

**REPORT TO:** Cabinet

**DATE:** 14<sup>th</sup> April 2011

**SUBJECT:** Transformation Programme 2011/12

**WARDS AFFECTED:** All

**REPORT OF:** Margaret Carney  
Chief Executive

**CONTACT OFFICER:** Jan McMahon  
Head of Transformation Services  
0151 934 4431

**EXEMPT/CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

To report the progress of the Transformation Programme and implementation of approved savings proposals.

**REASON WHY DECISION REQUIRED:**

The 2011/12 budget contains £44m savings and it is imperative that implementation is closely monitored so that any necessary action corrective action can be taken in a timely way. In addition the Council continues to forecast a significant budget gap over the next three years and additional budget savings will need to be identified over the coming months to ensure that future years budgets can be balanced.

**RECOMMENDATION(S):**

**Cabinet is recommended to**

- a) Agree the approach to tracking approved savings proposals, reviews and cessation of external funding and note progress to date
- b) Mandate officers, in respect of funding and service changes, to commence/continue consultation processes with partners, employees and Trade Unions with a view to implementing the required changes identified above including the issue of relevant statutory and contractual notifications
- c) Note progress to date – Public Consultation and Engagement
- d) Note the intention to present further budget savings proposals to future meetings of Cabinet

**KEY DECISION:**

No. This report is not a key decision in itself but forms part of the process for setting the Council's budget and Council Tax.

**FORWARD PLAN:**

Yes. Setting the Council's budget and Council Tax is included on the forward plan.

**IMPLEMENTATION DATE:** Following the expiry of the call-in period for this meeting.

**ALTERNATIVE OPTIONS:**

Not to agree the issues identified will increase budgetary pressures on the Council.

**IMPLICATIONS:**

**Budget/Policy Framework:**

**Financial:** The actions proposed in this report will support the Council's budget setting process for 2012/13

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2011/ 2012 £</b>	<b>2012/ 2013 £</b>	<b>2013/ 2014 £</b>	<b>2014/ 2015 £</b>
Gross Increase in Capital Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton Capital Resources	N/a	N/a	N/a	N/a
Specific Capital Resources	N/a	N/a	N/a	N/a
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton funded Resources	N/a	N/a	N/a	N/a
Funded from External Resources	N/a	N/a	N/a	N/a
Does the External Funding have an expiry date? Y/	See Sections 3 & 4			
How will the service be funded post expiry?				

**Legal:** NA

**Risk Assessment:** Early decision making in relation to budget issues will help to mitigate the impact of the consequential changes by giving sufficient time to undertake the required formal consultation / notification processes. Particular risks associated with activity funded from external sources are contained within the report.

**Asset Management:** NA

**CONSULTATION UNDERTAKEN/VIEWS**

Strategic Directors  
Director of Corporate Services,  
Director of Commissioning,  
Head of Personnel,  
Head of Corporate Finance & IS  
Trade Unions

**CORPORATE OBJECTIVE MONITORING:**

<b><u>Corporate Objective</u></b>		<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community			√
2	Jobs and Prosperity			√
3	Environmental Sustainability			√
4	Health and Well-Being			√
5	Children and Young People			√
6	Creating Safe Communities			√
7	Creating Inclusive Communities			√
8	Improving the Quality of Council Services and Strengthening local Democracy			√

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

Reports to Cabinet and Council 3<sup>rd</sup> March 2011 *Transformation Programme and Final Revenue Budget Items 2011/12*

## 1. Background

1.1 Members will be aware that Council agreed proposals totalling £44m that achieved a balanced budget for 2011/12. Although the budget has been agreed for the coming financial year a further £18.5 million must be saved over the next two years to meet planned reductions in Government funding. Activity to identify future savings continues and timely decision making is essential to allow early actions to be taken to help reduce and eliminate the 2012/13 – 2013/14 budget gap.

