

**Report to: Cabinet**

**Report: 19<sup>th</sup> July 2012**

**Subject: Transformation Programme & Revenue Budget 2012 - 2015**

**Report of:** Head of Corporate Finance & ICT &  
Head of Transformation Services

**Wards Affected: All**

**Is this a Key Decision?** Yes.

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

**Exempt/Confidential**

No

### **Main Report**

In particular the report seeks to agree the process associated with the development of budget options for 2013 - 15.

The report contains two annexes listed below for ease of reference:

Annex A Work Programme Timetable

Annex B Re-engineering of Parks & Green Spaces and Coast & Countryside Service  
Executive Summary

### **Recommendation(s)**

#### **Cabinet is recommended to**

- a) agree and note the process outlined in section 2 of this report
- b) note the work programme timetable contained in Annex A
- c) note that detailed budget options will emerge from September and will be subject to appropriate consultation and engagement
- d) accept the findings and the proposed savings arising out of the re-engineering of Parks and Green Spaces and the Coast and Countryside services contained in Annex B
- e) endorse the commencement of a public engagement exercise on the context and strategic choices for the Council going forward
- f) note and understand the risks outlined in section 6

#### **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		√	

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 consideration of budget options continues to be essential as this will lead to informed decision making, including the consideration of the outcome of any consultations undertaken, the impact of any decisions to be made and any steps that can be taken to mitigate the impact of a decision.

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

**FD1664/12** The Head of Corporate Finance and ICT has agreed this report.

**(A) Revenue Costs**

This report, together with the Medium Term Financial Plan submitted to the June 2012 Cabinet identifies the need and process for addressing a shortfall in funding of £43m over the two year period.

**(B) Capital Costs**

None

**Implications:**

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

**Legal LD1002/12**

There are no direct legal implications arising from the contents of this report. However in the course of each of the individual projects, consultations, options etc. to achieve the savings required detailed consideration should be given to 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**

As options and proposals are developed there will be a potential impact upon employees and the potential for both voluntary and compulsory redundancies.

It will be necessary for the Authority to comply with the duty to consult with recognised Trade Unions (and as necessary employees) and to complete as necessary a notification under Section 188 of the Trade Union Labour Relations (Consolidation) Act 1992. Also form HR1 to the Department of Business Innovation and Skills notifying of redundancies may need to be filed dependent on numbers.

Full and meaningful consultation should take place with the Trade Unions and employees on the matters contained within this report.

**Equality**

1. No Equality Implication

x

2. Equality Implications identified and mitigated

3. Equality Implication identified and risk remains

In relation to compliance with the Equality Act 2010, Section 149, Members need to make decisions in an open minded balanced way showing due regard to the impact of the recommendations being presented. Members need to have a full understanding of any risks in terms of people with protected characteristics and any mitigation that has been put in place. Equality Impact Assessments, including consultation, provide a clear process to demonstrate that Cabinet and Council have consciously shown due regard and complied with the duty.

**Impact on Service Delivery:**

Service implications will form part of the budget, public engagement and consultation processes described in sections 2& 4.

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

Regular and ongoing 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 Legal Services and Trade Unions.

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

None but options will be developed and brought forward at a later date. Any such options would be the subject of appropriate consultation.

**Implementation Date for the Decision**

Immediately following the call in period

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**Background Papers:**

Library Service Project Initiation Document

Library Questionnaire - Users

Library Questionnaire – Non Users

Cessation Equality Impacts for Re-engineering of Parks and Green Spaces (PGS) and Coast and Countryside Services (CCS)

## 1. Background

- 1.1 The Council will be required to set a balanced budget for 2013/14 and 2014/15 which is estimated will require a reduction in current expenditure levels of £43m over the two years. The Cabinet and Council have already considered the details that make up this shortfall. The significant challenge in identifying this level of savings requires a comprehensive plan of option identification, consultation and timetabling of the decision making.
- 1.2 The 2012/13 budget was approved in March 2012. This incorporated a range of budget savings amounting to £20.7m. The delivery of these savings is closely monitored by Officers.

