



Havering

LONDON BOROUGH

OVERVIEW AND SCRUTINY COMMITTEES

AGENDA

6.00pm <u>Please note</u> <u>start time</u>	Tuesday 3 August 2010	Havering Town Hall Main Road, Romford
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For ease of reference, the Membership and Quorum of each OSC is appended.

Members of each of the Council's Overview & Scrutiny Committees are invited to attend this joint meeting. For practical purposes, the joint meeting is being convened as a single meeting but separate minutes will be taken for each Overview & Scrutiny Committee as if it were a special meeting of each of them.

NOTE: An additional meeting of the Cabinet will be held on Wednesday 18 August 2010 to consider the outcome of this meeting.

For information about the meeting please contact:
Ian Buckmaster (01708) 432431 ~ ian.buckmaster@havering.gov.uk

AGENDA ITEMS

1. CHAIRMAN

To note the appointment of a Chairman for the joint meeting.

2. CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

3. APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS
(if any) - receive.

4. DECLARATION OF INTERESTS

Members are invited to declare any interests in any of the items on the agenda at this point of the meeting. Members may still declare an interest in an item at any time prior to the consideration of the matter.

5. RESPONDING TO THE GOVERNMENT'S EMERGENCY BUDGET AND THE POLICY IMPLICATIONS OF THE COALITION AGREEMENT

The report to the Cabinet meeting on 14 July 2010 set out the actions being proposed to enable the Council to deliver services at a lower cost in the future. The report summarised the Government's recent announcements and the content of the Emergency Budget and analysed the impact of changes in Government policy on the Council's finances.

The Government had set out its broad policies for a 'rolling back' of the State and an emphasis on a 'Big Society', making bridging the national deficit its priority and announcing a reduction of £6.2 billion in public sector spending.

Following the detail announced in the Emergency Budget on 22 June 2010, the Council had reviewed the impact of cuts made to a number of grant funding streams. An estimate of future budget gaps had been made, showing that in five years' time, the Council could expect to have a funding gap of about £50m of current budget levels.

At the same time, evidence showed that Havering's ageing demographic meant that demand for certain services would continue to increase in the future, more so than many other local authorities.

Having anticipated these financial pressures some time ago, the Council had embarked on an ambitious transformational change programme, aiming to redesign services so

Overview and Scrutiny Committees (joint meeting), 3 August 2010

that they were more customer-focused, targeted to those most in need, and supported by more efficient, lower-cost support services.

The report considered by the Cabinet and now before the Committees highlighted how the Council was responding to the reduction in funding and proposed a number of savings that would be made to meet the ongoing financial challenges facing the Council. The transformation programme would result in the Council being a more efficient, smaller organisation in the future, whilst aiming to better target services where they are most needed, and continue to support the most vulnerable residents. To assist members to scrutinise decisions around services for which they have a scrutiny responsibility, the spreadsheet submitted to Cabinet has been recast to group decisions under each Committee, and appears at the end of the papers (pages 51-57).

For the purposes of the Constitution and good governance, this meeting is being convened as if a requisition of the Cabinet's decisions had been properly submitted. The Cabinet will consider any concerns etc. raised at the joint meeting and thus this is the Overview & Scrutiny Committees' opportunity to scrutinise the decision of the Cabinet

RECOMMENDATION

That the Committees, individually and collectively:

1. **Receive** a presentation from the Leader of the Council and note the proposed revenue priorities relevant to the service(s).
2. **Note** the financial position of the Council.
3. **Note** that the report is formally consulting them on the Corporate budget adjustments in response to the Government's requirements and that this is the opportunity to scrutinise the Cabinet's decisions.
4. **Consider** the Cabinet's decisions on the Council's response to the Government's emergency budget and **request**, if it is considered appropriate to do so, Cabinet to consider any items of concern emerging from the debate

Philip Heady
Democratic Services Manager

Note on the attendance of Members and Substitutes, and on voting arrangements

There are several Members who are Members of more than one Overview & Scrutiny Committee. They will be recorded as attending this meeting as Members of each Committee.

Any Member of an Overview & Scrutiny Committee who is unable to attend the meeting may arrange for a Substitute Member to attend instead. The Substitute Member should declare him/herself in the usual way at the beginning of the meeting.

Any Member who is not a Member of the Cabinet may be appointed as a Substitute Member. It is perfectly permissible for a Member who is attending as a Member of one Overview & Scrutiny Committee to be appointed a Substitute Member of another, and to attend this meeting in both capacities.

In the event that a vote on any issue before the Committees becomes necessary, the vote will be conducted by the Chairman of the meeting but only the Members of the Overview & Scrutiny Committee (or if more than one, Committees) to which the question to be voted on relates will be eligible to vote. The Chairman of the meeting, supported by Committee Administration staff, will explain the procedure as and when necessary.

Should there be a tied vote, the Chairman's second or casting vote will be exercisable by the Chairman of the Overview & Scrutiny Committee voting and not by the Chairman of the meeting (unless he/she is also the Chairman of the Overview & Scrutiny Committee in question).

APPENDIX

OVERVIEW & SCRUTINY COMMITTEE MEMBERSHIPS AND QUORUMS

<p align="center">Committee and quorum</p>	<p align="center">Membership Councillors</p>
<p>Children & Learning Overview and Scrutiny Committee (9 members and : quorum 3)</p>	<p>Chairman: Sandra Binion (Con) Vice-Chairman: Gillian Ford (Res) Members: Dennis Bull (Con) Robby Misir (Con) Garry Pain (Con) Billy Taylor (Con) Frederick Thompson (Con) John Wood (Res) Pat Murray (Lab)</p> <p>Statutory Members: <u>Representing the Churches:</u> Jack How (Roman Catholic Church) Vacancy (Church of England)</p> <p><u>Representing parent governors</u> Anne Ling (Primary) Gary Dennis (Secondary) Julie Lamb (Special)</p>
<p>Crime & Disorder Committee (9 members: quorum 3)</p>	<p>Chairman: Ted Eden (Con) Vice-Chairman: John Wood (Res) Members: Becky Bennett (Con) Georgina Galpin (Con) Fred Osborne (Con) Melvin Wallace (Con) Linda Van den Hende (Res) Denis Breeding (Lab) David Durant (IRG)</p>
<p>Environment Overview and Scrutiny Committee (7 members: quorum 3)</p>	<p>Chairman: Jeff Brace (Con) Vice-Chairman: John Mylod (Res) Members: Dennis Bull (Con) Peter Gardner (Con) Linda Trew (Con) Nic Dodin (Res) David Durant (IRG)</p>

Overview and Scrutiny Committees (joint meeting), 3 August 2010

Committee and quorum	Membership Councillors
Health Overview and Scrutiny Committee (6 members: quorum 3)	Chairman: Lynden Thorpe (Con) Vice-Chairman: June Alexander (Res) Members: Wendy Brice-Thompson (Con) Fred Osborne (Con) Linda Trew (Con) Nic Dodin (Res)
Individuals Overview and Scrutiny Committee (6 members: quorum 3)	Chairman: Wendy Brice-Thompson (Con) Vice-Chairman: Linda Van Den Hende (Res) Members: Jeff Brace (Con) Lynden Thorpe (Con) Keith Wells (Con) Ron Ower (Res)
Partnerships Overview and Scrutiny Committee (7 members: quorum 3)	Chairman: Roger Evans (Con) Vice-Chairman: Barbara Matthews (Res) Members: Osman Dervish (Con) Billy Taylor (Con) Linda Trew (Con) Keith Wells (Con) Denis O'Flynn (Lab)
Towns & Communities Overview and Scrutiny Committee (9 members: quorum 3)	Chairman: Frederick Osborne (Con) Vice-Chairman: Linda Hawthorn (Res) Members: Wendy Brice-Thompson (Con) Osman Dervish (Con) Garry Pain (Con) Frederick Thompson (Con) Barbara Matthews (Res) Paul McGeary (Lab) Michael Deon Burton (IRG)
Value Overview and Scrutiny Committee (6 members: quorum 3)	Chairman: Robby Misir (Con) Vice-Chairman: Ray Morgon (Res) Members: Ted Eden (Con) Billy Taylor (Con) Damien White (Con) Ron Ower (Res)

EXTRACT FROM DRAFT MINUTES OF CABINET, 14 JULY 2010

5 RESPONDING TO THE GOVERNMENT'S EMERGENCY BUDGET AND THE POLICY IMPLICATIONS OF THE COALITION AGREEMENT

Councillor Michael White, Leader of the Council, introduced the report

Following the General Election in May, the new coalition Government had set out its broad policies for a 'rolling back' of the State and an emphasis on a 'Big Society'. In particular, it had made bridging the national deficit its priority, and had announced a reduction of £6.2 billion in public sector spending.

Following the detail of these cuts, which were announced in the Emergency Budget of 22 June 2010, the Council had reviewed the impact of cuts made to a number of grant funding streams. An estimate of future budget gaps showed that, in five years' time, the Council could expect to have a funding gap of about £50m of current budget levels.

At the same time, evidence showed that Havering's ageing demographic meant that demand for certain services would continue to increase in the future, more so than many other local authorities.

Having anticipated these financial pressures some time ago, Havering Council had embarked on an ambitious transformational change programme, which aimed to redesign services so that they were more customer-focused, targeted to those most in need, and supported by more efficient, lower-cost support services.

The report highlighted how the Council was responding to the reduction in funding and proposed a number of savings to meet the ongoing financial challenges facing it. The transformation programme would result in the Council being a more efficient, smaller organisation in the future, while aiming better to target services where they were most needed, and would continue to support the borough's most vulnerable residents.

Reasons for the decision:

Decisions to progress efficiency programmes and other savings measures set out in this report were required in view of the need for the Council to make substantial efficiency reductions over the coming financial years.

Other options considered:

Not taking action to bridge the large funding gaps which the Council was to face over the coming years would leave it vulnerable to having to take reactive action that was not fully planned or thought through, which might endanger direct service provision in future. The measures outlined in this report would enable the Council to address predicted increases in demand for services by some of its most vulnerable residents whilst keeping to the Council Tax commitments of the Administration.

Cabinet noted that there was shortly to be a joint meeting of all Overview & Scrutiny Committees to examine the report in detail. Members indicated concern that the savings proposals appended to the report lacked detail and expressed the hope that more information would be made available prior to the forthcoming joint meeting. It was, however, stressed that, if the Council was to make good the imminent funding gaps, urgent action was required and that any delay would put further services at risk; proceeding at a leisurely pace was not an option.

