

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Cabinet **DATE:** 20<sup>th</sup> September 2010

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**WARD(S):** All

**PORTFOLIO:** Finance and Strategy – Councillor Anderson

### **PART I** **KEY DECISION**

#### **MEDIUM TERM FINANCIAL PLAN 2011/12 TO 2014/15**

##### **1 Purpose of Report**

This report sets out the latest projections of the Council's Revenue and Capital Budgets, for the period 2011/12 to 2014/15, following the Policy and Performance Review Group (PPRG) on 13 July 2010. It considers the main assumptions driving the Council's Medium Term Financial Plan; and provides further detail concerning Service Areas' contributions to the 2011/12 savings target, as agreed as part of the Revenue and Capital Budget process, at full Council in February 2010.

##### **2 Recommendations**

The Cabinet is requested to resolve:

- a) That the current Council's projected Revenue Budget for 2011/12 to 2014/15 be noted.
- b) That the assumptions underlying the Medium Term Financial Plan be noted.
- c) To confirm the savings items agreed at the PPRG meeting on 13 July 2010 (see Appendix A) and, request officers, to implement them with immediate effect where possible.
- d) That the Chief Executive as Head of Paid Service and the Strategic Director of Resources as the S 151 Officer in consultation with Commissioners be authorised to approve changes under the workforce planning exercise as described in paragraphs 5.30 to 5.32.

##### **3 Key Policy Priority Implications**

The Revenue and Capital budgets are the Council's financial plans for the forthcoming year. As such, the budgets will allocate resources to enable the delivery of the Council's Key Policy Priorities through the individual departmental and service plans.

## 4 **Other Implications**

### (a) Financial Implications

- 4.1 These are contained within the body of the report which in summary are £4.423m committed in 2011/12 and the anticipated additional requirement of £6.893m for 2011/12.

### (b) Human Rights Act & Other Legal Implications

- 4.2 The Council has various legal responsibilities around financial matters but, of primary importance: the Council must not plan to spend more than the resources it has available to it in any one year – the Council must set a 'balanced budget'.
- 4.3 The Medium Term Financial Plan (MTFP) presents the projected financial position of the Council for 2011/12 to 2014/15; and includes:
- Recommended growth and savings options, to be considered by Members; and
  - A number of key assumptions (outlined in detail below).
- 4.4 The 2003 Local Government Bill places a duty on the Council to consider the robustness of budget estimates, the adequacy of reserves and the affordability of its capital programme in preparing its budget for the year.
- 4.5 There are no other legal or Human Rights Act implications.

### (c) Workforce

- 4.6 If agreed, the savings options to be considered will involve a combination of the deletion of vacant posts alongside voluntary redundancy/ early retirements on the ground of efficiency and reductions in working hours arising from expression of interest submitted by staff under the workforce planning exercise currently underway. Compulsory redundancies may be considered as a last resort, the Council will ensure that HR policies are applied to minimise the impact of redundancies and will look for redeployment opportunities for affected staff.

## 5 **Supporting Information**

### *The current financial climate*

- 5.1 As members will be aware from previous updates to Cabinet<sup>1</sup>, since the General Election in May 2010, the Council has been in receipt of various information from the coalition government concerning expected spending cuts and policy changes for local government. However, until further detail concerning the public sector funding envelope 2011/12 to 2014/15 is published, at the Spending Review 2010 on 20 October 2010, the Corporate Management Team have adopted a pragmatic approach to planning for major financial change by using the tenets of seeking

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<sup>1</sup> See in particular: Report to Cabinet "In Year Budget Reductions For 2010/11" (12 July 2010. Section 9.)

value or money across all council services, implementing Best Financial Practice and seeking efficiencies wherever possible.

- 5.2 The Chancellor of the Exchequer, in his Emergency Budget statement on 22 June 2010, announced:

“Government Departmental Expenditure Limits will be reduced by approximately 25% over the next four years. The NHS and International Aid Budgets will be excluded from these reductions and the impact on Education and Defence cushioned. Further detail will be announced at the Spending Review.”

- 5.3 Given the Chancellor’s statement, above, it is not unreasonable to expect significant funding reductions for Slough Borough Council in the medium-term. The current Medium Term Financial Strategy indicates a budget gap of £19.5m by 2014/15, which includes an expected 27% (£15.4m) reduction in SBC’s level of Formula Grant between 2010/11 and 2014/15. This figure will be revised once the Spending Review is published in October 2010.

- 5.4 Local Government is also being required, by the coalition government, to make short term, permanent, in-year cuts during 2010/11 in order to reduce the overall UK budget deficit. On 10 June 2010, the Department for Communities and Local Government (DCLG) published further detail of the £1.166bn ‘contribution’ by local government to the £6.2bn cross government savings to be found, in-year, in 2010/11. As Members will recall the detail of the £3.3m was presented and agreed at Cabinet on 12 July 2010 (the detail is also shown in the performance monitoring report on today’s agenda).

