

APPENDIX B

DEPARTMENTAL NARRATIVES

CHIEF EXECUTIVE

Overview

- A.1. The Chief Executive's department comprises the Regeneration, Planning and External Affairs divisions along with the Chief Executive's Office.
- A.2. The department leads on the council's delivery of regeneration and building a strong local economy, which is bringing about thousands of new homes, jobs and opportunities across the borough, making our neighbourhoods places in which people are proud to live and work. The department also includes the council's emergency planning and resilience section that is responsible for ensuring the Council meets its civil protection duties and legal obligations under the Civil Contingencies Act.
- A.3. Over the period from 2014-15 to 2017-18 the Chief Executive's department has delivered savings at the maximum end of savings targets year on year, equating to approximately £5.5m, and continually reducing costs, posts and streamlining operations through reorganisation and redesign of services in order to achieve more with less.
- A.4. The total general fund net revenue budget for the department for 2017-18 is £5.164m. Savings proposed for 2018-19 financial year are £0.775m, or the maximum 15% of departmental budgets. These will again be achieved through more efficient and smarter ways of working including realignment of staff resources, management reconfiguration, better use of resources and by raising income.
- A.5. Some £0.330m savings will be delivered through realignment of staffing resources, removing vacant posts from the structure and continuing to ensure that organisational capacity is best targeted to priority delivery. By reviewing commercial rents to renew and replace leases and to reduce running costs, £0.395m will be achieved in raised income. A further £0.050m income will be raised through additional Community Infrastructure Levy (CIL) service charge income.
- A.6. A commitment of £0.050m is proposed to ensure the delivery capacity within External Affairs is sufficiently aligned with planned resources. In line with previous years, the whole department will continue to review its financial strategy so that it supports activities that take best account of future expectations and ongoing delivery of Council Plan targets.

Equalities Assessment

- A.7. In line with our Public Sector Equality Duty, equality analysis is undertaken on budget proposals as relevant ahead of final decisions being taken. This helps to understand the potential effects that budget proposals may have on different groups and whether there may be unintended consequences and how such issues can be mitigated. At this stage, the proposals for the department relate to income generation and realignment of structure affecting posts that are vacant. As specific proposals are developed, and at each stage of implementation thereafter, the different impacts will be assessed as appropriate in accordance with the council's reorganisation, redeployment and redundancy procedures.

CHILDREN'S AND ADULTS' SERVICES

- B.1. As reported to Cabinet in September 2017, Children's and Adults' services are experiencing significant pressures on their revenue budgets. These pressures are created by a combination of demand and cost pressures and severe reductions in government grant for these statutory responsibilities as well as to the council as a whole. Nationally, pressures on social care linked to pressures in the NHS are recognised, but these pressures far exceed the resources announced in the government settlement. In total, the pressures in 2017-18 represent £11.7m. Southwark's Health and Wellbeing Board approved the application of the Improved Better Care Fund to community and social care services, and in 2017-18 this is £7.471m.
- B.2. It should be noted that significant management action has been taken and controls are in place. A budget recovery board is overseeing the management actions.
- B.3. The indicative budget to be agreed at Council Assembly in February 2018 proposes Adult Social Care efficiencies and income generation for 2018-19 at £5.4m and commitments of £19.4m resulting in a proposed net impact of a budget increase of £14.0m for 2018-19. This demonstrates the investment of the increased Improved Better Care Fund (£10.9m) to homecare pressures, nursing care home pressures, and transformation work to improve the health, wellbeing and resilience of vulnerable residents. It also reflects the allocation of new resources for Adult Social Care, including the Adult Social Care Precept (£2.7m), investment in the development of an all age disabilities pathway (£3.8m) and funding the full-year cost of the implementation of the Southwark Ethical Care Charter (SECC) in Care At Home contracts (£2.0m).
- B.4. There are considerable pressures in Children's Services and this is despite protection for Children's Services budgets in 2017-18. Rising demand including protecting children from sexual exploitation, a sharp reduction in secure care places provided by government and pressures such as unaccompanied asylum seeking children have all contributed to the forecast overspend. In 2018-19, it is proposed that Children's Services have savings and efficiencies totalling £1.6m and commitments of £3.4m resulting in a proposed net impact of a budget increase of £1.8m.
- B.5. In Education, reduced grant and funding continue to impact upon the budget, as well as the increasing demand for statutory SEN education and home to school transport. In 2018-19 for Education there are savings and efficiencies of £0.735m and further income generation and grants of £0.421m. There are commitments totalling £2.467m meaning a net increase in budget of £1.3m, including an investment of £0.6m in the School Improvement Service to enable a gradual move to a traded service with schools over three years.
- B.6. With regard to the Dedicated Schools Grant (DSG), which funds schools, special needs education, early years and some central education functions, the final grant for 2018-19 for the Schools Block is expected in December 2017. There have been modest increases to both schools and high needs funding which was slightly improved from the previous position under the National Funding Formula indicative budgets which identified reductions, although inflation and demand pressures are greater than these increases. There continue to be pressures on the Schools Block as the government requires that growing free schools are advance rather than lag funded which is a significant cost to the DSG and schools.
- B.7. There are significant pressures on the high needs block in 2017-18 due to demand and cost pressures across settings and there is insufficient funding from government to recognise this. Whilst the Schools Forum has agreed to a 0.5% transfer from the