Cabinet decided:

- 1. To approve the actions being taken to address the projected budget gap and endorse the early implementation of the proposals set out in this report**
- 2. To approve the items not marked by a ** in the schedule of savings proposals set out in Appendix A to the report submitted, the Schedule of Savings**
- 3. To approve the items marked by a ** in the schedule of savings proposals set out in that Appendix A for appropriate consultation, to be undertaken by the Chief Executive or appropriate Group Director or Assistant Chief Executive prior to final decisions on those proposals in accordance with the constitutional position on each item.**
- 4. To instruct Group Directors to make as much progress as possible on the savings items listed in Appendix A during the course of this financial year, in order to make a further contribution to the required in-year savings.**
- 5. To authorise the Group Director of Finance & Commerce to allocate any existing surplus budgetary provisions for the Freedom Passes (noting this will have no effect on the existing bus freedom pass scheme currently in operation) and inflation as appropriate to contribute to any in-year budget gaps resulting from reductions in Government spending and grant announcements.**
- 6. To instruct the Chief Executive, Group Directors and the Assistant Chief Executive to review grant funding that has been reduced in year in conjunction with their relevant Cabinet members and to authorise the Group Directors or Assistant Chief Executive to take action to reduce or cease expenditure immediately where appropriate and where necessary to contain spend within budget or as a result of removal of Government grant.**
- 7. To authorise the Chief Executive or the appropriate Group Director or Assistant Chief Executive, in consultation with their Cabinet member, in furtherance of the matters set out in this report and schedules, to give appropriate notices, terminate, withdraw from or re-negotiate contracts and undertake or carry out any other matters which are necessary in order to deliver the savings set out in this report.**

8. To authorise the Chief Executive and/or each Group Director or the Assistant Chief Executive, to seek to minimise redundancies by applying the Council's policies and procedures but where necessary determine the extent of the potential redundancies, undertake consultations with Trade Unions, consult with staff and issue redundancy notices, undertake staff selection, withdraw notices where appropriate, and hear and determine any appeals, with the exception of any adjustments to Chief Officer posts, including Assistant Director and Heads of Service posts, where appointments and dismissals might be decided by the Appointments Committee.
9. To authorise the Chief Executive and/or each Group Director or the Assistant Chief Executive, to make any temporary or fixed term appointments necessary in order to deliver this savings package.
10. To authorise the Group Director Finance & Commerce to set up, utilise and maintain for as long as necessary a Transformation Reserve, in consultation with the Cabinet Member for Value.
11. To delegate to the Cabinet Member for Community Empowerment decisions on any variations to any traffic orders required to deliver the savings set out in Appendix A.
12. Following the Government's removal of grant, to agree that the Council cease the free swimming scheme from 31 July 2010 following the withdrawal of Government funding for the scheme.
13. To note that the Administration's aspiration to limit any Council Tax increases to no higher than 2.5% per annum for the life of the current Council.
14. To note that the Chief Executive, in consultation with the Leader of the Council and appropriate Cabinet Member, will negotiate and enter into contracts or arrangements with other boroughs to facilitate the provision of shared services.
15. To note that a further report will be submitted to Cabinet with proposals for the Capital Programme.
16. To note that The Group Director of Finance & Commerce will undertake a review of the Council's financial strategy and in particular, the level of reserves and contingency.
17. To note that the report submitted is to be presented to all Overview and Scrutiny Committees, at a specially held meeting of all Committee members.



CABINET
14 JULY 2010

REPORT

Subject Heading:

Responding to the Government's
Emergency Budget and the policy
implications of the Coalition Agreement
Cllr Michael White

Cabinet Member:

CMT Lead:

Cheryl Coppell, Chief Executive / Andrew
Blake-Herbert, Group Director Finance &
Commerce

Report Author and contact details:

Cheryl Coppell, Chief Executive

Policy context:

To outline how the challenges of the
current financial climate and the
Emergency Budget will be met through the
Council's Transformation programme

Financial summary:

The measures outlined in this report will
enable the Council to deliver services at a
lower cost in the future. The report
summarises the recent announcements
and the Emergency Budget and analyses
the impact of changes in Government
policy on the Council's finances

Is this a Key Decision?

Yes

Is this a Strategic Decision?

Yes

When should this matter be reviewed?

September 2011

Reviewing OSC:

Report to be reviewed at a Special
Meeting of all O&S Committee Members.

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	[X]
Excellence in education and learning	[X]
Opportunities for all through economic, social and cultural activity	[X]
Value and enhance the life of every individual	[X]
High customer satisfaction and a stable Council tax	[X]

SUMMARY

Following the General Election in May, the new coalition Government has now set out its broad policies for a 'rolling back' of the State and an emphasis on a 'Big Society'. In particular, the new Government has made bridging the national deficit its priority, announcing a reduction of £6.2 billion in public sector spending.

Following the detail of these cuts, announced in the Emergency Budget on 22nd June 2010, the Council has reviewed the impact of cuts made to a number of grant funding streams. An estimate of future budget gaps has been made, showing that in five years' time, we can expect to have a funding gap of about £50m of current budget levels.

At the same time, evidence shows that Havering's ageing demographic means that demand for certain services will continue to increase in the future, more so than many other local authorities.

Having anticipated these financial pressures some time ago, Havering Council has embarked on an ambitious transformational change programme which aims to redesign services so that they are more customer-focused, targeted to those most in need, and supported by more efficient, lower-cost support services.

This report highlights how the Council is responding to the reduction in funding and proposes a number of savings that will be made to meet the ongoing financial challenges that will face the Council. The transformation programme will result in the Council being a more efficient, smaller organisation in the future, whilst aiming to better target services where they are most needed, and continue to support our most vulnerable residents.

RECOMMENDATIONS

Cabinet is asked to:

1. Approve the actions being taken to address the projected budget gap and endorse the early implementation of the proposals set out in this report
2. Approve the items not marked by a ** in the schedule of savings proposals set out in Appendix A, the Schedule of Savings
3. Approve the items marked by a ** in the schedule of savings proposals set out in Appendix A for appropriate consultation, to be undertaken by the Chief Executive or appropriate Group Director or Assistant Chief Executive prior to final decisions on those proposals in accordance with the constitutional position on each item.

Cabinet, 14 July 2010

4. Instruct Group Directors to make as much progress as possible on the savings items listed in Appendix A during the course of this financial year, in order to make a further contribution to the required in-year savings.
5. Authorise the Group Director of Finance and Commerce to allocate any existing surplus budgetary provisions for the Freedom Passes (noting this will have no effect on the existing bus freedom pass scheme currently in operation) and inflation as appropriate to contribute to any in-year budget gaps resulting from reductions in Government spending and grant announcements.
6. Instruct the Chief Executive, Group Directors and the Assistant Chief Executive to review grant funding that has been reduced in year in conjunction with their lead members and authorise the Group Directors or Assistant Chief Executive to take action to reduce or cease expenditure immediately where appropriate and where necessary to contain spend within budget or as a result of removal of Government grant.
7. Authorise the Chief Executive or the appropriate Director or Assistant Chief Executive, in consultation with their Lead Cabinet member, in furtherance of the matters set out in this report and schedules, to give appropriate notices, terminate, withdraw from or re-negotiate contracts and undertake or carry out any other matters which are necessary in order to deliver the savings set out in this report.
8. Authorise the Chief Executive and/or each Group Director or the Assistant Chief Executive, to seek to minimise redundancies by applying the Council's policies and procedures but where necessary determine the extent of the potential redundancies, undertake consultations with Trade Unions, consult with staff and issue redundancy notices, undertake staff selection, withdraw notices where appropriate, and hear and determine any appeals, with the exception of any adjustments to Chief Officer posts, including Assistant Director and Heads of Service posts, where appointments and dismissals might be decided by the Appointments Committee.
9. Authorise the Chief Executive and/or each Group Director or the Assistant Chief Executive, to make any temporary or fixed term appointments necessary in order to deliver this savings package.
10. Authorise the Group Director Finance and Commerce to set up, utilise and maintain for as long as necessary a Transformation Reserve, in consultation with the Lead Member for Value.
11. Delegate to the Lead Member for Community Empowerment decisions on any variations to any traffic orders required to deliver the savings set out in the Appendix.

Cabinet, 14 July 2010

12. Following the Government's removal of grant, agree that the Council cease the free swimming scheme from 31st July 2010 following the withdrawal of Government funding for the scheme.

Cabinet is asked to note that:

13. The Administration has an aspiration to limit annual Council Tax rises for the Council to no higher than 2.5% per annum for the life of this Administration.
14. The Chief Executive, in consultation with the Leader of the Council and appropriate lead member, will negotiate and enter into contracts or arrangements with other boroughs to facilitate the provision of shared services.
15. A further report will be submitted to Cabinet with proposals for the Capital Programme.
16. The Group Director of Finance and Commerce will undertake a review of the Council's financial strategy and in particular, the level of reserves and contingency.
17. This report will go to all Overview and Scrutiny Committees, at a specially held meeting of all Committee members.

REPORT DETAIL

1. Background

Following the General Election in May, the new coalition Government set out its major policies in its Coalition Agreement. This Agreement sets out the Government's intention to take swift action to reduce the national deficit – with an emphasis on spending reductions in the public sector. The Agreement makes clear that the Government's philosophy is to 'roll back' the state and bring about a 'Big Society' where communities take a greater responsibility for the future of their neighbourhoods and services.

The Government announced an initial £6.2 billion reduction in Government spending in May, of which £1.165bn was directly allocated against Local Government funding. Details of the impact of this announcement on individual grant streams have been released gradually since then. The Emergency Budget on 22nd June included further announcements that will impact on Havering's services and financial position. Work has been underway for some time to assess the likely impact of these funding cuts to the Council's budget, as all national parties signalled the need for efficiencies to correct the national debt position as part of their manifestos.

At the same time, Havering Council faces significant challenges in the future. Havering's population is the oldest in London and demographic projections suggest

that more people are living longer due to higher standards of living. This means that the demands on local services and the authority's budget are only likely to increase.

To address this issue, the Council has embarked on an ambitious 4-year transformational change programme, to redesign services so that they are more customer-focused, targeted to those most in need, and supported by more efficient, lower-cost support services. This was set out in a Cabinet report in February 2010.

This report sets out the likely impact of Government decisions so far and how Havering Council intends to respond to major reductions in its funding whilst still delivering high quality, customer-focussed services.

2. The New Policy Agenda

The Big Society

The new coalition Government has articulated the creation of the 'big society' as one of its overarching themes. This encompasses a range of issues, and relates particularly to the relationship between 'the State' and the citizen at national and local levels, and suggests a rebalancing of mutual rights, responsibilities, and obligations, with the state playing less of a role in people's lives.

The Council has begun to formulate a vision for how a 'Big Society' will look in Havering. We already have a strong network of voluntary and community organisations in the borough and local involvement in service delivery, such as the Friends of Parks model, where people can influence and play a part in the delivery of services at a local level. Our vision is that more people in Havering's communities will feel that the public sector is doing its best for them whilst allowing them to make choices about what services they most need and want. We will encourage the development of self-sustaining social enterprises to provide advisory services rather than these be provided by 'the state' at either a national or local level. We will target public services at the most vulnerable in our society, and adopt an operating model based around early intervention into the root causes of deprivation rather than universal service provision that does little to break the cycle of deprivation. At the same time, we will relentlessly focus efforts on reducing still further the operating costs of the Council, to deliver a more efficient and better value Council – building on the success of previous schemes that have driven out £26 million in efficiency savings over the last five years.

Whilst the Council is still awaiting further details from Government on the elements of the Big Society such as National Citizen Service and the creation of a Big Society Bank to set up more social enterprises, it intends to push ahead with developing a new framework for community engagement, ensuring that local people are more able to influence local public services. As the Council develops the way it does business, it will listen to the views of partners who help meet the needs of local people and the views of local people themselves.

2.2 Living Ambition in an ‘Age of Austerity’

Some national politicians have stated the need for an “age of austerity” to ensure that the nation’s deficit can be adequately reduced. This will undoubtedly have an effect on the Council’s means, but it does not affect the ends that Havering is striving to achieve.

The Council’s *Living Ambition* for the borough remains the same. Havering residents should enjoy the highest possible quality of life. That means a clean, safe and green Environment that residents can be proud of. It means successful and vibrant Towns & Communities, where people choose to live and raise their families.

It means maintaining the high quality of Learning available to children in the borough’s schools; it means protecting and supporting those Individuals that need help and it means ensuring at all times that the Council is delivering real Value for taxpayers’ money.

The changes announced by Government and the reductions imposed upon our funding do not change what the Council aims to deliver for local people, but they will require a change how those aims are delivered.

