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**Report to:** Cabinet

**Date of Meeting:** 23<sup>rd</sup> June 2011

**Subject:** Transformation Programme 2011-2014

**Report of:** Chief Executive

**Wards Affected:** All

**Is this a Key Decision?** No.

**Is it included in the Forward Plan?** Yes

This report is not a key decision in itself but forms part of the process for setting the Council's budget and Council Tax.

**Exempt/Confidential**

No

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### **Purpose/Summary**

To report the progress of the Transformation Programme.

To report the progress of approved savings proposals, reviews and cessation of external funding

### **Recommendation(s)**

- a) Note the progress to date on approved savings proposals, reviews and cessation of external funding as set out in the report;
- b) Mandate officers to make the changes in priorities associated with paragraphs 3.1.1, 3.1.2 and 3.1.3. of the report; and
- c) Note the progress to date on public consultation and engagement as set out in the report.

### **How does the decision contribute to the Council's Corporate Objectives?**

	<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	√		

**Reasons for the Recommendation:** The 2011/12 budget contains £44m savings and it is imperative that implementation continues to be closely monitored so that any necessary 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 year's budgets can be balanced.

Early decision making in relation to budget issues continues to be essential as this will help to mitigate the impact of the consequential changes by giving sufficient time to undertake the required formal consultation / notification processes.

### **What will it cost and how will it be financed?**

#### **(A) Revenue Costs**

The forecast revenue gaps for the years 2012/13 to 2014/15 are £20.05m, £7.6m and £10.9m respectively. The Council needs to take action over the coming months in order for a balanced budget to be agreed for 2012/13. This report together with the Medium Term Financial Plan 2012/13 – 2014/15 underpins the detailed financial position of the Council for the coming years and provide a framework for Revenue planning for the three years 2012/13, 2013/14 and 2014/15.

#### **(B) Capital Costs**

As previously advised, an application has been made to the DCLG to allow the Council to capitalise any statutory redundancy costs incurred in 2011/12. Further information has been requested and supplied. The result of the application will be made known to a future Cabinet.

### **Implications:**

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

#### **Legal**

There are no direct legal implications arising from the contents of this report. However in the course of each of the individual projects to achieve the savings outlined in the attached annex and appendices, detailed consideration should be given to both the legal and equality implications. Such consideration will also need to be evidenced to ensure that the Council's decision making processes are defensible.

#### **Human Resources;**

Currently there are 111 individuals formally at risk of redundancy as a result of service reorganisations and cessation of external funding. These figures are likely to increase later in the year when the implications of several large service reviews are known. Regular consultation on proposed changes will continue with the trade unions and employees will be informed of developments by their respective Service Directors. Employees within service areas are aware that their status may change subject to the outcome of these reviews. Also a number of areas have adopted revised working practices and reduced hours to avoid redundancies. These helpful amendments have been achieved following further consultation.

<b>Equality</b>		
1.	No Equality Implication	<input type="checkbox"/>
2.	Equality Implications identified and mitigated	<input checked="" type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

**Impact on Service Delivery:**

See Section 3 of the report

**What consultations have taken place on the proposals and when?**

Strategic Directors  
 Director of Corporate Support Services,  
 Director of Commissioning,  
 Head of Personnel,  
 Head of Finance & ICT  
 Head of Legal Services have been consulted and any comments have been incorporated into the report.

**Are there any other options available for consideration?**

None

**Implementation Date for the Decision**

Following the expiry of the “call-in” period for the Minutes of the Cabinet

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**Background Papers:**

The following papers are available for inspection by contacting the above officer(s).

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

Report to Cabinet 14<sup>th</sup> April 2011 *Transformation Programme 2011/12*

Report to Cabinet 26<sup>th</sup> May 2011 *Transformation Programme 2011- 14*

## 1. Introduction/Background

- 1.1 In 2010/11, Council approved savings proposals, which are currently being implemented. In April 2011 the Medium Term Financial Plan (MTFP) assumed that further savings of £16.5m, £2.0m and £5.9m were required by the Council in the years 2012/13 to 2014/15. In May 2011 Cabinet resolved that the projected assumptions in the Medium Term Financial Plan be approved. 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 Forecast (April 2011)</u></b>	<b>16.5</b>	<b>18.5</b>	<b>24.4</b>
Changes in Formula Grant etc	0.00	2.10	4.60
Updated price inflation provision	2.50	5.00	7.50
Demographics – Demand Pressure Services growth	0.75	0.75	0.75
Cardboard / Plastics recycling	0.00	1.00	1.00
Waste Recycling contract	-1.60	-1.60	-1.60
Disabled Facilities Grant – loss of capital grant	1.50	1.50	1.50
Carbon Reduction Commitment	0.40	0.40	0.40
<b><u>Savings Gap Forecast (May 2011)</u></b>	<b>20.05</b>	<b>27.65</b>	<b>38.55</b>

