



CABINET

13 JULY 2011

5

REPORT

Subject Heading:

The Council's Financial Strategy

Cabinet Member:

Cllr Roger Ramsey

CMT Lead:

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Group Director Finance & Commerce

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Policy context:

To set out the proposed financial strategy for the Council

Financial summary:

The measures outlined in this report will enable the Council to deliver services at a lower cost in the future. The report sets out the proposed approach to dealing with the Council's budget position between now and 2014

Is this a Key Decision?

Yes

Is this a Strategic Decision?

Yes

When should this matter be reviewed?

September 2012

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

Last Summer, Havering Council agreed a package of savings to mitigate the impact of very significant cuts in central government funding to local authorities.

These savings, totalling over £19 million to be delivered across three years, were made up of a range of measures designed to reduce back-office costs, cut bureaucracy and focus resources where they would have the most impact - while remaining fair to those local residents who most rely on the Council for their day-to-day support.

One year on, most of the savings have already been implemented, with some to be delivered over the next two years. Last year's savings package was swiftly implemented to ensure Havering began to achieve its savings requirement as soon as possible and therefore minimised the impact of later decisions on both the community and the organisation.

This report summarises the position reached after the reductions in government funding have been comprehensively analysed following the two year settlement agreed for local government in December 2010 and taking into account the agreed savings already approved.

The report goes on to set out more than £16 million of further savings to be delivered over the next three years, in order to balance the Council's budget position by 2014. The savings in this report, together with the savings agreed last Summer, should close the budget gap sufficiently that no further major savings announcements will be necessary before 2014 and the imposition of a new local government financial settlement, and any Council Tax increases would be able to be kept low. However, the Council would remain committed to seeking out and delivering efficiencies wherever possible, in the interests of council tax payers.

If agreed, this report will provide residents, business and staff with a degree of certainty about how the Government's reductions in public sector spending will affect Havering over the next few years – provided there are no further cuts made to the Authority's funding.

It will also provide reassurance for residents that many of the Council's services that they most value, or have highlighted as a priority – such as weekly rubbish collections, street cleaning, roads and pavement repairs, libraries and parks – will remain in place.

The savings detailed in this report retain the Council's commitment to reduce the authority's running costs first and protect frontline services where it's possible to do so. Where the delivery of frontline services is subject to review or change, the proposals in the report have sought wherever possible to focus efforts and target resources to where they will do the most good. This responsible approach is designed to ensure that the people who most rely on the Council's help – including vulnerable residents and children who are at risk of harm – remain well served by the Authority.

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 in the schedule of savings proposals set out in Appendix 4, for appropriate consultation and equality impact assessments where necessary, as indicated in the schedule, 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.
3. Instruct Group Directors to make as much progress as possible on the savings items listed in Appendix 4 during the course of this financial year, in order to ensure that these are implemented in sufficient time to deliver full-year savings when these are required.
4. Authorise the Chief Executive or the appropriate Group 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.
5. 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.
6. Authorise the Chief Executive and/or each Group Director or the Assistant Chief Executive, to make any further temporary or fixed term appointments necessary in order to support the delivery of the budget strategy.
7. Approve the continued commitment of £2m of Capital per year for the period of the medium term financial strategy for highways.

Cabinet is asked to note that:

8. The proposals contained in this report, building on both the decisions taken last July and in February, will ensure a stable financial position and bring as much certainty as possible to residents.

9. The Chief Executive, in consultation with the Leader of the Council and appropriate lead member, will continue to negotiate and enter into contracts or arrangements with other boroughs to facilitate the provision of shared services.
10. This report will go to all Overview and Scrutiny Committees, at a joint meeting to be held on 28 July 2011.

REPORT DETAIL

1. FINANCIAL PROSPECTS FOR 2011/12 AND 2012/13

- 1.1 The report to Cabinet in July anticipated to a large extent what was subsequently revealed by the successive announcements of the Comprehensive Spending Review (CSR) and the Local Government Financial Settlement. In very broad terms, there has been a major reduction in funding from Government for local authorities, through reductions in both general (formula) grant and in specific and area based grants. Whilst the Council's early start in approaching the expected reductions has meant Havering was well-placed in responding to CSR and LGFS in the short term, the total scale of the reductions meant further savings would be required over the CSR term.
- 1.2 Although the Government's broad expenditure proposals have been known for many months, the detailed position only became evident over the winter months, and even then there were still gaps to be filled and further clarification to be sought. However, what was evident was a reduction in formula grant of £8m in 2011/12, with a further £5m in the following year, and a reduction in specific grants and Area Based Grant (ABG) of £3.4m. Further reductions were expected in the remaining years of CSR, whilst the impact of changes to the LGFS itself are impossible to predict. The background is set out in Appendix 1.
- 1.3 Based on an assessment of the position as it stood in January, and the outcome of the provisional LGFS, the remaining budget gap to be bridged compared to that reported to Cabinet in December 2010, post the CSR announcement, was broadly as follows:

Forecast Budget Gap	11/12 £m	12/13 £m	13/14 £m	14/15 £m	Total £m
Outcome of CSR	1.1	5.9	1.8	11.8	20.6
Outcome of LGFS	0	6.1	2.1	12.0	20.2

- 1.4 These figures made no allowance for any rise in Council Tax, in addition 2011/12 assumed no rise as this was funded by the Council Tax freeze grant. The gap in the final CSR year, 2014/15, was due to the fact that no savings proposals had as yet been identified for that year. These figures reflect the two-year settlement announcement, and the anticipated position beyond it. However, given potential changes to the funding of local government – covered later in this report – and with some uncertainty over how changes to public

health services and their funding will impact in 2013/14, projections beyond 2012/13 must be treated with a degree of caution. Equally, this emphasises the importance of planning ahead as far as possible, and in refining the approach as circumstances unfold, which has been at the heart of the Council's financial strategy for a number of years.

- 1.5 When Cabinet agreed the first £19m of savings, given the remaining budget gap and level of uncertainties, Cabinet therefore agreed that a further report would be submitted dealing with the impact of any grant reductions and any other issues that came to light as further information on the LGFS became available. This would include any subsequent announcements on grants where these had not been made already and would also set out the Administration's proposals to bridge the remaining budget gap.

2. UPDATED POSITION

- 2.1 Further announcements on grant funding have continued, even beyond the date of the Council Tax setting meeting. One example is that Area Based Grant (ABG), which officers had been expecting to cease, reappeared, albeit briefly, through 3 new grants, though these have now been rebadged, so ABG has in fact now ceased. A considerable amount of work has been done on the impact of grant changes relating to the Early Intervention Grant (EIG), as this has been one of the biggest areas of change. These factors are now reflected in this report, as is the final position relating to the ELWA levy, the freedom pass contribution, and other minor factors.

