffing due to caseload reduction from ongoing Universal Credit transition.	(100)	Potential impacts on staff. As specific proposals come forward and at each stage of implementation thereafter the different impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.
Finance and Governance	Financial and Information Governance	117	Fund specialist risk advisory services to the Corporate Risk and Insurance team from the Insurance Fund	(25)	No/minimal impact on staff or service users
Housing and Modernisation	Customer Experience	118	Re-alignment of the Concessionary Travel budget to reflect current activity/volumes	(792)	No impact on service users

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Housing and Modernisation	Modernise – CFM	119	Replacement of Tooley Street fluorescent lighting with LED	(55)	No impact on service users
Housing and Modernisation	Modernise – HR	120	Re-alignment of agency fee income budget to reflect current and anticipated activity/volumes.	(200)	No impact on service users
Housing and Modernisation	Resident Services	121	Re-alignment of Travellers budgets following decommissioning of Devonshire Grove temporary site	(35)	No impact on service users
Place and Wellbeing	Community Engagement	122	Planned reduction in the information and advice services contract	(83)	A number of programmes elsewhere such as older people's hub, disability hub and people with disabilities prioritised by Local support team will mitigate some of the impacts. There is potential for increased London wide funding for NRPF clients; funding dedicated to advice in different languages will be ring fenced within the generalist advice contract and referral to VCS funded organisations that support different groups will provide some support.
Public Health	Place & Health Improvements (SP505)	123	Efficiency savings to be achieved though re-specification/tender of Exercise on Referral, Health Intervention Hub (obesity, CVD, diabetes).	(48)	No impact as front line services to residents will not change
Public Health	5-19 Public Health (SP507)	124	Efficiency savings achieved through negotiation and re-specification of the School Nursing contract with the Evelina. Review responsibilities, casemix, workload, staffing levels and costs and improve coverage.	(63)	No impact anticipated at this stage
Public Health	PH 0-5 Services (SP512)	125	Efficiency savings achieved through contract negotiation and re-specification of the Health Visitor contract with the Evelina. Review responsibilities, casemix, workload, staffing levels and costs and improve coverage. No net reduction in health visitor numbers is envisioned.	(300)	No impact anticipated at this stage
Public Health	Place & Health Improvements (SP508)	126	Savings on Public Health contribution to Free Healthy Schools Meals (FHSM) from Government supplementary top up grant for Free School Meals to Schools	(195)	No impact
Public Health	Stop Smoking (SP506)	127	Smoking cessation service efficiencies through re-specification/open tender. This will change the model for smoking cessation in Southwark. Public Health will increase referrals to the service for economically deprived smokers, pregnant women who smoke and smokers with chronic diseases.	(123)	Close monitoring of new service to ensure that changes do not have unforeseen consequences
Public Health	Sexual health (prevention)	128	Reduction in funding for HIV/sexual health promotion services for black african at-risk groups based upon changing need, planned recommissioning of services and alternative opportunities, including working directly with local faith communities as part of our new Faith Strategy activities.	(22)	The loss of financing on this programme offset by introduction of new services to better target different groups. so now three health promotion budgets including a chem sex outreach worker, this programme and 30K for MSM and young people as part of the new sexual health service. Net overall increase in service realigned to improve impact of health promotion. The Council has existing specialist prevention services for MSM, including being a major contributor to the London HIV Prevention Programme, Do It London. Developing capacity in existing sexual health and drug treatment services to meet the needs of those participating in chemsex (many of whom are MSM) is being considered in separate arrangements to ensure this group is supported.

