

## 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.
- 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      £963k
  - 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 £963k 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 £285k.
- 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. 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 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 £812k 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 £1.540m, whilst commitments total £1.500m 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 £500k 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.

### **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 £2.4m 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.