- 2.2 Based on the settlement figures for 2012/13, and assuming that these do not change when the settlement is reviewed later this year, the budget gap has remained at a similar level to the original forecasts, although rising marginally to around £6.8m. No assumption had been made over any possible rise in Council Tax, but for illustrative purposes, a rise of 2.5% would reduce this gap by £2.7m, leaving £3.4m to be found in additional savings. The overall gap over the coming 3 years also remains at around £20m, although this is clearly a more volatile number, not only in scale but also in its phasing and again it takes no account of any possible Council Tax rises. A comparison of the latest position is shown in the updated table below:

Forecast Budget Gap	11/12 £m	12/13 £m	13/14 £m	14/15 £m	Total £m
Outcome of CSR	1.1	5.9	1.8	11.8	20.6
Outcome of LGFS	0	6.1	2.1	12.0	20.2
Updated position	0	6.8	1.9	11.6	20.3

- 2.3 Although there have been minor changes, this comparison emphasises the extent to which the assessment of the original CSR outcome accurately predicted the future position, and has formed the basis for the medium term strategy put in place. Equally, it should be borne in mind that these figures presuppose that the assumptions built into the earlier assessment around inflation levels, growth in adults budgets resulting from demographic changes, the freedom pass contribution, and the ELWA levy (as finally set), remain

unchanged. They also assume that all savings proposals already built into the budget for 2011/12, and those intended for 2012/13, will be delivered in full. Finally, these figures also assume that any adverse variances identified during the year, or possibly arising from 2010/11, will be absorbed within the overall budget including the contingency sum.

3. PROVISIONAL OUTTURN POSITION 2010/11 AND PROSPECTS FOR 2011/12

- 3.1 In considering the strategy for the remainder of the CSR period, due account needs to be taken of the Council's financial position in both the previous and current financial years. This will ensure that the strategy is developed in light of any issues that may or will affect the medium to long term financial position.
- 3.2 The provisional outturn position has therefore been taken into account in reviewing the council's financial position. A fuller explanation of the outturn position is set out in Appendix 2.
- 3.3 Though the Council under spent its budgets in 2010/11, this is partly due to the use of contingencies that had been set aside against specific risks being drawn down into the budgets. It is also due to the financial uncertainty during the year leading to a very risk adverse position being taken by service managers during a time of change and budget reduction, and finally due to the early delivery of savings. It is also due to the holding of vacancies during re-organisations to facilitate maximum redeployment opportunities. This is another good reason for placing more certainty over the budget position for the next three years so that managers can plan and spend up to their budget limits.
- 3.4 There are a number of volatile budgets that will continue to be areas of risk for the Council throughout the period under consideration, such as those within Social Care & Learning. A contingency sum of £2m to offset such items continues to be planned within these forecasts should actions to contain the risks not prove adequate. This preserves the level of contingency that has been in place for a number of years, and is as set out in the report to Cabinet and Council in February.
- 3.5 The ongoing pressures within budgets are being contained within this financial year though there is a significant risk that some of these are becoming ongoing budget issues and so the development of the savings proposals contained within this report has been mindful of these issues. Further work will be carried out over coming months, in the run-up to the 2012/13 budget setting process, to determine how any of these matters may need to be dealt with.

4. THE FUTURE OF LOCAL GOVERNMENT FUNDING – THE RESOURCE REVIEW

- 4.1 On the 28th of October 2010, the Coalition Government published a White Paper – “Local Growth: Realising Every Place's Potential”. As part of the White Paper, the Government considered the options of retaining locally raised

business rates. There is currently no certainty over how a revised scheme will operate and the current thinking is described in more detail in Appendix 3.

4.2 However, whatever the method chosen, it is not anticipated the redistribution of business rates in the short term will generate additional income to Havering. The Department of Communities and Local Government have indicated that no authority will have an increase in funding above the previous year. In addition, the coalition government's deficit proposal still needs to be fed into any new system along with a significant sum of raised business rates being transferred to other boroughs across London and redistribution to the rest of England and Wales.

4.3 Given the uncertainties created by the imminent change in the funding system for local government, some caution must be exercised over long-term financial planning. Whilst this report sets out proposals to address the forecast funding gap, this is reliant on assumptions made over the funding available to local authorities as part of the Comprehensive Spending Review. These assumptions carry a higher level of risk beyond 2012/13. Therefore, whilst it is prudent to identify measures designed to address the anticipated budget gap, and to put appropriate plans in place, it will be necessary to revisit these plans once the impact of the new funding regime becomes clearer. It is not clear at this stage whether this will be prior to the formal setting of the 2012/13 budget in February 2012. However, unless Havering were to become a major beneficiary under any new funding regimes, which is unlikely given the overall financial position in the UK, the savings set out in this report will be necessary.

5. IMPACT OF EIG GRANT REDUCTIONS

5.1 As set out in this report, the CSR and LGFS have led to major changes to and reductions in grant fundings. One of the specific consequences of this has been an overall reduction of £3.4m in grants now falling under the umbrella of the Early Intervention Grant (EIG), which has drawn together a number of previous specific grants and grants under ABG into a single place.

5.2 Whilst the reduction in funding was known at the point of setting the budget, and has in fact been reflected in the budget set by Council, this included an assumed reduction in spend to match the grant reduction. Savings of £1.6m in grant-related services had already been approved as part of the July 2010 report, in anticipation of such grant reductions, thus leaving a further £1.8m to be found. These savings were not part of the original assumed gap of £6.1m.

5.3 As the funding lies solely within Social Care & Learning, the service has drawn up a list of proposals, which are in the course of being implemented, in accordance with the decisions of Cabinet and Council as part of the budget-setting process. They are set out in Appendix 5 for Cabinet to note, as steps have been taken to implement these measures in accordance with the previous decisions of Cabinet and to ensure that service spending is in line with the approved budget and available funding.

6. PROPOSED STRATEGY FOR 2012/13 AND BEYOND

- 6.1 The proposed strategy for next year, and the two remaining CSR years thereafter, is broadly reflective of the approach adopted for 2011/12. Given the scale of the gap, set out earlier in the report, it is the Administration's view that an early start has to be made on developing and implementing detailed plans. The Administration is also mindful of its commitment to seek to hold Council Tax rises down to the lowest level feasible, bearing in mind the scale of the gap still to be bridged.
- 6.2 The approach to developing the strategy for the next three years has been to:
- Seek wherever possible to preserve the service levels currently delivered to residents and in particular to reflect the outcome of the recent residents survey (see section 7)
 - Seek to build on the existing savings plan agreed by Cabinet last July
 - Be mindful of the pressures encountered during 2010/11, especially where these are likely to recur in the current year
 - Ensure any proposals developed reflect the principles of being more efficient; focusing resources where they will do the most good and being fair to the residents who most rely on the Council for support
 - Minimise the potential impact on the most vulnerable members of our community
 - Take due account of potential equalities implications
 - Consider the potential impact of both the resource review and the impact of changes to the delivery of public health services.
- 6.3 A range of proposals has been developed and these are set out in Appendix 4. These have been developed to reflect the agreed revenue budget strategy, the outcome of the residents survey covered later in this report, and the Administration's prime objectives of allowing the redirection of resources to areas of higher priority, the preservation of priority services, and the minimisation of the impact of Council Tax on our local community.
- 6.4 The proposals set out are expected to deliver an overall savings package of around £16m over the next three years. Given the remaining budget gap set out above of around £20m, this savings package would largely meet the Authority's savings requirements without excessive Council Tax increases and not raising Council Tax above 2.5% throughout the life of this Administration. It would ensure a stabilised financial position with clear plans in place to meet the overall budget gap and bring as much certainty as possible to residents over both Council Tax levels – given the Administration's commitment to low increases – and the level of service they can expect.
- 6.5 The schedule set out in the Appendix identifies those proposals currently planned for implementation that will impact specifically on 2012/13. Adoption of these proposals should ensure that the Council achieves a balanced budget position for the second year of the existing – and last – local government financial settlement.

