

**TELFORD & WREKIN COUNCIL****CABINET – 26 JULY 2011****BUDGET & FINANCE SCRUTINY COMMITTEE – 27 JULY 2011****100 DAY REVIEW OF 2011/12 SERVICE & FINANCIAL PLANNING STRATEGY****REPORT OF THE ASSISTANT CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER****1. PURPOSE**

- 1.1 To set out proposals to revise the Council's capital programme and the revenue budget for 2011/12, following a review initiated by the Council's new administration after the May Borough elections.

**2. RECOMMENDATIONS**

- 2.1 Members are asked to approve the proposals set out in the report for consultation with the community including:-
- 2.2 The cancellation of the planned building of new Civic Offices to generate ongoing revenue savings of over £1.1m p.a.
- 2.3 The development of a Community Hub in the Southwater area of Telford Town Centre which will provide customer access to Council services and a new library. The Community Hub could also provide space for community groups/organisations, and other public sector bodies – making the Community Hub a Cooperative Council centre.
- 2.4 Changes to other capital projects and the generation of additional capital receipts generating ongoing revenue benefits of over £1.75m pa
- 2.5 A much stronger emphasis on improved procurement processes referred to in section 7.10.ii of this report in order to deliver savings which reduce the overall impact of grant cuts on front-line services.
- 2.6 Increased investment in the maintenance of roads and pavements of a further £1.3m capital in 2012/13 and £0.25m in 2013/14 over and above the existing approved capital programme;
- 2.7 Investment of £2.3m in a regeneration scheme for Hadley and £1.9m for Oakengates;

- 2.8 Creation of a capital budget of £45k to match fund projects of up to £7.5k in each of the 6 Borough Town areas;**
- 2.9 Reinstatement of free swimming for under 16s with a flex card**
- 2.10 Allocation of up to £0.6m one-off funding to provide additional support for employees facing compulsory redundancy;**
- 2.11 Contributing £25k one off funding to a small business loans fund;**
- 2.12 Creation of a Co-operative Council initiatives budget of £15k;**
- 2.13 Carrying forward revenue benefits identified in the report of around £1.6m as a one-off benefit to help support the budget for 2012/13 together with any unspent element of the contingency at year end and any further service efficiencies that can be implemented during 2011/12;**

#### **2.14 Summary of the net Revenue budget savings from the proposals**

The net savings generated by the proposals contained in this report for the Council's revenue budget, are summarised in the table below:-

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
Impact of changes made to capital programme and benefit of additional capital receipts (see paragraph 7.8)	(0.567)	(1.191)	(1.603)	(2.747)	(2.935)
Impact of revenue items (see paragraph 7.10.iv)	(1.035)	2012/13 -2014/15 proposals and baseline position will be developed in accordance with the normal budget timetable and public consultation			
<b>Overall saving</b>	<b>(1.602)</b>				

The review has focussed on delivering further savings in both the current year (2011/12) revenue budget and four year capital programme in order to reduce the future service impact of government grant cuts. The changes proposed will also feed into the 2012/13-2014/15 service & financial planning process for which an overall strategy and specific proposals are currently being worked on for consultation.

### **3. BACKGROUND/ APPROACH**

- 3.1** Following the Borough elections and subsequent Annual Council in May 2011, the new administration committed, as one of its first

priorities, to carry out a high level review of the Council's Service & Financial Planning Strategy for 2011/12 within 100 days. The strategy had been approved by Full Council on 3 March 2011. In terms of the scope of the review, this has encompassed:

- a review of the main schemes in the capital programme including the provision of new council offices and particularly those schemes funded from the Council's own resources, rather than external resources such as specific capital grants. This has been the primary focus of the review and has concentrated attention on identifying those schemes that are not fully contractually committed;
- a continual review of revenue budgets to seek to identify any further 'low impact' efficiency savings and any other 'quick win' cost savings that could be implemented in 2011/12 with the revenue benefit rolled forward as a one-off benefit available to support the budget in 2012/13;
- a review of the 'Guiding Principles' which had underpinned the current strategy;
- the development of a programme of work to take forward the administration's priority initiative of becoming a 'Co-operative Council' (a separate report on this is included on this Cabinet's agenda).