- 5.5 Local Government is not alone in facing substantial spending reductions. Central Government departments, Health, Police and Fire authorities are in a similar position. Further, Members will be aware that, at the same time, the coalition government is seeking to abolish many regional organisations (e.g. Government Office for the South-East (GOSE)) and regional agencies (e.g. the Audit Commission). Simultaneously there is a wholesale reorganisation of local health services which will have a direct impact on Slough Borough Council. These changes, the weakening of our partners and the loss of some agencies which support us will undoubtedly have knock on consequences for the Council and how it runs its services. Officers are seeking to assess the implications as detailed proposals for change are published.

*The new coalition government’s policies*

- 5.6 As noted previously, there have been a number of significant policy announcements made by the coalition government which will affect Slough Borough Council’s financial planning processes. The main announcements are outlined below; however it will be seen that many of these announcements are ‘consultation papers’. Therefore, whilst SBC must plan for the policies eventual implementation more detail will be required before accurate financial planning figures can be obtained.

### The Emergency Budget

5.7 To reiterate some of the detail contained within the 12 July 2010 cabinet report, the Emergency Budget was announced on 22 June 2010 and contained the following significant proposals:

- The next Spending Review (covering 2011/12 to 2014/15) will be published on 20 October 2010;
- Government Departmental Expenditure Limits will be reduced by approximately 25% over the next four years. The NHS and International Aid Budgets will be excluded from these reductions and the impact on Education and Defence cushioned. Further detail will be announced at the Spending Review;
- A two-year pay freeze has been announced for public sector workforces, except a flat rate pay increase of £250 per annum will be provided to all public sector workers earning under £21,000 in each year;
- A 'fundamental, structural review' of public service pension provision will be undertaken. An interim report will be produced in September 2010, with the final report due by Budget 2011;
- Public sector pensions, tax credits and benefits will be indexed to the Consumer Prices Index (CPI), from April 2011. Currently, the Retail Price Index (RPI) – usually a higher rate – is used;
- VAT will increase from 17.5% to 20.0% from 4 January 2011;
- The Government will work in partnership with local authorities in England to implement a council tax freeze in 2011/12.
- The Government intends to quickly raise the State Pension Age to 66; and will quickly phase out the Default Retirement Age from April 2011;

5.8 Where possible, assumptions based on the above proposals have been included in the Medium Term Financial Plan. These assumptions will be subject to review as further detail is made available.

### Formula Grant Distribution Consultation

5.9 The coalition government published its consultation paper on Local Government Finance Formula Grant Distribution on 28 July 2010. This paper provides the basis of possible options for change to the current formula grant distribution methodology from 2011/12 onwards. This review is mainly looking to "update and fine tune the existing system".

5.10 The current MTFP does not take into account any of the detailed proposals contained within the Formula Grant Distribution consultation paper, instead officers believe it prudent to reduce the overall formula grant total in line with expected national reductions. Further detail will be announced, by the coalition government,

at the Spending Review 2010 in October and the provisional local government finance settlement 2011/12, expected late November/early December 2010.

#### Schools Funding Consultation

- 5.11 The Department for Education (DfE) issued a series of documents on 26 July 2010 concerning the funding of schools in 2011-12. The two main publications were:
- Summary of Consultation Responses on the Future Distribution of School Funding (this is the outcome of the Dedicated Schools Grant (DSG) review that ended on 6 June 2010); and
  - Consultation on School Funding 2011-12: Introducing a Pupil Premium.
- 5.12 The original consultation on Schools funding took place either side of the general election, it was therefore initiated by the previous government. The coalition government continues that it has now considered the consultation responses in the context of its own aims and objectives about how schools should be funded, and believes, in particular, that a less complicated system can and should be developed. Proposals within the new consultation document include:
- Mainstreaming relevant specific grants into the Dedicated Schools Grant (DSG) as “a step on the way to reducing complexity.”
  - Longer term, the coalition government is looking to introduce a simpler and more transparent funding system, in particular a fairer, formulaic basis for distributing funding and to reduce differences in funding between similar schools in different areas
- 5.13 The new consultation on school funding runs until 18 October 2010 and the coalition government intend to announce the indicative 2011-12 DSG allocations to local authorities; and the pupil premium level for each local authority in early December 2010.
- 5.14 At this stage it appears inevitable that there will be movements in funding between local authorities, arising from the Coalition Government’s proposal. However, officers believe that these movements are unlikely to be quantified until December 2010.
- 5.15 It is clear that the coalition government’s intention, over time, is to make funding per pupil levels, whether in the DSG or as a separate pupil premium, the same across England only differentiated by applying the Area Cost Adjustment (ACA). This new consultation only suggests proposals for 2011/12. Therefore, it is likely that a further review of school funding will take place next year.

#### Specific Grants Consultation

- 5.16 On 27 July 2010, the Department for Health (DH) launched a consultation on changes to the allocation formulae for the Learning Disability Commissioning Transfer Grant, Preserved Rights Grant and AIDS Support Grant. The Department of Health (DH) is seeking views on options for distributing these social care grants from 1st April 2011.

- 5.17 The consultation document notes that it “does not prejudge the outcome of the Spending Review, which will be announced on 20 October 2010. The Spending Review will consider whether these grants should continue in their current form or whether these grants should be brought into Formula Grant.”

