

SUSTAINABLE DEVELOPMENT SELECT COMMITTEE / MAYOR & CABINET			
Report Title	In Year Government Funding Reductions for 2010/11 – Further Proposals		
Key Decision	Yes	Item No.	8
Ward	All		
Contributors	Executive Director for Resources		
Class	Part 1	Date: 14 &15 September 2010	

1 PURPOSE

- 1.1 This report asks the Mayor to consider a number of additional proposals to help address the Council's current shortfall in meeting the target for the Government's in year funding reductions for 2010/11.

2 EXECUTIVE SUMMARY

- 2.1 The Council's finances from 2011/12 onwards remain extremely difficult and uncertain for capital and revenue expenditure. On 14 July 2010, the Mayor and Cabinet were advised that the Council is required to make a total of £3.295m of 2010/11 in- year savings from Government Grants as its contribution to the £1.166bn savings needed from Local Government. At this meeting, the Mayor agreed in year Government Grant reductions of £2.759m, leaving a shortfall of £536k to be found.
- 2.2 Officers were asked to review the revenue savings options for 2011/14 with a view to assessing which of these proposals could be implemented early, thereby contributing to the sum needed to bridge the in-year funding reduction gap of £536k. Officers also considered alternative proposals, mainly one-off savings, to help bridge the gap. Collectively, these proposals amount to £319k.
- 2.3 Members should note that there are instances where some revenue savings options for 2011/14 are already being used to alleviate budget pressures in the current year and are therefore not available to be taken this year.
- 2.4 The report also seeks to provide an insight into the prospect for the future funding of the Area Based Grant (ABG) and specific grants. It highlights the impact which the possible cessation of some of these grants may have on the Council's ability to continue with some services.

3 RECOMMENDATIONS

That in order to address the shortfall of £536k for the in-year reductions to Government grants, the Mayor:

- 3.1 Agrees the early implementation of £104k of 2011/14 revenue budget savings proposals in 2010/11, as set out in paragraphs 5.4.1 to 5.4.8;

- 3.2 Agrees alternative proposals totalling £215k, as set out in paragraphs 5.5.1 to 5.5.3;
- 3.3 Agrees, in the event of any remaining shortfall at the year-end, to consider the potential use of the Risk Reserve on a once-off basis to underwrite the development of further grant reductions as required.
- 3.4 Notes the potential impact which the Government Reductions could have on the future of some services, as summarised in section 5.7 to 5.8 of this report and detailed in Appendix 1.

4 BACKGROUND AND THE POSITION TO DATE

- 4.1 On 24 May 2010, the Chancellor of the Exchequer announced that savings in the public sector will total £6.243bn for 2010/11. The £1.166bn of the total savings will be found from grants to local government and includes both revenue and capital grants. In order to provide greater flexibility to Councils in implementing the reductions, the Government has de-ringfenced grants totalling £1.7bn in 2010/11.
- 4.2 On 10 June 2010, a further Government announcement was made which listed the grants to be reduced. This list broadly fell into three categories – grants for which final allocations had previously been announced, grants for which provisional allocations had been made, and grants for which no allocations had been made.

Impact on Lewisham

- 4.3 The current anticipated loss for Lewisham for 2010/11 appears to be some £3.295m. A total of £2.735m of these reductions come from Area Based Grant areas. Furthermore, having previously anticipated a receipt of £0.425m for the Local Authority Business Growth Incentive (LABGI) funding for 2010/11, the Government has confirmed that this grant has now been abolished, meaning this sum will not be received by Lewisham. The Government also advised local authorities that the grant for free swimming would reduce. Lewisham's share of this reduction is £135k.
- 4.4 On 14 July 2010, the Mayor was presented with options totalling £4.218m of 'uncommitted' spend from the areas of ABG, LABGI and un-ringfenced grants. The Mayor considered each of the proposals individually and agreed in-year savings totalling £2.759m. This has left a remaining shortfall of sum £536k for 2010/11. The Mayor instructed officers to report back in September with further proposals on bridging the gap.

5 BRIDGING THE GAP

- 5.1 In developing proposals to bridge the gap, officers have undertaken a review of 2011/14 options which could be implemented early, thereby contributing to the 2010/11 shortfall; and identified any alternative proposals which could also contribute to bridging the gap.

- 5.2 In determining which of the 2011/14 options may be available for early implementation, consideration was given to areas where budgets are being held to alleviate budget pressures in other service areas. In Community Services for instance, there was the possibility of bringing forward up to £200k, but this will be utilised to offset the Adult Social Care package placements budget.
- 5.3 The Customer Services Directorate is in a similar position where £240k worth of savings which could have been brought forward to 2010/11, will be used to alleviate the budget pressure in the Out of Hours Service and Waste Disposal. However, Customer Services has proposed an alternative one-off saving from the Parks and Open Spaces improvement budget of £110k as detailed in paragraph 5.5.1 below.