- 3.2 In addition to this review, the administration sought and secured a meeting with the Secretary of State for Communities and Local Government to advise him of Telford & Wrekin's specific issues and concerns and to seek additional Government financial and policy support to address these. We are currently putting together further information requested by the Secretary of State following a productive meeting.

#### **4. THE FINANCIAL CONTEXT FOR THE COUNCIL**

- 4.1 The Council agreed its budget for 2011/12 at the Council meeting held on 3rd March 2011. The report considered by Council highlighted that Government grants to the Council had been cut by £13.6m this year with a further cut in grant announced of £5.3m in 2012/13. These reductions were on top of cuts of £3m announced during the 2010/11 financial year. Due to the scale and very significant front-loading of the cuts in grants, the Council set a budget for 2011/12 which was heavily reliant on the use of £9.2m of one-off resources in order to be able to phase in reductions in spending.
- 4.2 As well as the significant grant cuts, the Council faces a number of other financial pressures including pressure on budgets from comparatively high rates of inflation and increased taxes payable to the Government of £1.25m pa. There are also many service pressures, particularly on care services for children (where an additional £1.4m was invested in the budget for 2011/12). Adult care is also under

pressure and all savings were therefore re-invested within the service to help offset the pressure caused by an aging population and the transfer of costs for continuing health care cases from the Primary Care Trust to the Council. In future years the Council also faces significant additional revenue costs from the planned capital programme as capital projects funded from debt clearly have to be repaid with interest over a number of years placing further pressure on the revenue budget.

- 4.3 Key elements of the strategy agreed by the Council for 2011/12 included:-
- An investment of £1.4m additional funding in to services for Looked after Children,
  - Assumed savings of £5.1m from staff restructuring,
  - Freezing Council tax to attract a grant of £1.4m from the Government
  - Savings of £12.1m from non staffing budgets (much of which was of a one-off nature)
  - Use of £1.4m of the Council's £4.2m available balances
- 4.4 Given the use of £9.2m of one off resources to support the budget in 2011/12 and the further grant cuts and under-lying budget pressures facing the council in 2012/13 significant further efficiencies and cuts will be needed to help bridge the projected budget gap of around £20m (before the use of balances and any Council Tax increase) in 2012/13.
- 4.5 Projections beyond 2012/13 are very difficult because the Council only received a 2 year grant settlement covering 2011/12 and 2012/13 pending a major review of the local government finance system with no details yet available of how this may impact on the Council. However based on the national planning totals announced in the October 2010 Comprehensive Spending Review further grant cuts of at least £4.8m are expected over the 2013/14 – 2014/15 period on top of underlying base budget pressures of at least £3.5m before allowances for inflation, pay awards and demographic pressures in adult services are built in.

## **5. THE POLICY CONTEXT FOR THE COUNCIL**

- 5.1 The Council, as a member of the Local Strategic Partnership (LSP), remains fully committed to the realisation of the partnership's long-term vision of **"a successful, prosperous and healthy community which offers a good quality of life for all the people of Telford & Wrekin"** that has been developed in consultation with the community.
- 5.2 Specifically, the new administration wants Telford & Wrekin to be a ***diverse, caring and enterprising Borough***. While, through the Summer, the Council will carry out a comprehensive programme of consultation and engagement with the community to listen to,

understand and respond to its views on medium and long-term priorities for the Borough, our thoughts are that our approach must, as a minimum be focused on the realisation of seven key outcomes:

- Telford & Wrekin will be a great place to do business with higher levels of investment and business growth;
- Lower levels of poverty and social exclusion and greater well-being of households through higher numbers of residents in employment;
- Vulnerable children, young people and adults are safeguarded from harm and neglect;
- Even more children and young people are on the path to success in adult life through the provision of good quality education, training and jobs;
- A safe and cohesive place where people are empowered and have the confidence to play active roles in their communities;
- Improved health of people which enables them to live active, positive and independent lives;
- Mixed and sustainable communities with an increased supply of new housing, improved existing homes, and a high quality physical environment.