A future review of local government finance

- 5.18 The coalition government has committed to a fundamental review of the local government finance system, commencing in 2011. It is likely that options for reform such as implementing a local income tax and/or returning Business Rates to local control will be explored.

Council tax referendums

- 5.19 The coalition government published its consultation paper ‘Local referendums to veto excessive council tax increases’ on 30 July 2010. The scope of the consultation is to seek ‘views on the practicality and technical feasibility of the scheme, particularly from local authority practitioners.’
- 5.20 Proposals within the consultation paper include requiring local authorities and parish councils to hold referendums when they propose increasing council taxes by more than a government specified limit. The government intend introducing a “double-lock” safety mechanism whereby authorities would be excluded from holding a referendum where:
- Either: the increase in the basic amount of council tax is below a defined limit;
  - Or: the total income generated is below a fixed level.

*Financial planning and options within SBC*

- 5.21 As can be seen above, the financial landscape for local government is in a state of significant and rapid change. Officers are working hard to understand all of the implications for SBC, however; it must be recognised that much of the information required to undertake detailed financial planning is, as yet, unpublished. Therefore, CMT has adopted what it believes to be a pragmatic approach of acknowledging the high-level challenges facing the Council whilst focussing on issues that can be currently influenced and implemented.
- 5.22 On 13 July 2010, the Council’s Policy and Performance Review Group (PPRG) met to consider the Council’s financial position and future growth and savings priorities. At this meeting £4.423m of 2011/12 savings proposals, initially agreed in February 2010 as part of the Council’s ongoing revenue and capital budget planning, were reviewed. At the time of the PPRG meeting, several savings amounts attributed to Service Areas were ‘to be identified’.
- 5.23 £910k of agreed savings for Children Schools and Families as at February 2010 have now been identified and are included below in paragraph 5.24. Detailed consideration has been given to a wide range of potential areas of savings with the express objective of maintaining and continuing to improve our services. The following areas are recommended for consideration by Members:

5.24

Withdraw direct funding for extended schools - £71k

The Council will continue to advocate and support schools to deliver or commission extended services building through existing resources.

Delete Assistant Director Raising Achievement and Support - £140k

Reorganise senior management structure resulting in reducing from 3 Assistant Directors to 2. Remaining AD's for Inclusion and Children and Families undertake responsibilities for managing service.

Withdraw direct funding for behaviour and attendance work to schools (ABG) - £181k

Reshape existing service and continue to encourage and support schools to build on work already carried out and develop expertise across Slough schools.

Education Health Partnerships - £27k (ABG)

Encourage and support schools to build on work already carried out to create 'healthy schools' in Slough.

Creation of targeted Young People's Service to focus on targeted work with vulnerable young people - £500K

A holistic approach looking to remodel the Youth Service to be more targeted has been adopted across the Young peoples service which incorporates the service delivery impact arising from the ABG reduction across the Connexions Service, This remodelled service draws together the various funding streams including what remains of the Connexions funding and creates a new service for young people who need support and help in their family lives and in education, employment and training; and those young people where we have statutory responsibilities.

Decrease placement costs for children looked after - £250k

Reduce foster care fees, maintaining payment levels above other local authorities as reflected in Appendix C. Retain current age related maintenance allowances for children looked after. Recruit additional Slough approved foster carers. Review commissioning of all placements.

5.25 As part of the council's ongoing budget strategy, the council is seeking to minimise the immediate impact on front-line services by focussing contributions to new savings targets for 2011/12 on cross cutting corporate issues and reducing the cost of overheads, management and support services.

5.26 As will be noted later in this report, the current Medium Term Financial Plan indicates that a further £6.9m of savings may be required to balance the Revenue Budget in 2011/12, rising to £19.5m by 2014/15. Obviously, as highlighted above, these figures are based on the latest available information and will be subject to change, either positive or negative, as more detail is released by the coalition government. It should be noted that, as part of the council's ongoing budget strategy front-line services have been protected from being required to contribute to any new savings targets for 2011/12.

5.27 In order to implement the front-line protection policy, noted in para 5.24 above, it is inevitable that support services will need to find and deliver substantial savings targets in 2011/12 against the expected circa 27% reduction in Formula Grant, referenced in para 5.3 above. To allow for this augmented savings target to be achieved, by support services, CMT have agreed that £750k of savings should be reallocated across operational departments as follows:

	<b>DECS</b>	<b>CWB</b>	<b>GBE</b>	<b>RES</b>	<b>I&amp;D</b>	<b>CX</b>	<b>COR</b>	<b>Total</b>
Initial allocation	-960	-1,843	-645	-525	-100	-25	-100	-4,198
Reallocate	-209	-401	-140	525	100	25	100	0
<b>TOTAL</b> (exc. reduction of accommodation costs)	<b>-1,169</b>	<b>-2,244</b>	<b>-785</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,198</b>
reduction of accommodation costs	0	0	0	-225	0	0	0	-225
<b>TOTAL</b>	<b>-1,169</b>	<b>-2,244</b>	<b>-785</b>	<b>-225</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,423</b>

5.28 Cabinet is asked to agree the £4.423m of savings, listed at Appendix A, in order that full-year savings will be generated from 1 April 2011.