Early Implementation of 2011/14 Options

- 5.4 Officers have reviewed the 2011/14 savings options to assess which of these could be advanced for early considering in 2010/11. The focus was placed on proposals which didn't require consultation and which have no impact on staffing. There is potentially £94k which could be taken early as a result of the review on these proposals.

Children & Young People Directorate

CYP 3 – ACCESS (FAMILY INFORMATION SERVICE) Savings £5k

- 5.4.1 The Family Information Service receives £200k Children's Centre funding. As part of the 2011/14 options, it is proposed that that they are set an efficiency target of 10% i.e. £20k. It is felt that this proposal could be advanced to deliver the saving early, thereby releasing a saving of £5k for 2010/11. No equality implications are foreseen, as the saving being proposed is relatively small and is not expected to impact upon any services to users. No staff posts will be lost.

CYP 5 – LEWISHAM ONE CARD Savings £10k

- 5.4.2 The Lewisham One card is a scheme to provide young people free access to a number of services. The take-up of this has been very low. The majority of young people are not happy to sign up for the scheme. Similarly we have not had many local businesses supporting the scheme. The card, when it is used, is a Youth Service membership card, a Library card and gives access to free swimming in Lewisham pools. When the scheme was introduced in the Youth Centres the club's small budgets for 'trips' were removed. This has had a detrimental effect as there has been less activity in some clubs and young people will not join the Lewisham One scheme. There are proposals to develop a wider borough wide card scheme that covers all citizens. This proposal will result in the loss of one agency staff member. The bringing forward of this proposal will result in early savings of £10k. No equality implications are foreseen, as this saving is not expected to impact upon any services to users. No staff posts will be lost.

CYP 20 – SUPPORTED LODGINGS FOR CARE LEAVERS Savings £15k

- 5.4.3 The broad proposal is to increase the number of supported lodgings which are cheaper and can be better for care leavers. Savings are expected to be achieved by increasing the number of supported lodgings by 6. The challenge will be to ensure that

supported lodging providers meet the needs of a slightly more challenging group. The early implementation of this proposal is expected to deliver an in year saving of £15k. There is no negative impact expected from this proposal. However, the overall proposal to increase the number of supported lodgings will have a positive impact upon all groups of school leavers, including those with more challenging needs.

CYP 27 – CHILDREN’S SOCIAL CARE – TRAINING BUDGET

Savings £5k

- 5.4.4 The total training budget for the Children’s Social Care Division, including grants, is £400k per annum. This saving will be achieved by more efficient and targeted training arrangements. It is expected that early implementation of the proposal would achieve a saving of £5k in 2010/11. No equalities impact is expected as the amount involved is relatively small and will be achieved by more effective targeting of training provision.

CYP 60 – HUMAN RESOURCES (SCHOOLS)

Savings £20k

- 5.4.5 The proposal is to increase the charges for services to schools above the rate of inflation. Early implementation will deliver a saving of £20k for 2010/11. No equalities impact is expected, as there will be no implications for service users and no staff posts will be lost.

CYP 61 – CONSULTANCY BUDGET

Savings £14k

- 5.4.6 The Children & Young People Executive Director’s Office maintain a consultancy budget. A reduction in the budget for the hire of consultants would release an early saving in 2010/11 of £14k. No equalities impact is expected as the proposal involves a small reduction in the hiring of consultants; there should be no impact felt by service users and no staff posts will be lost.

CYP 6 – YOUTH WORKER

Savings £15k

- 5.4.7 This proposal is to delete the current vacant post for a senior Youth Worker. The post holder was responsible for borough wide initiatives e.g. accreditation, health and safety and property review and maintenance. These responsibilities have been re-distributed as the team has been re-organised into an Integrated Youth Support Service. The early implementation of this proposal would result in a saving of £15k. No equalities impact is expected. The saving is relatively small and the work of the vacant post has already been re-distributed as part of the development of the Integrated Youth Support Service.

Resources Directorate

- 5.4.8 **RES 20 - Procurement**
Savings £20k

This proposal is for the deletion of a vacant 0.5 Procurement Officer post in the Procurement Team. The post is to support general procurement activity and supplier

management, in line with the requirements of the Procurement Review. There are no direct equalities impacts around the current staff profile. As part of their operational business processes, the service will monitor the impact of any staffing implications on service delivery and where necessary, take action to mitigate any resultant impacts.