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Public Health	Healthy Schools PHSE (SP510)	129	Deletion of the Public Health funded healthy schools programme post and investment with the function now 'mainstreamed' and taken forward by Education.	(42)	No/minimal impact on staff or service users
Public Health	Health Checks Contract (SP504)	130	Introduction of a new digital-first NHS health check pathway, which will offer all eligible patients an on-line health risk assessment with the face to face checks being actively promoted to individuals assessed as high-risk and in greatest need. All patients, regardless of assessed risk, will still be able to obtain a face to face health check if desired.	(106)	Over 55 will continue to receive invites by letter evaluation by UCL planned health equity audit will be carried out on programme in year
Total				(5,964)	

Savings Type	Income Generation
Last Updated	31 January 2020
Version Number	

	2020-21
	£000
Chief Executive's	-
Children's and Adults' Services	(150)
Corporate	-
Environment and Leisure	(913)
Finance and Governance	-
Housing and Modernisation	(750)
Place and Wellbeing	(313)
Public Health	(200)
	<u>(2,326)</u>
Adults' Social Care	-
Commissioning	-
Children's Services	-
Education	(150)
Total Children's and Adults' Services	<u>(150)</u>

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Children's and Adults' Services	Education	201	School improvement service to be fully funded by traded income and other specific grants.	(100)	No impact
Children's and Adults' Services	Education	202	Increase Education Psychology traded income for non-statutory work for schools, including Free Schools and Academies, to full cost recovery	(50)	No impact
Environment and Leisure	Leisure – Parks and Leisure Management	203	Additional income expected within cemeteries based on current numbers	(350)	No impact
Environment and Leisure	Waste and Cleansing	204	Price increase for bulky waste collection – change to £25 per collection of up to 10 items plus £7.60 per item thereafter	(65)	A more detailed EQIA will need to be carried out prior to implementation. Although there are no impacts specifically on protected groups, there may be a socio-economic differential.
Environment and Leisure	Waste and Cleansing	205	Introduce a limit on resident construction and demolition waste being brought to the Household Waste Reuse and Recycling Centre (HWRRC) to one standard sized bag per household per week and charge £5 per bag for any additional waste deposited.	(50)	No impact
Environment and Leisure	Leisure- Parks and LM	207	Introduce parking charges in leisure centres for users and staff to encourage walking, cycling and use of public transport	(30)	A more detailed EQIA will need to be carried out prior to implementation. The introduction of charges at leisure centres may have an impact on specific groups of users.
Environment and Leisure	Leisure- Parks and LM	208	Rental income for Central Venture Play Site	(30)	No impact
Environment and Leisure	Leisure- Parks and LM	209	Rental income for Southwark Park Café	(30)	No impact
Environment and Leisure	Leisure- Parks and LM	210	Estimated increase in fees and charges income from annual uplift	(128)	No impact

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Environment and Leisure	Environment – Traded Services	211	Growth in income from external clients for bird control and other related activities.	(30)	No impact
Environment and Leisure	Environment	212	Estimated increase in fees and charges income from annual uplift	(200)	No impact
Housing and Modernisation	Modernise – CFM	213	Additional income from external lettings of office space within Tooley Street.	(750)	No impact
Place and Wellbeing	Planning	214	Estimated increase in planning fee income.	(120)	No impact
Place and Wellbeing	Regeneration – Capital Projects	215	Project management fees to be charged at 1% on the construction sum	(45)	No/minimal impact on staff or service users
Place and Wellbeing	Regeneration – North	216	Agreed charges to be made to British Land in line with development agreement for Canada Water.	(50)	No/minimal impact on staff or service users
Place and Wellbeing	Regeneration – Property	217	Impact of continual review of commercial rent income in line with rental agreements with current and new tenants.	(98)	No/minimal impact on staff or service users
Public Health	Sexual Health	218	New government funding to support HIV PreP implementation and to scale up in 2020-21	(200)	No/minimal impact on staff or service users
Total				(2,326)	

Savings Type	Savings Impacting on Service Delivery
Last Updated	31 January 2020
Version Number	