## **6. GUIDING PRINCIPLES**

The Council's existing strategy was framed around a number of guiding principles. These principles have been reviewed and revised. The Council's guiding principles, which should inform and direct our strategy, are now proposed as being:

- To develop spending plans that are based on and address the community's needs and priorities;
- Be open and transparent in how resources are spent across the Borough, but target spend at issues and areas where needs are greatest;
- As a Co-operative Council, work with our community to identify creative new ways of delivering services and ensuring that needs in the Borough continue to be addressed;
- Seeking to minimise the level of Council Tax increase, balanced against growing demands for Council services and protecting services from cuts (NB. This budget review is not considering levels of Council Tax in 2011/12 or beyond);
- Deliver efficiencies and savings, as far as possible minimising the impact on the quality of services, particularly through improving our approach to procuring goods and services;
- Look for external investment e.g. Government grants, to address priorities;

- Set aside some additional money to deal with any unforeseen circumstances caused by the current economic situation;
- Taking a responsible approach to the use of Council reserves that balances the need for financial prudence and sustainability with the need to maintain and protect important frontline services;
- Where possible cut the Council's reliance on borrowing for some capital schemes so that expenditure on debt repayments can be reduced;
- Sell some of the Council's land and property to reduce borrowing, cut running costs, and – where there is a strong business case – to fund priority facilities and schemes.

## **7. PROPOSALS FOR CONSULTATION**

- 7.1 In the light of these guiding principles and from the review work undertaken, the following revisions are proposed to the Council's existing Service & Financial Planning Strategy:

### **A. CAPITAL PROGRAMME**

- 7.2 A review of the capital programme to identify where spending which is not contractually committed has been undertaken in order to identify projects which can be cancelled, scaled back or deferred with the aim of reducing the levels of borrowing planned by the previous Council.
- 7.3 Significant changes to capital projects are proposed in relation to:
1. **Civic Offices Accommodation** – In May/June 2011, a further review of the Council's future accommodation requirements was undertaken in the context of the budget setting exercise, requirements to maximise the flexibility of the Council's accommodation, property rationalisation and New Ways of Working. Following the review of accommodation it was concluded that a solution which utilises existing Council owned properties and therefore offers greater flexibility in the medium term for accommodation requirements was the preferred solution. In relation to Southwater, the review acknowledged that a number of drivers for a public sector led development in Southwater remained relevant. These drivers include:
    - Service Delivery: A centralised Community Hub which would include first point/contact centre and potential for other public sector and voluntary sector co location within the Town Centre, which is accessible to residents, was seen as being critical to maintaining high standards of accessibility and service delivery.

- Regeneration: Increased footfall arising out of a public sector led development was seen as key in supporting the wider regeneration of Southwater.
- Precedent, Quality & Confidence: A public sector led development was seen as critical in setting design and sustainability standards as well as raising confidence levels for private sector investors.
- Evening Economy: The development provides space for bars, restaurants and shops, thus supporting the creation of a vibrant evening economy.

In response to these drivers, proposals for a Community hub in Southwater (as detailed in the Telford Town Centre report also on the agenda for Cabinet on 26 July 2011) have been developed which accommodate the following uses:

- Community Hub: The building will provide accommodation for front line staff to deliver high quality customer services. The Community Hub could also provide space for community groups/organisations, and public sector bodies which will mean that the Community Hub will be a cooperative council centre. Options will be explored with voluntary and other public sector organisations over the coming months.
- A Library and Fairshare Credit Union. An improved library was identified early on as a critical component in the Southwater development in terms of offering an enhanced provision whilst freeing up the existing site for future development (as detailed in the Town Centre report of 26 July 2011 Cabinet).
- Bars, restaurants and shops: Units, on the ground floor of this building will benefit from an enviable location at the head of Southwater Square, overlooking the new Southwater Lake.

In summary, the plan to build Civic Offices in the Southwater area of the Town Centre will not be progressed. Instead, the accommodation strategy will:

- Proceed with the sale of the existing Civic Offices site;
- Build only a Community Hub encompassing a customer first point/contact centre and new library in Southwater
- Rationalise office accommodation to reduce the number of buildings operated by the Council by moving out of older less efficient smaller buildings currently used in order to generate revenue savings as well as further capital receipts;
- Invest in space saving furniture as this will generate ongoing revenue savings by enabling employees to be located at a higher density so reducing the amount of space that the Council needs to occupy for office accommodation and therefore also reducing annual running costs;

- Retain the use of Darby House and utilise the Wellington office development
- Use existing Council owned buildings within, or around, the Town Centre as the accommodation solution
- Free up a valuable site for disposal in the Southwater area

A range of options for office accommodation have been reviewed and the financial implications assessed based around the need to continue supporting Telford Town Centre Regeneration, have locations within or around the Town Centre and utilise existing Council owned buildings. The objective is to identify an option which delivers flexibility in the Council's estate to accommodate changes in accommodation needs and makes better use of buildings already owned by the Council.