Alternative Proposals for consideration

- 5.5 Members should note that officers have attempted, where possible, to bring forward 2011/14 proposals. However, in many instances these options are being used to alleviate budget pressures. Both the Customer Services and Regeneration Directorates have put forward alternatives for proposals for consideration.

Customer Services Directorate

PARKS AND OPEN SPACES Saving £110k

- 5.5.1 The Customer Services Directorate is proposing to save £110k from the Parks and Open Spaces budget in 2010/11. Effectively, this will remove any contingency available for the cost of overruns in committed schemes. The in year savings could be made through deferment and / or cancellation of schemes planned for this year. There are no specific equalities implications arising from this saving.

Regeneration Directorate

TRANSPORT POLICY Savings £25k

- 5.5.2 The Regeneration Directorate have no proposals for 2011/14 that are sufficiently developed at this stage to be implemented early. The post of Transport Policy Manager will be vacant from the end of September 2010 and it is proposed to hold the post vacant for the rest of the financial year, pending a wider review of Transport functions. The full year cost of that post is £57k including on-costs. A part year saving of £25k for 2010/11 is achievable. There are no specific equalities implications arising from this saving.

Resources Directorate

- 5.5.3 **Marketing
Savings £80k**

A reconfiguration of the marketing budget and the current spending restrictions in place have enabled the service to reduce its budget requirement by £80k. There are no adverse equalities impacts resulting from this proposal as Lewisham's marketing communications approach focuses on identifying the specific target audiences for particular promotions and the most relevant communication channels for that audience. This approach includes identifying specific equalities groups as target audiences.

Future Prospects for Grant Funding

- 5.6 Some areas of the Council's work are currently heavily dependent on grant expenditure, including areas where grant substitution has taken place over the years.

For example, a proportion of the Connexions grant legitimately supports the Youth Service. Reductions indicated by the Government could have a serious impact on the Council's work in these areas.

- 5.7 There is uncertainty over ABG funding in future years as the three year funding cycle ends in March 2011. The Government is yet to indicate whether the ABG will continue in its current form or the level of funding that will be provided. The Children and Young People Directorate has prepared a brief summary of service implications for each grant funded area were funding to cease. This is attached at Appendix 1.

Conclusion

- 5.8 The in-year reductions set the tone for a challenging outlook for the national funding settlement. Lewisham is forecasting a projected budget gap of up to £60m for the period 2011-2014. The Council's initial plans for dealing with the deficit, has been set out in the Financial Survey and Revenue Savings Options 2011/14 report, which was considered by Mayor & Cabinet in July 2010.
- 5.9 In proposing these further options, officers have sought to minimise the impact on jobs.
- 5.10 Further Government funding cuts are inevitable and officers are resolved to reform and minimise the impact on services which people rely on.

6 FINANCIAL IMPLICATIONS

- 6.1 This entire report is concerned with how the Council deals with the in year grant reductions for 2010/11 proposed by the Government. Savings of £2.759m have already been agreed against the required £3.295m target for 2010/11. The additional proposals contained in this report are expected to bridge that savings gap of £536k. This will be achieved through implementation of the savings options set out in Section 5 of this report and the measures being taken to manage down the overall Council wide spending position for the current year. The latest Council wide revenue budget monitoring report for 2010/11 is contained elsewhere on this agenda.

7 LEGAL IMPLICATIONS

A balanced budget

- 7.1 Members have a duty to ensure that the Council acts lawfully. The Council must set and maintain a balanced budget and must take steps to deal with any projected overspends and identify savings or other measures to bring budget pressures under control.

Statutory duty

- 7.2 Although the funding stream from central government may cease in year for certain activities, this does not necessarily mean that the Council is relieved of the duty to provide a service. Where a statutory duty exists, the Council must continue to meet it, despite the loss of finance. Where this is the case, if the funding is no longer available, the Council must find alternative means of fulfilling the duty, though there is likely to be discretion about the manner in which the duty is fulfilled.

- 7.3 For example, the Council is under a statutory duty by virtue of Section 5 of the Education and Inspections Act 2006 to ensure that there is a school improvement partner for every maintained school. The proposal within this Report whilst reducing the service will have to ensure that the Authority complies with this duty.

Contractual provisions

- 7.4 Any proposal to withdraw from or vary contracts may only be executed in accordance with the contractual provisions to avoid contractual liability on the part of the Council. Most will have breakage provisions.
- 7.5 In relation to voluntary sector grants, reductions are obtained through variation of grant terms or early termination. This is only possible in accordance with the specific conditions of grant aid, which may vary.