- 6.6 Beyond that, the financial position is less clear owing to the unknown impacts of a range of factors, including the resource review and public health factors. With this in mind, the proposals beyond 2012/13 have not been allotted to a specific financial year. Group Directors will be progressing plans to implement these measures, but these will need to be reviewed once the impact of these other factors on 2013/14 and beyond becomes clearer. Taking these steps at an early stage should avoid the need to identify further savings proposals, unless there are adverse outcomes from these other factors.
- 6.7 There are a number of proposals within the package of savings to slim down the Council's management structures. CMT will review when these specific proposals are brought forward within the period up to 2014, dependant upon the level of resources required to deliver the level of transformation and savings identified and having due consideration to the cross-service and directorate implications.
- 6.8 Once this latest set of proposals has been consulted on, due account will be taken of responses to this, and the developing national position, as part of the approach to developing the 2012/13 budget. This will also reflect the possible impact of pressures covered elsewhere in the report.

7. RESIDENTS SURVEY

- 7.1 Between January and February of this year, the Council carried out its largest ever survey of all households in the borough, which attracted over 11,500 responses. The survey asked residents for their top 5 factors for making their neighbourhoods good places to live, and for their top 5 priorities for improvement. We also asked residents to tell us what they thought of their local area as a place to live and how well they felt people got on together in their area.
- 7.2 The results were as follows:
- 75% of respondents were satisfied with their local area as a place to live
 - 70% said they felt people get on well together in their neighbourhood
 - The most important factors for making the local area a nice place to live, were:
 1. Health services (13% of respondents)
 2. Level of crime (12%)
 3. Clean streets (11.7%)
 4. Road and pavement repairs (9.4%)
 5. Public transport (7.9%)
 - Residents' top priorities for improvement in the borough, were:
 1. Road and pavement repairs (18%)
 2. Traffic congestion (9.5%)
 3. Activities for teenagers (8.8%)
 4. Clean streets (8.2%)

5. Level of crime (8.2%)

- 7.3 The results show high levels of satisfaction with rubbish collection (85%), doorstep recycling (83%), libraries (82%), the local tip (79%), and parks (76%).
- 7.4 Although we cannot directly compare satisfaction rates from this survey and the Place Survey which was carried out in 2009 under a different methodology, generally the results show an increase in satisfaction with most services since 2009, while general satisfaction with the area as a place to live has remained steady.
- 7.5 The views of residents highlighted by the survey have been taken into account when formulating the savings proposals set out in this report.

8. CONSULTATION

- 8.1 The 'Your Council, Your Say' survey has provided a very useful and robust steer as to how the residents of the borough review the services provided by the authority and their priorities for the future and was the most significant single piece of consultation undertaken by the Council for many years.
- 8.2 The proposals will be publicised and available on the Council's website. Comments from the public on the generality of savings proposals will be welcomed, but in a number of cases there will be the need for further formal consultation on specific proposals, once the details have been finalised.
- 8.3 The entirety of this programme will be considered by a special Joint Overview and Scrutiny Meeting on 28th July 2011.

9. CAPITAL PROGRAMME

- 9.1 A report on the 2011/12 capital programme was approved by Council in May. The budget set out an indicative programme for years beyond 2011/12 as shown in the table below, but this will need to be reviewed in the light of the anticipated level of resources within the Council (capital and Section 106 receipts) and announcements on future Government funding, in particular for schools' works. It will also need adjustment should the proposals for the Romford Leisure Centre be finalised as the large capital receipt to facilitate the development will need to be included with the proposals.

	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
Total	7,208	6,500	6,300	20,008

- 9.2 However in line with residents' priorities and continuing the Administration's programme of investment, the future capital programme will continue to see investment of a minimum of £2m a year in pavement and road repairs.
- 9.3 The proposed approach to capital for 2012/13 and beyond will form part of the budget-setting process leading up to February 2012.

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.

Not taking action, or deferring action to future years would also increase the uncertainty faced by residents and staff within the organisation. The measures outlined in this report will provide clarity and certainty regarding the savings required by the Council in order to meet the challenge of reduced funding.

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 £40m over the next 4 years, starting in 2011/12. The strategy adopted so far has left the Council with a remaining gap of around £20m over the remaining 3 years of the CSR period. To maintain financial stability and ensure that the Council is able to set a robust budget, it is essential that steps are again taken as early as possible to identify and implement measures designed to reduce spend.

As with the proposals brought to Cabinet last year, 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 inevitable that redundancies will occur. Provision has already been made within the corporate transformation reserve, as part of the decision made by Cabinet in February 2010, to fund redundancy costs arising from the proposals set out in this report. These will continue to be closely monitored by the Group Director Finance and Commerce.

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 reduction in grant for 2012/13 differs from that set out in the LGFS. This is felt to be highly unlikely and in any event not expected to be material
- 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:

In the event of redundancies being likely from any of the proposals 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 redundancy, than are actually made redundant as the Council will need to go through a process of assimilation etc. of staff before any redundancy notices are issued. 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.

Additionally there is the need to carry out equality impact assessments where proposals are likely to have an impact on residents/users/staff who have one of the protected equality characteristics and the results of that assessment need to be taken into account in the final decision on the implementation of that proposal.

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 Council now has a statutory duty to advance equality of opportunity for people with a protected characteristic as well as eliminate discrimination. Also it cannot discriminate in the removal of a service to a person with a protected characteristic. In the event that some of the proposals in Schedule 4 do potentially have an adverse

impact on a particular group, there will need to possibly amend the proposals to ensure that the Council does not breach its legal obligations.

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

Human Resources implications and risks:

The Council has worked closely with its staff and with Trades Unions to ensure that the effects on staff of the savings made have been managed in an efficient and compassionate manner. Lessons learned and shared with the trades unions will be used as the Council moves forward with these savings proposals. This will include serving the appropriate statutory consultation notices. A communications process and support mechanisms retained to support staff through the change process. The new staff/trade union consultation mechanism (the Transformation Consultation Forum (TCF)) that focuses on the transformation and other organisational change initiatives has proved effective and this will be kept in place. There are a number of management restructures itemised in Appendix 4. Given that some of these have cross directorate implications, CMT will determine the exact timing of these restructures over the next few months.

As previously, compulsory redundancies will be minimised wherever possible and 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. The best estimate so far is that the proposals contain savings elements which are likely to directly impact on 450 employees. This impact, however, does not correlate directly with the number of employees we are expecting to be at risk of redundancy or indicates the actual number of redundancies we are expecting to make. For example, from the proposals put forward in September, 500 staff were placed at risk of redundancy, in fact 74 redundancies actually took place including 37 voluntary redundancies.

