

Report to: Cabinet

Date of Meeting: 18 August 2011

Subject: Transformation Programme 2011- 2014

Report of: Margaret Carney
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 in the delivery of approved budgetary savings; reviews of services and consultation processes being undertaken.

Recommendation(s)

- a) Note progress to date - approved savings proposals, reviews and cessation of external funding

- b) Note progress to date - 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 years' 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?

FD 902 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 provides a framework for Revenue planning for the three years 2012/13, 2013/14 and 2014/15.

(B) Capital Costs

Members are reminded that the Council's bid to capitalise any statutory redundancy costs incurred in 2011/12 has passed the first stage of the DCLG's approval process and 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 costs of redundancy payments to be made in 2011/12.

Implications:

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

Legal LD261/11

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 66 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:

Service implications will form part of the consultation processed described in section 4.

What consultations have taken place on the proposals and when?

Strategic Directors, Director of Corporate Support Services and Director of Commissioning, Head of Personnel, Head of Corporate Finance & ICT and Head of Legal Services.

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 March 2011: Transformation Programme and Final Revenue Budget Items 2011/12

Report to Cabinet 14 April 2011: Transformation Programme 2011/12

Report to Cabinet 26 May 2011: Transformation Programme 2011-2014

Report to Cabinet 23 June 2011: Transformation Programme 2011-2014

Report to Cabinet 21 July 2011: Transformation Programme 2011-2014

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; current indications are that good progress continues to be made.
- 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 as to how these savings can be achieved will be required and this will build on the consultation and engagement being undertaken.
- 1.3 Members are aware that the required budget reductions will only be achieved with a radical redesign of Council services and by enhancing the Council's ability to manage any risks and demand associated with the critical services.
- 1.4 It is important to note that no service area is exempt from change and that 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. Strong leadership continues to be essential.
- 1.5 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 Following the Member and officer meeting on 9 July 2011 work continues on prioritisation, identification of further options and consultation and engagement processes.
- 2.2 Annex A details the work programme agreed following the above meeting, it is important to note that these activities will be supplemented as required in order to ensure that timescales are maintained. This approach is designed to ensure the complete transparency, effective risk management and improved consultation and engagement.
- 2.3 Officers continue to explore further options and are working with partners to assess the impact of potential changes and exploring ways that partners can contribute to ongoing and future priorities.
- 2.4 Annex B identifies current progress in terms of approved savings proposals, service reviews and cessation of external funding.

Achieved (Reported to Cabinet 21 July 2011)	£33,445,820
Achieved to 3 August 2011	£425,000
Total Savings Achieved to date (B1)	£33,870,820
Progress is satisfactory (Green) (B2)	£2,998,031
Review scheduled/risk of saving not being fully achieved (Amber) (B3)	£5,613,000
Known shortfalls/significant risk of saving not being fully achieved (Red) (B4)	£1,430,431

Total Approved Savings	£43,912,282
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- 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. There are, currently, no issues to be reported Members.
- 2.6 The tables below detail the latest position of expressions of interest in Voluntary Early Retirement/Voluntary Redundancy (VER/VR) and the savings that have been and will be made from the requests that have been agreed.

Expressions of Interest approved by Cabinet December 2009	50
Expressions of Interest approved by Chief Executive (since 3 rd December 2009)	215
Expressions of Interest declined since September 2009 – this includes potential bumps	45
Expressions of Interest decision pending	26
Expressions of Interest withdrawn by employee	35

Year	Savings £000
2010/2011	2,526
2011/2012	3,267
2012/2013	410
Total	£6,203

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

3. Funding & Service Changes

- 3.1 The three posts that were not appointed during the third stage of the review of senior management are in the process of being advertised, both internally and externally. Work is now ongoing to establish the subsequent tier and realise further savings.

4. Public Consultation and Engagement

- 4.1 Members will recall that the YouChoose website went live 6 July and will run until mid September. The site allows members of the public to submit their suggestions for budgetary changes. The outcomes of the consultation process will be reported to Cabinet in October. An interim report will be taken to the Leaders Group during August.
- 4.2 Work is continuing between the voluntary sector and the People Directorate to ensure that the views of young people are captured. The Children Centre consultation, as part of the Children Centre's Review, has commenced and will run until October. This has been planned with parents/carers. A verbal report was given to the Public Engagement and Consultation Panel, who have requested updates.

4.3 Members of the SLT continue to hold stakeholder, partnership and community meetings to discuss the budget implications for next year and take feedback. The findings from the various consultation sessions will be reported to Member in the autumn to aid the budget setting process for the next and succeeding years.

4.4 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 under the Equality Act 2010.

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 opportunities for 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 The planned approach to addressing the budget gap facing the Council 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 a challenge. 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. As options are intended to be approved for consultation in October it is important that Councillors are fully appraised of options and their implications to ensure that an informed engagement takes place. This is particularly important given there will be a limited choice in determining a final set of options which will balance the 2012/13 budget.