The revenue savings of the revised proposals compared to the existing approved budget are summarised below:-

2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
(0.147)	(0.756)	(1.163)	(1.163)	(1.163)

2. **Building Schools for the Future (BSF)** – A review of the BSF programme is being undertaken. Any proposals for changes will be brought to Cabinet later in the year. The majority of the programme is funded by grant from Central Government and therefore the opportunity for savings to the Council's budget is limited.

3. **Telford Town Centre** - A separate report on the Cabinet agenda includes proposals for revisions to the Telford Town Centre investment package. This report recommends an increase in the overall investment of £7.69m over the currently approved budget which is funded from additional capital receipts. This reinforces the commitment to Telford Town Centre through public sector led development to provide precedence, ensure high quality and provide confidence for the private sector. The revenue savings of the revised proposals and re-phasing compared to the existing approved budget are summarised below:-

2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
(0.278)	(0.218)	(0.354)	(0.104)	(0.355)

7.4 Other revisions to capital schemes are also proposed:-



1. **Hadley local centre** – A revised scheme is proposed with a projected cost of around £2.3m. Although with a similar net capital cost to the scheme currently budgeted, this revised regeneration project has a significant revenue benefit compared to the previously proposed scheme as a result of better rental income in 2012/13 of £94k, in 2013/14 of £117k and on an ongoing basis of £45k pa. It is also likely that an additional capital receipt could be generated with a further potential revenue benefit of around £25k pa. Due to commercial pressures relating to this project the scheme will continue from August and not form part of the budget consultation process.
1. **Wellington** – No changes are proposed to the scheme in Wellington and completion will continue as originally planned.
2. **Dawley** – No changes are proposed to the budget allocation for the Dawley regeneration project.
3. **Newport** – a scheme to look at environmental works around the canal up to a value of £50k will be designed and consulted on generating a saving of around £0.2m
4. **Oakengates** – a scheme focussing on Oxford Street and Market Street but including removal of the canopy on Limes Walk and other works costing around £1.9m in total is proposed generating a reduced borrowing requirement of £0.5m. Due to the need for public consultation on this new scheme it is unlikely that work would start before the 2012/13 financial year.
5. **Waste Bulking station** – It is proposed to delete this £3.9m project from the capital programme pending the outcome of a review of the Council's overall waste strategy. This does however delay the capital receipt assumptions relating to this project.
6. **Locality Management, BTI Small Grants and Ironbridge BTI** – Around £0.5m of these budgets is currently uncommitted. No new commitments will be entered in to except that it is proposed to reserve an amount of £45k for potential matched funding for grants to projects of up to £7.5k in the 6 Borough Town areas. This will produce a net saving of around £0.455m from these budgets.
7. **Capitalisation Direction** – A capitalisation direction has been applied for which, if granted, would enable statutory redundancy payments to be treated as a capital cost and to be funded either from capital receipts or from prudential borrowing. The application was for £2.94m but it is likely that applications will be very significantly scaled back as only £300m is available nationally. An announcement is expected before the end of July of the amount, if any, that will be awarded to the Council and when this is known the cost will be built in to the medium term financial projections.

In total the proposals outlined in section 7.4 of this report would result in reductions in prudential borrowing and revenue costs totalling:-

Year	(Reduction) / Increase in Borrowing £m.	Revenue Saving* £m.
2011/12	(6.711)	(0.182)
2012/13	1.511	(0.559)
2013/14	(1.516)	(0.520)
2014/15	1.600	(0.556)
2015/16	0	(0.473)
Total	(5.116)	(0.473)

\* Excludes improved rental income of revised proposals for Hadley.