All of these savings proposals will be managed in accordance with both statutory requirements and the Council's Managing Organisational Change & Redundancy policy.

Equalities implications and risks:

Equality Impact Assessments have been undertaken on all the policies and procedures used in staff and management restructurings. Reports on the impact of all restructures, redeployments and redundancies are reviewed by the People and Change Programme Board and the Transformation Consultation Forum.

The work programmes for each of the transformation programmes referred to below will include a high-level impact assessment process to identify and equality and fairness risks to future service delivery. Full Equality Impact Assessments will be completed where appropriate for all proposals, these will reflect the outcome of any consultation undertaken on specific proposals as well as responses to the broader consultation of this report.

Other Risks:

Given the risks facing the organisation, the Council has established some key measures to manage the risks. Among these measures is the formation of a central transformation team which oversees the delivery of programmes. The central transformation team has established robust governance around programme delivery including the escalation of risks and issues and regular reporting structures. The team challenges programme outputs ensuring quality assurance across every programme and monitors both spend and benefit realisation progress to highlight any anomalies early. In addition the team ensures that appropriate plans and risk logs are in place to manage and monitor delivery of each programme

BACKGROUND PAPERS

There are none.

BACKGROUND

Following the General Election in May, the new Coalition Government set out its major policies in its Coalition Agreement. This Agreement set 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 made 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 £6.2billion 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 were released gradually since then. The Emergency Budget on 22nd June included further announcements that impacted on Havering's services and financial position.

In subsequent months, the Government has announced the outcome of its Comprehensive Spending Review (CSR), and then details of the Local Government Financial Settlement (LGFS) were released. The latter was accompanied by a variety of further announcements relating to grants, which have undergone a massive change since the previous settlement was released.

The impact of the initial announcements was reported to Cabinet in July 2010. Cabinet approved a range of measures designed to ensure financial stability whilst responding to the measures taken by the Government. The impact of the CRS was reported to Cabinet in December and provided Cabinet with an initial assessment of its potential impact on the Council's financial position, its budget, and the Council Tax setting process for the following year.

The provisional LGFS was announced in December, and details were included in a report to Cabinet in January. Finally, all of these factors were reflected in the budget report to Council in February.

Whilst the budget set for 2011/12 reflects the impact of changes in Government funding for that year, the Council had in keeping with its longer term approach agreed proposals the previous June running over a 3 year period. In the light of a 2 year LGFS and a 4 year CSR, the February report highlighted a remaining gap to be bridged, and Cabinet agreed to a further report in the Summer, setting out the proposed approach. This is contained in this report.

OUTTURN POSITION 2010/11

In considering the strategy for the remainder of the CSR period, due account needs to be taken of the financial position in both the previous and current financial years. This will ensure that the strategy is developed in light of any issues that may or will affect the medium to long term financial position.

The position at period 9 showed an overall net overspend of £230k, although this took no account of the potential application of available contingency funds to cover any adverse variances. The report went on to highlight four potential areas of overspend where contingency was expected to be allotted, two of which were of some significance; Asset Management £690k and Children's Services £478k. The report also proposed a small number of carry forward proposals, totalling £598k, arising where services were not expected to fully utilise their budgets by year end. Of these, several were related to grant funding streams.

The net effect of these was expected to produce an underspend of £810k, of which £302k was the unallocated balance of the contingency. The report also highlighted a number of remaining risks, but also advised that work was continuing within Social Care & Learning to seek to contain these risks within budget.

The provisional outturn for the year shows that there was an overall underspend of around £2.5m. Whilst there were significant overspends, as expected, in both Asset Management and Children's Services, the latter was broadly contained within service budgets, as the actions referred to above proved to be effective. There was also, as expected, an overspend within Human Resources (now subsumed within the Internal Shared Services structure).

A contingency allocation was made for both Asset Management (£485k) and HR (£149k) to cover uncontrollable overspends, but an unallocated balance of £908k remained at year end. There was a net underspend after contingency of around £1m across service budgets, and a further £500k from corporate provisions. There were a small number of additional budget carry forwards, including the balance on in-year allocations from the corporate transformation fund, and these are reflected in the net outturn position.

The underspend of £2.5m has been transferred into the corporate transformation fund to increase funds available in anticipation of the costs likely to be incurred in implementing the savings proposals contained within this report, such as covering the costs of unavoidable redundancies.

The net position includes a variety of adverse variances which are likely to recur in 2011/12, although these were absorbed within the overall outturn position for 2010/11. The most significant of these variances are:

Service Area	Variance £000
Learning Disabilities	828
Children's Placements	735
Surveying & Architectural Services	547
Physical Disabilities	395
Employee Relations	215
Parking Facilities	165
SEN Transport	155
Leaving Care	135

In the context of the current financial year, a number of these issues are likely to be ongoing – certainly those within Social Care & Learning. Both the HR and Surveying & Architectural Services items have been dealt with as part of the budget setting process for 2011/12.

Whilst it is anticipated that these potential pressures can be contained in-year – as they broadly were in 2010/11 – there is a significant risk that some of these are becoming ongoing budget issues. The development of the savings proposals contained within this report has been mindful of these issues. Further work will be carried out over coming months, in the run-up to the 2012/13 budget setting process, to determine how these matters need to be dealt with.

**THE FUTURE OF LOCAL GOVERNMENT FUNDING
THE RESOURCE REVIEW**

On the 28th of October 2010, the Coalition Government published a White Paper – “Local Growth: Realising every place’s potential”. As part of the white paper, the government considered the options of retaining locally raised business rates.

The Local Government Resource Review was scheduled to be launched in January 2011 however a delay resulted in only the terms of reference being released on the 17th March 2011. To date, the government has not published any detailed proposals on what this new funding mechanism would look like, however the timetabling for this is tight. It is a legal requirement to change the funding mechanism for local authorities in 2013/14 so legislation would need to be put to the House of Commons this autumn or early next spring at the latest.

There are a number of options available to government on how business rates could potentially be redistributed however ministers have also suggested that local authorities will not have the ability to change the poundage in calculating business rates. Based on the terms of reference provided by central government, the concept of self funding, equalisation and incentives to retain business rates is a key feature in any model.

One option available to government is a London wide scheme which would collect all business rates into a single pool and redistribute based on formulae. London Councils have formulated a model which would require all London Authorities to contribute to a London pool. A fixed fee would potentially be payable to London Councils over the life of the business rate revaluation period. This would be redistributed based on the 2012/13 formula grant to ensure no authority’s funding would dramatically change due to the new funding mechanism. Any business rate growth which is achieved over the revaluation period would be split between a retained share and a contribution to other authorities within London and the rest of the country. This has the potential to create a so called “free rider” situation where local authorities would not need to aim to promote growth but still receive substantial amount of income from the scheme by other local authorities’ business rates.

The think-tank Localis have also produced an option which would give local authorities the ability to “opt-out” of central government funding by paying a fixed fee directly to government. This fee would be used to redistribute to other authorities whilst a significant remaining share would be retained.