The actions taken to date give the following level of budget achievement:

	£m	
Savings fully achieved	6.553	32%
Progress is satisfactory	6.515	31%
Risk of savings not being fully realised	3.964	19%
Known shortfall or significant risks identified	3.742	18%
Total	20.774	100%

- 1.3 Those savings most at risk of not achieving the 2012/13 budget relate to Adult Social Care and are the subject of reports to the July Cabinet and is submitted elsewhere on the agenda relating to the progress in achieving the £2m Supporting People reduction. A further report regarding the recommissioning of Nursing and Residential Care provision will be considered at the August Cabinet, the 2012/13 budget includes the ambition to deliver a saving of £1.5m All savings are progressing in such a manner that the savings anticipated in 2013/14 are likely to be achieved. As monitoring progresses any variation to the 2013/14 forecast will be reported to Cabinet.

## 2. The Process & Work Programme

- 2.1 Over the past three years, Members and Officers have made significant efforts in developing options, undertaking consultation and engagement and delivering approved savings. The Council has taken a planned approach, prioritised and critically assessed how available resources are spent and this has been an extremely challenging task. To date these processes have identified options Members could consider to achieve a balanced budget while meeting its previously agreed priorities. The majority of these savings have been achieved through real efficiencies and better commissioning. To date the Council has been able to protect the most vulnerable and there has been no disproportionate impact on protected groups.
- 2.2 Early in 2012 Members and Officers recognised that further refinements to the existing process would be essential to ensure that the Council continues to meet the budget reductions required by central government. The Council will continue to

build upon the work already undertaken and the key principles/activities associated with this are listed below:

- approach will be set in the context of the Medium Term Financial Plan, emerging priorities, focusing resources on those who are most in need of our support, reassessment of our current service provision, efficient and effective commissioning and procurement and re-shaping of resources and services.
- no service area is exempt from change
- planning sessions involving both Elected Members and the Strategic Leadership Team to consider service and budget issues likely to affect the Council in future years
- consultation and engagement with residents, businesses, voluntary sector and employees
- impact and risk assessment

2.3 Officers continue to review all service areas taking account of legislation, available guidance, policy, performance and assessing the impact and risks that a reconfiguration of activities, budget reduction or service cessation would have. In addition to this Officers will continue to explore different commissioning strategies, delivery models and ways of working. Cabinet is asked to agree and note this process (*recommendation a*).

2.4 The 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.

2.5 Based on the above Annex A details the agreed work programme, it is important to note that these activities will be supplemented as required in order to ensure that timescales are maintained. Cabinet is asked to note the work programme timetable contained in Annex A (*recommendation b*). In addition to this Cabinet is asked to note that detailed budget options will emerge from September and will be subject to appropriate consultation and engagement (*recommendation c*).

### **3. Reviews**

3.1 Members will recall that Officers are progressing a number of reviews and that these may identify further options at a future date.

3.2 As part of the 2012/13 budget process, Cabinet agreed to proposals relating to Parks and Green Spaces (PGS) and Coast and Countryside Services (CCS) totalling £710,000 in savings. Due to the inter-relationships of the proposals the details of the actual makeup of the savings was deferred until a service re-engineering exercise was completed to be reported back to June Cabinet. The re-engineering exercise is now complete, chaired by the Strategic Director People.

The review considered various options and Annex B provides a summary of the outcome of the detailed discussions. The savings recommended include reducing the grounds maintenance budget, some general repairs and maintenance reductions, restructure and re-organise to delete 5 vacant posts, increase golf

income and increase general CCS income. This comes to £710,000 saving over 2012/13 and 2013/14.