- 7.5 Maintenance of Roads and Pavements** – reducing pot-holes and improving the condition of the roads and pavements is a high priority. It is proposed to not only commit the additional £0.66m “pothole” grant from the Government, announced after the budget for 2011/12 had been agreed, but also a further £1.3m capital in 2012/13 and £0.25m additional capital in 2013/14 over and above the existing approved programme. This additional investment will be allocated on a priority needs basis and will be funded from savings generated from the review of capital projects, including the deletion of the plans to build new civic accommodation outlined above.
- 7.6 Capital Receipts** - In addition, the Council is exploring options for the realisation of further capital receipts, over and above expected amounts, from the sale of land or other assets (e.g. a separate report is included on the Cabinet agenda in respect of the potential sale of the Council’s interest in West Mercia Supplies) the proceeds of which could be used to pay down debt or act as an alternative to borrowing or other forms of more costly financing of priority schemes and projects.
- 7.7** Any additional capital receipts generated over and above the £80m already planned will be used to reduce outstanding debt and so reduce the cost of principal and interest repayments which have to be borne by council tax payers. After updating projections of the capital receipts now anticipated over the medium term a significant revenue benefit compared to the current approved revenue budget is anticipated which is summarised in the table below.

The revenue costs/(savings) of the revised proposals and re-phasing compared to the existing approved capital receipts budget are summarised below:-

2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
0.040	0.401	0.441	(1.002)	(1.022)

- 7.8 **Summary of Capital Programme Changes : Savings on revenue budget** - In summary the revenue impacts of the changes to the capital programme and assumptions on the generation of capital receipts in future years is detailed in the table below:-

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	Ongoing £m
Civic accommodation	(0.147)	(0.756)	(1.163)	(1.163)	(1.163)
Town Centre project	(0.278)	(0.218)	(0.354)	(0.104)	(0.355)
Other capital projects	(0.182)	(0.559)	(0.520)	(0.556)	(0.473)
Improved rental income at Hadley		(0.094)	(0.117)	(0.045)	(0.045)
New investment in road maintenance		0.035	0.110	0.123	0.123
Revised schedule of capital receipts	0.040	0.401	0.441	(1.002)	(1.022)
<b>Total revenue impact</b>	<b>(0.567)</b>	<b>(1.191)</b>	<b>(1.603)</b>	<b>(2.747)</b>	<b>(2.935)</b>

## **B. REVENUE BUDGET**

- 7.9 The review of the Council's revenue Budget for 2011/12 has had 3 dimensions, with proposals based on:
- Revisions to spending priorities;
  - Identification of further savings;
  - Additional contributions to balances to help off-set pressures for next year's budget;
- 7.10 A full strategic and comprehensive review of the Council's budget will, of course, be undertaken to prepare our medium-term strategy for 2012/13 and beyond.

### ***(i) Revisions to spending priorities***

- **Support to employees facing compulsory redundancy** – It is proposed to allocate a sum of up to £0.6m in order to support employees facing compulsory redundancy. The mechanism for using this funding and specifically where it should be targeted will be agreed between Members, officers and Trade Union representatives. Any use of this allocation during the current year will be funded on a temporary

basis (from balances) with the total cost being met from reducing the assumed contribution to the single status provision in 2012/13.

- **Reinstatement of free swimming for Under-16s** who have a Flex Card. This change to take effect from the beginning of the School Summer holidays. Net cost of this is estimated at £30,000 which is to be funded from a reduction to the Community Fund Budget and, as such, has no net impact on the overall revenue budget.
- Creation of a small **Co-operative Council initiatives** budget which can be used to provide pump-priming monies for relevant community projects. This budget of £15,000 is again funded from the existing Community Fund and therefore has no net impact on the Council's overall budget.
- **The Community Fund** (formerly ££s for Projects) to operate, following the changes outlined above, at a level of £54,000, allocated on the basis of £1,000 per ward member – revised scheme approved by Cabinet on 21 June 2011.
- **Contribution to Small Business Loans Fund** – It is proposed to make a revenue contribution of £25k to a small business loans fund. The Council will work with local business people to establish a small business loans fund based on co-operative principles.
- Appointment of a **Director of Children's Services**- a key commitment of the new administration. The interim appointment from early August will cost around £75k this year. Funding for the ongoing position will form part of the review of senior management to be undertaken by the interim chief executive.