Either of these options could potentially have a detrimental impact to authorities with high business rate base as any fixed fee would still be required even if business rate yield decreases. There are also indications from ministers that any significant increase due to the change in funding mechanism will be addressed and it is expected no authority will have an increase in grant greater than the previous year.

Whatever system is created there will be winners and losers however until further details are released it is difficult to assess which option would be most beneficial to Havering. Any method of redistributing business rates based along the lines of the

previous formula grant would be detrimental to Havering as the indicators used do not reflect the demographics / pressures within the borough.

Regardless on the method of localising business rates which is put forward, there will still be a requirement to pay for the Business Rate Supplement to fund the Crossrail programme. In addition, depending on any legislation changes, local authorities would still need to allow / fund any business rate relief. Until the detail of any scheme is released, it is impractical to ascertain how this would work.

The redistribution of business rates in the short term will not generate additional income to Havering over the first years of the scheme. The Department of Communities and Local Government have indicated that no authority will have an increase in funding above the previous year. In addition, the coalition government's deficit proposal still needs to be fed into any new system along with a significant sum of raised business rates being transferred to other boroughs across London and the rest of England and Wales.

Given the uncertainties created by the imminent change in the funding system for local government, some caution must be exercised over long-term financial planning. Whilst this report sets out proposals to address the forecast funding gap, this is reliant on assumptions made over the funding available to local authorities as part of the Comprehensive Spending Review. These assumptions carry a higher level of risk beyond 2012/13. Therefore, whilst it is prudent to identify measures designed to address the anticipated budget gap, and to put appropriate plans in place, it will be necessary to revisit these plans once the impact of the new funding regime becomes clearer. It is not clear at this stage whether this will be prior to the formal setting of the 2012/13 budget in February 2012.

SAVINGS PROPOSALS

Item Number	Detail	Description	Lead	2012/13 £000	By 2014/15 £000	Consultation and Equality Impact Assessment
CULTURE & COMMUNITY						
CULTURE & LEISURE (C&L)						
1	Five a side centre	Maximise income from the new five a side football centre.	Simon Parkinson	30	80	Subject to EIA as set out in main body of report.
2	SLM contract	Make efficiency savings and renegotiate the contract at Chafford sports centre.	Simon Parkinson	0	140	Contract negotiation. No direct Equality impacts
3	Arts Service	Explore options to work with partners in order to reduce the running costs for the Arts service and review pricing structures.	Simon Parkinson	60	60	Partnership exploration not service reduction and therefore no direct equality impact.
4	Community Halls	Review management arrangements for C&L-managed community halls.	Simon Parkinson	60	107	Consultation required with existing hall users as a result of which an equality impact assessment

Item Number	Detail	Description	Lead	2012/13 £000	By 2014/15 £000	Consultation and Equality Impact Assessment
						will be undertaken.
5	Hornchurch Stadium	Review management arrangements for Hornchurch stadium.	Simon Parkinson	20	45	Subject to EIA as set out in main body of report.
6	Westland temporary camping site	Derive income from the promotion of a temporary camping site to cater for visitors to the borough throughout the period of the Olympic and Paralympic Games and consider the longer term use of such a site.	Simon Parkinson	0	50	Income generation from external users – no equality impacts
7	Grounds maintenance	Deliver efficiencies in grounds maintenance by changing maintenance schedules to reduce transport costs and introduce more wild meadows to our parks.	Simon Parkinson	62	62	Subject to EIA as set out in main body of report.
8	Parks commuter parking	Set fair parking charges in certain parks to prevent all-day commuter parking and ensure spaces are available for park visitors.	Simon Parkinson	20	40	Disabled drivers would be exempt from the scheme, but otherwise subject to EIA as set out in main body of report.

9	Countryside paths	Introduce new and more efficient management arrangement for countryside paths.	Simon Parkinson	26	26	Subject to EIA as set out in main body of report.
10	Libraries	Derive efficiency savings through better and more partnership working with other borough library services.	Simon Parkinson	50	80	Subject to EIA as set out in main body of report.
11	Marketing	Review publicity and marketing requirements for events and reduce staffing levels appropriately.	Simon Parkinson	0	20	Subject to EIA as set out in main body of report.
12	Efficiency savings	Make further efficiency savings across C&L.	Simon Parkinson	0	80	Subject to EIA as set out in main body of report.

REGENERATION & COMMUNICATIONS						
13	Reduction in Regeneration posts.	Remove vacant posts and focus on the highest priority regeneration programmes.	Roger McFarland	80	130	Subject to EIA as set out in main body of report.
14	Management restructure of Community Functions.	Work more efficiently across a tightly defined set of priorities and deliver savings by streamlining management.	Roger McFarland	0	95	Subject to EIA as set out in main body of report.
15	Efficiency in spending grants budgets.	Focus our grants to where they are most needed and remove the non-recurring grant to Thames Chase Trust. Core grant remains in place.	Roger McFarland	37	37	Subject to EIA as set out in main body of report.

16	Efficiency savings through partnership working – Communications.	Explore options for working in partnership with other public bodies in order to deliver efficiency savings across communications activity.	Mark Leech	0	95	Subject to EIA as set out in main body of report.
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STREETCARE						
17	Savings on environmental maintenance	Working more efficiently by using private companies for two minor areas of highway verge maintenance.	Bob Wenman	65	65	Contract matter, no equality impact.
18	Service Restructures to improve efficiency	Reduce bureaucracy by reviewing and restructuring the performance monitoring team, highways engineer team and parking management team.	Bob Wenman	110	210	Subject to EIA as set out in main body of report.
19	Parking	Ensure that car park charging and pricing is consistent throughout the borough and prevent commuters from out of the borough taking up car parking space.	Bob Wenman	100	100	Subject to EIA as set out in main body of report.
20	Increase income from services.	Encourage more people to recycle their green waste and increase the green bin sales. Apply a consistent charge to utility companies when failing to deliver services on time and as agreed.	Bob Wenman	100	100	Subject to EIA as set out in main body of report.
21	Waste Tonnage Reductions	Protect our weekly rubbish collection by working with residents to reduce the amount of household waste created in Havering.	Bob Wenman	0	100	Promotion to reduce waste – no equality impact.

HOUSING & PUBLIC PROTECTION						
22	Trading Standards - reorganisation	Ensure efficient and appropriate structures in place to deliver the service.	Sue Witherspoon	40	60	Subject to EIA as set out in main body of report.

CUSTOMER SERVICES						
23	Registrars income improvements	Promoting the services further and putting together commercial packages.	Jeff Potter	0	50	Subject to EIA as set out in main body of report.

DIRECTORATE WIDE						
24	Make further efficiency savings across C&C	As new working practices bed in further efficiency savings can be made.	Heads of Service	0	121	Subject to EIA as set out in main body of report.

SOCIAL CARE & LEARNING						
ADULT SOCIAL CARE						
25	Adult Social Care	Renegotiate the community equipment contract to drive through savings.	Joe Coogan	50	50	No service impact – efficiencies.
26	Supporting People	Focus our funding to where it will be most effective in protecting the Borough's vulnerable residents.	Joe Coogan	0	300	Separate EIAs may be needed depending on specific decision
27	Service review	Make savings by reducing bureaucracy in Mental Health services.	David Cooper	50	50	Subject to EIA as set out in main body of report.