Cessation Equality Impact Assessments were carried out on the two services. They identified that:

- Suitable access to parks and coastal areas needed to be maintained for people with mobility problems, wheelchair users or parents with pushchairs
- Monitoring should be improved to help detect any increase in anti social behaviour, especially behaviour directed against people from minority communities, and children and young people

The issues identified through this assessment have been built in to this transformation proposal and also form part of the Equality Action Plan for Street Scene Directorate. Cabinet is asked to accept the findings and the proposed savings arising out of the re-engineering of Parks and Green Spaces and the Coast and Countryside services (*recommendation d*).

3.3 Leisure Activity – It was agreed by Cabinet in March 2012 that this be reclassified as “a business as usual” review. The review is progressing well, and a “stepping stone” approach has been adopted in reporting to Members on any change proposals in order to capture any efficiencies as early as possible. Members have already received and approved a report on contractual arrangements at Dunes/Splashworld that will generate significant efficiencies, and further reports will be presented in August/September which will identify other efficiencies/savings.

3.4 Libraries – In February Cabinet agreed a review of Library Services. The public engagement process is well underway and is due to close 31<sup>st</sup> July 2012. To date over 5500 responses have been received from both users and non users of the service. Options associated with this review will be presented to Cabinet in September.

3.5 A number of other reviews are continuing and progress will be reported to future Cabinet meetings.

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

4.1 The principle of further reductions in Government support to Local Authorities has been clearly identified nationally and the Council needs to clearly set out the resultant potential savings options and their implications to the public so that meaningful consultation can be undertaken, in order to inform decision making during this three year programme 2012 to 2015.

4.2 Members will recall that the timescales for the consultation and engagement will vary depending on the option and whether it is internal or external consultation.

4.3 It is proposed that during the public engagement and consultation on the Sefton Strategic Needs Assessment (SSNA, otherwise known as the JSNA) which commences late July, that engagement also takes place on themed service areas. The aim of this will be to engage with individuals and communities, so as to understand what they value most and to raise awareness that the further reduction in spending, will require tough choices to be made between services that people value and need and that those that the Council must provide where it has no or little choice. Raising awareness and having a conversation about need

and services will help inform Members when considering which options should be implemented.

- 4.4 A public engagement and consultation plan on the SSNA aligning the budget process timeline with the SSNA process was submitted to the Public Engagement & Standards Panel on 22<sup>nd</sup> June 2012, a further report will be submitted to the Panel on 20th July. The timeline for engagement on the budget will be slightly shorter commencing end of July to September. With budget options being formulated for Cabinet consideration in September and where consultation is required on options for this to run in parallel with the timeline for identifying priorities for inclusion within the draft Health and Wellbeing Strategy, consultation on which commences November to January 2013. Aligning consultation on budget options with the timeline for the Health and Wellbeing Strategy will help describe the impact of the options and align these with the priorities within the Health and Wellbeing Strategy for Sefton which must be in place for 1st April 2013. Cabinet is asked to endorse the commencement of a public engagement exercise on the context and strategic choices for the Council going forward (*recommendation e*).
- 4.5 Media briefings and media releases continue to be issued to sign-post interested parties to the full range of options.
- 4.6 Members will recall that before any notice to terminate employment is given to an employee, it is necessary for the Local Authority to comply with its duty to consult. This involves meaningful consultation taking place in respect of proposals with Trade Unions and as necessary employees.
- 4.7 Also Form HR1 must be provided to the relevant Government Department in the same timescale.
- 4.9 Dependent upon how options have an effect and/or are formulated, matters will then need to be put into place by Officers and additionally when proposals are forthcoming; consideration needs to be given to the equality impact as necessary.
- 4.10 Weekly Wednesday meetings take place with the Trade Unions and consultation has commenced in respect of the options.
- 4.11 This has involved in respect of UNITE, GMB and UNISON meeting with the Head of Corporate Personnel and representatives from departments to be briefed in respect of each option. Any options which involve staff being potentially at risk if the option were to be taken, has been subject to an explanation to the trade unions. The Trade Unions have been given an opportunity to attend meetings in the workplace with their members and additionally to raise any questions or queries that they may have.
- 4.12 Separately consultation has also taken place with the Teacher related Trade Unions and additionally this commenced with the options being forwarded to those trade unions with an opportunity to raise questions, concerns and queries at regular trade union meetings. These meetings also take place regularly.
- 4.13 The consultation with all Trade Unions provides a good opportunity for an exchange of views and clarification on issues which affect employees.