Broadly, the Council’s approach to delivering its goals with less funding available are characterised by our overarching objectives to be more efficient, more focused and fair.

We will be more efficient:

- We will reduce bureaucracy at the Town Hall
- We will work with partners to save money
- We will make it easier to deal with the Council

We will be more focused:

- We will help people to help themselves
- We will direct our efforts where they are most needed

We will be fair:

- We will help people who cannot help themselves

The transformation programme seeks to find efficiencies through reducing bureaucracy at the Town Hall. This will be achieved by streamlining many of the Council’s internal processes, introducing new electronic systems to minimise paperwork and reducing overheads.

Improvements to customer services will make it easier for local people to deal with the Council and get a quicker resolution to their enquiries. And where it is possible

to do so, the Council will explore new partnerships with other authorities, public sector partners and voluntary sector organisations.

A new focused and targeted approach to service delivery will see the Council's efforts directed to where they are most needed, including early intervention services where these will help avoid costly support to individuals or communities in later years.

In the spirit of the Big Society, the Council will seek the community's views about where Council intervention is not required and explore how local people can be given greater freedom to support and shape their own lives and neighbourhoods.

Whilst this people-led approach can be a positive force for change within local communities, the Council also recognises the need to support those people who cannot help themselves and Havering's commitment to high quality, personalised social care services is at the heart of future plans.

Overall, the transformation programme seeks to find new ways of working to maintain the quality of service delivery wherever possible, within the framework of funding cuts. In some cases, the work that is being undertaken will go further and actually drive improvements to services – customer services and more personalised social care are two examples where local people will notice a real improvement in the way the Council works, in spite of a reduction in funding.

2.3 The Key elements of the Transformation Programme

In February, Cabinet received an update on the Council's Transformation Strategy, which outlined a series of medium-term transformational projects already underway which will deliver savings in 2010/11.

The Council's Transformation Programme now consists of the following components:

2.3.1 Shared Services Transformation Programme

The shared services transformation programme fits directly under the banner of reducing bureaucracy. This will be achieved through the introduction of a new electronic system which will result in reduced paperwork, improved processes and provision of timely and meaningful management information to support decision making.

This programme will impact on the whole organisation through the introduction of self service around finance, procurement, payroll and human resource processes removing many of our inefficient paper driven systems. Next it will use the work flow within the technology to drive authorising processes, which will be moved to best practice design and away from our current overly-bureaucratic way whilst still ensuring appropriate internal control.

The final element will create an internal shared service centre where these functions are provided back to front-facing directorates in a best practice, 'One Council' approach, so freeing up staff to focus on their key activities.

The business case for this programme has already been approved and work is on going to implement the project. The investment and savings approved lead to a saving of £3.5m as a full year effect from 2012/13 onwards. The programme may require some senior management restructuring in order to ensure the right capability in the right place to deliver this programme as it may represent significant change in the way we do business.

2.3.2 Customer Services Transformation Programme

The Customer Services Transformation Programme aims to help residents, businesses and visitors to Havering access the services they need in a way that is convenient for them and in a way that is efficient for the Council.

Fundamentally, there is a desire to improve the way in which citizens' inter-act with the Council, in so doing increasing customer satisfaction and the efficiency with which services are delivered.

The Customer Services Transformation Programme will create a new model for accessing services across all channels, providing improved accessibility, the ability to do more on line and an increased 'right first time' response.

The new infrastructure provided will also give the Council a new insight into customers' needs, helping to ensure the services it delivers are appropriately targeted and effective.

In addition, the project will create a range of cashable efficiency savings via increased use of self-service access channels, reducing unnecessary contacts and streamlined business processes.

The delivery of this new capability will require a new operating model for the Council. The operating model provides a consistent way of working across all access channels and is supported by common processes, technology and knowledge base.

The project will also result in many of the frontline services being migrated into the Customer Contact Centre or PASC where service standards can be measured and where technologies will be deployed to increase productivity.

This may require consequential senior management restructure within the Finance and Commerce and Culture and Community Directorates.

The business case is already approved and the programme is expected to result in yearly efficiencies of £2.8 million.

2.3.3 Adults Transformation Programme

The Adults Transformation Programme is a multi-agency programme designed to address the issue of the ageing profile of the population in Havering. It recognises the need for a range of different opportunities and a stronger focus on preventative services to reduce the need for, and dependency upon long term health and social care by improving health and potential for independent living. The key projects within the programme are:

- Telecare/telehealth
- Extra care housing
- Day opportunities for adults with learning disabilities
- Re-ablement
- Financial inclusion
- Principal care pathway

The focus will be on reducing bureaucracy and procuring services for vulnerable adults in the most efficient way. It involves radically transforming the way the service is delivered to maximise spending on personalised social care and assistance. Many of the proposals continue successful initiatives already underway such as new ways of delivering equipment, using telecare and more effective commissioning procedures. The Council has growth approved within its budgets reflecting the growing demographic needs of this population group. With these proposals to focus service delivery, personalise services and increase efficiency the level of reductions almost matches the additional growth planned in the budgets in this area and results in a standstill budget over the next three years for this important service area.

2.3.4 Learning Transformation Programme

The Learning programme has to address the increasing central Government drive to enable schools to take themselves out of local authority control, and the termination of a significant number of central Government grant streams which enable the Council to deliver a significant proportion of its support for schools. These factors give rise to the need to review fundamentally the Council's relationship with schools, the value that schools attribute to the services currently provided, and to establish in effect, a new model of engagement.

The programme is working on three specific projects:

- The future role of the Havering Inspection and Advisory Service
- The future position of Traded Services with schools
- Adult learning

2.3.5 Children's Services Transformation Programme

The Children's Services Transformation Programme, is again a multi-agency programme looking to achieve more efficient multi-agency responses to the anticipated overall reduction in resources. The programme is considering issues of more rigorous and effective targeting of services and further development of

preventative work with the aim of reducing long term statutory involvements with their attendant costs.

The programme is examining the major cross-cutting themes:

- Safeguarding
- Personalisation
- Targeting
- Prevention
- The implications of “the Big Society”
- Workforce development
- Integrated commissioning

The programme is now organised to work on the following projects:

- Locality working (including extended schools and children’s centre transformation)
- Integrated prevention strategy (including integrated offender management)
- Family services
- Targeted youth services
- Integrated commissioning

2.3.6 Place Transformation Programme

We recognise that the quality of the place where people live and work is central to achieving Havering’s *Living Ambition*. In the context of significantly reduced funding in the future, ‘Place’ services will need to change - in some cases radically - to balance the overall *Living Ambition* aim of making Havering a place where people like to live, with the need for a smaller Council and making services cheaper and more efficient.

The key drivers of the Place Transformation programme will be: increased participation by local communities in achieving outcomes; maximising the use of delivery partnerships; integrated locality service planning and investment; prioritisation to focus resources on the most important needs; efficiencies in procurement, productivity, resource use, and income; and matching service levels and quality to what is affordable.

Place is the most diverse of the transformation programmes, and will deliver the re-shaping of services within 14 distinct but inter-related workstreams.

- **Community Engagement** – a coherent strategy and plan addressing issues of empowerment, communications, cohesion, and voluntary sector support.
- **Local Democracy** – seeking to strengthen local democracy, accountability and openness by, among other things, encouraging registration to vote,

raising awareness in Havering's civic heritage, and promoting interest in decision making

- **Community Safety** – working with the Police, the Community Safety Partnership and the Havering Strategic Partnership to focus resources on the most cost-effective ways to reduce crime and the fear of crime.
- **Community Assets** – co-location and integration of public services through joint asset management planning by Havering's public sector organisations.
- **Regeneration** – pressing ahead with programmes for Harold Hill, Rainham, Romford and Hornchurch, but adapted for changes in funding availability.
- **Housing** – a programme to diversify housing options, maximise value of housing assets and investment, and achieve efficiencies in service delivery.
- **Parks and Open Spaces** – maintenance of good parks with greater use of meadow areas to enhance environmental sustainability and the continuance of the development of friends of parks groups.
- **Libraries** – efficiencies from working with other boroughs, review of Mobile library service and consideration of alternative management arrangements to achieve efficiencies
- **Street Cleansing** – efficiency savings from re-scheduling cleansing frequency in lower risk residential areas, and linked reduced overheads.
- **Waste Management** – working with ELWA to promote waste minimisation and recycling, and to secure contract efficiencies.
- **Transport Planning** – focusing limited resources on schemes to reduce congestion and pollution, better interchanges and improved travel choice.
- **Parking** – improving usage and income from the Council's Romford car parks, and efficiencies delivering arrangements for better car usage.
- **Skills and Employment** – working through the Havering Strategic Partnership to give employers and external providers the lead, while promoting key investment opportunities.
- **Schools** – maximising the benefits for surrounding communities of continuing primary and secondary schools investment.

3. The Council's Financial Position and the Impact of Reduced Funding

3.1 Background

The budget for 2010/11 was approved by Council in February 2010. As part of the report to Cabinet, the financial prospects for 2011/12 and beyond were considered at some length. The backdrop to this was the ongoing financial difficulties in the national economy, and the key expectation that the new Government would be faced with difficult decisions, and the likelihood that the level of funding provided to the public sector in general, and local government in particular, would inevitably be reduced.

The report emphasised that, whilst the Council has a good track record in achieving year-on-year savings, and that its aim was to continue to establish a stable financial position, a much broader approach to delivering further efficiencies would be needed. This would principally be achieved through a major transformation and efficiency programme.

3.1 Composition of the Budget

In considering the Council's financial position, it is important to take account of the key areas of spending. The 2010/11 budget follows a similar pattern to recent years, with the biggest area of spending being social care & learning, and within this, adults' social care the largest element. An analysis of the controllable budget (that part managed by services, net of specific grant) is as follows:

	Net spend	
	£m	%
Controllable Spend		
Culture & Community	37.0	24.4
Social Care & Learning	103.3	68.1
Finance & Commerce	5.8	3.8
Legal & Democratic	5.7	3.7
Total Controllable Spend	151.8	100.0
Note : these figures are net of specific grant, and exclude the contingency, levies, corporate financing & provisions, the freedom pass contribution (which is £7.8m), and both Area Based and Revenue Support Grant		

As the table shows, very roughly two thirds of the controllable budget is spent on social care & learning services. Of this, £51m is expended on adults social care; this represents around a third of the overall controllable budget.

3.2 The Predicted Budget Gap Over The Next Five Years

To give some scale to the potential budget gap that would need to be bridged, the report to Cabinet in February 2010 set out a financial assessment of the Council's budget over the coming five year period. A range of assumptions were used in arriving at this assessment. Whilst these are forecasts and therefore subject to a degree of volatility, they do give some feel for the scale of the gap.

The report advised Cabinet that, based on that range of assumptions, the potential gap over a 5 year period ranged from around £40m to around £50m, or very

roughly £10m a year. Subsequent research has indicated that, relative to size of authority, this scale of figure features in the long term planning of other authorities.

One of the factors considered as part of this process was the level of Government funding the Council will receive in future years. The 2010/11 budget was the last covered by the Comprehensive Spending Review (CSR) in 2007, therefore, whilst a further review was anticipated, its outcome was obviously unknown. In addition, the Conservative Party had indicated that they would announce an emergency budget within 50 days of coming to power, if they were elected. This has subsequently been announced on 22 June, and its impact is assessed later in this report.