Employment law issues

- 7.6 Where any funding reduction would lead to job losses, staffing reductions can only be implemented in accordance with all employment legislative requirements, including the right to consultation where appropriate, and in accordance with the Council's procedures for the management of change.

Equalities implications

- 7.7 In April 2010, the Single Equalities Act 2010 came on to the statute books. However, its core provisions are only to be brought into effect by order of the Secretary of State and to date none have been made. Prior to the general election, it was anticipated that the Act would have practical effect from October this year. It remains to be seen whether the coalition government have the same intention.
- 7.8 However, the Council remains bound by the provisions of the Sex Discrimination Act 1975 (SDA), the Race Relations Act 1976 (RRA) and the Disability Discrimination Act 1995 (DDA), all as amended. All of this legislation imposes a general duty on Councils to have regard to the need to eliminate discrimination and to promote equality of opportunity. Specific duties are imposed by regulation and/or order as to how those general duties are to be fulfilled.
- 7.9 Section 76 SDA states that in carrying out their functions, public authorities (including local authorities) must have due regard to the need to eliminate unlawful discrimination and harassment and promote equality of opportunity between men and women.
- 7.10 Similarly Section 71 RRA imposes a duty on listed bodies, including local authorities in carrying out their functions to have due regard to the need to eliminate unlawful racial discrimination and to promote equality between persons of different racial groups.
- 7.11 Section 49 DDA requires public authorities in carrying out their functions to have due regard to the need to eliminate unlawful discrimination under the Act, to eliminate harassment of disabled people and to promote equality of opportunity for disabled people.

- 7.12 In the exercise of these duties, public authorities are required to have regard to the Code of Practice appearing at www.equalityhumanrights.com where it is relevant to any question concerning these duties.
- 7.13 Some key points to note in relation to these duties from the Code of Practice and relevant case law are set out below.
- (a) Whether there has been compliance with the duty is a question of substance rather than form. If there is no reference to the duty it is difficult to show compliance. It is therefore essential that the equalities impact has been assessed in relation to each proposal to reduce service as a result of the central government budget reductions.
 - (b) The requirement is to have due regard to the duties under the Acts. What is “due regard” is regard that is appropriate in all the circumstances including the implication of the decision on those affected by it and any countervailing factors. The weight to be given to the duties is a matter for the local authority.
 - (c) There is no need to conduct a full blown equalities impact assessment (EIA) in all cases. An EIA is a tool to assist in compliance with the duties. Whether or not a full EIA is needed and if so its extent, depends on the relevance of gender/race/disability to the issue in question. A preliminary assessment exercise should be carried out first and then an in depth assessment if an adverse impact appears likely.
 - (d) It is essential to address the duties before a decision is made. It is insufficient to make a decision without regard to the duties, and asserting that the situation will be monitored and action taken if necessary is not sufficient. It is important to show that the authority has grappled with the duties and can show evidence that it has done so. The recorded rationale is important if challenged.
 - (e) Failure to have regard to these duties may lead to judicial review but it is also important to remember that these duties are “have regard” duties. They do not amount to a duty to eliminate discrimination, only a duty to have regard to the need to do so and to promote equality etc. It is for the Council to strike the balance between the aims of the duties and the need to eke out scarce resources. If the Council can show that it has had due regard to the duties and that the decisions are rationally based following a careful balancing exercise, decisions should resist challenge.
 - (f) The Council has a Comprehensive Equalities Scheme to which due regard should be had. This sets out the Council’s commitment to equality and diversity in one central document and outlines the actions required to comply with the Council’s statutory duties.

Proper process

- 7.14 Any in year budget reductions will be subject to consultation and proper process as necessary.

Governance

- 7.15 These decisions are decisions which fall to the Mayor to make under the Council’s constitution as there are no regulations or stipulation in primary legislation prohibiting him from making these decisions and they are consistent with the policy framework and the Executive Director for Resources advises that they are consistent with the budget.

Reasonableness

- 7.16 In coming to a final decision in relation to the proposed reductions, the Mayor must act reasonably taking into consideration all relevant considerations and ignoring irrelevant considerations. Relevant matters include contract breakage costs, the Equalities Impact Assessments where relevant, whether it is necessary to bring back any aspects of the Report for further consideration or otherwise delegate to officers.

8 EQUALITIES AND HUMAN RESOURCES IMPLICATIONS

- 8.1 Where relevant, officers have made an assessment of the equalities impact and the findings are included in each proposal. The further proposals considered as part of this report do not require any process of user or staff consultation.

9 CRIME & DISORDER IMPLICATIONS

- 9.1 There are no specific crime and disorder implications directly arising from this report.