## **5. Equality Act 2010 Duty and Impact Assessments**

5.1 As the Council puts actions into place to balance the budget for 2013/14 and future years, there is a need to be clear and precise about our processes, and impact assess potential change options, identifying any risks and mitigating these as far as possible. The impact assessments, including any feedback from consultation or engagement, will be made available to Members when final recommendations are presented for a decision. This will ensure that Members make decisions in an open minded balanced way showing due regard to the impact of the recommendations being presented in compliance with the Equality Act 2010.

## **6. Risk Management**

6.1 As part of budget setting process the Council continues to regularly review strategic and operational risks and put in place measures to manage those risks. The Council will continue to make decisions that ensure it can continue to deliver priority services within available resources.

6.2 In considering those risks identified, Officers continue to be mindful of a range of risk factors including but not limited to the following:

- The impact of the Equality Act 2010 and the public sector duties accordingly
- The Human Rights Act 1998
- The possibility of judicial review on decisions that might be made by Members
- The risk of complaints to the Ombudsman
- Reputational risks to the Council
- Ensuring that contractual (including employment) provisions and requirements are adhered to
- The possibility of other legal proceedings, including employment tribunals and county court proceedings.

All of the above is to be considered in light of the statutory requirement for the Council to set a balanced and robust budget.

6.3 Members will recall that creating the capacity to develop options and implement the required change continues to carry a significant risk. The Strategic Leadership Team (SLT) will continue to monitor progress and agree priorities in line with Council decisions. This risk cannot be underestimated given the significant reduction in senior management over the last two years.

6.4 Changes in statute and policy can have a direct impact on the Council. SLT will continue to plan for known changes with the Corporate Commissioning Team providing regular policy updates. These updates will be made available to Elected Members and Officers on a regular basis.

6.5 In previous years we have continually communicated the options through the media and other channels in a clear and transparent way. We will continue to ensure that the public and other interested parties are aware of the next steps of the budget setting process and how they may engage. Corporate Communications continue to lead on this aspect of work with regular briefings, press releases and timely responses to media enquiries. The Communications team also continues to lead on the publication of the Transforming Sefton webpages for external consumption, as well as producing internal messaging such



as the Informing Sefton News-Letters and co-ordinating the staff messages from the Chief Executive.

- 6.6 Cabinet is asked to note and understand the risks outlined above (*recommendation f*).

## **7. Conclusion**

- 7.1 At its last meeting the Cabinet received an update report on the Medium Term Financial Plan. This indicated further savings of £43m to be identified over the next two years. This is a very significant challenge, following on from the savings approved in previous years. The consequences on the shape, depth and breadth of Council services has yet to be determined but what is clear is that reductions of this scale will have a very significant impact.
- 7.2 The process and timetable within the report aims to provide Council with options to achieve a balanced budget and to provide the full impact and risk assessments required.