7. Recommendations

Cabinet is recommended to

7.1 Note progress to date - approved savings proposals, reviews and cessation of external funding.

7.2 Note progress to date - Public Consultation and Engagement.

Timetable Strategic Leadership Team (SLT)		
21 July	SLT	<ul style="list-style-type: none"> • Agree Process • Collective Education on options • Review of Other Services
28 July	Leaders	<ul style="list-style-type: none"> • Discuss latest position • Agree process
28 July	SLT	<ul style="list-style-type: none"> • Detailed Review of Frontline Services • Constructive challenge by SLT • Identification further options and future work
4 August	SLT	<ul style="list-style-type: none"> • Review of further work commissioned on 28 July • Detailed review of Critical Services process as indicated for Frontline
5 August	SLT	<ul style="list-style-type: none"> • Review of Regulatory • Summarise proposals to date and agree format • Areas for further investigation
10 August	Leaders	<ul style="list-style-type: none"> • Report progress • Agree Arrangements for political Star Chambers
11 August	SLT	<ul style="list-style-type: none"> • Preparation for political Star Chambers • Consultation arrangements • Agree programme for SLT 18th August • Review of transformation programme
18 August	SLT	<ul style="list-style-type: none"> • To formulate options for discussion at political Star Chambers
25 August	Leaders Group	<ul style="list-style-type: none"> • Any collective views and progress
29 August – 9 September	Political Star Chambers	<ul style="list-style-type: none"> • To enable Elected Members to receive detailed options with implications and to identify additional savings proposals
12 September	SLT	<ul style="list-style-type: none"> • Report back on Star Chambers • Run through options going forward for consultation • Preparation Members Away Day
17, 22 or 24 September	Cabinet Review Day	<ul style="list-style-type: none"> • Agree final options • Consultation engagement plan (detailed) • Agree next steps and approval process
6 October	Leaders	<ul style="list-style-type: none"> • Consider Cabinet Report
13 th October	Cabinet	<ul style="list-style-type: none"> • Approve options for consultation

Approved Savings Proposals Tracking Report August 2011

B1 - Savings Achieved to Date

Ref.	Description	Owner	Value 2011/12
Reported to Cabinet 14 April 2011			£19,595,136
Reported to Cabinet 26 May 2011			£10,898,684
Reported to Cabinet 23 June 2011			£2,082,000
Reported to Cabinet 21 July 2011			£870,000
Total savings achieved reported previously			£33,445,820
CE1	Modernising Democratic Services/Scrutiny Support - Reductions in staff and running costs for meetings	Andrea Grant	£120,000
CE2	Review Civic / Mayoral Service - Reduction in mayoral function	Andrea Grant	£132,000
CE21	Civic Attendants Service	Andrea Grant	£140,000
SCL12 (b)	Tourism - Reduce opening hours and staffing levels in Tourist Information Centre	Tony Corfield	£21,000
SCL12 (c)	Tourism - Relocate Tourism offices to Southport Town Hall	Tony Corfield	£12,000
Total Savings Achieved to Date			£33,870,820

B2 - Progress is Satisfactory (e.g. contractual notice periods are being observed)

Ref.	Description	Owner	Value 2011/12	Progress	Comment
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.

B2 - Progress is Satisfactory (continued)

Ref.	Description	Owner	Value 2011/12	Progress	Comment
	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
4	Commissioned Services	Robina Critchley	£2,000,000	Green	Negotiations ongoing
	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		£2,998,031		

B3 - Review is scheduled to commence at a later date (outcomes unknown and risk of savings not being fully achieved)

Ref.	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
6	Inflation (withhold inflation elements to all providers)	Robina Critchley	£1,513,000	Amber	Legal challenge from Care Homes Association, hearing re-scheduled.
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
	Total		£5,613,000		

B4 - Known shortfalls or significant risks that savings will not be achieved or a scheduled review is late in commencing

Ref.	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.
SCL12(b)	Tourism - Reduce opening hours and staffing levels in Tourist Information Centre (balance of £30,000)	Tony Corfield	£9,000	Red	Delayed owing to negotiations with MerseyTravel. Full Saving will be achieved in 2012/13.
SCL12(c)	Tourism - Relocate Tourism offices to Southport Town Hall (balance of £20,000)	Tony Corfield	£8,000	Red	Move delayed until 15 August. Full Saving will be achieved in 2012/13.
4	Commissioned Services	Robina Critchley	£1,000,000	Red	Delay in negotiating liabilities and Terms & Conditions has resulted in only a part year saving being achieved. Full Saving will be achieved in 2012/13.
	Total		£1,430,431		
	Grand Total of Savings		£43,912,282		

B5 - Savings to be delivered in future years

Ref.	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	
	Total		£187,500		

B6 - External Funding Changes (Funding Ceased or Reduced Activities Complete)

Ref.	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

B7 - External Funding Changes (New Funding Confirmed & Being Monitored)

Ref.	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