#### ***(ii) Identification of further savings***

- A continuing drive to identify further efficiency savings from existing revenue budgets, enabling the creation of one-off benefits in 2011/12 to help with pressure on the 2012/13 strategy;
- The budget for 2011/12 assumed that a contribution of £1.2m would be received from schools buy-back following reductions of £2.4m made by the Government to “non-front-line” schools grants”. Rather than place additional pressure on schools' budgets at a late stage in their financial planning timetable, it is proposed that existing arrangements continue in 2011/12 and that this additional support for schools is met from the sources identified in Appendix 1.
- Procurement – Having already set 20% non staff savings targets across the authority the Council is increasing the emphasis on procurement and the attainment of efficiencies to achieve the 20% non staff savings so that service cuts are minimised. To this end there is a

new impetus being placed on procurement across the organisation. Savings on procurement in the region of £0.74m and £1.8m have been delivered in the last 2 financial years and about £0.6m are already identified for this financial year. However, we can and will improve on this figure. To do that we are setting up a task force working in every part of the organisation to improve our procurement practices with the sole objective of driving out savings without compromising service delivery. For example we are working with Improvement & Efficiency West Midlands, the local Regional Improvement and Efficiency Partnership, to secure further savings in high spend areas including family and community services, adult social care, energy and environmental services. Furthermore all key contracts are being reviewed to ensure that they are as competitive as they can be and all future contracts will be carefully considered using these criteria. Restructuring in key areas, including family and community services, adult social care, environmental services and ICT are creating specialist procurement positions that will be supported by a central procurement team that can provide expert support and develop cross cutting procurement opportunities. In this way we are confident that we can maximise procurement savings and reduce the impact of service cuts. In order to ensure transparency in this process we will ensure that we regularly monitor and report on the savings programme proposals under key headings of procurement savings, other efficiency gains, increased income and service reductions.

***(iii) Additional contributions to balances to help off-set pressures for next year's budget***

- As part of the preparation for 2012/13 budget strategy any additional savings generated in 2011/12 over and above the amounts agreed when the 2011/12 budget was approved will be treated as additional contributions to balances. Amounts identified to date include:-
  - Re-tendering of insurance arrangements has generated savings of around £0.25m for General Fund (and £0.15m to be allocated for schools);
  - Reductions in Special Responsibility Allowances agreed by the new administration will save £0.04m pa
  - New Homes Bonus grant of £0.615m;
  - Impact of slippage on 2010/11 capital programme (c. £0.3m one-off benefit in 2011/12
  - Treasury management investment opportunities have generated a further £0.13m benefit in 2011/12
  - The revenue implications of changes to the capital programme summarised in section 7.8 of this report totalling £0.567m

It is proposed that these net revenue benefits totalling £1.6m are carried forward as a one-off benefit in to 2012/13. In addition any one-off benefit that can be generated from early implementation in the current financial year of efficiency savings identified as part of the

2012/13 service and financial planning process together with any underspend on the contingency at year end will also be carried forward to provide further one-off benefits for the 2012/13 budget.

#### **7.10.iv Summary of changes to revenue budget**

	2011/12 £m	2012/13 £m
Additional support to employees facing compulsory redundancy to be funded from use of single status contribution in 2012/13	0.200	0.400 (0.600)
Reintroduction of Free Swimming for Under 16s	0.030	0.030
Co-operative Council Initiatives budget	0.015	0.015
Community Fund	0.054	0.054
££s for projects	(0.099)	(0.099)
Contribution to Small Business Loans Fund	0.025	
Director of Children's Services – interim arrangements	0.075	
Insurance re-tender	(0.250)	(0.250)
Reduced Special Responsibility Allowances	(0.040)	(0.040)
New Homes Bonus	(0.615)	(1.300)
Treasury Management	(0.430)	
<b>Total revenue impact</b>	<b>(1.035)</b>	<b>(1.790)</b>

## **8. NEXT STEPS**

### **A. CONSULTATION & ENGAGEMENT**

- 8.1 Over the next few months, the Council will undertake a widespread programme of consultation and engagement with the community :
- Up to the end of September on the proposals set out in this report following the initial review of the Budget for 2011/12 leading to Cabinet recommendations to Council in November.
  - Through the late summer and autumn, a wider debate about priorities, non-priorities and spending choices to help inform the preparation of specific proposals for the next two years which will then themselves be the subject of further consultation from December to early February;
  - starting to shape a new long-term vision for the Borough; and
  - developing, through our Co-operative Council programme, a dialogue with the community to explore how the Council can work better with local people and groups to find better ways of meeting needs.

