

READING BOROUGH COUNCIL

REPORT BY THE CORPORATE MANAGEMENT TEAM

TO:	POLICY COMMITTEE		
DATE:	5 DECEMBER 2016	AGENDA ITEM:	9
TITLE:	BUDGET PROPOSALS 2017-2020 TO NARROW THE BUDGET GAP		
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1. PURPOSE AND SUMMARY OF REPORT

- 1.1 At the meeting of Policy Committee on 26 September 2016 the latest financial position was reported. The estimated budget gap at that point before implementation of any savings already agreed for the period 2017-2020 was £41.5m. £23.4m of savings had been agreed previously and is in the course of being implemented. The September report noted that in order to address the remaining gap further budget proposals for income generation and savings would be brought forward to future meetings.
- 1.2 The same figures formed the basis of a report to Council in October which set out the Council's Financial Sustainability Plan that had been submitted to Government, and indicated that our approach to identifying further savings to cover the estimated £18.4m gap over the next 3 years (£9.6m in 2016/17) was in four broad areas; managing demand, increases in productivity, strategic commissioning and reductions in service.
- 1.3 The budget for 2017/18 is currently being built by officers in line with the budget guidelines agreed by Policy Committee in July, and although this work is well advanced it is not yet complete, with some key areas still needing detailed consideration. Work on service budgets is sufficiently advanced to be able to confirm the assumptions underpinning the September and October reports were broadly correct.
- 1.4 The £18.4m budget gap for the period 2017-2020 assumes that all savings agreed to date (including those agreed in September and October) will be delivered. This report sets out a range of income generation and saving proposals to further reduce this gap and feed into setting the budget for 2017-2020. Agreeing these proposals at this time allows for consultation to

be undertaken where necessary and implementation to commence ahead of the new financial year in order to maximise the contribution towards closing the budget gap in 2017/18.

- 1.5 In order to achieve the substantial savings needed the measures being brought forward include cuts in services or service reductions and different models of delivery. We also propose reviewing the Council's management structure to ensure it is effective and efficient as well as reducing agency staff costs (which in some cases will mean some posts will no longer be able to be covered when vacant). We continue a programme of digitisation to enable a switch to self-serve for staff and customers. Major transformation programmes are underway in Adults and Children's Services and we are developing businesses where appropriate to generate income.
- 1.6 If approved, subject to consultation where appropriate, the proposals set out in Appendix 1 will deliver savings and additional income of £10.5m (£8.0m in 2017/18) over the period 2017-2020.
- 1.7 Based on the estimate in this report, and if all the proposed savings are agreed and delivered, we still have to identify further savings of at least £8m (including £1.6m in 2017/18) to bridge the forecast financial gap between 2017-20.
- 1.8 However the Council's budget position continues to be extremely challenging. There is continuing severe pressure on children's social care expenditure to tackle rising demand for services which will need to be taken into account in building the budget for 2017/18 to ensure the needs of children and families are properly and safely met. In addition there is uncertainty about the future arrangements for children's services which will be dependent on the outcome of the Children's services commissioner's review and his recommendation to government.
- 1.9 As indicated above, the forecast gap will change as we refine our estimates, and consider the impact of changing circumstances, or receive more information in preparation for setting the budget in February 2017. If the budget gap widens additional budget reduction measures will need to be identified.
- 1.10 Appendix 1 to this report sets out the income generation and saving proposals to close the budget gap.
 - Where it is indicated that the proposal will require public consultation we will follow the required statutory consultation process and/or a consultation process with individual arrangements with outcomes and recommendations for a final decision to be reported to the relevant committee or sub-committee.
 - Where public consultation is not required we will if the proposal is agreed by this committee proceed to implementation including staff consultation where appropriate.

2. RECOMMENDED ACTIONS

- 2.1 Policy Committee is requested to approve the budget proposals as set out with the report and authorise officers to undertake public consultation and any individual equality impact assessments as necessary with the outcomes and recommendations being reported back for decision at the relevant committee or sub-committee (with Policy Committee approving any variations to these proposals that change the saving).

