



COUNCIL: 18 October 2017

Report of: Chief Executive

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SUBJECT: POLICY OPTIONS 2018-21

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To consider financial performance in the current year, and to report the results of the Policy Options 2018/19 consultation before agreeing a final set of Policy Options for implementation.

2.0 RECOMMENDATIONS

- 2.1 That the financial performance at the mid year point be noted.
- 2.2 That the results of the Policy Options consultation set out in Appendices 1 and 2 be noted.
- 2.3 That the Policy Option proposals set out in Appendix 3 be approved, and that the Chief Executive and Heads of Service be given authority to take all necessary action in connection with the implementation of these proposals.
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3.0 BACKGROUND

- 3.1 The Council has been going through an extended period of reducing resources primarily as a result of significant reductions in its government grant funding. This period began in 2009 and in response an Organisational Downsizing Initiative was implemented in that year to deliver ongoing annual savings of £1.753m. Over the four year period 2011-15, the Council then delivered a series of large scale saving programmes that have delivered further ongoing annual savings of around £5m. Similarly the GRA faced a budget gap of £1.3m in 2015-16, and then agreed a further package of efficiencies, additional income and savings of £1.7m for the 2016-17 financial year. This has been a period of unprecedented change for the GRA and there is an expectation that savings will continue to need to be made until at least 2020.

- 3.2 A Policy Options report was presented to the July Council meeting that set out a forecast budget gap of £1.925m for 2018-19, £0.590m for 2019-20, and £0.210m for 2020-21. In total this would mean reducing the ongoing annual budget requirement by £2.725m by 2020-21. The single largest ongoing factor explaining this position is the reduction in Government grant funding that has been confirmed for future years, and in particular the reduction of £0.870m in Revenue Support Grant. However there are also a number of other significant factors, including the anticipated loss of £0.950m of income from the County Council when the current Waste Partnership agreement comes to an end in March 2018.
- 3.3 In practice there is scope for considerable variation in this type of forecast as many factors cannot be known with certainty at this time and unexpected new developments will occur. However the forecast does give a clear indication of the scale of budget reductions and additional income that will need to be found over the next 3 years, which would be around 13% of overall turnover.
- 3.4 The July Policy options report agreed £0.457m of measures including proposals for staff restructuring, budget streamlining, efficiency improvements and treasury management and procurement savings. This includes a £10,000 saving through efficiencies on the leisure contract that previously had a savings figure to be confirmed. The July report then set out a further series of potential options for consultation, which are summarised below.

Code	Policy Option / Initiative
OP12	Increase Bus Station departure charges to Bus Companies from 7.5p per departure to 50p
OP13	Home Care Link – look to at least break even or else review the provision and model of service delivery
OP14	General Income Programme e.g. new trading areas, expansion of existing trading, increase in level of existing fees and charges etc
OP15	Cease provision of civic car and chauffeur
OP16	Reduced Civic Services and Mayoral Role
OP17	Cross service review of Grounds Maintenance and Street Cleansing Services

- 3.5 While every effort has been given to maximising efficiencies and income generation, the scale of the budget gap means that options have to be considered that will have an impact on the public, current service and performance levels, and members of staff. However these Policy Option proposals have been designed to minimise these effects given the level of savings that need to be identified.

