

DECISION-MAKER:	CABINET COUNCIL		
SUBJECT:	CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS		
DATE OF DECISION:	16 SEPTEMBER 2014 17 SEPTEMBER 2014		
REPORT OF:	CABINET MEMBER FOR RESOURCES AND LEISURE		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
NONE			

BRIEF SUMMARY

The purpose of this report is to set out further savings in advance of the budget setting for 2015/16 and to outline the main issues that need to be addressed in considering the Cabinet's recommendations to Council on 17 September 2014.

This follows the report to Cabinet on 15 July 2014 opening consultation on a further £1.3M of savings proposals in 2014/15 and £7.7M of savings proposals for 2015/16.

This report recommends approval for £1.3M of savings for 2014/15 and £6.8M for 2015/16 following the consultation period.

Further proposals may be brought forward to Cabinet and Council if appropriate throughout the course of the year in order to continue to effect change at the earliest opportunity and ensure timely delivery in keeping with the principles of sound financial management.

RECOMMENDATIONS:

Cabinet recommends Full Council to:

- (i) Note the results of the Consultation process outlined in Appendix 1.
- (ii) Note the Equality Impact Assessment process that was followed as outlined in paragraphs 6 to 8.
- (iii) Approve the efficiencies and service reductions as set out in Appendix 2.
- (iv) Note the high level forecast for the General Fund for 2014/15 to 2015/16 as detailed in paragraphs 22 to 24.
- (v) Note the position in relation to City Catering as set out in paragraph 18.

- (vi) Delegate authority to the Chief Financial Officer to action all budget changes arising from the approved efficiencies, income and service reductions and incorporate any other approved amendments into the General Fund estimates.
- (vii) Delegate authority to the Chief Financial Officer, in consultation with the Executive Director of Corporate Services, to do anything necessary to give effect to the recommendations in this report.

COUNCIL

It is recommended that Council:

- (i) Note the results of the Consultation process outlined in Appendix 1.
- (ii) Notes the Equality Impact Assessment process that was followed as outlined in paragraphs 6 to 8.
- (iii) Approves the efficiencies, income and service reductions as set out in Appendix 2.
- (iv) Notes the high level forecast for the General Fund for 2013/14 to 2015/16 as detailed in paragraphs 22 to 24.
- (v) Note the position in relation to City Catering as set out in paragraph 18.
- (vi) Delegates authority to the Chief Financial Officer to action all budget changes arising from the approved efficiencies, income and service reductions and incorporate any other approved amendments into the General Fund estimates.
- (vii) Delegates authority to the Chief Financial Officer, in consultation with the Executive Director of Corporate Services, to do anything necessary to give effect to the recommendations in this report.

REASONS FOR REPORT RECOMMENDATIONS

1. The recommendations have been put forward to ensure that proposals are advanced as early as possible as part of the budget process for 2015/16.
2. The current medium term financial forecast highlights the challenges facing the Authority. This combined with the potential impact of reductions in future funding levels for Local Government make it imperative that proposals for 2015/16 onwards are developed and savings achieved as early as possible.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. The option to not consider changes to existing revenue and capital budgets is not compatible with the need to ensure effective and robust financial planning given the financial challenges facing the Authority. There are almost limitless options that can be applied to budget changes in the year most of which are driven by political priorities. In formulating the final options to present in this paper the Executive have taken into account the relevant impact of all options that were under consideration and as a result some have not been progressed.

CONSULTATION

4. The draft proposals in the report presented to Cabinet on 15 July 2014 were published on 7 July 2014 in order to help facilitate widespread consultation with a range of stakeholders, councillors, residents, affected organisations, the business community, staff and Trade Unions who were all invited to submit comments on the detailed proposals. More detail is provided in Appendix 1 on the methods used to consult with staff, residents and other stakeholders.

STAFF CONSULTATION

5. The draft budget proposals were published on 7 July 2014 and this signalled the start of an extensive and ongoing consultation process with staff and Trade Unions. More detail is provided in Appendix 1 on the methods used to consult with staff and Trade Unions.

EQUALITY IMPACT ASSESSMENT

6. The Equality Duty is a duty on public bodies which came into force on 5 April 2011 and requires the Council to show that it has 'had regard' to the impact of its decisions on its equality duties and the need to advance equality of opportunity between people who have protected characteristics and those who do not.
7. While the Equality Duty does not impose a legal requirement to conduct an Equality Impact Assessment (EIA), it does require public bodies to show how they considered the Equality Duty and that they have been consciously thinking about the aims of the Equality Duty as part of the process of decision-making. To comply with these requirements as well as the Community Safety legislation, the Council has used its existing Impact Assessment framework so that it can ensure the use of a consistent, council wide mechanism to evidence how decision making took into account equality and safety considerations.
8. Individual EIAs have been completed by Directors and Senior Managers for those proposals contained in Appendix 2 that they identified require such an assessment, as they could have an adverse impact on a particular group or individuals. The individual EIAs have been updated by Directors following consideration of relevant consultation feedback. EIA's have been completed for the following proposals and are available on request.

