

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet

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PART I

FOR INFORMATION

Progress report on delivery of Budget 2011/12

Purpose of Report

1. To advise Members of the steps taken to prepare for anticipated severe funding cuts and achieve a balanced budget in 2011/12 and beyond.

Recommendation

2. Cabinet is asked to note this report.

Summary of Contribution to National and Council Priorities, Strategic Objectives

3. The actions and proposals set out in this report are designed to deliver all the key priorities of the Council, subject to any review of those priorities arising from funding cuts or changes in the remit of the Council.
4. These actions and proposals are also designed to deliver value for money and maintain service and project delivery.

Other Implications

Financial

5. The report sets out progress on key actions expected to contribute an estimated £2m to the achievement of a £6.9m savings target for 2011/12.

Human Rights Act and other Legal Implications

6. There are no immediate Human Rights Act implications arising from this report. The impact of specific decisions will be considered as and when detailed proposals are to be determined. Decisions will be taken in accordance with legislative requirements and Council policies.

Workforce implications

7. If agreed, the proposals currently out for consultation in both the management reorganisation and Housing reorganisation will involve a combination of the deletion of vacant posts, termination of temporary contracts, acceptance of some

expressions of interest in voluntary redundancy and/or early retirement on the ground of efficiency, reductions in working hours arising from 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.

8. Risk Management

Risk	Mitigating Action	Opportunities
The Council cannot meet the scale of government's funding cuts without severe damage to frontline services	<p>Early planning</p> <p>First phase of focus on management, support service, income, contract costs and other overheads</p> <p>Creating the space and capacity for consideration and delivery of future change</p>	Tackling the financial and national policy challenges as one programme and effecting change with due regard for community priorities and local policy change.
Widescale staff uncertainty and resistance	<p>Wide and open communication of background, decision making, timetables etc.</p> <p>Rapid decision making where possible in line with good practice</p> <p>Workforce planning exercise seeking expressions of interest and so achieving change with staff support where there is a sound business case to do so.</p>	<p>To reshape the Council and focus resources away from centre</p> <p>To engage staff in the process of change</p>
Change too rapid to be sustainable whilst maintaining service and project delivery	<p>An intermediate change which retains capacity to effect further change.</p> <p>Enabling change through lift and shift so minimising disruption and uncertainty.</p> <p>Use of short term and specialist capacity to deliver specific change and bolster capacity</p>	Create a more flexible structure

Background

9. In June the government made in year cuts in local government funding amounting to £3.3m for Slough. In July Cabinet agreed the implementation of these cuts by implementing some government proposals and protecting other services nominated by government, notably free swimming, inspection and improvement of HMOs and Connexions.
10. In September the Cabinet determined the detail of budget cuts of £4.4m in 2011/12, the headlines of which had been agreed as part of the budget process for 2010/11. In any normal year this would have placed the Council in the secure position of having largely balanced its budget six months in advance and established secure foundations on which future service and financial plans could have been built.
11. The government also announced in June headlines of public sector funding cuts and other measures affecting local and national taxation. More detail of public sector funding cuts will be announced on 20 October. In anticipation of that announcement and to enable preparations to be made in advance the Council has projected a further funding gap in the 2011/12 budget of £6.9m and a cumulative budget gap of £19.5m in 2014/15.
12. The Cabinet agreed that insofar as possible in 2011/12 it would protect frontline services, concentrate its efforts on reducing overheads and back office costs and create the space to plan for further change. In September agreed key themes for action as follows.

Update on progress

13. The table below provides an update on progress against these themes.

Area of Activity	Target Saving	Notes	Progress
1. Reviewing the Council's approach to income generation, cash and debt management	750	3 elements : Management of Old Debt, Processes to improve collection rate (both of these enable us to reduce bad debt provision). 3 rd element is an invest to save project (fixed investment costs of £40k) seeking to improve our revenue generating opportunities.	Debt process review currently underway, due to report to CMT 27/10. Council wide Revenue Income Optimisation (RIO) workshops, are in place with scrutiny participation scheduled to take place.
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	2500	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 th , 22 th and 13th December	<p>Management proposals now published and under formal consultation. Proposals secure circa £700k savings from existing structure (see below)</p> <p>Service re-design proposals to establish transactional service to be agreed at cabinet 9/11. Support service savings proposals for HR, Legal, Communications & Audit to report to cabinet 9/11.</p> <p>The workforce planning exercise provides a vehicle for securing savings to avoid compulsory redundancy wherever possible. To date 32 requests for a variety of cost saving options have been agreed via this route.</p> <p>Providing ongoing annual revenue savings circa £850k at a one off cost circa £1.3m.</p>