3. FINANCIAL CONTEXT

- 3.1 The Council continues to operate in very difficult conditions. Earlier reports to 23 February 2016, 18 July 2016 and 26 September 2016 Policy Committees have highlighted the continuing budget challenge. The Council had set very demanding savings targets to balance the budget over the period 2016-2020 with a gap remaining both immediately and in future years. An assessment of the position over the summer and autumn has evidenced further deterioration to the in-year budget position.
- 3.2 As set out to Council in October, our current forecast assumes all agreed savings are delivered, and includes very limited amounts for unplanned additional costs in comparison to what has been included in the budget for pressures in recent years. It shows that there remains a £18.4m forecast funding gap over the period 2017-2020. DCLG have subsequently confirmed that our planned approach is acceptable, so we can assume grant will be at least at the previously advised levels to 2019/20.
- 3.3 This means that to make the necessary savings and to meet the legal requirement for the Council to set a balanced budget within the funding available over the medium term we will need to continue to review the services we provide and how we provide them.
- 3.4 Following the publication of the OFSTED Report in the summer, a commissioner has been appointed to consider future arrangements for Children's Services. No additional allowance has been made in the forecast for the possibility the commissioner may recommend future alternative arrangements that are more expensive than the existing delivery model.
- 3.5 Specific risks are also associated with budget monitoring for 2016/17 which has slightly worsened since the September Policy Committee and October Council reports were prepared. In several service areas there are on-going growth and demand pressures. Furthermore, we have yet to be advised of the outcome of the actuarial review of the Pension Scheme which will affect contributions for the next three years and we will also need to finalise our forecasts of council tax and business rate income following the Local Government Finance Settlement in December.
- 3.6 Officers are continuing to work to identify mitigating savings and efficiencies to reduce the forecast overspend in the current financial year,

though it is proving increasingly difficult to find measures that are deliverable in year.

4. PROPOSAL

4.1 Proposals to help bridge the budget gap and enable the Council to build a sustainable budget for 2017-2020 have been developed and are set out for consideration and agreement subject to consultation in Appendix One.

4.2 In order to achieve the substantial savings needed this has meant that the Council must consider cuts in services or service reductions and different models of delivery. We are also reviewing the Council's management structure to ensure it is effective and efficient as well as reducing agency staff costs (which in some cases will mean some posts will no longer be able to be covered when vacant). We continue a programme of digitisation to enable a switch to self-serve for staff and customers. Major transformation programmes are underway in Adults and Children's Services and we are developing businesses where appropriate to generate income.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 These proposals take account of our service priorities while our budget is being reduced but recognise that the Council is required to make some difficult choices in order to set a sustainable budget for the period 2017-2020.

6. EQUALITY IMPACT ASSESSMENT

6.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2 The equality duty is relevant to the development of the Budget proposals. An initial assessment of the potential for impact on groups protected under the Equality Act has been undertaken for each proposal.

6.3 Where full equality impact assessments are required these will be informed by consultation feedback and provided to the relevant committee or sub-committee making the final decision on the proposal to ensure that Councillors are in a position to take these into account in the decision making process.

7. LEGAL IMPLICATIONS

7.1 There is a legal requirement to set a balanced budget and to consult on major issues. The Council will ensure that all appropriate consultation

takes places for both the staff and the public as further savings proposals are brought forward for consideration.

- 7.2 Local authorities are under a Duty to Consult (Section 3(2) of the Local Government Act 1999) representatives of a wide range of local persons.
- 7.3. The Equality Act 2010 places an 'Equality Duty' on public bodies, to understand how their plans to introduce new, or change existing, policies, procedures or services will affect groups protected under equality legislation (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.) the effect of their policies and practices on equality.

8. FINANCIAL IMPLICATIONS

- 8.1 Our financial situation has worsened significantly during 2016/17. There is an urgent need to agree some more savings that can be implemented as soon as possible to enable a budget to be set for 2017/18.
- 8.2 Given the scale of the savings already made over recent years this means the Council must make some difficult choices to ensure our forward financial plan is sustainable.
- 8.3 The key financial assumptions are set out in the table below:

£'000's	2017/18	2018/19	2019/20	Total
Total Estimated Budget Gap	24,401	10,349	7,175	41,925
Savings Agreed prior to this committee)	-14,851	-6,002	-2,587	-23,440
Income Generation and Savings Proposals to this committee	-7,974	-1,314	-1,200	-10,488
Remaining Gap	1,576	3,033	3,388	7,997

- 8.4 As indicated above, the remaining forecast gap is subject to change, depending upon the conclusion of the budget build, and any further information that emerges before the budget must be set.
- 8.5 For example there may be detailed announcements following the Chancellor's Autumn Statement on 23 November that could impact on the gap.
- 8.6 The Council's budget position remains extremely challenging with the added uncertainty of potential additional costs from the outcome of the work of the commissioner who has been appointed to consider future arrangements for Children's Services. No additional allowance has been made in the forecast at this point for future alternative arrangements that may be more expensive than the existing delivery model.

- 8.7 In addition there continue to be significant pressures in year on social care expenditure in children's services with high volumes of demand. Work is continuing to manage this as effectively as possible while meeting the needs of children and families. This means as we continue to prepare to set the Council's budget in February 2017 for the financial year 2017/18 the budget gap is likely to widen again and further savings will need to be found.