5.29 In an effort to reduce the need for compulsory redundancies, the Leader and Chief Executive have written to all staff seeking individual any expressions of interest. Taking into account their own personal circumstances, staff have been encouraged to consider a range of alternative future employment options – including early retirement, voluntary redundancy and reduced working hours. For further information see the Work Force Planning report at Appendix B.

5.30 In accordance with current Council policy, such decisions on early retirement on the grounds of efficiency are delegated to officers provided no discretionary payments apply. The policy also delegates redundancy decisions to officers where groups of less than 5 are affected and requires such matters to be reported as part of the significant decisions process. The workforce planning exercise is likely to affect more than 5 staff however as it is approved by Cabinet, decisions would as a matter of course be undertaken by officers within the current policy framework.

5.31 To maximise savings and facilitate swift change Cabinet is asked to agree the Chief Executive as Head of Paid Service and the Strategic Director of Resources as the S 151 Officer in consultation with corporate management team and the appropriate Commissioners, be authorised to approve changes to the Council's structure under the workforce planning exercise, subject to a viable business case, to meet the organisational changes required in light of the budget constraints going forward.

5.32 The scale of the cost reductions required alongside Member's explicit objective to afford the greatest protection to our front line services, focuses attention on overheads and management cost and support services. The workforce planning exercise may provide a window of opportunity, requiring quick decision, that enables efficiency savings to be achieved. Therefore, Cabinet is asked to agree that the Chief Executive in consultation with the leader of the Council can implement alternative management structures if any realistic and appropriate occasions arise. It should be noted ability to take advantage quickly of such opportunities may require a stepped process of change involving one or more temporary measures in advance of a longer term permanent solution. All permanent changes arising as a



result of decisions taken by the Leader and Chief Executive would be reported to Members at the next available opportunity.

5.33 The primary focus of the first phase (in place by 1<sup>st</sup> April 2011) of the anticipated savings is, as previously stated focussed in the main away from front line services and Officers will seek, in the first instance, to maximise savings. The sources of savings are detailed in the table below which identifies the target value of £6.9m but also indicates that at this stage this level of savings cannot be guaranteed thus a lower, more prudent; figure of £5m has been identified as a minimum requirement. Moving forward, an estimated maximum potential level of savings to be achieved by April 2013 to a cumulative total of £8.6m is also identified which reflects the need to re-model and find additional savings within support services in response to the remodelling of front line services from April 2012.

Area of Activity	Minimum Requirement 1-Apr-11  £'000	Target Value 1-Apr-11  £'000	Estimated Maximum Potential Value 1-Apr-13 £'000	Progress	Notes
1 Reviewing the Council's approach to income generation, cash and debt management	450	750	1,000	Underway	3 elements: Management of Old Debt, Processes to improve collection rate (both of these enable us to reduce bad debt provision). 3 <sup>rd</sup> element is an invest to save project (fixed investment costs of £40k) seeking to improve our revenue generating opportunities.
2 Reshaping our support services separating our transactional from professional/technical support services and realigning senior management in the process, securing a 20% overall cost reduction	2,200	2,500	3,000	Underway	Management decisions to be taken first (October). Further savings split across I&D, Resources and Chief Exec areas. Temps/Vacancies and Expressions of interest are first point of call. Trade union consultation begun on process. Reporting to cabinet, November 9 <sup>th</sup> , 22 <sup>nd</sup> and 13 <sup>th</sup> December
3 Reviewing our assets. Reducing the cost of office accommodation requirements, ensuring value for money in running costs of all Council buildings	500	750	1,000	Underway	NB £225k already included in £4.4m, not reallocated. Asset team review recommendations complete end October. Cabinet decisions scheduled for 13 <sup>th</sup> December (alongside capital programme reductions/property team savings)
4 Reviewing all major contracts and all commissioned services seeking a minimum 4% saving and securing a change to the basis of inflationary increases	750	1,000	1,250	Current year concluded, negotiations for coming year to commence	Includes all cross cutting corporate contracts negotiations and supplier e.g. energy/utilities, telephony, catering
5 Reducing, reshaping and changing, where	350	700	850	Underway	Linked to capital programme, internal borrowings and

possible, the way we finance our capital programme to reduce borrowing costs					repackaging of existing debt.
6 Taking other opportunities across the Council to reduce staffing arising from expressions of interest	750	1,200	1,500	Underway	These rely on the business ability to continue ahead of transformational changes in next phase (2012/2013).
<b>Total Potential Savings</b>	<b>£5m</b>	<b>£6.9m</b>	<b>£8.6m</b>		

5.34 Officers are currently developing options based on the above with a target of £6.9m with the intention of presenting the options and making recommendations to Cabinet before the end of calendar year. The target figure is based on current projections and may reduce or increase when government announces its spending reductions. At this stage it is impossible to be certain of the achievement of this figure and officers will continue to look for any other opportunities arising.