4.0 BUDGET MONITORING MID YEAR REVIEW

- 4.1 It is our standard practice to review financial performance at the mid-year point to ensure that budgets are being effectively controlled so that any issues can be addressed in a timely fashion. The latest financial monitoring against GRA budgets is now projecting an overall favourable variance of £90,000 or 0.7% for the year. The majority of the permanent ongoing budget savings that were achieved in 2016/17 have been built into the budget for 2017/18, and consequently the current year's projected favourable budget variance is lower than that achieved in the previous year. In addition OP4, the corporate budget streamlining policy option for £165,000 that was agreed at Council in July, has been built into the current year budgets, and this saving will be used to support the budget position for 2018/19.
- 4.2 The projections have been calculated on a prudent basis, and consequently it can be confidently expected that the Council will meet its budget targets. This will continue our track record of managing our financial performance to ensure that the outturn position is in line with the budget.
- 4.3 The GRA faced a significant budget gap for the 2017/18 financial year in terms of the spending required to maintain agreed service levels and the resources that were expected to be available. To address this position a series of measures worth £1.2m were agreed by Council. These measures include the introduction of new charges to generate additional income, savings from contract renegotiation, efficiency improvements, staff restructuring savings and changes to terms and conditions, as well as additional council tax and business rates income. This package of measures is now being implemented and overall good progress is being made on delivering the necessary savings, and this is reflected in the positive financial performance being achieved.
- 4.4 The introduction of garden waste charging was originally forecast to raise an additional £500,000 of income after allowing for the costs of administering and collecting these charges. The take up of this service has been higher than predicted and consequently this budget can now be prudently increased by £140,000 to £640,000 in future years.

5.0 CONSULTATION

- 5.1 The Council has a duty to consult and involve representatives of local persons and others, where appropriate, in the exercise of its functions. In line with these requirements the Council carried out consultation earlier this year to gather the views of local residents and stakeholders. Just under 1,300 people responded to the Citizens Survey and there were 82 responses to the Stakeholder Survey. These survey results provided important information about views on the services where people thought savings or income should be generated, and these results have been considered in developing policy options.
- 5.2 A further consultation exercise has been undertaken specifically on a range of policy options contained in the July Council report. This consultation was undertaken through two online surveys and with paper copies of the surveys available upon request. There was one survey for individual residents and one for stakeholder organisations and community groups. This consultation was

promoted in a variety of ways including: press releases issued to local newspapers; on the Council website; working in partnership with West Lancashire CVS who made all the organisations they are involved with aware of the consultation; and emails sent directly to parish councils, public sector organisations, and businesses. 154 responses were received to the 2017 Meeting the Budget Challenge consultation for residents, and in addition 34 responses were received from organisations. Reports on these consultation results are provided in Appendices 1 and 2.

- 5.3 The resident survey results are set out in Appendix 1 and show that most respondents agreed with, rather than disagreed with, the majority of the proposals. The savings proposals with the most concern amongst residents were in relation to annual increases to a range of charges including Pest control, Licensing and Home Care Link and the review of the grounds maintenance and street cleansing services.
- 5.4 The purpose of the consultation was to provide residents with the opportunity to give their views on the Council's budget proposals and provide insight into any impact these would have. It should not though be considered a statistically representative piece of research which represents the views of all residents in the Borough. Some caution should be applied when reviewing the analysis and findings, as an open-access consultation has the potential for self-selection bias from residents with strong views on particular issues or services.
- 5.5 The results of the stakeholder survey are set out in Appendix 2 and show that the majority of organisations agreed rather than disagreed with all of the proposals except for the option concerning reducing the role of the mayor. From the comments received this appears to be because organisations feel that the Mayor's role is important for significant events such as Remembrance Sunday and is the visible face of the Council. However some comments also suggest that one solution would be to conduct a review to 'trim down' the role and reduce the expense.

6.0 FINAL POLICY OPTIONS FOR 2018/19

- 6.1 The Council is facing a very difficult medium term financial position as are most other local authorities. In addition to the large scale budget gap for 2018/19, the Medium Term Financial Forecast has identified further significant budget gaps in 2019/20 and 2020/21. Consequently once next year's budget position has been agreed there will be further work required to identify significant additional efficiencies, income and savings proposals over the medium term. Taking this position into account, and considering the consultation results as well as other relevant factors, a final set of policy options is proposed in Appendix 3. These options include those that have been consulted upon over the Summer, updated as appropriate, as well as a new option OP18 Senior Management Team Restructuring, which is the subject of a separate report elsewhere on the agenda. This restructuring will provide an appropriate focus on delivering the Council's aspirations going forward as well as significant efficiency savings.
- 6.2 In total the proposals in Appendix 3 would generate additional income and savings of £394,000 in 2018-19, increasing to £569,000 in 2020-21.