EFFICIENCIES, INCOME AND SERVICE REDUCTIONS

9. The scale of the financial challenge facing the Council combined with the potential impact of an ongoing difficult economic position make it imperative that proposals for 2015/16 onwards are developed and savings achieved as early as possible.
10. The report to Cabinet 15 July 2014 set out draft proposals for consultation and Appendix 2 sets out the Executive's recommendations for efficiencies, income and service reductions in detail.
11. Where possible these will be implemented as soon as practicable in the current financial year, leading to savings of £1.3M in 2014/15 which can be added to balances and utilised to make a one off contribution to reduce the gap in 2015/16.
12. For the majority of the proposals contained in Appendix 2, however, the intention

is to take steps during 2014/15 to implement the saving so that they become effective from 1 April 2015 leading to savings of £6.8M in 2015/16, £6.6M in 2016/17, and £6.7M in 2017/18.

13. There are a number of potential savings proposals (referred to in paragraph 14 and 15 below) which were included in the July budget report which are not being brought forward at this stage for approval to implement. This is because the proposals are either pending awaiting the outcome of the conclusion of statutory consultation periods or require further clarification on the legality and or/or benefit of the proposed saving.
14. The two savings proposals effecting Provider Services are not included in this report because the consultation is not due to end until 23 October 2014. The proposals are the potential closure of internal Day Provision including the potential closure of Kentish Road and possible re-provision through Shared Lives Respite, and a proposal on the potential closure of Woodside Residential Home. Following the conclusion of the consultation processes, it is anticipated that these savings proposals will be represented in the November 2014 budget position. In total this would give additional savings of £0.9m in 2015/16, £1.8m in 2016/17 and £1.85m in 2017/18.
15. Following further advice from both Legal Services and the Department of Health the proposal to increase income from charging clients who are subject to Appointeeship is not being taken forward at this stage.

Business Support

16. It should be noted that the employee consultation on Business Support has been extended and will now run until the 29th October. However, whilst ensuring that due regard will be given to the feedback from the consultation, the Executive is committed to reducing the overall cost of business support by £800k from 2015/16. On that basis, approval is being sought at this stage to proceed with implementation of the revised business support arrangements following the end of the consultation to deliver the saving of £800k.

Library Service

17. No specific proposals are brought forward in this report for the Library Service. The intention remains that formal consultation will commence with both service users and affected staff in the Autumn.

City Catering

18. Whilst there are no financial implications at this stage, and whilst no financial implications may occur, Full Council is asked to note that if Cabinet agree to City Catering becoming a Charitable Mutual Company at its meeting on the 16th September 2014, that the Council will act as Guarantor on any potential future pension liabilities which could occur should the new company cease to operate.

STAFFING IMPLICATIONS

19. It is inevitable that when the Council is faced with such a significant funding shortfall, that the savings proposals put forward by the Council will have an impact on staff cost and staff numbers.
20. Being aware of this fact, the Council has continued to have in place a carefully planned approach to recruitment, ensuring that vacant posts have only been

recruited to where absolutely necessary.

21. Based on the savings proposals contained in this budget report 80.8 FTE posts are affected of which 36.6 are currently vacant and 44.2 are in post and are at risk of redundancy.

BUDGET DEVELOPMENT FOR 2015/16 AND FUTURE YEARS

22. The report to Cabinet on 16 July highlighted the challenges facing the Authority and identified an updated roll forward gap for 2015/16 of £31M rising to £75M in 2017/18, before taking into account any further revenue developments, pressures or savings.
23. The savings proposals for 2014/15 and future years will be taken into account in the development of the budget for 2015/16 but early decision making will enable implementation to be progressed in advance of the February 2015 budget meeting.
24. The overall impact of the savings proposals, as set out in paragraphs 9 to 18 (and detailed in Appendix 2), is summarised below:

	<u>2015/16</u> <u>£000's</u>	<u>2016/17</u> <u>£000's</u>	<u>2017/18</u> <u>£000's</u>
Cumulative Gap from February Budget Resolution	30,958.2	54,740.2	
Plus Estimated Gap 2017/18			75,197.5
Less Reduction in Pressure - Taxi Cab Cameras (Licensing Committee Decision)	(64.0)	(64.0)	(64.0)
Required Savings - Updated Position	30,894.2	54,676.2	75,133.5
Less Savings Proposals 2014/15	(1,322.5)		
Less Savings Proposals 2015/16	(6,750.5)	(6,556.5)	(6,656.5)
Contribution from Balances - MRP	(4,527.0)		
Remaining Gap	18,294.2	48,119.7	68,477.0

RESOURCE IMPLICATIONS

Capital/Revenue

25. The resource implications are set out in the report

Property/Other

26. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

27. Local Government Acts 1972, 2000 and 2003 and Local Government Finance Act 1992.

Other Legal Implications:

28. Not applicable.

POLICY FRAMEWORK IMPLICATIONS

29. This report proposes variations to the budget that was approved by Council on 15 February 2012.

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KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:

SUPPORTING DOCUMENTATION

Appendices

1.	Budget Consultation Report
2.	Summary of Efficiencies and Service Reductions

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/No
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	GENERAL FUND REVENUE BUDGET 2014/15 TO 2016/17 – Council 12 February 2012	
2.	CHANGES TO EXISTING REVENUE AND CAPITAL BUDGETS – Cabinet 15 July 2014	