9. BACKGROUND PAPERS

- 9.1 Agenda and minutes 23 February 2016 Council
- 9.2 Agenda and minutes 18 July 2016 Policy Committee
- 9.3 Agenda and minutes 26 September 2016 Policy Committee
- 9.4 Report to Council on financial sustainability, October 2016
- 9.5 Local Government Finance Settlement 2016/17

APPENDIX 1 - Saving and Income Generation Proposals

Income Generation (Recurrent)			£'000's			Equality Considerations	Consultation
No.	Saving Title	Description	TOTAL	17/18	18/19		
1	Invest in Commercial Property	Strategy to develop a commercial property portfolio. This is scalable depending on availability of appropriate properties. A separate report is included in the 5th December Policy Committee agenda.	500	500			Equality Duty not relevant. No Consultation Required
2	Out of Hours Car Parking Charges	Raise income from out-of-hours car parking on Council sites, for example use at evenings and weekends.	100	50	50		May provide scope to increase the disabled parking provision. Equality Duty not relevant. No Consultation Required
3	Dividend from Reading Transport Ltd	Provisional Dividend from Reading Transport Ltd, subject to trading position.	300	100	100	100	Equality Duty not relevant. No Consultation Required
4	Additional Income from Advertising	Further income to be generated from advertising . A separate report is included in the 5th December Policy Committee agenda.	150	150			Equality Duty not relevant. No Consultation Required
5	Increased Income Generation for Registration and Bereavement Services	Increase income within cemeteries, develop memorialisation across the bench and tree estate, license the Forbury Gardens bandstand and Caversham Court for weddings, and recruit and train a memorial mason apprentice to deliver masonry.	91	91			There is limited access to the Forbury Gardens bandstand and Caversham Court. Staff
6	School Business Development	Increase the take up of a range of support and direct services to schools	300	300			Equality Duty not relevant. No Consultation Required
TOTAL			1,441	1,191	150	100	

Revenue Savings (Recurrent)			£'000's			Equality Considerations	Consultation
No.	Saving Title	Description	TOTAL	17/18	18/19		
7	Transport and Streetcare - Grass cutting	Discontinue cutting amenity grass adjacent to woodland areas. Reduce frequency of amenity grass cutting.	27	27			An Equality Impact Assessment is required. Public and Staff
8	Transport and Streetcare - Cleansing Efficiency Saving	Reduction in workforce through improved ways of working leading to efficiency savings.	53	53			An Equality Impact Assessment is required. Staff
9	Transport and Street Care Capitalising Salaries	Funding of four posts by utilising Integrated Transport Block capital grant allocation.	170	170			Equality Duty not relevant. No Consultation Required
10	Reduce Councillor Training	Reduction in external training and deliver training sessions through internal team	4	4			Equality Duty not relevant. No Consultation Required
11	Environment Contracts Renegotiation	Savings through renegotiation of existing contracts.	500	100	400		An Equality Impact Assessment is required. Staff
12	Council Tax Support Scheme	Proposals to amend the local Council Tax Support Scheme and Council Tax Major Works Discount have been agreed for public consultation at the previous Policy Committee.	766	766			An Equality Impact Assessment and Consultation have been carried out.

Revenue Savings (Recurrent)		£'000's					Equality Considerations	Consultation
No.	Saving Title	Description	TOTAL	17/18	18/19	19/20		
13	Reduction in Agency Workers and Consultants	That a focussed recruitment exercise is carried out to fill substantive posts currently filled by agency workers or consultants. That there is a targeted approach to prioritise categories where the agency/consultant rate is significantly higher than the substantive rate.	2,000	500	1,000	500	Equality Duty not relevant.	No Consultation Required
14	Contract Management Savings	Re-negotiation of contracts/review of contract management for greater savings, with reduction in spend in future years.	1,050	350	350	350	Equality Duty not relevant.	No Consultation Required
15	Delayering the Council's Management Structure	Review of the Council's management structure to move towards a more efficient operating model. This includes working towards a model that allows for greater accountability and decision making and the removal of unnecessary additional management structures.	500	500			Equality Duty relevant. No adverse impact identified.	Staff
16	Stopping printed publications	Stop subscriptions to publications / newspapers across all Directorates. The legal services team will retain a reduced budget for the Law Library.	48	48			Equality Duty not relevant.	No Consultation Required
17	Reduction in Social Care package costs through Integration	Utilising a multidisciplinary team will provide additional support options for service users rather than defaulting to traditional models of care.	400	400			More appropriate personalised packages of care expected to be delivered, as part of review process and in line with current legislation. An Equality Impact Assessment is not required as services will be maintained to meet the Council's statutory duties and therefore there clients would not be adversely affected.	No Consultation Required
18	Mobile Working	Improve Mobile Working and use of IT by providing front line staff, Social Workers and Occupational Therapists, with IT equipment to enable mobile working when visiting customers, and by using one IT system across Social Care and Health.	200	200			Individual staff needs to be considered. Equality Duty relevant. Equality Impact Assessment to be completed as part of project milestones.	Staff
19	Community Reablement Team and The Willows	Commission the service currently provided by the Community Reablement Team with a revised specification. A revised specification will increase flexibility and allow a more robust contract monitoring focus to deliver outcomes for the client.	800	800			Initial Equality Impact Assessment indicates clients and carers would not be affected negatively; however this needs to be completed fully - Equality Duty relevant. Equality Impact Assessment to be completed as part of project milestones.	Public and Staff