With this starting point in mind, a revised assessment of the 5 year forecast has been undertaken. This reflects an expected reduction in grant funding, along with a number of other factors. The key assumptions made are as follows:

- **Inflation;** inflation has been running far lower than assumed and this has been reflected in the Council's budget for the last 2 years. However, a return to more "normal" levels by 2013/14 is assumed. This includes maintaining increases in fees & charges at levels at or higher than the pay award. This assumption is being reviewed given the Government's statements on pay inflation, and further information and clarification is being sought.
- **ELWA and other levies;** figures for the first 2 years are based on projections within the ELWA budget report. Thereafter, they are based on a rough annual increase of £1m. For the other levies, a broad increase of 5% has been provided for planning purposes
- **Interest;** increases in interest levels moving forward have been assumed so that a return to previous levels included within the budget is in place by 2012/13
- **Grant funding;** an initial assessment has been made of the potential scale of grant reductions, with a peak in 2011/12 and a gradual reduction thereafter
- **Service growth;** the projections include provision for adults' services, based on the forward projection used for the 2010/11 budget-setting process, and for a gradual rise in prudential borrowing to fund the capital programme
- **Savings and/or Council Tax rises;** no account has been taken in making this assessment of the potential impact of any rises in Council Tax, nor any savings beyond the current year.

Based on these parameters, the broad budget gap over the next 5 years was considered to be as follows:

	2011/12	2012/13	2013/14	2014/15	2015/16	Total
	£000	£000	£000	£000	£000	£000
In-year gap	10,345	8,858	10,097	10,199	10,302	49,801
Cumulative gap	10,345	19,203	29,300	39,499	49,801	

Using this analysis, the total gap over the next 5 years equates to, very roughly, £50m. As indicated above, this makes no assumption about savings or Council Tax increase. These figures will obviously be affected by any changes to the parameters used to produce them. However, such changes are likely to be both more optimistic and more pessimistic, so the overall impact on the total sum is only likely to be marginal. This emphasises the importance of developing a strategy to tackle this scale of budget gap.

Indeed, since these figures were produced the budget has indicated a reduction of 25% for central government spending departments. The effect of this on local government is not yet known. However, if 25% savings were to be made in the Council's budget this would make the situation rather worse than in the table above. Whatever the actual gap eventually determined, it is clear that the Council is potentially facing a minimum 5 year budget gap in the region of £50m. It is therefore essential that the Council's financial strategy sets out how this gap will be met, and for those measures identified to be initiated as early as possible to ensure that the Council is able to deliver such a strategy, and to avoid the need for significant increases in Council Tax.

3.4 The Next Comprehensive Spending Review

On 8th June 2010, the Chancellor announced details of the next 3 Year Comprehensive Spending Review (CSR) which will be unveiled on 20th October. The CSR will set out the Government's spending plans for the next Parliament, setting departmental budgets for the years from 2011/12 to 2014/15. The Government has already made clear its intentions that the bulk of the reductions in the current structural deficit will be achieved through reductions in spending, and not through increases in taxation.

The CSR Framework contains a number of basic principles that will:

- Require Government departments to submit initial plans before the Summer recess
- Incorporate a period of engagement between the Government and all parts of society
- Establish a new Star Chamber process to challenge the process
- Lead to each Secretary of State appointing a Minister with specific responsibility for value for money
- Examine a range of areas including social security, tax credits and public service pensions
- End the process of Public Service Agreements.

The CSR will follow this high-level timetable:

Cabinet, 14 July 2010

June	Publish approach to the Spending Review Emergency Budget
July	Initial ministerial discussions to decide Spending Review priorities
August	External engagement programme
Autumn	Ministerial discussions on departmental settlements Cabinet sign-off of departmental budget decisions
20 October	Spending Review released

Although it is unlikely that details of grant-funding levels beyond 2010/11 will be known until October, the scale of the budget gap means that awaiting such announcements to develop a strategy is not feasible or prudent. Making a start now ensures that the Council has a proper strategy in place, but one which can then proactively respond to changes in both policy and funding, with the major principles in place and measures underway, rather than reacting to it.

3.5 The Implications of the Emergency Budget

Whilst the exact areas of cuts will not be formally announced until the CSR, the Emergency Budget announcement on 22nd June 2010 provided some further guidance on where savings will be made. In particular, unprotected Government departments will receive an average real cut of around 25% over four years.

In addition, the Government has announced that there will be a freeze on public sector pay for those earning more than £21,000 per annum, for two years. Although this applies in particular to sectors other than local government, as there are separate pay negotiations, it has been made clear that a similar level of pay restraint is expected. The Government has also announced a review, leading up to the CSR, of public sector pensions.

On broader taxation issues, VAT will rise from 17.5% to 20% from January 2011.

The Government has also announced that it will work in partnership with local authorities to freeze Council Tax in 2011/12, although the details around this are yet to be announced. Until these details are provided, the impact of this on the setting of Council Tax is unclear.

In terms of Benefits, the Chancellor of the Exchequer announced that recipients of the Disability Living Allowance will undergo objective medical assessments from 2013/14.

The Government will introduce a package of reforms to Housing Benefit from April 2011 which will include changing the percentile of market rents used to calculate Local Housing Allowance rates, and uprating these rates by CPI from 2013-14, capping the maximum Local Housing Allowance payable for each property size, time-limiting the receipt of full Housing Benefit for claimants who can be expected to look for work, and restricting Housing Benefit for working age claimants in the

social rented sector who are occupying a larger property than their household size warrants.

The policy announcements in the Emergency Budget have, as far as is possible at this stage, been taken into account as part of our budget projections outlined in this report.

3.6 In-Year Grant Reductions 2010-11

As indicated earlier in this report, for financial planning purposes it has been assumed that there would be in-year reductions in grant support from Government, although until recently it has been impossible to say where and when this would occur. Provision was made in the modelling exercise referred to above, based on a very broad reduction of 10% in the first year, with further, lower year on year reductions thereafter. At that stage, no assumption had been made about any impact in the current year, as this was obviously dependent on the outcome of the election.

Since the Chancellor of the Exchequer announced a planned £6.2 billion reduction in Government spending on 24 May, work has been done both locally by Council officers and at London Councils to attempt to quantify what this might mean, especially given the stated intentions to implement these measures:

- Local Government will make a contribution of £1.165bn towards the overall saving of £6.2bn
- There will be no reduction to formula grant
- Government is also lifting restrictions on how local government spends its money, by de-ringfencing grants totalling over £1.7bn in 2010-11.

Information has continued to come into the Council on a weekly basis as the various Government departments publish details of how they intend to deliver their share of the reduction.

Based on these detailed announcements so far, the reduction in grant funding this year, ie 2010-11, is as follows:

Grant	Total Amount Withdrawn £000	Comments
Revenue Grants Reduced		
Area Based Grant	1,332	Grant currently budgeted for – mainly Connexions plus a range of smaller grants
LABGI	374	Funding assumed within transformation/strategic reserve
LAA Performance Reward grant	50% of £5.5m = 2,750	Reward monies anticipated later in 2010/11

Grant	Total Amount Withdrawn £000	Comments
Free Swimming Grant	139	Grant ceasing with effect from 31 July 2010, part year effect (annual grant is £208k)
Sub total - actual grant reduction	4,595	
Housing and Planning Delivery Grant	Approx based on 2010/11 1,000	Anticipated funding based on 2010/11 announcement
Total – notional grant reduction	5,595	
Revenue Grants De-ringfenced		
Dept of Education	481	Removal of de-ringfencing means grants can be spent on any purposes but no reduction to grant level
Dept of Health	155	
Total – de-ringfenced	636	
Capital Grants Reduced		
None	0	
Capital Grants De-ringfenced		
Dept of Education	2,297	Removal of de-ringfencing means grants can be spent on any purposes but no reduction to grant level
Dept of Health	246	
Total – de-ringfenced	2,543	

Further details of exactly which grants are affected are shown in Appendix B.

From an initial planning perspective, given the known reductions and in anticipation of further details to follow, the potential loss of budgeted grant funding in-year is likely to be in the region of £2-3m. In the light of this reduction in funding, the Council will therefore need to consider:

- reducing spend in those areas affected by the reduced grant levels, with commensurate reductions in service level, or
- maintaining spend in those areas and seeking reductions elsewhere, or
- a combination of the two, ie reducing spend in both areas affected by grant reduction and elsewhere.

The Council wishes to ensure it preserves its stated priorities and as such intends to proceed with the transformation plans as set out in this paper, taking advantage of the new flexibilities offered by the Government. We may not, therefore, be delivering like for like cuts in the grants received by the Government. However, where grant funding has been removed for very specific government initiatives, it may be necessary to stop the activity immediately. For example, the Council has been notified that the £208,434 grant from the Government for free swimming has been withdrawn from 31st July 2010. The Council has no other means of supporting this initiative and will therefore cease the free swimming scheme. At present Chief

Cabinet, 14 July 2010

Officers are reviewing all of the grants and will incorporate the implications of grant reductions in further budget reports indicating where:

- savings identified in this paper represent cessation or reduction of previously grant funded activity
- further reductions will be made as a result of losing specific grant funding
- activities will continue despite the loss of specific grant because the funding supports particular council priorities.

Apart from the immediate cessation of free swimming, based on a very preliminary assessment of the forecast position for the current year, this gap could be bridged through:

- application of an element of the freedom pass budget – Cabinet will be aware that provision was made within the budget for the potential full loss of the special grant for London, of around £2m, but in the end only around half of this is now required for the Council's contribution to the scheme in 2010-11, with the remainder originally earmarked to support the transformation programme. At this stage, there has been no indication that the Government intends to revisit the special grant this year. Use of this provision will have no effect on the current Freedom Pass scheme in Havering.
- inflationary increases are now expected to be minimal this year, although risks remain over utility bills, which have been highly volatile, and there are further risks over interest levels, as indicated above. This potentially offers around £1m. This will have an ongoing effect on the Council's budget situation which will be taken into account as forward projections are revised following the Autumn spending announcements.

It is currently considered that this, along with the in-year effects of the savings proposed in this paper and further reviews of known and as yet unannounced grant expenditure reductions which may be ceased in year, where this is feasible and in line with council priorities, provides a sufficient cushion to ensure that the likely reduction in grant funding in 2010/11 can be met without any detrimental impact on services.

In the case of some grants it is challenging to plan for immediate reductions as the Government has announced partial in-year reductions to these grants but have not yet announced the full year effect of reductions to those same grants in future years. Clearly the Council wishes to make a single plan for service or contractual changes rather than negotiate reductions to a contract this year only to find the grant related to that contract is reduced further or ended completely in the autumn statement. The situation at present is therefore fluid and consequently the recommendations delegate further in-year reductions on grant expenditure to Chief Officers in consultation with their Lead Members.

In order to effectively progress the strategy being set out in this report, it is proposed that the detailed measures outlined in this paper should, subject to appropriate consultation which will be initiated shortly, be implemented as soon as is feasible. This should minimise service reductions in the current year.

It is clear that the loss of grant funding in 2010/11 is a permanent one. Therefore, the starting point for the 2011/12 budget, for planning purposes, is an additional reduction of £3m in grant funding. This is on top of the original assumption referred to above. In addition, the shift of funds from specific to general, non ring fenced grant poses a further risk in 2011/12, owing to the perennial flooring of Havering's grant increase. So the initial assumptions made of losing around £5.5m (10% of existing revenue grant), for planning purposes, is again considered reasonable. Beyond that, it is difficult to assess further reductions, so the same assumptions are being retained.

3.7 Specific Savings Proposals: Listening to our Residents

Like the national Government, the Council recognises that urgent and decisive action is required to preserve the services that local people most value, and to protect the Council's ability to safeguard the most vulnerable in society. Given the current financial climate this requires bold and decisive action. The Council is therefore setting out its initial set of proposals, to bridge the deficit, and we have aligned these savings according to our overarching objectives of being efficient, focussed and fair. Though tough choices will have to be made, we will have found the right balance between continuing to ensure that Havering is a good place to live and bring up a family, and ensuring the vulnerable have the most modern services and as much choice as possible over how they live their lives.