5.35 For the medium to longer-term, given the scale of the expected funding reductions, it is likely that radical reform of the Council's structure and service provision will be required. The Chief Executive, in a letter to all staff, mooted the following possibilities that may be required to close the expected funding gap:

- A different council - fewer staff numbers, probably a smaller proportion staff in direct employment, certainly a smaller management structure;
- Externalisation of services to the voluntary and private sectors;
- Shared functions with other local authorities and public sector agencies;
- Increased joint working with public sector colleagues including pooling of resources and services designed around individual and community need;
- Fewer universal services and services largely targeted at specific need;
- A changed relationship with customers and communities, being clear about what can and cannot be done;
- Getting the right balance between prevention and reactive activity;
- Even greater focus on community needs and priorities; everything will need to be challenged for its value for money and community impact.

5.36 Work will commence, examining many of the possibilities outlined above, once further information has been provided in the Spending Review 2010.

#### The Revenue Budget – Latest Projections

5.37 The latest Revenue Budget projections, arising from SBC's current Medium Term Financial Plan for 2011/12 to 2014/15, are set out overleaf. Whilst reviewing these figures, several key assumptions must be noted:

- The MTFP assumes a 27% decrease in the Council's Formula Grant allocation between 2010/11 and 2014/15. This assumption is solely based on speculation within the trade press and amongst other local authorities and is therefore liable to change. Further information, concerning future funding settlements, may be announced by Government either at the Spending

Review, on 20 October 2010; or the Provisional Finance Settlement 2011/12, expected late November/early December 2010.

- The Council's pay and prices inflationary uplifts will be managed in accordance with the coalition government's expectations and policies (i.e. it is assumed a pay freeze will occur in 2011/12 and 2012/13; and service contract increases will be based on the Consumer Price Index (CPI). These assumptions remain under constant review.
- The 2010/11 Revenue Budget is assumed to break-even (i.e. The Council's actual expenditure will match its actual income for 2010/11) even though it has been subject to in-year cuts by the coalition government. This assumption is being constantly monitored. If the Council overspends there will be a consequent impact on the level of cash reserves and also the budget requirement for the coming year.
- The Collection Fund is assumed to be in balance across all three years. The collection fund is the fund administered by the Council into which all council taxes and business rates are paid; and from which payments are made to the General Funds of precepting authorities and to the national business rate pool. It is therefore assumed that the Council obtains all local taxation due.
- Income from council tax will be static in 2011/12 and 2012/13, based on the coalition government's stated ambitions to freeze council tax across these two years. Although the Chancellor of the Exchequer stated at the Emergency Budget that he intended to work in partnership with local authorities to realise a council tax freeze in 2011/12, no information has subsequently been published to suggest any additional government funding will be forthcoming and none has been assumed in the MTFP. Thereafter, the MTFP assumes any increase in council tax will be limited to 2.0% per annum. No assumption has been made for the increase in new properties being built in SBC, which would impact on the level of council tax income generated. Articles in the national press suggest that house-building and mortgage lending rates are currently at a significant low.

## SBC Revenue Budget Projection 2011/12 to 2014/15

Details	Latest Agreed Position as at PPRG 13 Jul 2010				
	10/11	11/12	12/13	13/14	14/15
CUMULATIVE BUDGET GAP	0	(6,893)	(6,233)	(3,218)	(3,143)
	£'000	£'000	£'000	£'000	£'000
<b>Opening Budget</b>	102,395	103,979	97,268	93,106	91,507
<b>Inflation</b>					
Pay (Freeze 11/12, 12/13, CPI thereafter)	0	0	0	1,200	1,200
Pay award held from 10/11	600	0	0	0	0
Low pay (£250 annual increase)	0	150	150	0	0
NI Increase (Government state impact will be minimised)	0	300	0	0	0
Prices inflation allocated in 10/11	600	0	0	0	0
Prices (CPI - HMT Projections)	0	960	760	800	800
<b>Total Inflation</b>	<b>1,200</b>	<b>1,410</b>	<b>910</b>	<b>2,000</b>	<b>2,000</b>
<b>TOTAL AGREED GROWTH</b>	<b>5,875</b>	<b>3,273</b>	<b>2,232</b>	<b>(211)</b>	<b>22</b>
<b>TOTAL NEW GROWTH</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL AGREED SAVINGS</b>	<b>(4,051)</b>	<b>(4,423)</b>	<b>(1,835)</b>	<b>(200)</b>	<b>0</b>
<b>TOTAL NEW SAVINGS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PENSIONS ADJUSTMENTS</b>	<b>0</b>	<b>430</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>CAPITAL PROGRAMME ADJUSTMENTS</b>	<b>(1,440)</b>	<b>(508)</b>	<b>734</b>	<b>0</b>	<b>0</b>
<b>BUDGET REQUIREMENT</b>	<b>103,979</b>	<b>104,161</b>	<b>99,339</b>	<b>94,725</b>	<b>93,559</b>
COLLECTION FUND	0	0	0	0	0
FORMULA GRANT	56,756	50,045	45,883	43,339	41,285
COUNCIL TAX	47,223	47,223	47,223	48,167	49,131
<b>TOTAL ESTIMATED FUNDING AVAILABLE</b>	<b>103,979</b>	<b>97,268</b>	<b>93,106</b>	<b>91,507</b>	<b>90,415</b>
<b>TOTAL BUDGET GAP</b>	<b>0</b>	<b>(6,893)</b>	<b>(6,233)</b>	<b>(3,218)</b>	<b>(3,143)</b>
CUMULATIVE BUDGET GAP		(6,893)	(13,126)	(16,344)	(19,487)
<b>POSITION AGREED AT BUDGET STRATEGY - Feb 2010</b>		<b>(430)</b>	<b>(4,026)</b>		

5.38 It can be seen that, primarily related to the funding assumptions noted above, there remains a substantial funding gap for 2011/12 to 2014/15 that will need to be managed.