- 1.2 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.
- 1.3 Members will recall that it has already been identified that the further required reductions 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.
- 1.4 The prioritisation process must be supported by timely decision making, in relation to budget issues, as given the scale of savings required it is imperative that Council continues to take further steps to reduce its spending.

## 2. Transformation Programme Update

- 2.1 As previously reported, in the context of the significant reduction in resources, increased demand for services and cost pressures faced by the Council, the focus of the Transformation Programme must now shift from realising reductions in spending to the delivery of major change. Work is currently ongoing to develop a three year programme of work that will enable this.
- 2.2 Members will recall that in 2010/11 an assessment of the relative priority of existing services was undertaken and agreed by Council. As Officers develop further plans they will continue to build upon this prioritisation process with a view to identifying further opportunities regarding service change, reduction and cessation, in order to meet the financial objectives set by Government.

- 2.3 In light of the savings that are required over the next three years even where service activity is prioritised it is imperative that this is undertaken in the most efficient way and therefore it is essential that all opportunities to achieve savings continue to be fully explored. It is the intention to update Members, on both the process and proposals in July.
- 2.4 Annex A identifies current progress in terms of approved savings proposals, reviews and cessation of external funding.

Achieved (Reported to Cabinet May 2011)	£30,493,820
Achieved (May/June) 2011	£2,082,000
<b>Total Achieved to date</b>	<b>£32,575,820</b>
Progress is satisfactory (Green)	£1,766,600
Review scheduled/risk of saving not being fully achieved (Amber)	£9,289,862
Known shortfalls/significant risk of saving not being fully achieved (Red)	£280,000

Cabinet is asked to note progress to date.

- 2.5 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.
- 2.6 The tables below detail the current position of received expressions of interest in Voluntary Early Retirement/Voluntary Redundancy (VER/VR) 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)	200
Number of Expressions of Interest declined since September 2009 – this includes potential bumps	36
Number of Expressions of Interest decision pending	26
Number of Expressions of Interest withdrawn by employee	34

Year	Savings £000
2010/2011	2,526
2011/2012	3,175
2012/2013	369
<b>Total</b>	<b>6,070</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.

### 3. Funding & Service Changes

- 3.1 As part of the ongoing prioritisation process Cabinet is asked to consider the following changes –
- 3.1.1 Tier 1 Parenting Team - Think Family Grant (£0.262m). This relates to Family Intervention Plans, early intervention work that prevents some of our most

vulnerable children coming into care which delivers a better outcome and reduces costs in other areas. Cabinet is recommended to prioritise this service as critical. This will then be considered alongside an assessment of critical services.

- 3.1.2 Following the organisational change realigning Parks and Coast & Countryside (services are described below in 3.1.3 and 3.1.4) from Leisure Services to Street Scene, and the budget reductions approved in March 2011, Cabinet is recommended to prioritise the remainder of these services as frontline. Officers are currently identifying additional economies of scale in operational, administrative and management functions across all new and existing service areas within Street Scene, and as such, these services will also be considered alongside an assessment of other frontline services.
- 3.1.3 Tier 1 Parks & Landscape Management (net of frontline £1.135m). This includes the management of the infrastructure, the public and visitors to the Council's parks and green space estate. This estate comprises 34 major parks, 180 green spaces and 65 children's play areas along with about 90,000 parks and street side trees. It also includes the management of sports pitches and allotment sites. The sites are directly accessed by the public generally on an uninterrupted basis, and due to their open nature cannot be closed to the public. This unit also manages the Parks Grounds Management Contracts (£2.218m) which are already contained within frontline.
- 3.1.4 Tier 2 Coast & Countryside (net of frontline £0.370m). This includes visitor and land management of the Sefton Coast and Rimrose Valley, litter clearance from resort beaches and controlling beach car parking at Southport, Ainsdale and Formby. It also includes the management of areas of international scientific significance, as well as national, regional and local importance for nature conservation and tourism. The service is also responsible for sand clearance from promenades at Crosby and Southport (funding for this activity included in frontline services).
- 3.1.5 Activities continue to establish the subsequent senior management structure and realise the forecast savings.
- 3.2 Cabinet is asked to mandate officers to make the changes in priorities associated with 3.1.1, 3.1.2 and 3.1.3.