1.2 Over recent months the Council has been approving savings proposals, which are currently being implemented. Assuming all the approved savings are deliverable the table below summarises the current position -

	2012/13	2013/14	2014/15
	£m	£m	£m
Original forecast saving	55.8	59.4	68.9
Government Settlement impact	8.3		
CSR Assumed reductions		8.3	6.9
<b><u>Amended Target</u></b>	<b>64.1</b>	<b>67.7</b>	<b>75.8</b>
<b><u>Less Approved Savings</u></b>	<b>-47.6</b>	<b>-49.2</b>	<b>-51.4</b>
<b><u>Savings Gap Remaining</u></b>	<b>16.5</b>	<b>18.5</b>	<b>24.4</b>

1.3 The Medium Term Financial Plan assumes that further savings of £16.5m, £2.0m and £5.9m will be required by the Council in the years 2012/13 to 2014/15. A key element within these figures is the core annual grants from central government e.g. Formula Grant. Last year's Local Government Settlement announced a two-year settlement; therefore, only the core grant for 2012/13 can be relied upon. The latter two years grant income assumed for Sefton have been based on national figures announced in the CSR. A complete review of the Formula Grant methodology is to be undertaken over the next 18 months, ready for implementation in 2013/14. Linked to this is the transfer of functions from the National Health Service to local government. These two issues will have a fundamental impact on the grant allocation; consequently, the budget gaps for 2013/14 and 2014/15 must be treated with a great deal of caution.

1.4 The Transformation Programme and prioritisation process aim to transform the way the Council operates and the way it delivers services in a way that reduces the impact on frontline services at the point of delivery as far as possible. Council has previously approved the categorisation of critical, frontline and regulatory services. While these activities represent the highest priority activity for the Council, no service is exempt from efficiency and therefore Officers will continue to seek to identify further opportunities to reduce the costs in these areas over the coming weeks.

1.5 Despite significant cuts around £228 million (net) will continue to be spent on services this year, including;

- £31 million to support vulnerable children in our communities
- £86 million to care for older people
- £23 million for education and young people
- £4 million secured to support work delivered in partnership with the voluntary, community and faith sector

- £26 million maintaining roads, collecting refuse and keeping communities clean and safe
- £12 million for Arts, Culture, Libraries, Leisure and Tourism

## 2. Transformation Programme Update

2.1 In the context of the significant reduction in resources, increased demand for services and cost pressures faced by the Council it is essential that the implementation of agreed savings proposals is tracked and progress of reviews monitored. A significant amount of work is still required to implement approved savings and identify sufficient savings to meet the financial objectives set by the Government.

2.2 In respect of approved savings proposals, reviews and cessation of external funding, it is recommended that a traffic light system is used to indicate progress –

- Red highlights an area where there is a significant risk that the saving will not be achieved or a scheduled review is late in commencing
- Amber indicates that although there is some progress, this is less than satisfactory or review scheduled to commence at a later date
- Green shows that the recommendation has been achieved or progress in its implementation is satisfactory e.g. contractual notice periods are being observed.

Appendix A identifies current progress. Cabinet and Overview and Scrutiny Committee (Performance and Corporate Services) will receive a regular tracking report to monitor progress in implementing previously approved recommendations. Cabinet is asked to agree this approach and note progress to date. This indicated that almost £20m of savings have been fully achieved.

2.3 Decommissioning Plans continue to be developed and progress against these plans will be monitored by the Transformation Team. Any issues identified will be reported to future Cabinet meetings.

2.4 Clear communications, both internally with staff, Trade Unions & Elected Members and externally with the community, partners and the media, remain essential if progress is continue at the required pace. To date 38 Informing Sefton Newsheets and 11 personal messages from the Chief Executive have been published. In addition to this, fortnightly meetings continue to be held with Trade Unions, regular Senior Management events take place and departmental team meetings continue as scheduled. The Transforming Sefton - Meeting Challenging Times internet pages informing the public how services and spending have been prioritised so far will continue to be updated. The media will continue to be briefed throughout the process to ensure that proposals and decisions made are widely communicated. Staff and the public continue to be able to make suggestions or ask questions relating to the Transformation Programme via a number of channels.