Residents have consistently told the Council that they most value the safety and cleanliness of the borough, as well as education, parks and open spaces (Place Surveys 2008 and 2009, MORI) and these savings proposals preserve these services as much as possible. Residents have also consistently questioned the Council's value for money, so the Council will try even harder to invest in new technology and the best systems and procedures to become as efficient as possible. Again, along with consistent responses from residents, we will keep Council tax low and charge for additional services. This package of savings seeks to adopt new, fairer charging for a range of services.

The Council is publishing these proposals at the earliest opportunity in order to publicise what action it is taking. An explanation will also be included in *Living* and local residents will be encouraged to respond. Some of the proposals require detailed consultation and this will be undertaken over the summer and beyond. Where necessary, recommendations will be made for Cabinet to consider but in order to proceed with some urgency, to provide clarity about the future, other elements will be implemented as quickly as possible through the officer structure. Each service has considered the overall scope and guiding principles of the Council's transformation programme when identifying their proposals.

To recap, the scale of the gap that needs to be bridged (including the permanent loss of grant in 2010/11) is broadly as follows, though the range may increase with further government announcements.

Cabinet, 14 July 2010

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
In-year gap	3,000	10,345	8,858	10,097	10,199	10,302	52,801
Cumulative gap	3,000	13,345	22,203	32,300	42,499	52,801	

Note : these figures include the estimated loss of grant of £3m for 2010-11. It is assumed that this loss of grant will be permanent and will therefore affect future years as well

The proposals referred to above are set out in more detail in the schedule of savings in Appendix A, but in summary, the proposals will achieve cumulative efficiency savings over the 3 years as follows:

	2011/12 £000	2012/13 £000	2013/14 £000
Focused Council savings	2,619	2,652	3,802
Fair Council savings	200	200	2,600
Efficient Council savings	6,894	10,650	13,239
TOTALS	9,713	13,502	19,641

Note: the proposals have been classed under the three strands identified earlier in the report, around our Focused, Fair and Efficient strategic outcomes.

It is the view of the Administration that this level of efficiency savings is robust and achievable. It would ensure that the level of additional investment in services for the vulnerable and disadvantaged in our community would be continued as set out in the financial strategy, whilst keeping Council Tax rises low.

As the table indicates, in 2013/14 there remains a gap between the savings currently identified and the overall forecast gap. This gap, which as the tables show is in the region of £12.6m, would therefore need to be met either through further efficiencies, or through rises in Council Tax. As indicated earlier in the report, there is provision within the existing budget to address the in-year impact of £3m. Given the uncertainties over the freedom pass scheme, it is not considered prudent at this stage to assume this money will be available in the future. However, the base inflation provision may not now be required, depending on the Government's announcements about pay inflation so this may be available to contribute to the gap.

Alongside this, a review will be undertaken of the Council's financial strategy and in particular, the level of reserves and contingency. This will reflect both the need to ensure the Council sets a robust budget, reflective of financial risks, but also that it recognises the economic climate and sets levels appropriately. This may provide further resources to bridge the remaining budget gap.

In his announcements to Annual Council, the Leader of the Council indicated an aspiration to limit annual Council Tax rises to only 2.5%. This is in recognition of the tough times that will be faced by Havering residents until the national economy recovers and national debt is brought down to a more manageable level. Even with taxes set at this level further reductions in expenditure may be required to balance the Council's budget, as set out in this report. These will be delivered through the transformation streams set out earlier in the report or through further reductions where government grant is specifically reduced and a commensurate reduction is in line with the Council's overall vision and strategic objectives.

Given the Government's commitment to freeze public sector pay, the Administration considers it appropriate for Members to exercise similar restraint. It is therefore proposed that Council should be asked to consider a revised Members Allowances scheme, in which Members will forgo any rise in their allowances. Any inflationary rise on the existing level of basic allowances is unlikely as the scheme links to increases in Chief Officers pay.

As has been outlined above, the Leader has expressed his commitment to aspire to limit annual Council Tax rises to no more than 2.5%. Such a level of modest rises would ensure that the vital services that local people rely on can continue and provide a sense of stability around future Council Tax rates, and would help to bridge the remaining budget gap over those 3 years to be met.

The assumptions and resultant forecasts set out in this report will be kept under review over the coming months in the lead-up to the Comprehensive Spending Review on 20 October, and subsequently until the details of the financial settlement are announced. By that time, it is anticipated that there will be clarity over such issues as the Council Tax "freeze" and the freedom passes scheme. It may be necessary for further proposals to be brought to Cabinet over this period, should it become evident that the scale of the gap is increasing. Either way, the budget-setting process for 2011/12 will reflect the outcome of this ongoing review, and the detailed announcements on grant funding for that year, and beyond.

3.8 The Capital Programme

As part of the budget-setting process, Council approved a high level capital programme in February 2010. The programme incorporates a gradual shift in funding, with increasingly a greater reliance on the use of prudential borrowing. This has an impact on the Council's revenue position, as the funding cost is met from revenue resources.

Whilst the details of both the planned budget cuts and the Emergency Budget are being analysed, it will be necessary for consideration to be given to the longer term capital programme, and the level of funding that the Council will be able to absorb in the light of pressures elsewhere. It is therefore proposed that a review of the programme will be undertaken, with the results, and recommended actions, being brought back to Cabinet at a later date.

3.9 Staffing Implications

We recognise the largest element of spending within the Council's budget is staffing. However, our main duty as a local authority is to provide value for money for the local taxpayer, and the most efficient services possible. The Transformation Programme outlined above will result in a smaller Council workforce than the current level and we anticipate the savings generated through the transformation programme will equate to a reduction of around 300 FTE posts. However, this does not equate to 300 job losses. Where possible, we envisage that savings can be made through reducing vacant posts as well as reducing the usage of agency workers, along with natural turnover. Therefore it is anticipated that the actual level of redundancies will be much smaller than 300 and is estimated to be 100 (based on best estimates so far). It is anticipated that redundancies will be spread out over a period of time depending on the progression of the various efficiency projects proposed by the Council to meet the budget situation.

Recognising many staff are long serving and valued for their knowledge and expertise and that the Council has a duty to minimise the potential level of redundancies, we are developing proposals which build on our commitment to support our staff. This package will include using our existing policies to seek suitable alternative employment through redeployment and internal-only advertising recruitment. Targeted recruitment freezes on specific, ring fenced areas and a review of posts currently filled by agency workers or are vacant are also part of this raft of initiatives to increase the opportunities for the re-employment of displaced staff.

The job losses that will result from the Transformation Programme and other efficiency related reorganisations will not occur all at the same time, but will impact as the phases as the various programmes occur. We anticipate that the first group of potential redundancies could be identified in the autumn of 2010. So we are preparing the relevant statutory consultation notices and have developed a Consultation and Communication Strategy for Havering 2014 that meets statutory requirements whilst supporting those of the business. In recognition of the importance of consultation and communication, we have put in place a new staff/trade union consultation mechanism (the Transformation Consultation Forum (TCF)) that will focus on the transformation and other organisational change initiatives.

The scale and level of redundancies will be carefully monitored by the Group Director of Finance and Commerce against the overall business case for the Council in terms of delivering the Transformation Strategy and budget savings targets. In order to fund redundancy costs, a specific reserve is likely to be required (depending on numbers and cost) and this will be approved by the Group Director of Finance and Commerce in consultation with the Lead Member for Value, as part of the transformation reserve approved by Cabinet in February.

Some of these proposals will affect people on Chief Officers terms and conditions and where that happens those issues will be progressed in line with the Council's Constitution i.e. via the Appointments Committee.

There are also some proposals in Appendix A that may involve the transfer of Council services to an external organisation that will result in Council staff transferring to another employer under the Transfer of Undertakings (Protection of Employment) Regulations, known as the TUPE regulations. This will require the Council to provide external organisations who may take over the management of Council services with detailed information on terms and conditions of service, the Council's Human Resources policies and procedures and information about employees' pensions. The staff affected will need to be consulted in line with the TUPE regulations and, prior to the transfer, the Council will need to be satisfied that the relevant external organisation is aware of their responsibilities under the TUPE regulations. It is likely that external organisations will wish to protect their position in relation to future liabilities and financial risks associated with the TUPE transfer: any additional costs to the Council will need to be netted off against the potential savings.

3.10 Equality Impact Assessment

It will be important to ensure proposals for change are assessed to gauge their impact from an equality and fairness perspective. The Council will achieve this by building equality and diversity into the overall decision making process – through the guiding principles to ensure the Council targets and protects vulnerable residents.

The work programmes for each of the transformation programmes identified earlier will include a high-level impact assessment process to identify and quantify equality any fairness risks to future service delivery. The Council's Equality & Diversity Manager will work with programme leads in the completion of these tasks, and a schedule of risks and proposed mitigating actions will be published as part of the overall output from each transformation theme group.

As already stated, service changes will be subject to appropriate consultation as part of the Equality Impact Assessment process to ensure changes do not mitigate unfairly on vulnerable or disadvantaged groups.

REASONS AND OPTIONS

Reasons for the decision:

Decisions to progress efficiency programmes and other savings measures set out in this report are required in view of the need for the Council to make substantial efficiency reductions over the coming financial years.

Other options considered:

Not taking action to bridge the large funding gaps which the Council will face over the coming years will leave the Council vulnerable to having to take reactive action that was not fully planned or thought through, which might endanger direct service provision in future. The measures outlined in this report will enable the Council to address predicted increases in demand for services by some of our most vulnerable residents whilst keeping to the Council Tax commitments of the Administration.

IMPLICATIONS AND RISKS

Financial implications and risks:

The financial implications are set out in some detail in the report. Broadly, the Council is facing an estimated budget gap of around £50m over the next 5 years, with an additional reduction of grant funding in the current year, 2010/11, of around £3m. There are some financial resources available within the current budget that could be applied to achieve a small reduction in this gap.

To maintain financial stability and ensure that the Council is able to set a robust budget, it is essential that steps are taken as early as possible to identify and implement measures designed to reduce spend. The various elements of the transformation programme were set out in a previous report to Cabinet, and these are being accelerated to ensure that steps are in hand to bridge the gap.

The proposals contained within the report will impact on staffing levels within the Council. Whilst, as the report explains, job losses will be avoided wherever possible, it is likely that redundancies will occur. Therefore, provision has been made within the corporate transformation reserve, as part of the decision made by Cabinet in February, to fund redundancy costs arising from the proposals set out in this report. These will be closely monitored by the Group Director Finance and Commerce, as set out in section 3.9.

There are a number of risks arising from the proposals contained within this report:

- No actions are taken to address known or potential budget gaps; this could lead to emergency measures being required, with major impacts on priority services, and/or significant rises in Council Tax. Taking early action ensures that such a risk is minimised
- The proposals do not generate the anticipated level of savings; this is always a risk with such proposals, but having a long term plan and with the early start of development and implementation, coupled with ongoing monitoring, this risk can be mitigated
- The anticipated reduction in grant funding does not come about, meaning proposals are implemented unnecessarily. The sheer scale of

the national budget deficit means this risk is highly unlikely, in addition, the long term nature of the proposals means that changes can be made over the three year period

- The reduction in grant is actually much worse than projected. This is not likely to become clearer until the Comprehensive Spending Review is announced, probably in the Autumn. The forecasts set out in this report are felt to be prudent, thus, as far as possible, minimising this risk, but the volatile economic climate means this will remain a risk
- The factors used in assessing the budget gap change significantly, for example, interest rates remain low, or inflation rises higher than expected. This is more likely to impact on the longer term position and there should therefore be more time to both identify and respond to such changes.