#### **4. Public Consultation and Engagement**

- 4.1 Work is progressing on finalising YouChoose which Cabinet Members have had the opportunity to review. We have piloted You Choose with the voluntary sector to ensure that the content is understandable to members of the public. Bespoke work with the voluntary sector and the People Directorate is underway to ensure that we capture the views of young people. YouChoose will go live by the end of June and will sit on the Council's website as part of the Transforming Sefton pages and will be launched through a press release. As previously reported the Council will, in partnership with Sefton NHS, undertake a Citizen's Panel survey which will also commence in July. The survey has been developed to reflect the content of YouChoose to enable analysis of the findings. Members of the Strategic Leadership Team have also been using a range of stakeholder, partnership and community meetings to discuss the budget implications for next year and take feedback. A final report of the findings will be produced in the autumn to inform the budget setting process for next year.

4.2 Cabinet is asked to note the progress made.

## **5. Equality Impact Assessment**

5.1 The Council will continue to impact assess all proposals for changes to services in order to meet its public duties with regard to equality and diversity.

## **6 Conclusion**

6.1 There continues to be recognised risks around the implementation of £44m of savings within the available timescales. The implementation of these savings continues to be very close monitored and this report identifies progress made. This indicates that satisfactory progress continues to be made at this stage.

6.2 There remains a significant budget gap of £20.05m in 2012/13, early consideration of how these savings can be achieved will be required and this will build on the consultation and engagement being undertaken and the identification of further options. This will be discussed with Members in July.

6.3 Early decision making and transparency 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. This will also need to be undertaken with some pace if financial targets are to be met.

**Annex A****Approved Savings Proposals Tracking Report June 2011****Savings Achieved**

Reference	Description	Owner	Value 2011/12
Reported to Cabinet 14 <sup>th</sup> April 2011			<b>£19,595,136</b>
Reported to Cabinet 26 <sup>th</sup> May 2011			<b>£10,898,684</b>
Tier 2	Sure Start Children's Fund	Peter Morgan	£147,000
Tier 2	Parenting Team	Peter Morgan	£88,000
Tier 2	Coast & Countryside	Rajan Paul	£296,000
Tier 2	Arts & Cultural Services	Steve Deakin	£457,000
Tier 2	Tourism	Alan Lunt	£205,000
Tier 3	Pupil Attendance	Peter Morgan	£92,000
Tier 3	Families and Schools Together (FAST)	Peter Morgan	£114,000
SCL8 (a)	Libraries (Specialist Services)	Steve Deakin	£136,000
SCL13	Libraries - Review Opening Hours	Steve Deakin	£140,000
SCL14 (a)	Libraries (Management) - Reduce library management and admin support	Steve Deakin	£68,000
SCL14 (b)	Libraries (Management) - Downsizing of library manager posts	Steve Deakin	£139,000
SCL12(b)	Tourism - Partial transfer of operational delivery of the pier to the concessionaire and other service areas/Reduce Security provision at Southport Market	Tony Corfield	£42,000
CM41	Integrated Sustainability Function	Alan Lunt	£58,000
11	Education psychologists	Colin Pettigrew	£100,000
<b>Total</b>			<b>£2,082,000</b>

**Progress is Satisfactory** e.g. contractual notice periods are being observed

Reference	Description	Owner	Value 2011/12	Progress	Comment
CE1	Modernising Democratic Services/Scrutiny Support - Reductions in staff and running costs for meetings	Andrea Grant	£120,000	Green	ICT development work ongoing. Consultation ongoing.
CE2	Review Civic / Mayoral Service - Reduction in mayoral function	Andrea Grant	£132,000	Green	Staff and Union Consultation ongoing
CE21	Civic Attendants Service	Andrea Grant	£140,000	Green	
	Cease Merseyside Policy Unit / North-West Policy Forum	Graham Bayliss	£75,600	Green	Notice period
	Review of Learning & Development	Mike Fogg	£140,000	Green	Recruitment to new structure ongoing. £170k confirmed to date (reported May 2011). Full saving £310,000
	Redesign of the Youth Service	Peter Morgan	£450,000	Green	Recruitment to new structure ongoing.