	2020-21
	£000
Chief Executive's	-
Children's and Adults' Services	(150)
Corporate	-
Environment and Leisure	(220)
Finance and Governance	-
Housing and Modernisation	-
Place and Wellbeing	-
Public Health	(50)
	<u>(420)</u>
Adults' Social Care	-
Commissioning	-
Children's Services	-
Education	(150)
Total Children's and Adults' Services	<u>(150)</u>

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Children's and Adults' Services	Education	301	Close Aylesbury Day Nursery (subject to completion of consultation). This decision reflects the current stage of the regeneration of the Aylesbury and the reduced need for nursery places at this time. The majority of families using the nursery will have children of school age by September 2020 and the closure will be timed to coincide with this. A new early years facility is planned for plot 18.	(150)	Potential impacts on staff to be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures. It is anticipated that at least 15 children will leave nursery in July to start in school in September, so would not be affected by closure of nursery. Support would be offered to families of remaining children to secure nursery places elsewhere – there are significant vacancy levels in other local settings.
Environment and Leisure	Leisure – Parks and Leisure Management	302	Adjustments to the grounds maintenance contract with the aim of retaining Green Flag status and improving ecology	(60)	No/minimal impact on staff or service users
Environment and Leisure	Waste and Cleansing	303	Restrict access to the waste facility for charities who currently use the facilities for tipping waste from their operations.	(30)	No/minimal impact on staff or service users
Environment and Leisure	Waste and Cleansing	304	Reduce staffing levels by natural wastage, and extend response times, with reduced responses to enquiries. This will require residents to use online service to log their own service requests, with direct enquiries not actioned unless they have followed an agreed escalation process.	(30)	No/minimal impact on staff or service users
Environment and Leisure	Highways	305	Reduction in revenue works budget for structures reactive maintenance	(100)	No/minimal impact on staff or service users
Public Health	Public Health (KM193)	306	Reduction in Public Health funding for community sports activities. Future funding support (including further reductions) to be informed by recommendations from a strategic review of community sports being undertaken in 2019-20. Alternatives funding sources will be investigated to see if the impact of this proposal can be mitigated.	(50)	More information required
Total				(420)	

Savings Type
Last Updated
Version Number

Commitments
31 January 2020

2020-21
£000

Chief Executive's	50
Children's and Adults' Services	11,899
Corporate	3,236
Environment and Leisure	785
Finance and Governance	100
Housing and Modernisation	1,549
Place and Wellbeing	300
Public Health	1,871
	<u>19,790</u>
Adults' Social Care	3,300
Commissioning	5,849
Children's Services	2,750
Education	-
Total Children's and Adults' Services	<u>11,899</u>

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Chief Executive's	Chief Executive's Office	401	Additional staffing capacity to support enhanced model of delivery for scrutiny	50	No/minimal impact on staff or service users
Children's and Adults' Services	Children's Services	402	Piloting of a multi-agency 'Sure-Start' approach aimed at teenagers and parents.	1,250	Positive impact - more information required
Children's and Adults' Services	Children's Services	403	Budget commitment for an enhanced mental health offering for children, young people and parents, with a focus on prevention and emotional health and wellbeing. This proposal supplements the previously agreed £2m commitment.	1,500	Positive impact - more information required
Children's and Adults' Services	Adults' Social Care	404	Further investment in the growing All Aged Disabilities pathway focussed on improving in borough provision for children with SEND.	2,000	Positive impact - more information required
Children's and Adults' Services	Adults' Social Care	405	New money to augment existing drug and alcohol programmes with a focus on creating a space and enabling change to take place, a 'Pause' approach, thereby reducing demand and reliance on council services.	1,000	Positive impact - more information required
Children's and Adults' Services	Adults' Social Care	406	Investment in a preventative, public-health approach to reducing demand and reliance on council services and promoting community resilience. A multi-faceted approach including community sports and healthy activities for older people	300	Positive impact - more information required
Children's and Adults' Services	Commissioning	407	Continued development of digital solutions both for our service users and our staff. Further investment in workforce development recognising the complex nature of the social care sector in London. Commitment to greater collaboration with partner organisations including health and the voluntary sector to streamline and improve outcomes for our residents, and matching successful bids for funding.	1,282	Positive impact - more information required

