
Report to: Cabinet

Date of Meeting: 21st July 2011

Subject: Transformation Programme 2011-2014

Report of: Chief Executive

Wards Affected: All

Is this a 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.

Is it included in the Forward Plan? Yes

Exempt/Confidential

No

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)

The Cabinet is recommended to:

- 1) Note progress to date on approved savings proposals, reviews and cessation of external funding; and
- 2) Note progress to date on Public Consultation and Engagement.

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

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
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?

The Head of Corporate Finance and ICT has been involved in the preparation of this report.

(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. The Council has recently been informed that it has passed the first stage of the bidding process; a provisional sum of £3m has been agreed. Sefton needs to reply to the DCLG (in October) confirming the amount that it actually needs to capitalise. This is to prevent authorities bidding for more than they need and therefore reducing the amount available for other councils. In order for the Council to complete the return, it is essential that as many cost reduction decisions (which involve redundancies) are made before October. The potential exists for a reduction of the £3m, if the Council cannot provide evidence of the cost of redundancy.

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 84 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.

Equality

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 (**FD 870**)

Head of Corporate Legal Services have been consulted and any comments have been incorporated into the report. (**LD 216/11**)

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 3rd March 2011 *Transformation Programme and Final Revenue Budget Items 2011/12*

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

Report to Cabinet 26th May 2011 *Transformation Programme 2011- 14*

Report to Cabinet 23rd June 2011 *Transformation Programme 2011- 14*

1. Introduction/Background

- 1.1 The approved savings within the 2011/12 budget continue to be implemented. The implementation of these savings continues to be very closely monitored and this report identifies progress made. This indicates that good progress continues to be made at this stage.
- 1.2 The forecast revenue gaps for the years 2012/13 to 2014/15 are £20.05m, £7.6m and £10.9m respectively. Early identification and consideration of options for how these savings can be achieved will be required and this will build on the consultation and engagement being undertaken.
- 1.3 Members will recall that it has already been identified that the 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 Members will recall that in 2010/11 an assessment of the relative priority of existing services was undertaken and agreed by Council.
- 2.2 On 9th July 2011 Officers and Members met to give early consideration to how to meet the financial objectives set by Government. This will build on the ongoing prioritisation process and the consultation and engagement being undertaken and the identification of further options.
- 2.3 Annex A identifies current progress in terms of approved savings proposals, reviews and cessation of external funding.

Achieved (Reported to Cabinet June 2011)	£32,575,820
Achieved (June/July) 2011	£870,000
Total Achieved to date	£33,445,820
Progress is satisfactory (Green)	£1,390,031
Review scheduled/risk of saving not being fully achieved (Amber)	£8,663,000
Known shortfalls/significant risk of saving not being fully achieved (Red)	£413,431
Total Approved Savings	43,912,282

- 2.4 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 rd December 2009)	208
Number of Expressions of Interest declined since September 2009 – this includes potential bumps	46
Number of Expressions of Interest decision pending	25
Number of Expressions of Interest withdrawn by employee	37

Year	Savings £000
2010/2011	2,526
2011/2012	3,256
2012/2013	389
Total	6,171

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 The new senior management structure came into effect on 1st July. Three posts were not appointed to and in accordance with the resolution of the employment Procedures Committee will be advertised internally and externally. Work is now ongoing to establish the subsequent tier and realise further savings.