CS – M5	Community Learning - Funding Reducing	Peter Morgan		Green	Funding runs August to August. Ongoing consultation with staff. A number of VR/VER expressions of interest are being processed.
PE1	Planning for Play Early Years Team - £175,313	Peter Morgan		Green	BLF ends 31/07/11 Surestart ended 31/03/11 Temporary reduction in staffing hours in place, wider review of Early Years to be progressed.
Tier 2	Sure Start – Aiming High	Peter Morgan	£79,000	Green	£30k achieved (reported May 2011). Staff and Union Consultation ongoing. Full saving £109,000
External Funding	Youth Offending Service N/A There is a reduction of to 20% in external YJB funding	Colin Pettigrew		Green	Staff and Union Consultation ongoing
SCL9 (a)	Sport & Leisure Centres - Management (Review and restructure Operational Management)	Steve Deakin	£70,000	Green	
SCL15(b)	Sport & Leisure Centres - Review Opening Hours (at Splashworld and extend winter closure)	Steve Deakin	£27,000	Green	
SCL16 (a)	Sports & Leisure Centres - Discontinue inspections, bench marking services, monitoring, advertising, marketing etc	Steve Deakin	£43,000	Green	
SCL15(a)	Sport & Leisure Centres - Review Opening Hours	Steve Deakin	£70,000	Green	
	Review of Specialist Transport - Reduction in overspend.	Jim Black		Green	
CM64	Building Cleaning - Raise income target by £100k	Jim Black	£100,000	Green	Additional income to be monitored.
CM29	Introduce a charge for Development Control advice	Jane Gowing	£30,000	Green	Public consultation underway
22	Car Parks Fees and Charges	Alan Lunt	£200,000	Green	
CM42	Increase fees for Network Mgt activities	Alan Lunt	£30,000	Green	Consultation ongoing
Tier 2	Tourism	Alan Lunt	£60,000	Green	Notice Periods being observed
	<b>Total</b>		<b>£1,766,600</b>		

**Review scheduled to commence at a later date, outcome of review unknown, and risk of saving not being fully achieved**

Reference	Description	Owner	Value 2011/12	Progress	Additional Comments
	Management & Support Costs - 25% reduction	Margaret Carney	£1,622,000	Amber	£1,871k achieved to date Ongoing Senior Management restructure. Full saving £3,493k.
	Changes to Terms & Conditions	Mark Dale	£110,000	Amber	£2,890,000 achieved.
	Neighbourhoods Review	Graham Bayliss	£859,000	Amber	Review scheduled for completion September 2011
	Strategic Review of Sure Start Children's Centres	Peter Morgan	£900,000	Amber	Review progressing well
	Redesign of the Youth Service	Peter Morgan	£50,000	Amber	Review progressing well.
	Review of Emergency Planning	Mike Fogg	£58,000	Amber	Scheduled to commence in July 2011.
	arvato contract	Mike Fogg	£230,000	Amber	Part achieved £200k (May 2011). Negotiations ongoing. Full saving £430k.
CS – M4 (a)	Cease 14-19 Partnership	Peter Morgan	£406,862	Amber	Ongoing consultation with staff and unions.
3	Income Increase (Disability Related Expenditure: increase % of people's disposable income from 65% to 80%)	Robina Critchley	£52,000	Amber	Shortfall identified to Cabinet 3 <sup>rd</sup> March 2011 £52k
4	Commissioned Services	Robina Critchley	£3,000,000	Amber	Negotiations ongoing
6	Inflation (withhold inflation elements to all providers)	Robina Critchley	£1,513,000	Amber	Legal challenge from Care Homes Association, hearing scheduled 14 <sup>th</sup> July 2011.
7	Staff savings (delete 15 vacant posts)	Robina Critchley	£238,000	Amber	£262k identified to date (May 2011). Full saving £500k.
	Capita contract	Bill Milburn	£112,000	Amber	Negotiations ongoing
CM61	Charge for replacement Grey/Green Wheelie Bins	Jim Black	£10,000	Amber	Policy to be agreed
Tier 2	Affordable Warmth	Alan Lunt	£49,000	Amber	Reviewing options including exploring external funding opportunities.
	E&TS – Pest Control	Alan Lunt	£30,000	Amber	Reviewing Options
SCL12(b)	Tourism - Reduce opening hours and staffing levels in Tourist Information Centre	Tony Corfield	£30,000	Amber	Ongoing discussions with Mersey Travel
SCL12 (c)	Tourism - Relocate Tourism offices to Southport Town Hall	Tony Corfield	£20,000	Amber	Dependency on the Accommodation Strategy
	<b>Total</b>		<b>£9,289,862</b>		