Revenue Savings (Recurrent)		£'000's					Equality Considerations	Consultation
No.	Saving Title	Description	TOTAL	17/18	18/19	19/20		
20	Decommission non-mandatory Public Health services	Stop or find more cost effective ways of delivering a range of non-mandatory services funded from the Public Health Grant.	143	143			A full Equality Impact Assessment will be completed and form part of the milestone plan. Consideration needs to be given to the implication on the health of the population as a result of reducing preventative service, also the potential impact to escalating costs further down the health/social care pathway where preventative service are removed.	No Consultation Required
21	Reading Your Way	De-commission the service currently provided by Reading Your Way, which is group and one-to-one support for personal recovery from mental health problems, delivered primarily through peer mentoring. Sessions include drop-ins, social and sporting activities, hospital outreach and two women's groups.	76	76			All of the service users have mental health problems and are likely to fit the definition of 'disability' within the terms of the Equality Act 2010. However, the severity of users' mental health problems will vary, and closing this service will affect the users differently. Equality Duty relevant.	Public
22	Reshaping the Wellbeing Public Health Team	Delivering a West of Berkshire Public Health Local Authority Service or PAN Berkshire Public Health model.	100	100			Provide a more person-centred approach to health and wellbeing delivery. Equality Duty relevant. Equality Impact Assessment to be completed as part of project milestones.	Staff
23	Remodel Adult Social Care Initial Screening Function	To review and transfer where appropriate the initial screening for Adult Social Care to improve the customer journey and make more efficient use of relevant staff.	100	100			Provide a more person-centred approach to health and wellbeing delivery. Equality Duty relevant. Equality Impact Assessment to be completed as part of project milestones.	Public & Staff
24	Combined Transport and SEN Home to School Transport	Combine the Transport Teams across Directorates	30	0	30		Equality Duty relevant.	Staff
25	Creation of Access to Resource Team	Creation of a single service for access to resources in children's services (including Special Education Needs and Disability). The main functions will be: foster carer recruitment, children's placements, commissioning of placement and support services, invoice processing and contract management	812	312	250	250	Equality Duty relevant.	Staff
26	Reduce Agency Social Worker Spend	Improve recruitment and retention of permanent Social Workers	1,200	1,200			Equality Duty not relevant.	No Consultation Required
27	Combined Drugs Workers, Multi-systemic Therapy and Options Team	Review and re-launch a range of preventative services under a single arrangement. The services under consideration are: Drugs Workers, Multi-systemic Therapy and the Options Team.	50	25	25		Equality Duty relevant. Little impact as continue to prioritise frontline delivery.	Staff

Revenue Savings (Recurrent)			£'000's				Equality Considerations	Consultation
No.	Saving Title	Description	TOTAL	17/18	18/19	19/20		
28	Domestic Abuse commissioned services	<p>Subject to public consultation, a rebalancing of investment is proposed with a shift towards non-accommodation based support services and a reduction in Council-funded refuge bed spaces in line with similar authorities.</p> <p>This would result in an indicative reduction to the total domestic abuse services budget of £403k by £58k (to £345k). Part of the desired level of saving to include Public Health funding reductions.</p>	18	9	9		An Equality Impact Assessment is required.	Public
TOTAL			9,047	5,883	2,064	1,100		

Revenue Savings (Non-recurrent)			£'000's				Equality Considerations	Consultation
No.	Saving Title	Description	TOTAL	17/18	18/19	19/20		
29	Continuing Health Care	Renegotiation of previous Continuing Health Care applications that have been rejected.	700	700			Equality Duty not relevant.	No Consultation Required
TOTAL			700	700	0	0		

Capital Receipts			£'000's				Equality Considerations	Consultation
No.	Saving Title	Description	TOTAL	17/18	18/19	19/20		
30	Civic Regalia Collection	Explore the possibility of disposing of some material held within the Civic Regalia Collection. Work will need to be carried out to trace the provenance of items and identify whether the council is legally free to dispose of an item. Agreements on disposal made with donors will also need to be taken into account; other factors include public benefit and local historical importance. Expert advice will be obtained and the views of stakeholders will be sought.	200	200			Equality Duty not relevant.	Public
TOTAL			200	200		0		

Total recurring	10,488	7,074	2,214	1,200
Total non-recurring	0	900	-900	0
TOTAL	10,488	7,974	1,314	1,200