28	Service review	Working more efficiently in preventative services.	David Cooper	50	50	Subject to EIA as set out in main body of report.
29	Day Opportunity commissioning	Changing how we deliver care and support to older people to ensure that it is effective and fair.	Joe Coogan	80	80	Full consultation will be undertaken with service users and a full equality impact assessment of detailed proposals undertaken.
30	ASC Commissioning - Domestic Violence	Cut bureaucracy by changing our current contract.	Joe Coogan	65	65	Contract change. No service change or detriment – no equality impact.
31	Reablement performance	Increase in 13 reablement beds at Royal Jubilee Court and increased commissioning of reablement services.	David Cooper	0	350	Service improvement budgeted at those most in need of assistance to recover from hospitalisation. Service will continually monitor that it is assisting the most

						vulnerable in the public and service users to take any action necessary to mitigate any equality impact.
32	Reducing demand - telecare investment	Focus our efforts to provide vulnerable patients with COPD telehealth monitoring systems to reduce the demand for residential nursing home placement.	David Cooper	100	150	As above
33	Reducing demand - telecare investment	Invest in technology that can help vulnerable residents live at home longer without needing Council care.	David Cooper	150	400	As above
34	Reducing demand - falls prevention	Focus on preventing falls among older and vulnerable residents in order to reduce the demand for costly full time care.	David Cooper	100	240	As above
35	Reducing demand - Hospital Admissions and Re-admissions	Establish a network of volunteers to support users with long term conditions. This will reduce the need for hospital admission and the need for residential homes.	Joe Coogan	60	60	As above
36	Reducing demand -Expansion of Integrated Case Management (ICM) Programme	Target support to those with high risk of A&E admission to keep residents live independently for longer.	Joe Coogan	100	150	As above

37	Reducing demand - transition planning	Working with families earlier to prevent the transfer of expensive (residential) care packages by earlier planned provision of community based solutions.	David Cooper	50	100	Full consultation with clients and their carers will be undertaken as usual on a case by case basis.
38	Reducing demand -Additional Support for People with Dementia and their Carers	Give support to people suffering with dementia and other long term conditions.	Joe Coogan	100	200	Service improvement budgeted at those most in need of assistance to recover from hospitalisation. Service will continually monitor that it is assisting the most vulnerable in the public and service users to take any action necessary to mitigate any equality impact.

39	Review of growth ASC	The planned future growth in the adult social care budget – based on the aging population of the borough – can be reduced in line with lower unit costs.	David Cooper	300	400	Reduction of provision – no equality impact.
40	Extra Care Housing	Increased availability of extra care units at Snowdon Court will reduce the demand for more costly residential care.	Joe Coogan	0	250	Service improvement budgeted at those most in need of assistance to recover from hospitalisation. Service will continually monitor that it is assisting the most vulnerable in the public and service users to take any action necessary to mitigate any equality impact.
41	Learning Disability services	Improved market management. Stimulate the local market to ensure commissioned services are both cost-effective and appropriate, in order to reduce unit costs.	David Cooper	400	1300	Contract Management negotiations will be focused and ensure the most

						appropriate provision to each individual client - hence no general equality impact. Though each case will be thoroughly assessed prior to action.
42	OP Residential Care	Reducing demand for residential care through prevention activity.	David Cooper	0	1000	As above
43	ASC charging	Further revision of the charging policy.	Joe Coogan	0	250	Full consultation will be undertaken when debating proposals and an equality impact assessment undertaken.

CHILDREN'S SERVICES AND LEARNING & ACHIEVEMENT

44	Restructure of Additional Educational Needs Service	Work more efficiently and restructure additional educational needs service.	Sue Butterworth	0	95	Subject to EIA as set out in main body of report.
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45	School Improvement Transformation	Change the way we deliver our educational improvement service following the changes to the arrangements between the local authority and schools.	Sue Butterworth	177	322	Subject to EIA as set out in main body of report. The service is to support schools not individuals. The Council will still be fulfilling its statutory obligations.
46	Traded services	Each of the ten services within Social Care and Learning that currently trade with and support school improvement are required to develop business models that enable them to recover all their costs by 2014.	Sue Butterworth	100	900	Provided the efficiency savings can be implemented in a phased way, any equality and diversity issues that may arise can be dealt with in a planned and cohesive manner and communicated accordingly

47	Adoption	A successful consortia arrangement has been in operation between Havering, Thurrock and Southend Councils for some time. This increases the chances of a successful match between children suitable for adoption and prospective parents. Efficiency savings would be achieved by having 1 manager, fewer panels, shared administration and shared systems and marketing.	Ave Price	0	250	Subject to EIA as set out in main body of report.
48	Information Advice and Guidance	This proposal seeks to establish a new more targeted approach to meeting careers/educational advice and guidance locally. A specific budget will be set ensuring that legal opinion supports the approach.	Ave Price	0	600	Specific proposals will be drawn up and consulted on and the relevant Equality Impact Assessment will be undertaken.
49	Children's Centres	Develop a new, vision for Children's Centres and maintain the current number, which will provide focused support where it is most needed and provide the best possible outcomes while reducing overall running costs.	Ave Price	100	200	Changes related to the Children's Prevention Strategy that have been approved by Council and subject to an

						Equality Impact Assessment. Any detailed consultation that is required will be undertaken and any Equality Impact Assessments necessary will be undertaken at that time.
50	Youth Service	Extend the current savings expectation resulting from the redesigning of the council's Youth offer, because the changes are ahead of target.	Ave Price	0	100	Equality Impact Assessments for Youth Services changes already undertaken.

51	Children's transformation	<p>Refocus spending within Children's Services on preventative, rather than reactive programmes – in line with the Council's Prevention Strategy.</p> <p>Investment will focus on those services which, most effectively prevent the need for expensive interventions by statutory services (for example, taking children into care). In order to do this we will shift resources away from those services that are neither statutory nor effectively preventing poor outcomes for children.</p>	Ave Price	0	1000	<p>Changes related to the Children's Prevention Strategy that have been approved by Council and subject to an Equality Impact Assessment. Any detailed consultation that is required will be undertaken and any Equality Impact Assessments necessary will be undertaken at that time.</p>
52	Move of staff from Midland and Portman Houses	Relocate staff into Mercury House or other Council owned properties and therefore save on leasing costs.	Ave Price	0	80	Staff changes to accommodation only no specific equality impacts.

53	Implementations of SEN Green Paper	Refresh the way the Council delivers SEN services in line with the SEN Green paper, launched in March 2011. Measures will include more partnership working with other agencies and the voluntary sector.	Ave Price	0	100	This is subject to changes in national legislation. Any required consultation and Equality Impact Assessment will be undertaken when details are known.
54	EIG Grant Savings	The early intervention grant funds a wide range of services and teams across children's services During 20011/12 all spend will be reviewed to ensure the outcomes are as expected and in line with the Council's Prevention Strategy.	Ave Price	130	130	Changes related to the Children's Prevention Strategy that have been approved by Council and subject to an Equality Impact Assessment. Any detailed consultation that is required will be undertaken and any Equality Impact Assessments necessary will

						be undertaken at that time.
55	Re-engineering of transitions process and structure	Evaluate the creation of a specific 'transitions team' that works with people from the age of 14 to 24. By strengthening this area it is possible to achieve savings in both adults and children's services.	Ave Price	0	100	Subject to EIA as set out in main body of report.