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Children's and Adults' Services	Commissioning	408	Contractual inflation and pay awards, including increases in the London Living Wage	4,567	no impact on service users
Environment and Leisure	Leisure	409	Mainstreaming of free swimming lessons following pilot programmes	125	no impact on service users
Environment and Leisure	Leisure	410	Increased tree maintenance and inspection	500	Positive impact
Environment and Leisure	Culture	411	Full roll-out of free visits to the theatre for every primary school child.	100	Positive impact
Environment and Leisure	Environment	412	Restructure to accommodate revised service provision from 1 July 2020 (highway inspections)	60	No/minimal impact on staff or service users
Finance and Governance	Law and Democracy	413	Commitment for implementation and monitoring of the requirements of the new Fairer Futures Procurement Framework	50	Positive impact
Finance and Governance	Exchequer	414	Increased demand for Southwark Emergency Support Scheme (SESS)	50	A positive impact on the most vulnerable within the community. There is an increasing need to provide discretionary support to vulnerable residents as a consequence of national welfare reforms and economic uncertainty due to Brexit.
Housing and Modernisation	Modernise – SICTS	415	Provisional commitment for new Shared Information, Communication & Technology Service (SICTS) operating model	1,500	No/minimal impact on staff or service users. Enhanced IT service to support council service provision
Housing and Modernisation	Customer Experience	429	Additional commitment arising from the change in eligibility for Blue Badges that commenced in August 2019.	49	No/minimal impact on staff. positive impact on the most vulnerable within the community.
Place and Wellbeing	Planning	416	Expansion of the planning team to deal with Regeneration/ Development activities (Old Kent Rd etc.) and improving divisional coordination and planning committee support. This commitment should effectively be off-set over three years by the increase in planning fee income.	300	No/minimal impact on staff or service users
Public Health	Across division	417	Increased demand for sexual health services.	332	Positive impact
Public Health	Sexual Health	418	PreP trial and sexual health clinic attendances across England (2019-20 base cost)	280	Positive impact
Public Health	Sexual Health	419	PreP trial extension to capacity from August 2019 to March 2020	163	Positive impact
Public Health	Sexual Health	420	PreP trial extension to capacity additional costs for full-year 2020-21	117	Positive impact
Public Health	Sexual Health	421	Increase in Sexual Health Tariff prices (6 month effect from October 2019)	160	No impact

Department	Division	Reference	Description	2020-21	Equalities Analysis Information
				£000	
Public Health	Sexual Health	422	Increase in Sexual Health Tariff prices (full-year impact 2020-21)	160	No impact
Public Health	Across division	423	Pay inflation on public health staff funded from ring-fenced grant	42	No impact
Public Health	Sexual Health	424	Additional investment in a Digital First model	260	promotion of services among men new health promotion service to promote digital services for heterosexual community
Public Health	Across division	425	Contingency to mitigate risk and cushion any new and unanticipated demand led pressures	95	Positive impact
Public Health	Health Improvement & Place	426	Increase to reflect full year cost of rollout of Free Nursery Meals	262	Positive impact
Corporate	Corporate	427	Debt financing costs arising from approved Capital Programme	2,636	No direct impact on staff or community
Corporate	Corporate	428	Additional borrowing costs (General Fund only) arising from the governments decision to increase Public Works Loan Boards (PWLB) borrowing rates by 1% (from 0.8% to 1.8%) above gilt rate.	600	No direct impact on staff or community
Total				19,790	