8.2 In relation to the points above, throughout the coming months, the views of the community will be vital in shaping our strategy. Appendix 2 sets out a more detailed schedule of our proposed approach and programme. Key features include:

- Through our website, local people are encouraged to tell us their ideas for saving money and have a go at our 'budget calculator which simulates budget setting (available online and also promoted at libraries);
- Face to face engagement at locations across the Borough, including community events, at which cabinet members and senior officers will be seeking local people's views;
- Meeting a range of stakeholder groups and running a number of focus groups;
- Establishing a Co-operative Council Citizens Commission;
- Short survey to be completed online and our contact centre staff will also look to complete the survey with customers over the phone.

## **B. DEVELOPING OUR STRATEGY FOR 2012/13 & BEYOND**

8.3 As mentioned above, a strategic and comprehensive review of the Council's budget will, of course, be undertaken to prepare our medium-term Service & Financial Planning Strategy for 2012/13 and beyond. To support this process, a number of key workstreams have been identified and are in progress to identify opportunities, options and choices. These workstreams include:

- Establishment of a Procurement Task Force within the Council to further challenge current procurement practices and ongoing contract management arrangements and target the delivery of further efficiency savings;
- New ways of working and accommodation review – to deliver significant potential savings from the sale of surplus buildings and reduced running costs;
- Creation of an Economic Development Strategy Review Group which is looking at updating our approach to maximise the improvement we can make to the economic welfare of the residents of the Borough
- Progressing the major service review of children's and adults' services;
- Waste Project Board – reviewing our approach to waste management
- Development and implementation of Co-operative Council work programme which includes a review and improvement of local working arrangements with the voluntary and community sector and with Town & Parish Councils;
- Continuation of the restructure programme as planned
- Generation of non-staffing savings proposals for 2012/13 and future years highlighting the rationale for the proposal, implications and ways that the impact could potentially be mitigated
- Review of capital receipts projections (sites, timings and values)

- 8.4 Underpinning these reviews will be the ethos that this Council wishes to:
- avoid compulsory redundancies for its employees wherever possible, though we cannot guarantee to protect every job;
  - safeguard vital frontline services and to protect the elderly, the young and the most vulnerable people in our Borough, but we cannot guarantee to protect every service that the Council currently provides;
  - work with residents, communities, partners and our workforce to find new ways of working and doing things differently and better with our communities.

## **9. OTHER IMPLICATIONS**

### **Equality & Diversity**

The Council has specific initiatives within its policy and financial plans to promote equal opportunities, which is at the heart of the Council's policies and will complete its high level Equalities Impact assessment of the changes informed by the consultation process, when considering the final proposals for Cabinet in November

### **Environmental Impact**

The allocation of resources takes specific account of environmental issues facing the Council, in the context of other pressures and priorities.

### **Links with Corporate Priorities and Risk**

The report sets the strategy framework which includes consideration of both community and corporate priorities and the corporate risk register.

### **Financial & Legal Comments**

This report forms part of the Council's policy planning and budgetary framework

### **Ward Implications**

Borough Wide Strategy.

### **Background Papers**

- RSG and other Government grant related papers,
- Council Plan,
- Service & Financial Planning Report approved by Council on 3<sup>rd</sup> March 2011.

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## Appendix 1

### **Proposals to deliver £1.2m savings in response to reduction of “Non-front-line schools grants”.**

<b>Service Area</b>	<b>Proposed Saving £'000s</b>	<b>Rationale for Proposal</b>
Early Years and Childcare	172	This relates to delivery of non staffing savings identified as part of the service's targeted 20% savings and without impacts on services provided.
Early Learning and Childcare - 2 Year Olds	71	No reduction in service - the reduction in funding allocated reflects the anticipated levels of demand based on the past 2 years data.
Integrated Youth Provision	120	One off funding to be used to offset savings requirements
Contact Point	77	Funding provided by Central Government via the Early Intervention Grant - development of this ICT based monitoring system has been discontinued by the Government and funding remains unallocated.
Youth Offending Service	100	Agreed early delivery of savings as part of the services targeted 20% savings
Targeted Mental Health in Schools	75	This was initially a pathfinder scheme ending March 2011. An evaluation of the outcomes identified best practice which will be embedded into mainstream services. The saving relates to vacant posts associated with the pathfinder service.
Single Status	120	A single status allowance has previously been made in all specific grant funded areas. In line with the Council's General Fund budget for Single Status this funding can be re-allocated in 2011/12.
One off balances within Children's areas	150	Some reduction in one-off balances held following review of potential commitments
School Improvement	50	Increased trading income from Primary School Improvement