DIRECTORATE WIDE						
56	General	Review of structure.	Andrew Ireland	0	520	Subject to EIA as set out in main body of report.

FINANCE & COMMERCE						
ASSET MANAGEMENT						
57	Increased staff occupation density of Mercury House	Free up space through flexible working patterns and increased use of 'hot-desking', in order to reduce the Council's accommodation requirements.	Mark Butler	72	144	Subject to EIA as set out in main body of report.
58	Reduction in building cleaning	A reduction in the frequency for building cleaning, coupled with transferring additional duties to the building superintendents for rubbish removal would reduce the cleaning staff headcount.	Mark Butler	60	60	Subject to EIA as set out in main body of report.

59	Hornchurch Country Park – Ingrebourne Hill	A proposal exists for the Council in partnership with Ingrebourne Valley Ltd and The Forestry Commission to create a contoured landscape feature in Hornchurch Country Park with income being derived from the re-use of inert soil from development site serviced by IVL.	Mark Butler	225	300 reducing to 75	Any required consultation will be undertaken. No direct equality impact
60	Re-introduction of school swim transport	Re-introduction of the school swim transport offer to Havering schools.	Mark Butler	46	46	Better use of existing vehicles. No equality impact.
61	Deletion of post within Transport service	Deletion of a vacant 3 rd tier management post.	Mark Butler	62	62	Subject to EIA as set out in main body of report.
62	Staff car parking	Additional income is being generated from the new scheme recently implemented, coupled with a planned increase in public car parking on the Town Hall site.	Mark Butler	31	81	Subject to EIA as set out in main body of report
63	Reduction in courier service	Reduction in frequency of internal courier service serving Council buildings, including schools.	Mark Butler	25	25	Subject to EIA as set out in main body of report

64	Medium Term Management Rationalisation	This works with schedule 76 to rationalise management structures and explore options for working in partnership with other public bodies in order to deliver efficiency savings.	Mark Butler	0	60	Subject to EIA as set out in main body of report.
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BUSINESS SYSTEMS

65	Reduction in Business Systems management headcount	Business Systems is currently going through an organisational restructure which will enable headcount reductions to take place.	Geoff Connell	80	80	Subject to EIA as set out in main body of report.
66	Business Systems – Income Generation	£50,000 Income generation from Traded Services – Forensic and computer audit, Information Security Services, DBA service £50,000 Income generation from Shared Oracle Competency Centre.	Geoff Connell	100	100	Shared service saving. No equality impact.

FINANCE & PROCUREMENT/INTERNAL SHARED SERVICES (ISS)

67	Restructure of Internal Shared Services	Restructure of Internal Shared Services incorporating Corporate Finance team. The proposal is to reduce the overall organisational structure by reviewing both the strategic finance and operational finance functions.	Mike Stringer/Sarah Bryant	100	100	Subject to EIA as set out in main body of report.
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68	Reduction in external audit fees	The fees for the external audit service – which is currently provided by PwC – were subject to roughly a 10% reduction, equivalent to £40k for 2010-11. Given the imminent abolition of the Audit Commission, we anticipate a further 10% reduction of the same value.	Mike Stringer	40	40	External contracts. No equality impact.
69	Reduction in computer audit and other costs	The computer audit work is currently undertaken through an arrangement with Deloitte. Discussions are under way to deliver a service through another borough, which will save costs through the economies of scale.	Mike Stringer	5	10	As above
70	Strategic Finance	Restructure of the Finance function, to deliver a saving of £100k, augmented by increased income of £50k to the Internal Audit function, through providing a service to schools and Homes in Havering.	Mike Stringer	150	150	Subject to EIA as set out in main body of report.
71	ISS future phases (subject to shared services)	As further phases of shared services are introduced.	Sarah Bryant	0	150	Subject to EIA as set out in main body of report.

DEVELOPMENT & BUILDING CONTROL						
72	Emergency Planning shared services	Explore options for working in partnership with other public bodies in order to deliver efficiency savings across emergency planning activity.	Patrick Keyes	0	33	Subject to EIA as set out in main body of report.

LEGAL & DEMOCRATIC SERVICES						
73	Legal and Democratic Services	Better use of technology to reduce support levels and reduction in Mayoral activity outside the Borough.	Christine Dooley	0	68	Subject to EIA as set out in main body of report.
74	Mayoral car	Dispose of 2 nd mayoral car at end of lease.	Christine Dooley	5	5	Lease termination. No equality impact.
75	Community safety	Restructure and work more efficiently with a different section in the Council.	Christine Dooley	0	93	Subject to EIA as set out in main body of report.
76	Health and safety	This works with schedule 64 to rationalise management structures and explore options for working in partnership with other public bodies in order to deliver efficiency savings.	Christine Dooley	0	76	Subject to EIA as set out in main body of report.
77	Reduction in Cabinet Member	Reduction in line with council resource base.	Christine Dooley	0	35	Member change. No equality impact.
78	Road Safety	Reduce management. Look for shared options.	Christine Dooley	55	55	Subject to EIA as set out in main body of

						report.
79	Committee Services	Restructure.	Christine Dooley	0	100	Subject to EIA as set out in main body of report.
80	Members Allowances. Reduction in IT etc	Review on extent of members allowances and other costs, eg ICT support.	Christine Dooley	0	50	Member change. No equality impact.
81	CCTV reduced staffing	Savings from a shared service.	Christine Dooley	150	150	Subject to EIA as set out in main body of report.

CORPORATE ITEMS

82	Car pooling/car club	Introduction of a car club/pool car pilot to substitute the use of employee's own vehicles for business purposes, if successful will enable the review of essential or casual car allowances, plus additional capacity for paid parking.	Andrew Blake-Herbert	200	200	Subject to EIA as set out in main body of report.
83	Reduction in strategic provisions	These are corporately managed provisions created to address broad financial issues and to provide financial stability. The proposed saving arises mainly from provisions for freedom passes, the ELWA levy, and single status and the agency worker directive.	Andrew Blake-Herbert	1,250	1,550	Financial adjustment. No equality impact.