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## Annex A

<b>Timetable Strategic Leadership Team (SLT) 2012/13</b>		
19 <sup>th</sup> July	Cabinet	<ul style="list-style-type: none"> <li>• Consider               <ul style="list-style-type: none"> <li>○ process further budget changes not requiring consultation with the public nor containing staffing redundancy implications</li> </ul> </li> </ul>
20 <sup>th</sup> July	Public Engagement and Consultation Panel	<ul style="list-style-type: none"> <li>• Consider public engagement activity</li> </ul>
16 <sup>th</sup> August	Cabinet	<ul style="list-style-type: none"> <li>• Consider               <ul style="list-style-type: none"> <li>○ further budget changes not requiring consultation with the public nor containing staffing redundancy implications</li> <li>○ options requiring internal consultation only</li> </ul> </li> <li>• Update on public engagement activity</li> </ul>
6 <sup>th</sup> September	Council	<ul style="list-style-type: none"> <li>• No budget activity scheduled</li> </ul>
11 <sup>th</sup> September	Overview & Scrutiny (Performance & Corporate Services)	<ul style="list-style-type: none"> <li>• Progress report</li> </ul>
13 <sup>th</sup> September	Cabinet	<ul style="list-style-type: none"> <li>• Consider further               <ul style="list-style-type: none"> <li>○ further budget changes not requiring consultation with the public nor containing staffing redundancy implications</li> <li>○ options requiring internal consultation only</li> <li>○ public engagement feedback</li> <li>○ options requiring external consultation</li> </ul> </li> <li>• Libraries Review</li> </ul>
11 <sup>th</sup> October	Cabinet	<ul style="list-style-type: none"> <li>• Consider               <ul style="list-style-type: none"> <li>○ further budget changes not requiring consultation with the public nor containing staffing redundancy implications</li> <li>○ proposals (internal)</li> <li>○ options requiring external consultation</li> <li>○ Recommend any budget savings for implementation</li> </ul> </li> </ul>
6 <sup>th</sup> November	Overview & Scrutiny (Performance & Corporate Services)	<ul style="list-style-type: none"> <li>• Progress report</li> </ul>
8 <sup>th</sup> November	Cabinet	<ul style="list-style-type: none"> <li>• Feedback on any consultations which have been completed</li> <li>• Identify any further options for consultation</li> <li>• Recommend any budget savings for implementation</li> </ul>
22 <sup>nd</sup> November	Council	<ul style="list-style-type: none"> <li>• Consider Cabinet recommendations</li> </ul>
6 <sup>th</sup> December	Cabinet	<ul style="list-style-type: none"> <li>• Feedback on any consultations which have been completed</li> <li>• Identify any further options for consultation</li> <li>• Recommend any budget savings for implementation</li> <li>• Update on Government Grant if available</li> </ul>
15 <sup>th</sup> January	Overview & Scrutiny (Performance & Corporate Services)	<ul style="list-style-type: none"> <li>• Progress report</li> </ul>

	Services)	
17 <sup>th</sup> January	Cabinet	<ul style="list-style-type: none"> <li>• Feedback on any consultations which have been completed</li> <li>• Recommend any budget savings for implementation</li> </ul>
31 <sup>st</sup> January	Cabinet	<ul style="list-style-type: none"> <li>• Feedback on any consultations which have been completed</li> <li>• Recommend any budget savings for implementation</li> </ul>
7 <sup>th</sup> February	Council	<ul style="list-style-type: none"> <li>• Briefing to Council on outcome of consultation and engagement activity on options</li> <li>• Consider Cabinet recommendations</li> </ul>
14 <sup>th</sup> February	Cabinet	<ul style="list-style-type: none"> <li>• Recommend any budget savings for implementation</li> </ul>
19 <sup>th</sup> February	Overview & Scrutiny (Performance & Corporate Services)	<ul style="list-style-type: none"> <li>• Proposed Revenue Budget for 2013/15 for comment</li> </ul>
28 <sup>th</sup> February	Cabinet	<ul style="list-style-type: none"> <li>• No budget activity scheduled</li> </ul>
28 <sup>th</sup> February 2013	Budget Council	<ul style="list-style-type: none"> <li>• Approval of Budget and Council Tax</li> </ul>

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**Annex B**  
**Re-engineering of Parks & Green Spaces and Coast & Countryside Service**  
**Executive Summary**

**The savings to be achieved and Approach taken**

1. As part of the 2012/13 budget process, Cabinet considered a series of change proposals relating to aspects of the PGS and the CCS. These change proposals were:

	Change Proposal	Total Saving		
		2012/13	2013/14	Total
E4.5	General reduction in parks management			
E4.10	Cessation of Park Ranger functions			
E4.11	Merger of Park Ranger and Coast Ranger functions			
E4.12	General reductions in coast management			
<b>Total</b>		<b>£380k</b>	<b>£330</b>	<b>£710k</b>