7.0 ISSUES

- 7.1 The Policy Option proposals set out in Appendix 3 would involve the deletion of five posts and the creation of 2 new posts. The maximum anticipated staff exit cost at this time would be £344,124, which could be financed from the Council's Restructuring Fund. The payback period (time for the savings generated by the proposal to match its staff exit costs) would be within 3 years in accordance with Council policy.
- 7.2 The Cross Service Review of Grounds Maintenance and Street Cleansing Services would be facilitated by consultants in conjunction with Street Scene Officers who would review the most efficient and effective way of managing and delivering this service including staffing structures. The review would also involve considering existing service specifications which have not been examined in recent times and would take into account the concerns and issues raised in the consultation responses. Options and recommendations arising from this review will be reported back to Members in due course.
- 7.3 The use of route optimisation technology is currently being implemented in the refuse and recycling service to ensure that the service is delivered with maximum efficiency, and to take account of the impact of green waste charging on activity levels. Previous budget decisions have included a £100,000 saving from 2018/19 onwards (and this is taken into account in the budget gap) from this factor but this figure will be updated once this work has been completed and consequently is therefore subject to change. The implementation of route optimised rounds could have an impact on required resources including vehicles and staffing levels, and this situation will be managed through the Council's HR and other policies. The effectiveness of these policies can be demonstrated by the fact that there have been no compulsory redundancies in recent years, and reflects a strong track record in managing organisational change.
- 7.4 Option OP16 on Reduced Civic Services and Mayoral Role has been amended and updated to take into account the consultation responses.
- 7.5 There has been a regular dialogue with the Trade Unions and affected staff on policy options in line with best practice and a number of meetings have taken place to discuss these proposals in detail.

8.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 8.1 Every effort will be made through the Policy Option process to minimise the impact of the need to make budget savings on priority areas. Creating a sustainable budget is a priority for all organisations and this report seeks to achieve this.

9.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 9.1 If the proposals in this report are approved it will mean that there will be measures in place to deliver savings and additional income of £0.991m for 2018-19. This will then reduce the value of the budget gap for 2018/19 from £1.925m to

£0.934m. Consideration on how this remaining budget gap can be closed will take place through the detailed budget setting process, which will run up until the February 2018 Council meeting when the full budget for 2018/19 will be set. This will include consideration of the £310,000 favourable budget variance for 2016/17 and the anticipated £165,000 budget streamlining saving in the current year that will be available to support the budget position for 2018/19. This will provide £475,000 of funding that will be available on a one off basis for 2018/19 only.

- 9.2 Looking further forward the Medium Term Financial Forecast is projecting a budget gap of £0.590m for 2019/20, and £0.210m for 2020/21. Consequently it is proposed that a Policy Options process will be operated in 2018 to enable this situation to be addressed. However the scale of the budget gap in future years means that the Council will continue to face a very challenging financial position.

10.0 RISK ASSESSMENT

- 10.1 The difficult financial position facing the Council is a key risk that is included on the Council's Key Risk Register, and the Policy Option process is the main process for managing and controlling this risk. The financial scenario facing all local authorities means that "doing nothing" is not an option, and that a large scale package of savings needs to be agreed over a medium term period.
- 10.2 In considering the budget gap for 2018-19 and future years, it is important to recognise that these are projections based on the best available information at the current time using prudent assumptions. However there is scope for considerable variation, and the value and scale of issues identified in the forecast may change and new issues may emerge. However the risk that the final budget position may be worse than the forecast, can be managed by taking funding out of the Budget and Efficiency Savings Reserve if required.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

A number of the proposals in this report have a significant direct impact on members of the public, employees, elected members and / or stakeholders and therefore an equality impact assessment is required. This assessment has been included in Appendix 4.

Appendix

- Appendix 1 – Meeting the Budget Challenge 2016 Consultation – Residents
- Appendix 2 – Meeting the Budget Challenge 2016 Consultation - Organisations
- Appendix 3 – Final Policy Option proposals
- Appendix 4 – Equality Impact Assessment