84	Reduction in Senior Management	Review of senior management structure of council with aim of reducing this in line with overall reduction in size of the council. Vacant posts and/or retirements offer opportunities to deliver savings.	Cheryl Coppel	140	500	Subject to EIA as set out in main body of report.
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PROPOSED SAVINGS ITEMS RELATING TO EARLY INTERVENTION GRANT

Service	2011/12 Saving	Rationale	Already in MTFS?	Consultation and Equality Impact Assessment.
Connexions - Prospects	Saving £408,000 From total: £1,700,000	In anticipation of a 24% cut in Area Based Grant in 2010/11 negotiations were held with the provider of Connexions services to reduce costs. The result of this has meant that contract costs can be met within a reduced budget funded from a reduced EIG.	No	Contract negotiated with service provider. Provider has made necessary changes to staffing structures and working practices.
Youth Grants	£210,000 From total: £955,398	A range of savings have been proposed for youth services in the MTFS for 2013/14. A number of these, funded through Early Intervention Grant, have been brought forward to 2011/12 in order to help to manage the budget shortfall.	Yes. There is a Youth service saving of £500k in the MTFS for 2013/14. Therefore an additional £210k will need to be saved from other areas by March 2013 to offset.	HR1 Process is underway and is being coordinated through the IYS Service Manager. Subject to EIA as set out in the main body of the report.
Contact Point	£83,503 From total: £83,503	Funding was not expected to continue as Contact Point has been cancelled by Government. Funding previously used internally – no impact for voluntary sector.	No	None required. No EIA required.
Foundation Learning	£49,730 From total:	Reduction to service that provided added value through contracts for external providers to deliver foundation learning.	No	There will be a new bidding process for the remaining £50k of funding.

Service	2011/12 Saving	Rationale	Already in MTFS?	Consultation and Equality Impact Assessment.
	£99,730	Contracts due to end in year – therefore reductions mean that they will not continue. However remaining funding will provide some legacy services.		This will commence shortly. No EIA required.
Early Years (Various)	£197,000 From total: £1,953,361	Services were previously funded through Sure Start Grant and have moved into Early Intervention Grant which has had a significant reduction. Savings have been made on the basis of a need for reduction, and targeted on those areas that will have the least impact on outcomes.	No	Changes related to the Children's Prevention Strategy that have been approved by Council and subject to an Equality Impact Assessment. Any detailed consultation that is required will be undertaken and any Equality Impact Assessments necessary will be undertaken at that time.
Children's Trust Fund	£3,262 From total: £3,262	Children's Trust Funds have ended for all children. These services were for trust funds for those children in the care of the Local Authority.	No	No activity required. Payments have ceased. No EIA required
Targeted Mental Health in Schools	£18,801 From total: £222,500	Reduction to funding for services, expected to be achieved through efficiency in the service model. Continuation of a reduced level of funding will help to maintain outcomes.	No	Service Managers are managing changes with their area of responsibility. No EIA required
Reablement	£142,000 From Adults Services	The home care service has been reviewed to develop a reablement service. This has been in light of the MTFS and adult transformation agenda. The changes lead to greater value for	Yes. There is a Reablement saving of £750k in the MTFS for 2013/14.	This is part of adult transformation and is being taken forward. HR1 currently being consulted upon and issues being dealt with as they

Service	2011/12 Saving	Rationale	Already in MTFS?	Consultation and Equality Impact Assessment.
	Budgets	money and will improve the independence of people presenting with social care needs.	Therefore an additional £142k will need to be saved from other areas by March 2013 to offset.	arise. Subject to EIA as per the main body of the report.
Traded Services	£65,000 From Education Traded Services budgets	Reduction to budgets in learning services to reflect savings achieved through the development of traded services.	No. Although part of a larger saving by 2014/15 as services achieve full cost recovery.	Corporate Finance is supporting the apportionment of budget reductions to services. Subject to EIA as per main body of report.
BSF Staffing	£154,883 From total: £154,883	Budget held for the post of the Head of Building Schools for the Future and admin support. These post are no longer required. One HOS post is vacant and the postholder of the admin post is currently deployed in transformation.	No	Restructure report to be included in July HR1s. Ongoing work to redeploy one officer. Subject to EIA as per main body of report.
Care Matters	£50,000 From total: £199,242	Continuation of reductions made in 2010/11 as result of planning for 24% ABG reduction. 2011/12 spending will remain consistent.	No	No specific actions. No special EIA required
LINKs	£53,000 From total: £132,145	Contract reduction to achieve greater value for money and reflect nature of the service. Role of LINKs is changing due to health reforms, new arrangement is fit for purpose during transition.	No	Contract reduction negotiated with the provider. Provider is making necessary changes. No specific EIA required.

Service	2011/12 Saving	Rationale	Already in MTFS?	Consultation and Equality Impact Assessment.
Commissioning Efficiencies – Adult Services	£450,000 From Adults services budgets	Saving achieved through negotiating rates to residential and domiciliary care.	No	Lead Member report. Engagement with providers. EIA. Confirmation of rates.
Total Saving	£1,885,179			
Children’s Fund	-£60,000 From total: £394,830	A £200k saving identified in MTFS would reduce this budget to £194,830. However, £60k has been reinstated by making reductions elsewhere, to reduce the impact on voluntary organisations and the children they support. This is funded from within the savings identified above.	Yes. A £200k saving has already been identified from this budget in 2011/12.	HR1 complete and staff member has left organisation. EIA completed for the changes. Proposed funding levels have been communicated to providers. Final confirmation to be given subject to feedback.
Youth Offending Service	-£23,120	This was previously funded through a grant from the DFE which has ceased. The funding of this service now needs to transfer to the EIG. This is funded from within the savings identified above.	No	None No specific EIA required.
Total Additional Pressures	-£83,120			
Net Total Savings	£1,802,059			

Explanatory Notes:

1. The £1.8m savings relates to the reduction in Early Intervention Grant that was allocated to the council. This was significantly higher than the national cut and would therefore have disproportionately affected local children. Therefore a strategic decision was taken in line with the council's Prevention Strategy to balance the reductions between adult service and children's (including areas not in EIG). This requires some funding to be moved from adult services accounts to children's. The total reduction from adult services is £645k out of £1.88m.
2. The total saving is £1,885,179 to reflect two "pressures" in addition to the £1.8m budget gap. This reflects the £200k MTFS saving against children's fund and £23k for Youth Offending Prevention Grant. The prevention grant was *mistakenly* left out of the Early Intervention Grant by the Government nationally and therefore Havering, as with all councils, has had to find the funding from the overall funding pot.
3. The reductions have been targeted to areas in which they will have the least negative impact on outcomes for children and young people. The principles used to determine this are those set out within the Children and Families Programme and the Prevention Strategy. In particular savings have focused on areas in which we can achieve greater efficiency, and trying to minimise the impact of the voluntary and community sector.
4. Two reductions, to Youth Grants and Reablement, have been included within the MTFS as savings for 2013/14. Making these reductions two years early has reduced the impact of reductions in the short-term and will enable us to make more measured and strategic decisions over a longer period. This will however mean that an additional £352k will be needed to be saved from other areas between now and March 2013.
5. The Children's Fund pressure is £60k to reinstate some of the £200k from the 11/12 MTFS saving of £200k. The £60k has been offset by other reductions within the overall package of savings. The rationale for this is that reviews demonstrated a number of services (including the Youth Inclusion Support Panel) funded by Children's Fund that have a highly significant impact on the lives of local children, and that fall clearly in line with our Prevention Strategy. We are very confident that by offsetting these reductions we have been able to reduce the negative impacts that children face – this is covered by an Equality Impact Assessment that has been undertaken.