4. Public Consultation and Engagement

- 4.1 YouChoose went live 6th July after being demonstrated to Cabinet Members. It can be accessed through the Transforming Sefton webpages, which have recently been refreshed. Bespoke work with the voluntary sector and the People Directorate is underway to ensure that we capture the views of young people. It was previously reported that a Citizens Panel survey would be undertaken in July, jointly with NHS Sefton. However, after a review of the methodology of consultation being proposed, it was felt that it would be more appropriate to hold a series of Focus Groups of the Citizens Panel in September, which would allow the feedback in the YouChoose tool to be used to inform the Focus Group deliberations. Proposals for the Focus Groups will be submitted to the Public Engagement and Consultation Panel. 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 Members will be fully aware that we are on track to achieve the vast majority of the £44m savings that were approved in March. We are now faced with finding a further £20m next year with further reductions required in the following two years. The Council will continue to have to make difficult decisions around service cessation and reduction and identify real innovation in service delivery that may mitigate some of the implications.
- 6.3 As noted earlier in the report the application, made to the DCLG, to allow the Council to capitalise any statutory redundancy costs incurred in 2011/12 has passed the first stage of the bidding process; a provisional sum of £3m has been agreed. Sefton needs to reply to the DCLG (in October) confirming the amount that it actually needs to capitalise. In order for the Council to complete the return, it is essential that as many cost reduction decisions (which involve redundancies) are made before October. The potential exists for a reduction of the £3m, if the Council cannot provide evidence of the cost of redundancy.
- 6.4 On 9th July Councillors and the Strategic Leadership Team met to explore a planned way forward that will continue to address the budget gap presently faced by the Council. This planned approach will enable us to further strengthen practice in a number of areas such as consultation and engagement, equality impact assessment and risk management.
- 6.5 Creating the capacity to develop and implement the required change remains an issue. Early decision making will contribute to this but it must also be recognised that considerable resource will continue to be directed into the development, assessment and implementation of proposals.

Annex A

Approved Savings Proposals Tracking Report July 2011 Savings Achieved

Reference	Description	Owner	Value 2011/12
	Reported to Cabinet 14 th April 2011		£19,595,136
	Reported to Cabinet 26 th May 2011		£10,898,684
	Reported to Cabinet 23 rd June 2011		£2,082,000
	Total previously reported		32,575,820
	Redesign of the Youth Service	Peter Morgan	£500,000
SCL9 (a)	Sport & Leisure Centres - Management (Review and restructure Operational Management)	Steve Deakin	£70,000
SCL15(b)	Sport & Leisure Centres - Review Opening Hours (at Splashworld and extend winter closure)	Steve Deakin	£27,000
SCL16 (a)	Sports & Leisure Centres - Discontinue inspections, bench marking services, monitoring, advertising, marketing etc	Steve Deakin	£43,000
SCL15(a)	Sport & Leisure Centres - Review Opening Hours	Steve Deakin	£70,000
	arvato contract	Mike Fogg	£160,000
	Total		33,445,820

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
CE5	Rationalisation of Point of Sale & Bookings Software	Linda Price	£30,000	Green	Review will commence September 2011. The rationalisation of other software and printing has exceeded its target and will meet the 2011/12 slippage in this project
CE15	CAA Fees	Margaret Rawding	£50,000	Green	Notice Period to be observed £50,000 2012/13. Short term savings in audit costs have been used to meet the 2011/12 budget saving until this can be delivered.
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
CS – M4 (a)	Cease 14-19 Partnership	Peter Morgan	£203,431	Green	Notice issued to staff
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	Restructure is underway
	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
	Total			1,390,031	

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	
	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
	Review of Emergency Planning	Mike Fogg	£58,000	Amber	Scheduled to commence in July 2011.
	arvato contract	Mike Fogg	£70,000	Amber	Part achieved £360k Negotiations ongoing. Full saving £430k.
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 rd 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 th 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
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
	Total			8,663,000	

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
Tier 1	Leisure Centres	Steve Deakin	£95,000	Red	£95,000 shortfall identified Full Saving will be achieved in 2012/13.
Tier 2	Arts & Cultural Services	Steve Deakin	£40,000	Red	£40,000 shortfall identified. Full Saving will be achieved in 2012/13.
Tier 2	Coast & Countryside	Rajan Paul	£10,000	Red	£10,000 shortfall identified Full Saving will be achieved in 2012/13.
Tier 2	Tourism	Tony Corfield	£27,000	Red	£27,000 shortfall identified. Full saving will be achieved in 2012/13
CM61	Charge for replacement Grey/Green Wheelie Bins	Jim Black	£10,000	Red	Charging for delivery of replacement w/bins has now been agreed and will commence by July 2011 however the full income target will not be achieved in 2011/12. Income will be monitored and reported as collected.
CS – M4 (a)	Cease 14-19 Partnership	Peter Morgan	£203,431	Red	Consultation and notice periods observed and this will impact on the saving that can be achieved in 2011/12. Full Saving will be achieved in 2012/13.
	Total		413,431		
	Total Savings		£43,912,282		

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	
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