Legal implications and risks:

The Council's Constitution contains substantial Human Resource delegations upon which this report builds and extends.

The Council will need to comply with its legal obligations regarding any service of notice to the Secretary of State depending on the numbers of staff affected by the redundancy proposals, together with consultation with recognised trade unions and simultaneously with affected staff. There are likely to be a greater number of staff affected initially as being at risk of redundancies as the Council will need to go through a process of assimilation etc. of staff before any redundancy notices issued can be withdrawn in appropriate cases. Redundancy proposals will need to be tested against equalities obligations to ensure no inadvertent discrimination.

The Council's Constitution contains substantial powers to enter into and terminate contractual arrangements and this report builds upon those existing powers.

Some of the proposals will have a direct effect on particular groups of users and it is a requirement for the Council to undertake meaningful consultation with those users and to take into account their representations when coming to a decision. The Council must conduct any consultation processes meaningfully by (1) adopting a robust and transparent process, which has provided sufficient information and time for responses from all those potentially affected by the proposals as well as other stakeholders, and (2) by conscientiously taking into account the comments and representations made through the process.

A Council must act rationally, only taking relevant considerations into account, and excluding irrelevant considerations to ensure that its decision making is secure from challenge. If it does so conscientiously there is only a minimal risk of a successful legal challenge on the basis of a flawed consultation.

The legal implications will be considered further together with any relevant Human Rights issues in the detail of any report requiring consultation.

While the Council will, in due course, have to have regard to the new London Scheme for members' allowances, it does not have to follow its recommendations. It is therefore open to the Council, given the current economic situation, to maintain its current level of allowances despite the London Scheme providing for an increase. Currently Members' allowances are only uplifted for inflation in respect of the basic allowances only and then only in line with any annual percentage uplift in Chief Officer's pay. There was no increase for inflation in 2009/10 and it is assumed it is unlikely for any increase for 2010/11.

Human Resources implications and risks:

As we anticipate the first group of redundancies could be identified in the autumn but not occur until the early Spring 2011, we are preparing the relevant statutory consultation notices and have developed a Consultation and Communication Strategy for Havering 2014 that meets statutory requirements whilst supporting those of the business. In recognition of the importance of consultation and communication, we have put in place a new staff/trade union consultation mechanism (the Transformation Consultation Forum (TCF)) that will focus on the transformation and other organisational change initiatives.

The scale and level of redundancies, will be carefully monitored by the Group Director Finance and Commerce against the overall business case for the Council in terms of delivering the Transformation Strategy and budget savings targets.

Equalities implications and risks:

The work programmes for each of the transformation programmes identified earlier will include a high-level impact assessment process to identify and equality and fairness risks to future service delivery. The Council's Equality & Diversity Manager will work with programme leads in the completion of these tasks, and a schedule of risks and proposed mitigating actions will be published as part of the overall output from each transformation theme group.

Other Risks:

The transformation programme set out represents substantial change which must be carried out while keeping existing services going. The transformation programmes also affect specific service area that are also subject to corporately driven change. There is therefore a risk of programme failure if sufficient programme management resources are not in place. The Cabinet report in February 2010 authorised the Director of Finance and Commerce to obtain such resources and this is being carried out.

BACKGROUND PAPERS

There are none.

APPENDIX A

MTFS 2011 - 2014 SAVINGS

We will be more efficient

- * We will reduce bureaucracy at the Town Hall
- * We will work with partners to save money
- * We will make it easier to deal with the Council

Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
C	D	E	F	G	J	K	L
AD Culture and Community	Restructure of function	Review of structure and business operations, in the light of abolition of CAA and reduced Government inspection.	Cynthia Griffin	CG	150	150	150
Housing & Public Protection	Restructure of function	Restructure of functions and other savings in supplies and services; remove pest control service to domestic housing (part focussed).	Sue Witherspoon	CG	152	279	264
Regeneration & Strategic Planning	Restructure of Service	Restructure to achieve savings	Roger McFarland	CG	25	50	50
StreetCare	Highways	Street Lighting options related to energy saving devices that are linked to corporate energy contract, half hour billing arrangements will be put in place to gain savings.	Bob Wenman	CG		50	50
Adult Social Care	Adult Social Care - Universal Offer TCES	Transformation of community equipment stores by moving to the retail model.	Annette Froud	AI	90	90	90
Adult Social Care	Adult Social Care - Operations Dependencies - End to End	Development of new organisation operating model and structures to support customer services, personalities and re-ablement.	Joe Coogan	AI	150	150	150
Culture & Leisure	Libraries**	Further efficiency savings through London Libraries Consortium and de-commissioning of mobile library service now that the new libraries are in place (note, the housebound service will continue). In addition there will be a further review and implementation of new management arrangements (i.e. creation of a charitable trust).	Simon Parkinson	CG	75	265	265
Adult Social Care	Adult Social Care - Operations Dependencies - Reablement	Commissioning increase in re-ablement services leading reductions in long term placement.	Joe Coogan	AI			500

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Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
C	D	E	F	G	J	K	L
Adult Social Care	Adult Social Care - Operating Systems - Swift AIS	Upgrading of line of business IT for social care to support personalisation and be quicker to use. Potential to buy add on front end to Swift that does this.	Joe Coogan	AI	70	70	70
Learning & Achievement	Ending Student Finance	This is the last transitional year before the council passes all responsibility for student finance over to the Student Finance Agency	David Allen	AI	70	70	70
Adult Social Care	Performance	Efficiencies across Social Care and Learning.	Joe Coogan	AI		100	200
Childrens Services	LAC Joint Funded Placements	Reductions in costs of long term placements through improved commissioning.	Ave Price	AI		200	300
Development & Building Control	Development & Building Control	Revised arrangements for site inspection, plan checking and incorporation of electronic payments	Patrick Keyes	ABH	60	60	60
Internal Services	Corporate Services Review	Review corporate services areas following enterprise resource planning areas and customer services to identify further savings.	ABH	ABH			250
Internal Services	Centralisation of property management (create corporate landlord)	Improved consistency in property management both in financial and regulatory aspects.	Mark Butler	ABH	70	70	70
Internal Services - Transport	Transport Services	Depot relocation and review of transport overheads.	ABH	ABH	80	130	130
IT Infrastructure	Shared ICT Services - LBH and Newham	Business case for shared infrastructure platforms e.g. hosted email on a phased roll out.	Geoff Connell (led by Havering)	ABH	100	200	300
Strategy and Commissioning	ELS Procurement	Sharing procurement opportunities including common use of Contracts Register, potential for combining procurement services.	Hassan Iqbal (led by Havering)	ABH	25	50	100
Corporate	Council Tax Base	Council projected to benefit from increase in numbers that council tax projections are based on.		ABH	166	332	500
Corporate	Efficiency Pot Release in year 3	Base budget provision to support efficiency drive. Can be taken as 2014 concludes.		ABH			1,000
Corporate	Local Government Information Unit (LGIU)	Cancelled Corporate Subscription from Jan 2011	Chief Executive	ABH	11	11	11

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Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
C	D	E	F	G	J	K	L
Legal & Democratic Services	School Appeals	Review and recharge of costs of school appeals.	Philip Heady	CD	93	93	93
Legal & Democratic Services	Electronic room booking	Review and introduction of electronic system.	Philip Heady	CD		8	8
Legal & Democratic Services	Legal Services Restructure	Legal Services Restructure	Ian Burns	CD	150	150	150
Legal & Democratic Services	HH withdrawing from Legal Services SLA	Deficit left in budget being bridged by savings above.	Ian Burns	CD	(150)	(150)	(150)
Legal & Democratic Services	Local Land Charges	Computerise records	Ian Burns	CD	15	15	15
Legal & Democratic Services	Service Reduction - shed non-core work	Streamline Democratic Services	Philip Heady	CD		20	20
Housing & Public Protection	Public Protection	Achieving savings through re-organisation of Environmental Health and Trading Standards.	Sue Witherspoon	CG	137	137	137
StreetCare	Street Cleansing	Review Street Cleansing to deploy staff more efficiently supported by rapid response and restructure to reduce management overheads. Further review of fleet.	Bob Wenman	CG	350	450	450
StreetCare	Waste Management	Waste efficiency savings arising from trade waste reviews, driving down waste levels, ELWA contributions and up front waste contract payments for core contracts works.	Bob Wenman	CG	35	135	135
StreetCare	Parking	Ongoing Parking initiatives designed to maximise car parks efficiencies and contribute towards improved transportation through the borough.	Bob Wenman	CG	318	318	318
Property Services	Facilities Management	Savings in corporate budgets by cutting bureaucracy and reducing waste	Mark Butler	ABH			50
Social Care and Learning	Reductions in Directors Office	Reduction in support to Director	Andrew Ireland	AI	40	40	40
StreetCare	Parking	Slaney Road Car Park – return to public use (ref: Scimitar House Relocations)	Bob Wenman	CG	50	100	100

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Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
C	D	E	F	G	J	K	L
StreetCare	Parking	Town Hall Car Park – increased Public car parking capacity x 100	Bob Wenman	CG	100	100	100
StreetCare	Parking	Staff Car Parking – increased numbers of subsidised provision enabling staff that are not eligible for essential user to purchase parking permits.	Bob Wenman	CG	50	50	50
Customer Services	Customer Services Transformation Programme	Programme to deliver the Customer Services Strategy, previously agreed by Form A and delegated authority.	Cynthia Griffin	CG	1,612	2,387	2,658
Strategy and Commissioning	All commissioners are now co-located in Scimitar House	Efficiencies in commissioning arrangements	Joe Coogan	AI	40	40	40
Internal Services	Implementation of Oracle ERP	For Finance, HR, Procurement and Payroll, previously agreed by Form A	Jane Quinn	ABH	2,500	3,500	3,500
Internal Services	Property Strategy	To rationalise corporate accommodation whilst supporting new ways of working across the authority. 1. More efficient use of administrative buildings/reduction in occupied floor space 2. Revenue savings from vacated buildings	Mark Butler	ABH	200	850	850
Culture & Communities	Cross Directorate	Further flattening of management structures and efficiencies.	Cynthia Griffin	CG	60	80	75
Total savings under a more Efficient Council					6,894	10,650	13,239

We will be fair

* We will help people who cannot help themselves

Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
C	D	E	F	G	J	K	L
Adult Social Care	Further review of adult social care services to ensure services are fair, personalised, appropriate and delivered in the most cost effective manner **	To review services currently offered in year to make sure they are fully in line with the personalisation agenda and that we get the best possible use of resources and commissioning.	Joe Coogan	AI			1,250
Strategy and Commissioning	Reablement Services **	Develop services currently offered to make sure they are fully in line with the personalisation agenda.	Joe Coogan	AI			750
Learning & Achievement	School Transport **	Reduction & more efficient commissioning of service.	Sue Butterworth	AI	200	200	600
Total savings under a fair Council					200	200	2,600

We will be more focused

- * We will help people to help themselves
- * We will direct our efforts where they are most needed

Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
C	D	E	F	G	J	K	L
Culture & Leisure	Parks and Open Spaces	Efficiencies and introduction of more eco friendly processes in parks and open spaces	Simon Parkinson	CG	33	66	66
AD Culture and Community	Communications	Review of Structure and Business Operations.	Mark Leech	CG	100	100	100
Adult Social Care	Supporting People	Reduce some current Supporting People contracts in response to the reductions in Government grants.	Joe Coogan	AI	200	200	200
Children & Young People	Aiming High - Develop short breaks service for disabled children **	Use of grant to set up short break services for disabled children and their families in conjunction with PCT and voluntary sector	Ave Price	AI			100
Children & Young People	Childrens fund	Reduce some of the services funded by the children's fund.	Joe Coogan	AI	200	200	200
Children & Young People	Youth service **	To change the service from a universal to a fully targeted service	Ave Price	AI			500
Learning & Achievement	Adult College	Reductions in grant, remodelled service delivery	Sue Butterworth	AI	200	200	200
Learning & Achievement	Service Efficiency	Reduction in grant income lending to redesign of service delivery.	Sue Butterworth	AI	1,000	1,000	1,000
Adult Social Care	Adults Transport Review **	More efficient commissioning of service.	Joe Coogan	AI			500
Adult Social Care	Fairer Charging Policy **	Implementation of a revised charging policy as set out in a further report to this Cabinet meeting.	Joe Coogan	AI	700	700	700
Legal & Democratic Services	Civic activity	Efficiency savings	Philip Heady	CD	3	3	3
Legal & Democratic Services	CCTV	Remodel surveillance and review service operation.	Deborah Houston Macbean	CD	20	20	20
Legal & Democratic Services	Road Safety	Reduction in vacant posts.	Deborah Houston Macbean	CD	36	36	36
Legal & Democratic Services	Community Safety	Re-focus or reprioritise work.	Deborah Houston Macbean	CD	50	50	100
Legal & Democratic Services	Dis-establish Area Committees	Making better use of Council resources to undertake community engagement	Philip Heady	CD	77	77	77
Total savings under a more focused Council					2,619	2,652	3,802

MTFS 2011 - 2014 SAVINGS			
Total savings under a more Efficient Council	6,894	10,650	13,239
Total savings under a fair Council	200	200	2,600
Total savings under a more focused Council	2,619	2,652	3,802
Total	9,713	13,502	19,641

APPENDIX B: DETAILS OF GRANT REDUCTIONS

Summary: Revenue Grant Funding Cuts

GRANT TYPE	GOVT DEPT	GRANT ALLOCATED FOR '10/11	REDUCED GRANT 10/11 AS AT JUNE 10	PROPOSED LOSS OF GRANT 10/11	%CUT
Un-ringfenced Area Based Grant	DEFRA	319			
Un-ringfenced Area Based Grant	Department for Work and Pensions	-			
Un-ringfenced Area Based Grant	Home Office	299,279	276,032	23,247	8%
Un-ringfenced Area Based Grant	Department for Transport	-		-	
Un-ringfenced Area Based Grant	Department for Education	4,915,076	3,737,181	1,177,895	24%
Un-ringfenced Area Based Grant	Department of Health	3,621,468	3,523,512	97,956	3%
Un-ringfenced Area Based Grant	Department for Communities and Local Government	3,494,053	3,461,112	32,941	1%
	TOTAL ABG	12,330,195	10,997,837	<u>1,332,039</u>	
Specific Grant	CLG - LABGI	373,666	-	<u>373,666</u>	100%
	Department for Culture, Media, Olympics and Sport	208,434	-	208,434	100%
	<i>CLG - Housing Planning Del Grant - abolished in 10/11 received £1m carried forward to 10/11.</i>	-	-	-	
LAA Reward Grant	Local Govt Del	5,500,000	2,750,000	<u>2,750,000</u>	50%
	TOTAL OTHER GRANTS	6,082,100	2,750,000	<u>3,332,100</u>	
TOTAL REVENUE GRANTS SUBJECT TO REVISION 10/11		18,412,295	13,747,837	<u>4,664,139</u>	
SPECIFIC REVENUE GRANTS - Ringfenced/Unringfenced		GRANT ALLOC 10/11	TO REMAIN RINGFENCED	UNRINGFENCED FROM JUNE 10	
TOTAL SPECIFIC REVENUE GRANTS 10/11		<u>192,072,143</u>	<u>191,436,427</u>	<u>635,716</u>	

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Summary: Capital Grant Funding Cuts

GRANT TYPE	GOVT DEPT	GRANT ALLOCATED FOR '10/11	REDUCED GRANT 10/11 AS AT JUNE 10	PROPOSED LOSS OF GRANT 10/11	%CUT	
Specific Capital	Defra -Contaminated Land Grant - No cut to 1st applications - Cut applies to 2nd applications only thus will keep the funding	28,490	28,490	0	0	
SPECIFIC CAPITAL GRANTS - Ringfenced/Unringfenced		RINGFENCED GRANT ALLOC 10/11	UNRINGFENCED GRANT 10/11	TO REMAIN UN RINGFENCED 10/11	TO REMAIN RINGFENCED 10/11	UNRINGFENCED FROM JUNE 10
Total grant £21,142,957						
Capital grants		<u>18,599,947</u>	<u>2,543,010</u>	<u>2,543,010</u>	<u>17,802,171</u>	<u>797,776</u>

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Details of Area Based Grant Reductions

GOVT DEPT	GROUP/DIRECTORATE	COST CENTRE CODE	AREA BASED GRANTS	ABG 2009/10	ABG 2010/11	REVISED ABG 2010/11 APRIL 10	REVISED ABG GRANT	ABG LOSS PER GRANT
DCSF	SOCIAL CARE AND LEARNING	E848	14-19 FLEXIBLE POT FUNDING	78,527	78,433	78,433	59,637	18,796
DOH	FINANCE AND COMMERCE	S188/S189	ADULT SOCIAL CARE WORKFORCE CARE MATTERS	554,895	567,737	567,737		
DCSF	SOCIAL CARE AND LEARNING	S280	WHITE PAPER	174,590	199,242	199,242	151,494	47,748
DOH	SOCIAL CARE AND LEARNING	S139	CARERS GRANT	981,665	1,041,194	1,041,194		
DOH	SOCIAL CARE AND LEARNING	S207	CAMHS CHILD DEATH REVIEW PROCESSES	380,862	399,157	399,157		
DCSF	SOCIAL CARE AND LEARNING	S143	CHILDRENS SOCIAL CARE WORKFORCE	28,833	29,945	29,945	22,769	7,176
DCSF	FINANCE AND COMMERCE	S188/S189	CHILDREN'S FUND	70,853	70,713	70,713	53,767	16,946
DCSF	SOCIAL CARE AND LEARNING	E320	COHESION	394,830	394,830	394,830	300,209	94,621
CLG	CULTURE AND COMMUNITY	G251	CHILD TRUST FUND	90,588	140,000	140,000	107,059	32,941
DCSF	SOCIAL CARE AND LEARNING	S280 (8E50)	CHOICE ADVISORS	2,646	3,262	3,262	2,480	782
DCSF	SOCIAL CARE AND LEARNING	E848	CONNEXIONS	26,276	26,276	26,276	19,979	6,297
DCSF	SOCIAL CARE AND LEARNING	E351	JANUARY GUARANTEE	2,141,141	2,087,035	2,087,035	1,586,878	500,157
DCSF	SOCIAL CARE AND LEARNING	TBA	LSC STAFF TRANSFER	-	-	26,538	20,178	6,360
DCSF	SOCIAL CARE AND LEARNING	TBA	SPECIAL PURPOSE GRANT	-	-	295,786	224,901	70,885

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GOVT DEPT	GROUP/DIRECTORATE	COST CENTRE CODE	AREA BASED GRANTS	ABG 2009/10	ABG 2010/11	REVISED ABG 2010/11 APRIL 10	REVISED ABG GRANT	ABG LOSS PER GRANT
DCSF	SOCIAL CARE AND LEARNING	E848	EDUCATION HEALTH PARTNERSHIPS EXTENDED RIGHTS TO FREE TRANSPORT	88,745	58,913	58,913	44,795	14,118
DCSF	SOCIAL CARE AND LEARNING	E848	EXTENDED SCHOOLS - START UP COSTS	21,867	35,510	35,510	27,000	8,510
DCSF	SOCIAL CARE AND LEARNING	E848	LEARNING DISABILITY DEVELOPMENT FUND	651,753	268,028	268,028	203,795	64,233
DOH	SOCIAL CARE AND LEARNING	S481	LINKS - LOCAL INVOLVEMENT NETWORKS	157,305	157,059	157,059		
DOH	LEGAL AND DEM	G232/F619	LOCAL ENTERPRISE GROWTH INITIATIVE					
	N/A	N/A	MENTAL HEALTH CAPACITY ACT					
DOH	SOCIAL CARE AND LEARNING	S187/S440	MENTAL HEALTH GRANT	119,831	114,592	114,592		
DOH	SOCIAL CARE AND LEARNING	VARIOUS	POSITIVE ACTIVITIES FOR YOUNG PEOPLE PRESERVED	527,996	553,467	553,467		
DCSF	SOCIAL CARE AND LEARNING	E349	RIGHTS SEC NAT STRAT - B&A	217,271	282,128	282,128	214,516	67,612
DOH	SOCIAL CARE AND LEARNING	VARIOUS	SEC NAT STRAT - CENT CO-ORD	681,883	656,117	656,117		
DCSF	SOCIAL CARE AND LEARNING	E848	PRIM NAT STRAT -	68,300	68,300	68,300	51,932	16,368
DCSF	SOCIAL CARE AND LEARNING	E848		162,079	162,262	162,262	123,376	38,886
DCSF	SOCIAL CARE AND LEARNING	E848						29,554

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GOVT DEPT	GROUP/DIRECTORATE	COST CENTRE CODE	AREA BASED GRANTS	ABG 2009/10	ABG 2010/11	REVISED ABG 2010/11 APRIL 10	REVISED ABG GRANT	ABG LOSS PER GRANT
			CENT CO-ORD	123,308	123,320	123,320	93,766	
	N/A	N/A	ROAD SAFETY GRANT					
	N/A	N/A	RURAL BUS SUBSIDY					
DCSF	SOCIAL CARE AND LEARNING	E848	SDG (LA ADDITIONAL ELEMENT)	348,694	348,694	348,694	265,130	83,564
DCSF	SOCIAL CARE AND LEARNING	E848	SCHOOL IMPROVEMENT PARTNERS	104,550	104,550	104,550	79,495	25,055
DCSF	SOCIAL CARE AND LEARNING	E848	SCHOOL INTERVENTION GRANT	59,900	59,900	59,900	45,545	14,355
DCSF	SOCIAL CARE AND LEARNING	E848	SCHOOL TRAVEL ADVISORS	25,000	25,000	25,000	19,009	5,991
	N/A	N/A	SEA FISHERIES COMMITTEE					
HO	LEGAL AND DEM	G132	SSCF	245,841	245,841	245,841	226,745	19,096
HO	SOCIAL CARE AND LEARNING	S504	YOUNG PERSONS SUBSTANCE MISUSE GRANT	51,438	51,438	51,438	47,442	3,996
DCSF	SOCIAL CARE AND LEARNING	S504	YOUNG PERSONS SUBSTANCE MISUSE GRANT	27,797	27,797	27,797	21,135	6,662
CLG	SOCIAL CARE AND LEARNING	H243	SUPPORTING PEOPLE		3,158,817	3,158,817		
CLG	SOCIAL CARE AND LEARNING	H242	SUPPORTING PEOPLE ADMIN	114,282	97,956	97,956	-	97,956
CLG	CULTURE AND COMMUNITY	P122	CLIMATE CHANGE NI160 STATUS	22,500	22,500	22,500		
CLG	CULTURE AND COMMUNITY	TBA	SURVEY	-	-	8,400		