2.5 In September 2009 and June 2010 exercises were undertaken seeking Expressions of Interest for Voluntary Early Retirement/Voluntary Redundancy (VER/VR). The tables below detail the current position of received expressions of interest and associated savings –

Number of Expressions of Interest approved by Cabinet December 2009	50
Number of Expressions of Interest approved by Chief Executive (since 3 <sup>rd</sup> December 2009)	164
Number of Expressions of Interest declined since September 2009 – this includes potential bumps	33
Number of Expressions of Interest decision pending	26
Number of Expressions of Interest withdrawn by employee	23

Year	Savings £000
2010/2011	2,526
2011/2012	2,650
2012/2013	227
<b>Total</b>	<b>5,403</b>

The above savings have been incorporated into approved savings proposals, where appropriate. The opportunity to express an interest in VER/VR remains open to the workforce and is positively promoted.

- 2.6 The main focus of the Transformation Programme must now be to develop a programme of work that will create a customer focussed, efficient, effective organisation, commissioning/delivering high-quality services within available resources and underpinned by a dynamic and flexible workforce. The required change will only be achieved with a radical redesign of Council services and by enhancing the Council's ability to manage the risk and demand associated with the critical services particularly Adult and Children's Social Care. Officers are now working on plans to address these challenges, following from this project and savings options will be identified and reported to a future Cabinet.

### **3. External Funding**

- 3.1 Externally funded activity continues to be closely monitored. There is now a formal process in place to ensure that at the point of initial consideration of an idea for an externally funded scheme, the sponsoring officer must inform Corporate Finance of the proposals so that it can be logged and an appropriate officer identified to support the process. In addition to specific support, Corporate Finance will ensure that the projects are properly assessed in terms of the revenue/capital costs and that the implications of any required exit strategy are detailed.

At the same time the appropriate accounting arrangements will be put in place. Subject to schemes being referred to the Strategic Leadership Team (SLT) and then approved by Elected Members, all costs and associated funding of all successful bids must be incorporated into Revenue budgets for subsequent monitoring. Similarly, schemes involving capital expenditure will need to be approved by Strategic Asset Management Group and then referred to Cabinet for inclusion in the Capital Programme. This procedure is designed to ensure the complete transparency of all externally funded schemes in the future and enable the clear identification of budgets for control and risk management purposes. At the end of the review retrospective accounting arrangements will be out in place for all schemes which members approve for continuation.

### **4. Funding & Service Changes**

- 4.1 Members will recall that Council has previously approved decommissioning of the Music Service as the current grant ceased on 31<sup>st</sup> March 2011. Transitional funding has now been made available for 1 year only until National Music Plan is rolled out and future funding will be by a bidding process, possibly through Regional Hubs. It is now proposed to move towards a commissioned service, which will place Sefton in a good position to be able to bid for further funding in future years.
- 4.2 Leisure Services are reviewing aquatic provision and schools will be included in this review. Swimming sessions (delivered via a Service Level Agreement) have already been reduced by schools (19 sessions per week in 2011/12) and this has increased the unit cost for the remaining schools. Further reductions are being proposed by schools from September

2011 (14 sessions per week). This will make the service non viable in its current form and it is now proposed that the School Swimming service be decommissioned.

- 4.3 Officers have been made aware of a further reduction in funding from the Youth Justice Board as well as Children's Fund. This funding contributes to Targeted Youth Support. It is intended that this will be managed as part of the reorganisation of early intervention/prevention work.
- 4.4 Cabinet is asked to mandate officers to commence/continue consultation processes with partners, employees and Trade Unions with a view to implementing the required changes identified above including the issue of relevant statutory and contractual notifications.

