

Report to: Cabinet

Report: 10th November 2011

Subject: Transformation Programme Update

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 2011/12.

Recommendation(s)

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

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			√

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. A separate report Transformation Programme 2011- 2014 appears elsewhere on the agenda.

What will it cost and how will it be financed?

FD1109 The Head of Corporate Finance and ICT has agreed 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.

(B) Capital Costs

This matter is considered in further detail in the Transformation Programme 2011-2014 report elsewhere on the agenda.

Implications:

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

Legal LD 469/11

There are no direct legal implications arising from the contents of this report. However in the course of each of the individual approved proposals to achieve the previously agreed savings detailed consideration should be given to both the legal, human rights 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 23 individuals formally at risk of redundancy as a result of service reorganisations and cessation of external funding.

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:

Previously reported

What consultations have taken place on the proposals and when?

Regular consultations have taken place with Strategic Directors, Director of Built Environment, Director of Street Scene, Director of Young People & Families, Director of Older People, Director of Corporate Support Services and Director of Commissioning, Head of Personnel, Head of Corporate Finance & ICT, Head of Legal Services and Trade Unions.

Are there any other options available for consideration?

None

Implementation Date for the Decision

Not applicable

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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

Report to Cabinet 18 August 2011: Transformation Programme 2011- 2014

Transformation Update Report September 2011

Report to Cabinet 13 October 2011: Transformation Programme Update

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 At its meeting on 13th October 2011 Cabinet approved the funding of known budget shortfalls in 2011/12 totalling £1,494,431 as detailed in Annex A from the Budget Pressures Reserve established for this purpose. Members should note that this requirement has now been reduced by £104,816. The savings related to this shortfall will be achieved in 2012/13. Members are asked to note the progress outlined in Annex A.
- 1.4 A separate report, Transformation Programme 2011- 2014, appears elsewhere on the agenda.

2. Transformation Programme Update

- 2.1 Annex A identifies current progress in terms of approved savings proposals, service reviews and cessation of external funding.

Achieved (Reported to October 2011)	£37,116,251
Achieved to 1 November 2011	£680,816
Total Savings Achieved to date (A1)	£37,797,067
Progress is satisfactory (Green) (A2)	£2,302,600
Review scheduled/risk of saving not being fully achieved (Amber) (A3)	£2,423,000
Known shortfalls/significant risk of saving not being fully achieved (Red) (A4)	£1,389,615
Total Approved Savings	£43,912,282

- 2.2 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)	231
Expressions of Interest declined since September 2009 – this includes potential bumps	45
Expressions of Interest decision pending	30
Expressions of Interest withdrawn by employee	35

Year	Savings £000
2010/2011	2,526
2011/2012	3,355
2012/2013	724
Total	6,605

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.

- 2.5 The Council continues to offer a range of support measures for employees who have or are being placed “at risk” of redundancy.

3. Conclusion

- 3.1 Members will be fully aware that we are on track to achieve the vast majority of the £44m savings that were approved in March.

Annex A

Approved Savings Proposals Tracking Report November 2011

A1 - 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
Reported to Cabinet 18 August 2011			£425,000
Reported to Cabinet 15 September 2011			£3,245,431
Total savings achieved reported previously			£37,116,251
	Management & Support Costs - 25% reduction	Margaret Carney	£327,000
	Changes to Terms & Conditions	Mark Dale	£110,000
Tier 2	Tourism	Alan Lunt	£60,000
Tier 2	Affordable Warmth	Alan Lunt	£49,000
	E&TS – Pest Control	Alan Lunt	£30,000
CS M4(a)	Cease 14-19 Partnership	Peter Morgan	£104,816
Total Savings Achieved to Date			£37,797,067

A2 - Progress is Satisfactory (e.g. contractual notice periods are being observed)

Ref.	Description	Owner	Value 2011/12	Progress	Comment
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.
	Cease Merseyside Policy Unit / North-West Policy Forum	Graham Bayliss	£75,600	Green	Notice period
	Review of Specialist Transport - Reduction in overspend.	Jim Black		Green	New ICT system for optimising transport provision introduced, new bus & taxi contract established, revised staffing arrangements implemented. Further details and financial implications to be reported separately.
CM64	Building Cleaning - Raise income target by £100k	Jim Black	£100,000	Green	Based on current projections the revised income target will be achieved.
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
	Review of Emergency Planning	Mike Fogg	£58,000	Green	Review now complete and implementation is underway
	Neighbourhoods Review	Graham Bayliss	£859,000		Review complete saving will be achieved from current year underspend.
	Strategic Review of Sure Start Children's Centres	Peter Morgan	£900,000		Review progressing well; community consultation process in progress
	Total		£2,302,600		

A3 - 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	£633,000	Amber	The completion of the Senior Management Review (third tier) and additional VR/VERs has helped to reduce the amount of saving at risk. A number of other reviews are currently being undertaken, which should provide further savings.
	arvato contract	Mike Fogg	£70,000	Amber	Part achieved £360k Negotiations ongoing. Full saving £430k.
	Review of Learning & Development	Mike Fogg	£65,000	Amber	Part achieved, review is ongoing.
6	Inflation (withhold inflation elements to all providers)	Robina Critchley	£1,513,000	Amber	Judicial Review has now taken place and we await judge's decision to be published 9 November 2011.
	Capita contract	Bill Milburn	£112,000	Amber	Negotiations ongoing
CE5	Rationalisation of Point of Sale & Bookings Software	Linda Price	£30,000	Amber	Review will commence this month. The rationalisation of other software and printing has exceeded its target and will meet the 2011/12 slippage in this project
	Total		£2,423,000		

A4 - 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. The income target for 2012/13 will be determined by demand.
CS M4(a)	Cease 14-19 Partnership	Peter Morgan	£98,615	Red	Consultation and notice periods observed, this figure now confirmed as unachievable 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	£21,000	Red	Delayed owing to negotiations with MerseyTravel. Full Saving will be £18,000 additional savings being sought.
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.
3	Income Increase (Disability Related Expenditure: increase % of people's disposable income from 65% to 80%)	Robina Critchley	£52,000	Red	Shortfall identified to Cabinet 3 rd March 2011 £52k
	Total		£1,389,615		
	Grand Total of Savings		£43,912,282		

A5 - 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		

A6 - 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
CS – M5	Community Learning - Funding Reducing	Peter Morgan
PE1	Planning for Play Early Years Team - £175,313 - Temporary reduction in staffing hours in place, for £38k, wider review of Early Years to be progressed to find this element permanently.	Peter Morgan
External Funding	Youth Offending Service N/A There is a reduction of to 20% in external YJB funding	Colin Pettigrew
	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

A7 - 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