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GOVT DEPT	GROUP/DIRECTORATE	COST CENTRE CODE	AREA BASED GRANTS	ABG 2009/10	ABG 2010/11	REVISED ABG 2010/11 APRIL 10	REVISED ABG GRANT	ABG LOSS PER GRANT
CLG	CULTURE AND COMMUNITY	TBA	FAMILIARISATION COSTS OF NEW STATUTORY GUIDANCE ON SOCIAL HOUSING ALLOCS	-	-	1,380		
DCSF	SOCIAL CARE AND LEARNING	E848	SUSTAINABLE TRAVEL GENERAL DUTY	16,829	16,829	16,829	12,796	4,033
DCSF	SOCIAL CARE AND LEARNING	S223	TEENAGE PREGNANCY WORKING NEIGHBOURHOOD FUNDS (WAS NRF)	109,000	109,000	109,000	82,878	26,122
	N/A	N/A	YOUTH TASKFORCE PREVENTING VIOLENT EXTREMISM TOOLKIT	-	-	-	-	-
DCSF	SOCIAL CARE AND LEARNING	E488	DESIGNATED TEACHER FUNDING	12,785	12,785	12,785	9,721	3,064
DEFRA	CULTURE AND COMMUNITY	F211	ENVIRONMENTAL DAMAGE REGS	311	319	319		
HO	CULTURE AND COMMUNITY	G232	COM CALL FOR ACTION/O&S COM ECONOMIC ASSESSMENT	1,833	2,000	2,000	1,845	155
CLG	CULTURE AND COMMUNITY	T268	DUTY SOCIAL CARE CHECKS FUNDING	-	65,000	65,000		
DCSF	SOCIAL CARE AND LEARNING	N/A		919	-	-		

MTFS 2011 - 2014 SAVINGS

Value							
Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
AD Culture and Community	Restructure of function	Review of structure and business operations, in the light of abolition of CAA and reduced Government inspection.	Cynthia Griffin	CG	150	150	150
Regeneration & Strategic Planning	Restructure of Service	Restructure to achieve savings	Roger McFarland	CG	25	50	50
Internal Services	Corporate Services Review	Review corporate services areas following enterprise resource planning areas and customer services to identify further savings.	ABH	ABH			250
Internal Services	Centralisation of property management (create corporate landlord)	Improved consistency in property management both in financial and regulatory aspects.	Mark Butler	ABH	70	70	70
Corporate	Council Tax Base	Council projected to benefit from increase in numbers that council tax projections are based on.		ABH	166	332	500
Corporate	Efficiency Pot Release in year 3	Base budget provision to support efficiency drive. Can be taken as 2014 concludes.		ABH			1,000
Corporate	Local Government Information Unit (LGIU)	Cancelled Corporate Subscription from Jan 2011	Chief Executive	ABH	11	11	#REF!
Legal & Democratic Services	Electronic room booking	Review and introduction of electronic system.	Philip Heady	CD		8	8
Legal & Democratic Services	Legal Services Restructure	Legal Services Restructure	Ian Burns	CD	150	150	150
Legal & Democratic Services	Local Land Charges	Computerise records	Ian Burns	CD	15	15	15

Legal & Democratic Services	Service Reduction - shed non-core work	Streamline Democratic Services	Philip Heady	CD		20	20
Property Services	Facilities Management	Savings in corporate budgets by cutting bureaucracy and reducing waste	Mark Butler	ABH			50
Strategy and Commissioning	All commissioners are now co-located in Scimitar House	Efficiencies in commissioning arrangements	Joe Coogan	AI	40	40	40
Internal Services	Implementation of Oracle ERP	For Finance, HR, Procurement and Payroll, previously agreed by Form A	Jane Quinn	ABH	2,500	3,500	3,500
Internal Services	Property Strategy	To rationalise corporate accommodation whilst supporting new ways of working across the authority. 1. More efficient use of administrative buildings/reduction in occupied floor space 2. Revenue savings from vacated buildings	Mark Butler	ABH	200	850	850
Culture & Communities	Cross Directorate	Further flattening of management structures and efficiencies.	Cynthia Griffin	CG	60	80	75
Strategy and Commissioning	Reablement Services **	Develop services currently offered to make sure they are fully in line with the personalisation agenda.	Joe Coogan	AI			750
AD Culture and Community	Communications	Review of Structure and Business Operations.	Mark Leech	CG	100	100	100
Legal & Democratic Services	Civic activity	Efficiency savings	Philip Heady	CD	3	3	3
Total savings - Overview and Scrutiny - Value					3,490	5,379	#REF!

Towns and Communities							
Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
Housing & Public Protection	Restructure of function	Restructure of functions and other savings in supplies and services; remove pest control service to domestic housing (part focussed).	Sue Witherspoon	CG	152	279	264
Culture & Leisure	Libraries**	Further efficiency savings through London Libraries Consortium and de-commissioning of mobile library service now that the new libraries are in place (note, the housebound service will continue). In addition there will be a further review and implementation of new management arrangements (i.e. creation of a charitable trust).	Simon Parkinson	CG	75	265	285
Development & Building Control	Development & Building Control	Revised arrangements for site inspection, plan checking and incorporation of electronic payments	Patrick Keyes	ABH	60	60	60
Legal & Democratic Services	CCTV	Remodel surveillance and review service operation.	Deborah Houston Macbean	CD	20	20	20
Legal & Democratic Services	Road Safety	Reduction in vacant posts.	Deborah Houston Macbean	CD	36	36	36
Legal & Democratic Services	Community Safety	Re-focus or reprioritise work.	Deborah Houston Macbean	CD	50	50	100
Total savings - Overview and Scrutiny - Towns and Communities					393	710	765

Environment							
Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
StreetCare	Highways	Street Lighting options related to energy saving devices that are linked to corporate energy contract, half hour billing arrangements will be put in place to gain savings.	Bob Wenman	CG		50	50
Internal Services - Transport	Transport Services	Depot relocation and review of transport overheads.	ABH	ABH	80	130	130
Legal & Democratic Services	HIH withdrawing from Legal Services SLA	Deficit left in budget being bridged by savings above.	Ian Burns	CD	(150)	(150)	(150)
Housing & Public Protection	Public Protection	Achieving savings through re-organisation of Environmental Health and Trading Standards.	Sue Witherspoon	CG	137	137	137
StreetCare	Street Cleansing	Review Street Cleansing to deploy staff more efficiently supported by rapid response and restructure to reduce management overheads. Further review of fleet.	Bob Wenman	CG	350	450	450
StreetCare	Waste Management	Waste efficiency savings arising from trade waste reviews, driving down waste levels, ELWA contributions and up front waste contract payments for core contracts works.	Bob Wenman	CG	35	135	135
StreetCare	Parking	Ongoing Parking initiatives designed to maximise car parks efficiencies and contribute towards improved transportation through the borough.	Bob Wenman	CG	318	318	318
StreetCare	Parking	Slaney Road Car Park – return to public use (ref: Scimitar House Relocations)	Bob Wenman	CG	50	100	#REF!
StreetCare	Parking	Town Hall Car Park – Increased Public car parking capacity x 100	Bob Wenman	CG	100	100	100
StreetCare	Parking	Staff Car Parking – increased numbers of subsidised provision enabling staff that are not eligible for essential user to purchase parking permits.	Bob Wenman	CG	50	50	#REF!
Culture & Leisure	Parks and Open Spaces	Efficiencies and introduction of more eco friendly processes in parks and open spaces	Simon Parkinson	CG	33	66	#REF!
Total savings - Overview and Scrutiny - Environment					1,003	1,386	#REF!

Individuals							
Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
Adult Social Care	Adult Social Care - Universal Offer TCES	Transformation of community equipment stores by moving to the retail model.	Annette Froud	AI	90	90	90
Adult Social Care	Adult Social Care - Operations Dependencies - End to End	Development of new organisation operating model and structures to support customer services, personalities and re-ablement.	Joe Coogan	AI	150	150	150
Adult Social Care	Adult Social Care - Operations Dependencies - Reablement	Commissioning increase in re-ablement services leading reductions in long term placement.	Joe Coogan	AI			500
Adult Social Care	Adult Social Care - Operating Systems Swift AIS	Upgrading of line of business IT for social care to support personalisation and be quicker to use. Potential to buy add on front end to Swift that does this.	Joe Coogan	AI	70	70	70
Adult Social Care	Performance	Efficiencies across Social Care and Learning.	Joe Coogan	AI		100	200
Legal & Democratic Services	School Appeals	Review and recharge of costs of school appeals.	Philip Heady	CD	93	93	93
Customer Services	Customer Services Transformation Programme	Programme to deliver the Customer Services Strategy, previously agreed by Form A and delegated authority.	Cynthia Griffin	CG	1,612	2,387	#REF!
Adult Social Care	Further review of adult social care services to ensure services are fair, personalised, appropriate and delivered in the most cost effective manner **	To review services currently offered in year to make sure they are fully in line with the personalisation agenda and that we get the best possible use of resources and commissioning.	Joe Coogan	AI			1,250
Adult Social Care	Supporting People	Reduce some current Supporting People contracts in response to the reductions in Government grants.	Joe Coogan	AI	200	200	200
Adult Social Care	Adults Transport Review **	More efficient commissioning of service.	Joe Coogan	AI			500
Adult Social Care	Fairer Charging Policy **	Implementation of a revised charging policy as set out in a further report to this Cabinet meeting.	Joe Coogan	AI	700	700	700
Legal & Democratic Services	Dis-establish Area Committees	Making better use of Council resources to undertake community engagement	Philip Heady	CD	77	77	#REF!
Total savings - Overview and Scrutiny - Individuals					2,992	3,867	#REF!

Learning							
Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
Learning & Achievement	Ending Student Finance	This is the last transitional year before the council passes all responsibility for student finance over to the Student Finance Agency	David Allen	AI	70	70	70
Childrens Services	LAC Joint Funded Placements	Reductions in costs of long term placements through improved commissioning.	Ave Price	AI		200	300
Social Care and Learning	Reductions in Directors Office	Reduction in support to Director	Andrew Ireland	AI	40	40	40
Learning & Achievement	School Transport **	Reduction & more efficient commissioning of service.	Sue Butterworth	AI	200	200	600
Children & Young People	Aiming High - Develop short breaks service for disabled children **	Use of grant to set up short break services for disabled children and their families in conjunction with PCT and voluntary sector	Ave Price	AI			100
Children & Young People	Childrens fund	Reduce some of the services funded by the children's fund.	Joe Coogan	AI	200	200	200
Children & Young People	Youth service **	To change the service from a universal to a fully targeted service	Ave Price	AI			500
Learning & Achievement	Adult College	Reductions in grant, remodelled service delivery	Sue Butterworth	AI	200	200	200
Learning & Achievement	Service Efficiency	Reduction in grant income lending to redesign of service delivery.	Sue Butterworth	AI	1,000	1,000	1,000
Total savings - Overview and Scrutiny - Learning					1,710	1,910	3,010

Partnerships							
Programme Area or Service Area	Description	Detail	Lead Officer	CMT	2011/12 £000	2012/13 £000	2013/14 £000
IT Infrastructure	Shared ICT Services - LBH and Newham	Business case for shared infrastructure platforms e.g. hosted email on a phased roll out.	Geoff Connell (led by Havering)	ABH	100	200	300
Strategy and Commissioning	ELS Procurement	Sharing procurement opportunities including common use of Contracts Register, potential for combining procurement services.	Hassan Iqbal (led by Havering)	ABH	25	50	100
Total savings - Overview and Scrutiny - Partnerships					125	250	400

Total **9,713** **13,502** **#REF!**