**Known shortfalls or significant risk that the saving will not be achieved or a scheduled review is late in commencing**

Reference	Description	Owner	Value 2011/12	Progress	Comment
CE19(b)	Cease membership of North West Employers	Graham Bayliss	£28,000	Red	12 month notice period to be observed, saving will be delivered in 2012/13
CE15	CAA Fees	Margaret Rawding	£50,000	Red	Notice Period to be observed £50,000 2012/13
CE5	Rationalisation of Point of Sale & Bookings Software	Linda Price	£30,000	Red	Review will commence September 2011.
Tier 1	Leisure Centres	Steve Deakin	£95,000	Red	£95,000 shortfall identified <b>Full Saving will be achieved in 2012/13.</b>
Tier 2	Arts & Cultural Services	Steve Deakin	£40,000	Red	£40,000 shortfall identified. <b>Full Saving will be achieved in 2012/13.</b>
Tier 2	Coast & Countryside	Rajan Paul	£10,000	Red	The process of review was undertaken immediately following the Council decision. Notice periods observed and this will impact on the saving that can be achieved in 2011/12. <b>Full Saving will be achieved in 2012/13.</b>
Tier 2	Tourism	Tony Corfield	£27,000	Red	Notice periods observed which will impact on the savings achieved in 2011/12. <b>Full saving will be achieved in 2012/13</b>
	<b>Total</b>		<b>£280,000</b>		
	<b>Total Savings</b>		<b>£43,912,282</b>		

**Savings to be delivered in future years**

Reference	Description	Owner	Value 2012/2013	Progress	Comment
CE19(a)	Cease membership of the LGA	Graham Bayliss	£60,000	Green	Notice Period to be observed £60,000 2012/13
CM23	Increase Charge to Schools for Energy Advice	Alan Lunt	£10,000	Green	
CM24	Charge schools for Env Education or stop service	Alan Lunt	£17,500	Green	
23	Car Parks Contract Review (Retendering of Car Park Enforcement Contract from April 2012)	Alan Lunt	£100,000	Green	
26	Homelessness	Alan Lunt		Green	

Reference	Description	Owner	Value 2012/2013	Progress	Comment
CE19(a)	Cease membership of the LGA	Graham Bayliss	£60,000	Green	Notice Period to be observed £60,000 2012/13
27	House Renovation Grants	Alan Lunt		Green	

### External Funding Changes – Funding Ceased or Reduced Activities Complete

Reference	Description	Owner
CS-M1	Aim Higher Funding Ceased £89,350	Peter Morgan
CS11	Contact Point Funding Ceased £37, 787	Mike McSorley
	MELS Funding Ceased	Alan Lunt
PE44	Coastal Defence - Project Delivery Funding Ceased	Alan Lunt
PE46	Recycling Education Funding Ceased	Alan Lunt
PE35	Southport Partnership Funding Ceased	Alan Lunt
PE15	Learning Disabilities Project	Robina Critchley

### External Funding Changes – Funding Confirmed & To Be Monitored

Reference	Description	Owner
PE47	Work Place Travel team Funding has been confirmed for a further 12 months	Alan Lunt
PE45	Environmental Monitoring (Emissions Inventory) Funding for a further 12 months has been confirmed	Alan Lunt
PE3 & 4	Cease TDA funded School Workforce Development Team Additional funding found to deliver the function until end of the 2011 academic year	Peter Morgan