### *Reducing the future funding gap*

5.39 In order to achieve a balanced revenue budget, in 2011/12 and beyond, it is clear that a significant amount of work will need to be undertaken by Service Areas and CMT.

### Growth and Savings

5.40 All managers and directors have been made aware that only essential growth (e.g. contractual, legislative and demand requirements) can be entertained and are likely to be funded by finding compensatory savings. Further, all savings proposals put forward must be realistic, achievable and professionally defensible. The next meeting of Commissioners and Directors will consider all Growth and Savings options put forward.

### Capital Programme

- 5.41 The overall council capital programme is £123m for the period 2010/11 to 2016/17. The programmed spend for 2010/11 is £68m.
- 5.42 Members may recall that the total capital spend for 2009/10 was £30m and in view of this it is highly unlikely that the programmed spend of £68m in the current year will be delivered. This together with the overall size and consequent affordability bearing in mind the revenue implications of such a large programme will be reviewed. At the Asset management Group (AMG) on 18 August 2010 it was agreed that Senior Management Teams would review the size of the capital programme or re-profile schemes, the outcome of this exercise will form the basis of a recommended 'revised' position across the capital programme over the coming years for consideration by members.
- 5.43 The overall HRA capital programme is £31.4m for the period 2010/11 to 2016/17. The programmed spend for 2010/11 is £10.8m.

### Review of Assets

- 5.44 The Council is currently undertaking a review of its Assets both land and premises and trading functions. Land and premises are being reviewed on the following basis:

- community benefit
- Revenue costs
- Revenue generating opportunities
- Alternative use to enhance community benefit
- Disposable benefits

### Review of Trading Functions

- 5.45 Those functions which currently trade and/or could increase trading are being reviewed for:

- In house income generating opportunity
- Fees and charges review
- Arms length income generating opportunity – where this increases income to the Council
- Disposal as a going concern

### Review Specific Grants

- 5.46 The Council receives a substantial amount of funding through specific grant regimes. However, it should be noted that the Council is unlikely to be informed of many future Specific Grant allocations until at least December 2010.
- 5.47 It is proposed that the Council undertakes an exercise on an invest to save basis reviewing all of these items to inform the 2011/12 Budget Process. The review will seek to ensure all income is maximised and Council expenditure charged to specific grants as appropriate.

### Reserves

- 5.48 SBC's general reserves are £5.4m. Drawing on reserves to fund any budget gaps is a last resort and a clear and timely plan for their replenishment would need to be agreed.

### The Effect of the Decisions

- 5.49 Some of the savings proposed within this report would, if implemented, result in a number of posts being deleted, and therefore there is the potential for redundancies. Should the likelihood of redundancies occur, the Council will immediately implement a 'redeployment process' to try to find suitable roles for affected staff. Dependent on decisions, officers will also consider whether there is scope to apply for a direction from the Secretary of State for Communities and Local Government to capitalise all redundancy costs incurred.

### Risks

- 5.50 Budgets are necessarily based on assumptions about what will happen during the next financial year; and therefore there is an inevitable risk that these assumptions might be wrong.
- 5.51 The main foreseen risk is that the proposed savings are not delivered. In an attempt to reduce this risk the budget will be closely monitored via the monthly financial management reports and updated budget information, including savings achieved, will be reported to Cabinet throughout the financial year.

## **6. Comments of Other Committees**

- 6.1 This report will be considered by Directors and Commissioners on 8 September 2010; and the Overview and Scrutiny committee at their meeting on 9 September 2010. Any comments or recommendations received by the Committee will be reported separately.

## **7. Conclusion**

- 7.1 This paper sets out the latest assessment of the Council's Revenue Budget for the years 2011/12 to 2014/15.

## **8. Appendices**

- |   |   |   |
|---|---|---|
| A | - | Detail of £4.423m savings                           |
| B | - | Workforce Planning to Meet Budget Reductions Report |
| C | - | Foster Care payments schedule                       |