School Improvement	50	Early consideration of the rationalisation of Transforming Learning budgets as per targeted 20% savings
Various SDUs	40	Small non staffing savings from various SDUs within Children's Service Areas
Other	175	Further work is currently being undertaken on Traded Services specifically the Schools Multicultural Service which may identify an increase in income dependant on the impact of Phase 2 restructure. Close monitoring and challenge of expenditure is likely to result in additional in year savings which may contribute to the £1.2m required in 2011/12.

**Total Savings Proposed**

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**1,200**

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### **Budget Engagement**

Over the next few months, we will carry out an extensive programme of budget engagement to seek views on:

- The 2011/12 Budget Review proposals set out in this report; and
- Longer-term priorities and spending choices to help inform the development of our Budget Strategy for 2012/13 and beyond.

We will carry out this engagement programme alongside work to develop our approach to becoming a Co-operative Council and a new long-term vision for the Borough.

The proposed programme moves away from previous, more traditional approaches. Our aims are to:

- Engage with a wider section of the community;
- Give people an opportunity to get more involved at an earlier stage;
- Use a wider variety of engagement methods, including greater use of online tools, Twitter/Facebook etc;
- Give members and senior officers a greater role in engagement activities, so that people have the opportunity to give their views directly to the key decision-makers.

The budget engagement programme will include 4 key elements:

#### **a) Road-show**

The road-show will move around the Borough between July-September. At the road-show, we will:

- Promote different ways that people can get involved in the budget process and encourage people to attend meetings and focus groups (see b) below);
- Carry out some quick and interactive face to face engagement activities to give a 'snapshot' of views in different localities.

The road-show will go to a range of community events, such as Wellington Lions Day, Culture Fest, the World Heritage Festival in Ironbridge and smaller events and fun days. We will also have a planned programme that we will promote widely where we will go to all the Borough Town and District Centres, linking in wherever possible with market days and other peak periods (to include some evening and weekend sessions). We will also hold some sessions at buildings with access to the Council's network, such as leisure centres and libraries, so that people without Internet access have the opportunity to try out our new online tools (see d) below). The road-show programme will be developed in conjunction with ward members to ensure we are going to the right locations at the right times and members and senior

officers will be invited to take part. We will also monitor participation by ward so that we can add additional sessions to encourage residents in particular areas to get involved if necessary.

## **b) Meetings**

We will also carry out some more in-depth face to face engagement during September and October in order to have a fuller debate about the Budget Review proposals and longer-term priorities and spending choices. This will involve:

**Meetings with existing groups and forums** – in previous years, we have done this in January following the publication of the draft Budget Strategy. We are now proposing to start this dialogue earlier, giving these groups an opportunity to influence the development of the initial Strategy. We will extend an invitation to a wide range of groups and forums to meet with us. This will also involve meetings with the relevant Scrutiny Committee(s).

- **Open meetings and focus groups**– we will also encourage other local residents who are not a member of an established group to join this debate by attending open meetings. We may need to supplement the open meetings with additional targeted focus groups to ensure that the views of the whole community are represented. We will also hold a number of open meetings with Council employees.

## **c) Survey**

We will develop a short, user-friendly online survey, focusing on the 2011/12 Budget Review proposals. We will encourage more people to take part by carrying out the survey face to face at road-show events and we will explore the option of contact centre staff carrying out the survey over the phone.

## **d) Online Tools**

To inform the development of the longer-term Budget Strategy, we have developed two new online tools. These are:

- **Suggestion Box (launched 1 July)** - a facility for people to send in their savings suggestions via the Council's Website.
- **Budget Calculator (to be launched 27 July)** – an online tool where participants can 'set' their own budget by adjusting spending on a range of services and altering the Council's levels of borrowing.

We will promote both of these widely, particularly at road-show events (including offering people the opportunity to drop-in and try out the tools at a library or one of our other sites).