OVERVIEW AND SCRUTINY COMMITTEE (OSC) – 29 JANUARY 2020

RECOMMENDATIONS TO CABINET ON POLICY AND RESOURCES STRATEGY 2020/21

1. That the Strategic Director of Finance and Governance include additional contextual information within the Budget Report to assist readers. Specific examples for inclusion in the final budget report:
 - historic analysis of funding and budgets from 2010, and to include data on the constituent parts of the Council's funding and employee numbers and employee costs;
 - a comparative table of London local authorities Council Tax collection rates;
 - list (separately) what the elements are of each department budget, either passported or ring fenced and what the remaining total budget is that the Council has discretion over;
 - a list/table itemising the net budget, savings, income and commitments figures within departmental narratives;
 - that departmental narratives list separately the total budget figure for each Cabinet Member whose portfolio falls within that Department's services.

2. That Cabinet ensure future budget rounds develop options for new and alternative income generation.

Examples suggested by OSC included opportunities to increase income from the tourism industry, maximising income from the accommodation strategy and seeking additional contributions from larger private developers for planning/regeneration services.

3. That sustainability impact assessments are incorporated into all policy and resources reports to Cabinet and Council in future so that sustainability and carbon reduction are fully considered in decision taking and are available for public scrutiny. In future budgets a full sustainability analysis is provided alongside the budget proposal.

4. That Cabinet ensure that equality impacts for all proposals are fully assessed by cabinet members and officers ahead of council assembly on 26 February.

5. That Cabinet continually review both sustainability and equality impacts through the regular quarterly performance and financial monitoring reports to cabinet, e.g. Public Health proposals including sexual health proposals.

6. That Cabinet ensure that where there is a risk of detrimental service impacts arising from specific budget proposals these are reported back to overview and scrutiny committee via the cabinet member. Examples of higher-risk budget proposals identified by OSC included budget lines 111 (environment – regulatory services (noise)), 128 (sexual health (prevention)) and 304 (waste and cleaning).

7. That OSC recognises the significant funding risk from planned changes to Business Rate Retention arrangements and requests that cabinet take appropriate steps to mitigate this risk moving forward.

8. That Cabinet consider how the council can ensure the budget is more accessible and understandable to Southwark residents.
9. That OSC welcomes the additional investment in the Positive Futures Fund but requests more detailed feedback on the impact and outcomes of the programme to date and targets for the next phase.
10. OSC notes the rationale for presenting a one-year only budget in 2020-21. However OSC requests that Cabinet revert to multi-year budget plans as soon as is practicable to include forward service and financial plans that take into account all available intelligence. Specifically this should include demographic, economic, environmental, planning and service related data that will help inform future demand and shape of council services.
11. That Cabinet consider a small investment in the development of an app for residents to facilitate their requests and reporting regarding waste issues. For example this may facilitate a number of residents gathering together a number of separate bulky waste collections.
12. That Cabinet gives a guarantee that the introduction of parking charges at leisure centres (ref 207) will not impact adversely on disabled users.
13. That OSC welcomes the child mental health commitment but recommends that a sum is earmarked to ensure that children with no recourse to public funds (NRPF) have full access to the new child mental health facility at Rye Lane.
14. That OSC welcomes the commitment of £1.287m for transformation initiatives but seeks more information on specific projects and how these have been prioritised.
15. That budget analysis should include more data and analysis in respect of targets and reach of budget proposals, specifically those in respect of children and young people.
16. That OSC notes the additional funding for the extension of PrEP (pre-exposure prophylaxis) following the successful trial. OSC requests Cabinet to consider the possibility of general fund resources to supplement Public Health Grant to assist in reaching full roll-out.
17. That Cabinet investigate the Lewisham Council contractual arrangements with Southwark Law Centre for specialist advice for people with NRPF with a view to improving service provision and saving costs. Cabinet is requested to report back to OSC by April 2020.
18. That OSC requests Cabinet to remove the proposal to charge for bin replacements (reference 206) as they believe that charging for new bins unfairly impacts on residents whose bins have been stolen through no fault of their own and potentially incentivises the theft of bins.

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