**Detail of £4.423m Savings**

**Details of Savings Proposals 2011/ 12 to 2015/ 16**

Ref	Details	Latest Agreed Position as at PPRG 13 Jul 2010			
		11/12 £'000	12/13 £'000	13/14 £'000	14/15 £'000
<b>AGREED SAVINGS</b>					
<b>EDUCATION &amp; CHILDREN'S SERVICES</b>					
S10 ECS	Out of Authority Placements - Children with Disability	(50)	0	0	0
S07 ECS	Strategic review of youth Service	0	(140)	0	0
	DECS - Savings now identified in para 5.24	(910)	(910)	0	0
	Additional savings to be found - identified in para 5.24	(209)	0	0	0
		<b>(1,169)</b>	<b>(1,050)</b>	<b>0</b>	<b>0</b>
<b>COMMUNITY &amp; WELLBEING</b>					
S1 CWB	Develop re-enabement of in house services	(200)	(200)	0	0
S4 CWB	Continue to provide alternative care to further enhance independ	(250)	(100)	0	0
S10/S4CW	Adult Social Care Transformation	(750)	0	0	0
S15 S25 C	Commissioning TBC by Strat. Director CWB	(139)	(100)	(100)	0
S18/S26 C	Additional Savings to be Found	0	(375)	0	0
S8 CWB	Adult Services Restructure	(50)	0	0	0
S9 CWB	Restructure of Community Services	(50)	0	0	0
S6 CWB	Value for Money Review of Meals on Wheels	(32)	0	0	0
S17 CWB	Invest to save to increase flexible sessional tutor hours and reduc	(2)	0	0	0
S29 CWB	Completion of the reprovision of Newbeech	465	0	0	0
S5 CWB	Re-negotiate Gurney House Contract	(100)	0	0	0
S14 CWB	Reduce Supporting People Grant due to Govt. funding reduction	(585)	0	0	0
S22 CWB	Make Community Centres Self funding	0	(100)	(100)	0
ES3b CWE	Reprovision of Central Library	(150)	(80)	0	0
	Additional savings to be found	(401)	0	0	0
		<b>(2,244)</b>	<b>(955)</b>	<b>(200)</b>	<b>0</b>
<b>GREEN &amp; BUILT ENVIRONMENT</b>					
S03 GBE	Recharges to HRA/Capital	0	20	0	0
S39 GBE	Sale of Trade Waste Collection service	(100)	200	0	0
S34 GBE	Regulatory Services shared management	(120)	0	0	0
S37 GBE	Building Control shared management	(30)	0	0	0
S32 GBE	Reconfigure Borough Wide Comm safety/Enf teams tbc	(145)	0	0	0
ES2 GBE	Highways Maintenance	(250)	250	0	0
	Additional savings to be found	(140)	0	0	0
		<b>(785)</b>	<b>470</b>	<b>0</b>	<b>0</b>
<b>RESOURCES</b>					
S03 RES	VFM review of legal services	0	(100)	0	0
999 RES	Review of Property Services (should be a B saving)	0	(50)	0	0
		<b>0</b>	<b>(150)</b>	<b>0</b>	<b>0</b>
<b>IMPROVEMENT &amp; DEVELOPMENT</b>					
S09 I&D	CSC - reduced costs in line with grant	0	(150)	0	0
		<b>0</b>	<b>(150)</b>	<b>0</b>	<b>0</b>
	Savings sub total exc. Reduction in accommodation costs	<b>(4,198)</b>	<b>(1,835)</b>	<b>(200)</b>	<b>0</b>
<b>TOWN HALL</b>					
999 RES	Reduction in accommodation costs	(225)	0	0	0
	<b>TOTAL AGREED SAVINGS</b>	<b>(4,423)</b>	<b>(1,835)</b>	<b>(200)</b>	<b>0</b>

**SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Cabinet **DATE:** 20 September 2010  
**CONTACT OFFICER:** Julie Evans, Strategic Director of Resources  
**(For all Enquiries)** (01753) 875300  
**WARD(S):** All

**PART I**  
**KEY DECISION**

**WORKFORCE PLANNING TO MEET BUDGET REDUCTIONS**

1. **Purpose of Report**

This report sets out proposals to determine how decisions will be made to address the requirement for the Council to realign its establishment in the light of budgetary reductions and cuts in grant and other funding.

2. **Recommendation(s)/Proposed Action**

It is proposed that:

The Chief Executive as Head of Paid Service and the Strategic Director of Resources as the S 151 Officer be authorised to approve changes under the workforce planning exercise by granting early retirement and/or redundancy, subject to a viable business case, to meet the organisational changes required in light of the budget constraints going forward

3. **Community Strategy Priorities**

Decisions taken will take account of the Council's priorities.

4. **Other Implications**

(a) **Financial**

Decisions on the granting of early retirement and/or redundancy will be subject to an explicit business case to support the approval of any request.

(b) **Risk Management**

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal Human Rights Employment Issues Equalities Issues	Decisions will be taken in accordance with legislative requirements and Council policies	
Property Health and Safety	N/A	



Community Support Communications Community Safety		
Financial	Decisions with be taken with due regard to the Council's financial processes	
Timetable for delivery	In line with the Council's business requirements	
Project Capacity	Contained within existing resources	
Other	N/A	

(c) Human Rights Act and Other Legal Implications

These arrangements cover the requirement to satisfy employment law and Human Rights legislation.

(d) Equalities Impact Assessment

As expressions of interest have been sought across the organisation there is no initial screening impact assessment to undertake. However, requests, decisions and final outcomes will be monitored to ensure there is no disproportionate effect on any group.

(e) Workforce

The proposals cover all staff within the Council with the exception of staff employed in schools.

5. **Supporting Information**

In the light of the reductions in public sector spending the Council has no option but to seek to make major reductions in expenditure. Staffing is the largest controllable cost and as such this area must bear the brunt of the savings required. This will involve some radical decisions as to what services are provided and how they are delivered in the future.