## **5. Public Consultation and Engagement**

- 5.1 The Council has a good record of consulting and engaging with our local communities, businesses, stakeholders and partners. Cabinet will recall that the Cabinet Member for Performance and Governance has approved a high level Communication and Consultation Strategy and Plan which will ensure that the communication and consultation that does take place in relation to the Transformation Programme is appropriate. There is a clear intention to further strengthen the consultation and engagement process in a number of areas.
- 5.2 Work is underway to make the YouChoose consultation and engagement tool available to Sefton citizens. YouChoose is an online budget simulator that members of the public can use to simulate making cuts in the council budget and the implications of such cuts in terms of both service delivery and risk. The tool raises the public's awareness of the difficulties faced in making decisions about where cuts and efficiencies might be made. It will feature details of the current budget for 2011/12 and will have a narrative explaining that a further £20 million must be saved over the next two years in order to make it balance. People using the tool will have to set a balanced budget. The tool it will prompt people about the issues created by removing funding from any particular area. It also includes a suggestions button for the public to feedback what is important to them and their ideas for making savings and generating income. This will help Elected Members to understand what is important to the residents of Sefton in making their decisions about future priorities for the Council. The tool also incorporates a feedback mechanism which enables the public, Elected Members and officers to see the results of this feedback. Once the tool has gone live the Communications team will promote it to residents through press releases to the local media. It will also be featured prominently on the homepage of the Sefton Council website.
- 5.3 The Sefton Citizens Panel is currently a group of nearly 4,000 local people who are invited to respond to surveys on a regular basis. The Panel can be used to test the views and perceptions of local residents on a wide range of things such as which services are important to them, when services should be delivered through what means and at what time, what they think of the quality of the services provided by the Council, and indeed other public sector partners, and quality of life issues related to Street Scene, crime and general well being. The findings of the Citizens Panel can be analysed in a variety of ways to enable Elected Members to develop a greater understanding of the needs and experiences of local people both in terms of their local neighbourhoods but also across characteristics such as gender, age and disability. The intention is to maximise the use of this valuable resource.
- 5.4 Public consultation, in respect of the reduction in library opening hours, took place from 7<sup>th</sup> February 2011 to 18<sup>th</sup> February 2011. This consultation was aimed at library users. A questionnaire was produced for each library, and each one gave the users if the choice of options for that library. The survey was also published on the website. Each library was

provided with information about the levels of business for different times of the day and different days of the week. A total of 13,000 forms were distributed to libraries, and 9,556 of these were returned, and a further 224 surveys completed on-line. The results from the consultation, with the exception of one library mean that the preferred option from the majority of users in any one library will be implemented. There will be a variation in the times that libraries open throughout Sefton but this was the case in 2001. There will be an improved geographic spread of opening hours within a local area. Staff were also consulted as part of the public consultation about their preferred pattern of opening hours. The results from staff were analysed separately. The outcome of the review of library opening hours is detailed in a report to Cabinet Member – Leisure and Tourism 23<sup>rd</sup> March 2011.

5.5 The inaugural meeting of the Strategic Review of Children’s Centres has taken place and it has been agreed that in order to inform the review and to provide a basis for consultation and communication three Review Reference Groups will be established –

- Parents
- Centre Managers and Headteachers
- Diagonal Slice Staff Group

It is intended that these groups meet every 2 months to ensure appropriate engagement and ownership of the review process.

5.6 A critical element of the Youth Service Redesign is to establish early and regular consultation opportunities for all key stakeholders particularly young people. The consultation and communications plan clearly outlines the key groups which include:

- Young people from the North, Mid and South area youth fora
- Representative young people on the Youth Cabinet
- Parents of young people with learning and/or physical disabilities
- Duke of Edinburgh Committee
- CSF Cabinet Member and spokespersons
- Staff
- A reference group comprised of 3 young people, a Young Adviser, 3 members of staff.

5.7 Cabinet is asked to note the progress made.

## **6. Equality Impact Assessment**

6.1 Information regarding our approach and methodologies has now been published on the Sefton website. This includes the equality impact assessments undertaken. Visitors to the website can access the information in two ways – either by the month in which the decision was made or by subject.

## **7 Conclusion**

7.1 When the 2011/12 budget was approved, it was recognised that there were risks around the implementation of £44m of savings within the available timescales. The implementation of these savings requires very close monitoring and this report identifies progress on a traffic light basis. This indicates that satisfactory progress is being made at this stage.

7.2 There remains a significant budget gap of £16.5m in 2012/13 and early consideration of how these savings can be achieved will be required. Progress on the identification of options will be presented to the next meeting of Cabinet

7.3 Reductions of the magnitude necessary will require tough and far reaching decisions regarding service change, reduction and cessation, in order to meet the financial objectives



set by Government. Early decision making and transparency will continue to be essential. Innovation will be critical if we are to meet the challenges of savings delivery and the continually rising expectations of Sefton's Citizens. New methods/models of service delivery will need to be developed, implemented and their impact monitored and fully understood.