schools block to the high needs block, given the anticipated deficit position at the 2017-18 year end it is likely that significant savings will need to be made on the high needs block and that there will also be a further impact upon schools budgets in 2018-19, although flexibilities for additional block transfers are being limited and centrally controlled by the government.

- B.8. With regard to the early years block the government is reducing the central expenditure limit, thereby limiting local flexibility. In 2018-19 there will be a further move towards equalising rates between settings under the Early Years Single Funding Formula. Whilst additional funding for the extension of the offer is being received the increase in funding rates is insufficient to meet higher costs.

Equalities Analysis

- B.9. 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.10. 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.11. 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 SOCIAL REGENERATION

Overview

- C.1. The Environment and Social Regeneration department delivers services that make a real difference to the everyday lives of all residents and visitors. The majority of our operations are frontline services: they physically improve the environment; they provide opportunities for health and enjoyment, support knowledge and learning or help improve safety and confidence. The department comprises three directorates, Environment, Leisure and Public Health.
- C.2. 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. We work with our partners to improve health and wellbeing for all our residents. The department's approach to achieving savings aims to develop income opportunities and protect frontline services, and are aligned to the budget principles and the fairer future promises.
- C.3. The net budget for environment and Social Regeneration in 2017-18 is £66m. The department over the last six years has achieved savings of £25.6m. The savings options would be delivered alongside the considerable capital spend across the department.
- C.4. For the forthcoming year, 2018-19, the department has identified a number of savings options amounting to £5.460m made up:
- Efficiencies and Improved Use of Resources £2.680m
 - Income Generation £2.780m

Efficiencies and Improved Use of Resources

- C.5. The department has sought efficiency savings through intelligent procurement decisions, further streamlining of back office and senior staff and further modernisation of services. For example, the successful re-procurement of the leisure management contract will generate £0.350m. Additional savings of £0.700m are expected in the re-procurement of services in sexual health and substance misuse in the public health grant. Reviews of management structures in parks and leisure and sustainability will generate £0.200m, and the library service will be reviewed to deliver £0.300m of general fund savings and reduce its call on the public health grant by £0.100m. These savings will be achieved while keeping all our libraries open. The department will also ensure that predicted surpluses on the parking account are invested in maintaining high quality transport infrastructure, reducing the call on the general fund for these services by £0.450m.

Income Generation

- C.6. The council, like a number of other councils, is adopting a more commercial approach to its activities and is proposing to generate additional income of £2.78m in 2018-19.
- C.7. The department will seek to expand its income streams in a variety of ways. For example, a successful re-procurement of the park café and ice cream concessions will bring in £0.200m. The full effect of the re-procurement of the leisure contract in 2016 is beginning to be realised with an estimated increase in income of £1.0m for 2018-19 being proposed. As the department progresses in licensing private rented sector

landlords through its selective licencing schemes, that is predicted to generate a further £0.450m, while protecting private rented sector tenants in the borough and tackling anti-social behaviour. Meeting the predicted resident demand for controlled parking zones will generate £0.500m. We will ensure that fees for our services are comparable with other boroughs in a number of areas such as burials and we are increasing the services we sell such as commercial waste and the expertise of our traded services teams (£0.160m).

Commitment

C.8. The department is proposing a commitment of £0.250m to support the expansion of playground provision arising from the Top Quality Play commitment.