Councillors will be aware that a letter from the Chief Executive and the Leader of the Council was issued to all staff seeking expressions of interest from staff in changing their employment arrangements by seeking early retirement and/or redundancy, requesting a sabbatical from work, reducing working hours over the next couple of years.

Once staff have confirmed their interest following receipt of any financial information they have requested business cases will be prepared and presented to CMT who will consider requests and determine how these align to the provision of services in the future.

Implementation will need to be timely and swift and will have an impact at all levels of the council.. Where necessary alternative arrangements fro the management of

services will be agreed by the Chief Executive and the Leader of the Council in advance of permanent solutions.

7. **Conclusion**

Cabinet is requested to agree this report.

9. **Background Papers**

None

## APPENDIX C

### Allowances paid to foster carers by neighbouring authorities

Local Authority	Payments	Extra Payments	Difference compared with Slough proposed payments
Reading	0 – 4 years £151.99 5 -7 years £199.94 8 – 12 years £253.73 13 – 18 years £321.55		0 -4 £173.10 more 5 – 7 £142.55 more 8 – 12 £123.65 more 13 – 18 £94.19 more
Bracknell Forest	Core allowances at FN rates 0 – 4 years £134.71 5 – 10 years £153.45 11 – 15 years £191.02 16+ £232.34 Plus market supplement (subject to tax and NI ) 0 – 4 years £85.00 5 – 10 years £85.00 11 – 15 years £145.00 16+ years £105.00	Initial clothing and footwear excluding school uniform - £300 max School trips - £300 max School uniform – up to £150 primary school and up to £200 secondary school. Transport costs 37.22p per mile for mileage over 12 miles a day. (Can be increased at discretion of manager.)	0 – 4 £190.38 more 5 – 10 £189.04 more 11 – 15 £186.36 more 16+ £183.40 more  0 – 4 £105.38 more 5 – 10 £104.04 more 11 – 15 £41.36 more 16+ £78.40 more
Windsor and Maidenhead	0 – 10 years £229.18 11+ years £331.00	Initial clothing grant 0 – 10 years £120.61max 11+years £211.66max Uniform allowance 0 – 10 years £120.61 11+ years £271.96 Festival allowance 0 -10 years £117.69 11+ years £176.51 Birthday allowance 0 – 10 years £94.60 11+ years £153.44	0–10 £95.91 - £113.31 more 11+ £46.38 - £84.74 more
Wokingham	Child's allowance 0 – 10 years £156.73 11+ years £237	Carers' allowance Level 1 - £140 ( basic newly approved, moving to level 2 within one year or respite carers ) Level 2 - £245 ( main stream carers working towards qualification etc ) Level 3 - £320 ( qualified, experienced carers who take teenagers/older children – 1 carer available 24 hours a day )	0 - 4 level 1 £28.36 more  0 – 4 level 2 £76.64 less  5 – 11 level 1 £45.76 more  5 – 11 level 2 £59.24 less  11+ level 1 £0.38p more  11+ level 2 £104.62 less  11 - 15 level 3 £179.62 less  16+ level 1 £38.74 more  16+ level 2 £66.26 less  16+ level 3 £141.26 less

West Berks	0 – 4 years £202.06 5 – 10 years £230.17 11 – 15 years £334.28 16 – 18 years £348.49	No holiday, festival or birthday allowances paid	0 – 4 £123.03 more 5 – 10 £112.32 more 11 – 15 £43.10 more 16+ £67.25 more
Surrey	0-10 years £273.28 11+ years £356.65	1 additional week Fostering Network allowance for birthday.	0 – 4 £51 more 5 – 10 £69.21 more 11 – 15 £20.73 more 16+ £59.09 more
Buckinghamshire	0-4 years £150.85 5-10 years £200.55 11-15 years £263.90 16+ years £309.05	Birthday/ Festival allowance (1 annual payment) 0-4 years £83 5-10 years £90 11-15 years £111 16+ years £138	0 – 4 £174.25 more 5 – 10 £141.94 more 11 – 15 £113.48 more 16+ £106.69 more
Hounslow	0 – 10 years £289.50 11 – 17 years £363.40	No additional payments	0 – 4 £35.59 more 5 – 10 £52.99 more 11 -15 £13.98 more 16+ £52.34 more
Hillingdon	0-11 years £286.36 12+ years £336.16	No additional payments	0 – 4 £38.73 more 5 – 10 £56.13 more 11 – 15 £41.22 more 16+ £79.58 more
Hammersmith & Fulham	0-2 years £331.00 3-4 years £334.00 5-10 years £349.00 11-15 years £367.00 16-17 years £395.00	No additional payments	0 – 2 £5.91 less 3 – 5 £8.91 less 5 – 10 £6.51 less 11 – 15 £10.38 more 16+ £20.74 more

Independent Fostering Agency	Approximate Payments	Difference compared with Slough proposed payments (youngest and oldest age range bands)
SWIIS	£400 - £580	£325 - £415 (£165 – £75 less) (Excludes SBC 'Specialist' fees.)
FCA	£400	£325 - £415 (£75 less to £15 more)
Fostering First	£390.25	£325 - £415 (£65.25 less to £24.75 more)