2. Cabinet/Council agreed to these savings, but due to the inter-relationships of the change proposals, deferred the details of the actual makeup of the savings to be worked up as a re-engineering exercise across PGS and CCS and reported back to Cabinet in June 2012.
3. The re-engineering exercise has been undertaken, chaired by the Strategic Director (People).
4. In undertaking the re-engineering, a transformational approach has been adopted, which set aside the original change proposals, as simple items, and instead the review has re-focused on how to deliver the best and most sustainable services at the reduced budget, whilst safeguarding the Council in discharging its responsibilities.

**The Challenges**

5. The challenges facing the services are:
- The scale of these and previous savings. Taking these current savings proposals into account, the budget of the PGS will have been reduced by 34% and the CCS by 49% over the last five years.
  - The extent of the Council's landholding in area (approx 6750 ha) and number of sites (approx 280) that these services seek to manage.
  - The need to ensure that open spaces remain safe, are well used and appreciated by the community.
  - Localism and community involvement

**Options Considered and Discounted**

6. In determining the areas where the agreed savings could be made, the following were considered:
- Amalgamation of the PGS and CCS to deliver management savings.  
 This was discounted as both services are faced with different pressures and demands and require in depth knowledge and expertise at a senior level. To provide effective services, PGS and CCS need to remain as two distinct areas up to service manager level.
  - Amalgamation of the Coast Rangers (from CCS) and the Park Rangers (from PGS) into a single unit to deliver staff savings.  
 This was discounted as both services are faced with unique pressures and need to have staff that are fully conversant with their specialist areas and operational delivery, and the need to allow the service managers to prioritise their own commitments.

However for exceptional circumstances and events, the Head of Landscape Services will retain the flexibility to deploy staff from both service areas.

In addition, the Rangers in both services are key frontline staff and a reduction in their numbers would be detrimental to retaining public support in the changes that need to be made to land management to deliver the scale of proposed savings.

### Proposed Savings

7. The following savings are put forward as a balanced set of proposals, based on creating/retaining viable delivery models for future service delivery and on the capacity to accept any further savings.

		2012/13	2013/14	Total
Reduce grounds maintenance	Reduce grounds maintenance in parks, including trees	£147k	£255k	£402k
General reductions	Reduce repairs and maintenance in parks	£20k	£10k	£30k
	Reduce events	£5k	£5k	£10k
Restructure and reorganise	Delete 5 vacant posts	£158k		£158k
Increase income	Increase golf income	£30k	£10k	£40k
	Increase event bookings and design fees income in PGS	£20k	£20k	£40k
	Increase general CCS income		£30k	£30k
<b>Total</b>		<b>£380k</b>	<b>£330k</b>	<b>£710k</b>

### Implications and Mitigation

8. The implication for reducing grounds maintenance and repairs and maintenance is that parks will look and feel different. They will look less traditional and ornamental and more naturalistic.
9. To do this, they will be redesigned in conjunction with the community and the Grounds Maintenance contractor.
10. These redesigned parks may be perceived as neglected and attract anti-social behaviour. In reality, they are just different and the perception and potential anti-social behaviour needs to be managed.
11. This will be done by restructuring and reorganising the PGS to ensure a front line presence, by widening the role of the Park Rangers and other parks staff to work more directly with the community to manage aspirations, increase community involvement and volunteering, to ensure continued and sustained use to provide passive surveillance etc.
12. This front line presence will be branded as PARKFORCE and will also be used to encompass volunteers and contractors staff.
13. As part of the general reorganisation, there will also be a drive to increase income by looking at fees, grant aid and sponsorship.
14. As part of this re-organisation, 5 out of 6 vacant posts will be deleted; the remaining vacant post will need to be filled to best deliver the redefined approach.
15. The consequence of deleting these posts may result in delays in responding to correspondence and issues and there may also be the need to buy in expertise or capacity in the future to undertake specific works.

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