FINANCE AND GOVERNANCE

Overview

- D.1. The Finance and Governance Department includes the Director's office which provides strategic leadership for the department and s151 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 (including finance, audit and procurement teams); and the Financial and Information Governance Team.
- D.2. In supporting the Fairer Future promises of the council, the department's vision is to "make a positive difference everywhere we engage" and to be "efficient and effective in all that we do". Specifically, Finance and Governance endeavours to help the council to "manage every penny as carefully as local families look after their own household budgets". This budget proposes efficiency savings and income generation of £1.710m (11.6% reduction on budget adjusted for recharges) and commitments of £0.150m for a total budget of £18.779m. This follows savings proposals achieved in 2016-17 of £1.950m.

Efficiencies and Improved Use of Resources

- D.3. The efficiency savings across the department are mainly made up of staffing-related savings totalling £1.120m which reflects the fact that over 70% of the overall expenditure budget is staffing costs. Savings from staffing costs will be achieved through increased efficiency, changing what we do and how we work, to become an organisation that is fit for the future.
- D.4. In addition to the staffing related savings, £0.050m of the savings proposed is related to efficiencies from modernising council and committee meetings.
- D.5. A further proposal is the alignment of the hardship and emergency support budget to reflect overall service demand. Resources will remain available to fund the current scheme until March 2019; this equates to a budget saving of £0.180m. The total expenditure on SESS and Hardship over the last four years (2013-14 to current year inclusive) is £2.930m.

Income Generation

- D.6. The income generation proposals for the department comprise £0.300m for Exchequer Services relating to the recovery of housing benefits overpayments and debt recovery charges and £0.060m for Law and Democracy relating to legal income and recharges.

Commitment

- D.7. Law and Democracy is proposing a commitment of £0.150m to create a specific reserve to fund the cost of administering local elections every four years.

Equality Analysis

- D.8. 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.

D.9. Equality analysis has been an integral part of the setup arrangements of the Enforcement Agency Service prior to being introduced.

HOUSING AND MODERNISATION

Overview

- E.1. Housing and Modernisation (H&M) delivers 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 vision, as outlined in the Fairer Future Promises, the department aims to maximise investment in its housing stock, build new council homes at council rents and improve performance in all core service areas. We aspire to work closely with residents to deliver consistently high quality services, achieve better value for money and continue to support the most vulnerable residents, particularly those in temporary housing need.
- E.2. In developing budget proposals the department is committed to protecting frontline service provision as far as possible. The drive towards greater operational efficiency through joint working, rationalisation/integration and moving towards more cost effective customer transaction routes is integral to this. For 2018-19 savings of £0.659m have been identified comprising efficiencies of £0.260m and £0.399m that impact on service delivery to varying degrees. General volume/activity driven commitments total £1.465m plus a further £1.672m for the new IT Shared Service.

Asset Management

- E.3. Services comprise aids and adaptations, handypersons and private sector housing renewal and empty homes. Rationalisation of management across these functions will deliver savings of £0.030m without impacting service delivery.

Communities

- E.4. The division is responsible for consultation and community engagement with council tenants, homeowners and residents, the civic office, the voluntary and community sector (VCS), community safety, Prevent and child sexual exploitation and No Recourse to Public Funds (NRPF).
- E.5. NRPF represents a significant and persistent pressure on council resources. Substantial progress has been made in stabilising new acceptance rates and reducing long term caseload. Costs are also reducing compared to previous years but not at a rate sufficient to remain within the approved budget.
- E.6. The ability to discharge our duty relies on the Home Office determining a client's status as to whether they have leave to remain, recourse to public funds or no barrier to return. Whilst cases are proactively escalated for more rapid decision making, the process is protracted and not directly within the council's control. Volatility of demand and cost/availability of temporary accommodation remains a risk and notwithstanding the improvements achieved to date, projections indicate a further commitment of £0.215m is required in 2018-19 to ensure the budget is at a more sustainable level going forward.
- E.7. Voluntary sector budgets have to some extent been protected from the same level of funding cuts as council services. Savings have focussed on achieving efficiencies and better value for money from commissioning services and through the restructuring of the communities division. However, to ensure funding can be maintained, albeit at a more sustainable level, it is proposed to make further savings in grant funding and commissioning and a further £0.260m is proposed for 2018-19. Joint working continues across the council to consolidate the commissioning of services including with the

Clinical Commissioning Group (CCG). This provides a real opportunity to streamline service provision, ensure consistency across the piece and deliver significant economies going forward.