Area of Activity	Target Saving	Notes	Progress
3. Reviewing our assets. Reducing the cost of office accommodation requirements, ensuring value for money in running costs of all Council buildings	750	NB £225k already included in £4.4m, not reallocated. Asset team review recommendations complete end October. Cabinet decisions scheduled for 13 th December (alongside capital programme reductions/property team savings)	Full asset review commissioned and underway. Full cabinet report 13/12/2010
4. Reviewing all major contracts and all commissioned services seeking a minimum 4% saving and securing a change to the basis of inflationary increases	1000	Includes all cross cutting corporate contract s negotiations and supplier e.g energy/utilities, telephony, catering	Current year concluded, negotiations for coming year to commence. Meetings with major providers, SCL, Enterprise, Interserve all underway. Initial response positive negotiations continuing.
5. Reducing, reshaping and changing, where possible, the way we finance our capital programme to reduce borrowing costs	700	Linked to capital programme, internal borrowings and repackaging of existing debt.	2 phases of early repayment of debt and refinancing of some long term debt has taken place and have secured estimated net revenue savings circa £400k in coming year.
6. Taking other opportunities across the Council to reduce staffing arising from expressions of interest	1200	These rely on the business ability to continue ahead of transformational changes in next phase (2012/2013).	A total of 238 expressions of interest have been received. These reflect a variety of cost saving options including reduced hours, sabbaticals, voluntary redundancy and early retirement. All of the remaining requests will be considered by 20 th October The outcome of the full exercise will be reported to cabinet on the 9 th November
TOTAL SAVINGS TARGET PHASE 1	£6.9m		Estimated value secured to date £2 m

Management change

14. A restructure of the management arrangements has been launched with the aims of:
- Responding to the funding cuts facing the Council and in particular supporting the delivery of 20% savings in management and support services costs.
 - Responding to the emerging government decisions on the future responsibilities and ways of working of local government notably:
 - New public health responsibility
 - Refocusing economic development
 - Localism
 - Proposal for single benefit payment
 - Drive to reduce central overheads through shared services and externalisation
 - The Council also needs to create the space to address specific issues:
 - Prepare for potential externalisation of support and transactional services
 - Enhance customer services and consider externalisation
 - Build capacity in regeneration and align environmental services
 - Enable further delivery of a neighbourhood approach
 - Providing an intermediate structure which can be delivered swiftly and smoothly
 - Maintaining the capacity to make radical change in 2011/12 and enabling an early move to future structure
 - Maintaining delivery of service and projects within reduced envelope
 - The aim is to provide the Council with strong management capacity fit for the future and in particular deliver a structure and managers fit for purpose:
 - Flexible and adaptable
 - Providing strong leadership
 - With sound change management capacity, and
 - A commercial and entrepreneurial outlook
15. The government's financial and policy agenda leads to a period of considerable uncertainty, the need for future change and also the need for the capacity in the interim to make change. The challenge is to make change swiftly and without comprehensive disruption but mindful that further change may be needed in the future as financial targets and government policy become clearer.
16. The early expression of interest in early retirement from the Director of GBE and the recent workforce planning exercise has generated Expressions of Interest (EOIs) in voluntary redundancy and early retirement among second tier managers and below. These have prompted further reviews. Simultaneously proposals have been developed for the reintegration of People 1st staff into the Council. This has led to a proposal which is intended to deliver to all the aims above.
17. In summary it is proposed that the number of directors will be reduced from five to four by deleting the post of Director of GBE. Changes proposed to 2nd tier posts, including senior managers in the former People 1st, will reduce the number of senior managers reporting at this level from 27 to 17. Much of this will be achieved through existing vacancies and by confirming some expressions of interest. To reduce disruption this proposal achieves the majority of the change on a lift and shift basis.

18. The detailed proposal is available to Members on request and is available on the Council's intranet. Whilst much of the changes are made by simple reallocation of services to new line management, the features of most significant change are set out below.
19. Bringing together those functions which support built development and regeneration. This will enable the consolidation of a corporate property function which will include the delivery of all Council building projects. It will ensure that all the Council's property functions including those of the former People 1st are managed consistently and economically and deliver to similar standards. This arrangement will enable all regeneration activity to be closely aligned.
20. A new directorate provisionally called Customer and Transactional Services will bring together the ICT and customer services teams under a new AD post. This post will be tasked with delivering improved customer services across the Council and with delivering strategic and operational ICT. There are opportunities for externalising some of the functions within this remit and these will be explored and, if proven, implemented in the medium term.
21. A second AD post will oversee a range of transactional services drawn together from several support service areas notably: financial processing, payroll, HR management information, recruitment, benefits processing, etc. This AD will be tasked to bring all the functions within the remit to high standards of efficiency and quality and to prepare them for externalisation at an early opportunity if a suitable partner or provider can be found. In addition to financial and quality criteria, the criteria for such an externalisation will be the preservation where possible of the jobs of permanent council employees and the retention of jobs within Slough.
22. A new AD Professional Services post is also proposed within the Resources and Regeneration directorate which brings together the non-transactional functions of HR, Organisational Development, Legal, Democratic Services, Electoral Registration and Elections.

Next steps

23. Formal consultation on Housing proposals will be concluded on 9 November. Subject to the results of the consultation it is intended to implement these proposals no later than 4th April 2011. Similarly formal consultation on the management reorganisation proposals will be concluded on 16 November and subject to the results of consultation it is intended to implement these proposals no later than 4 April 2011.
24. Further reports on reshaping support services and achievement of the financial target will be brought to Members as shown in the above table.

Conclusion

25. The Council is facing a period of major change and unprecedented financial constraints. This report shows that good progress to achieving both change and financial outcomes is being made.