Resident Services

- E.8. Services comprise travellers' sites and supported housing management, which has shared funding arrangements with the HRA. Realignment of the budgets across the division will deliver savings of £0.074m without impacting service delivery.

Modernisation

- E.9. The Modernisation division incorporates Information Technology and Digital Services (IT&DS), Human Resources (HR), Corporate Facilities Management (CFM) and Organisation Transformation (OT). These services are of a corporate nature and underpin the modernise agenda.
- E.10. On 1 November 2017 the council formalised a three-way shared ICT service with the London Boroughs of Brent (host authority) and Lewisham. The provision of a modern, secure and resilient IT platform is critical to transforming where and how staff work in order to better serve our customers through the implementation of the workforce, IT and workplace strategies agreed by cabinet in November 2016. However, in order to realise material service benefits and even greater efficiency savings over the medium term, sustained capital investment and a revenue commitment of £1.672m is required to align the base budget for 2018-19.
- E.11. CFM is subject to a number of budget pressures particularly in relation to procurement, contract management and development of the council accommodation strategy, requiring on-going external professional support. The 2016 rationalisation of multiple service providers to just two overarching contracts for the running of the council's key operational buildings has provided a more streamlined, efficient and critically compliant FM service. A recent strategic service review has identified proposals for a future operating model, clear vision and strategy for the CFM service of 2020 and identified opportunities to address current and future budget pressures, and it is proposed to re-examine the procurement programme to see whether it would be feasible to accelerate the process.
- E.12. Aligned with this is the development of the corporate accommodation strategy, which seeks to rationalise the wider operational estate, maximise the utilisation of buildings in conjunction with targeted capital investment to reduce future running costs and identify surplus assets for disposal to support the capital programme. For 2018-19 it is essential that the service is financially stable and the budget is able to support the business plan, requiring a net commitment of £0.530m.
- E.13. Reorganisation and rationalisation of the HR and OT services during 2018-19 will deliver savings of £0.156m without impacting service delivery. Conversely, a commitment of £0.220m is required to establish the base budget for former Corporate Programme Unit staff that transferred to CFM and have now moved across to OT during the current year. CPU staff costs were previously funded from corporate reserves.

Customer Experience

- E.14. 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.

- E.15. Savings totalling £0.139m are proposed by moving non-emergency services from the CSC to on-line provision only. The nature of these savings away from face to face and telephone contact to digital provision are essential to mitigate the service impact in more acute areas of the council's budget. For 2018-19, following a detailed review, the level of HRA versus GF activity has reached a critical tipping point that warrants switching primary accountability to the HRA. This has no budgetary impact on either fund for 2018-19.
- E.16. The merger of the housing solutions and temporary accommodation services and move to a unified council-wide temporary accommodation procurement approach has delivered operational cost reductions, albeit not necessarily against budget. Notwithstanding Southwark's continuing success in homeless prevention, the council faces significant budgetary pressure through increasing demand, restricted housing supply, legislative obligations and new burdens arising from the Homelessness Reduction Act 2017. Whilst grant funding is available in the short term, there is no certainty about resources beyond 2019-20. In addition, the impact of universal credit is having a detrimental effect on income collection to the point that a budget commitment (£1m profiled over two years) is required to mitigate the impact. *(Note. In November the Chancellor announced changes in relation to Universal Credit from April 2018, which may impact on this position).*

Equalities Assessment Summary

- E.17. 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
- E.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. 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

E.19. 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 such as the apprenticeship levy and contributions towards the Regeneration and Modernisation reserves. The £4m contingency budget also sits within corporate to support the wider budget risks.

Income Generation

F.1. During 2017-18 cabinet agreed to the purchase of strategic commercial properties which are expected to increase the commercial rental income by £2.000m to support the council budget.

Commitments

F.2. Corporate commitments in the main arise as a result of government legislation such as apprenticeship levy, the second year impact of the revaluation of business rates on council owned buildings and the increasing cost of concessionary fares.

F.3. As indicated in the capital monitoring report (Cabinet September), the council is expecting to need to start to borrow in order to fund the council ongoing capital investment programme. A commitment is included to reflect the potential interest and minimum revenue costs of this for 2018-19.

Equality Analysis

F.4. There are no equality analysis implications for these proposals.