10 ENVIRONMENTAL IMPLICATIONS

- 10.1 There are no specific environmental implications directly arising from this report.

11 BACKGROUND DOCUMENTS AND ORIGINATOR

Short Title of Document	Date	Location	Contact	Exempt
Financial Survey and Revenue Budget Savings Options 2011/14	Mayor & Cabinet 14 July 2010	1 st floor, Town Hall	Selwyn Thompson	No
In Year Government Funding Reductions 2010/11	Mayor & Cabinet 14 July 2010	1 st floor, Town Hall	Selwyn Thompson	No

For further information on this report please contact:

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APPENDIX 1

Potential Impact of Changes to ABG Funding in Future Years

Grant Name	Allocation	Notes for future
	£	
14-19 Flexible Funding Pot	53,348	Not expected to continue, CLC will have done promotion for self financing in future.
Care Matters White paper	573,153	£200k of grant substitution for LAC costs. Other expenditure might be expected to be mainstreamed, e.g. supported lodgings, independent visitors There is a statutory requirement to pay care leavers at University a bursary of £2k pa - we currently have 40 at University - would create a budget pressure of £80k. Personal Education Allowances for LAC (£500pa) would have to end.
Choices Advisors	45,935	Statutory requirement mainstreaming may be necessary
Child Death Review Process	91,826	Grant expected to end but some mainstream provision might be necessary, say £30k
Child Trust Fund	9,133	Top up payments to LAC Trust Funds would cease
Children's Fund	876,978	All grant was due to end 31/3/ 2010 all recipients informed and not expecting continuation
Children's social care workforce	216,842	Likely to be some future funding in this area given national reviews in this area.
Connexions	2,787,305	There's a developing national position that connexions doesn't work and isn't popular with young people. Universal element on careers guidance might be ended but element of targeted would continue.
Designated Teacher Fund	13,086	
Education Health Partnerships	78,387	Programme planned for decommissioning by JCG review. The programme of work to ensure that all Lewisham schools have Healthy School status is complete. The next area of work is to roll out an Enhanced version. This is currently under revision to be school-based, which we are interpreting as not needing a central team.

Extended Rights to free transport	14,128	
Extended Schools start up costs	366,293	No likely continuation LA team now almost disbanded, schools to sustain in future, no issues for future
Positive Activities for Young People	1,394,146	Reductions here would be painful given its importance to work with young people.
Primary National Strategy - Central Coordination	158,237	Expected to end and exit strategy for limited future resource built into thinking for future school effectiveness service.
School Development grant (Local Authority element)	1,729,122	
<i>EIC</i>		Now ending in November 2010 as part of in-year cuts and exit strategy for limited future resource built into thinking for future school effectiveness service.
<i>Gifted and Talented Summer Schools</i>		Funding is directly to secondary schools. This will cease. Schools will self-fund if they want this activity to continue.
<i>School Support Staff Training and Dev.</i>		Aimed at support staff in schools and NQT, latter likely to survive but support staff are appearing to be a lower priority, schools to support through training and development commitment.
<i>SEN</i>		Important service to retain in the LA targeted services for children.
<i>Student Support</i>		
<i>Support Study</i>		
<i>Best & BIP</i>		Important service to retain in the LA targeted services for children.
<i>ICT</i>		Grant expected to reduce and CLC is anticipating a core service support to schools largely paid for by schools
<i>CLC</i>		Grant expected to reduce and CLC is anticipating a core service support to schools largely paid for by schools
<i>AST Central Coordination</i>		Central coordination, if AST programme continues, will be built into schools' support programme

School improvement partners	91,840	Awaiting national indications on this.
School Intervention Grant	60,600	
School Travel Advisers	26,000	no issue if lost
Secondary National Strategy - Behaviour Attendance	68,300	Now ending in November 2010. Support for individual schools will continue as part of schools' support programme
Secondary National Strategy - Central Coordination	150,551	Expected to end and exit strategy for limited future resource built into thinking for future school effectiveness service.
Sustainable Travel General Duty	17,184	no issue if lost
Teenage Pregnancy	314,000	High profile area of work but outcomes may not warrant level of financial commitment
January Guarantee	27,419	
LSC Staff Transfer: Special Purpose Grant	257,765	Still to be resolved some reduction likely but staffing would reduce accordingly.
YP Substance Misuse (DFE Share)	207,379	
Preventing Violent Extremism (DFE Share)	225,830	
CYP ABG Total	9,854,787	
DFE Unringfenced Grant		
Youth Opportunity Fund	397,800	Focussed on young people involvement in deciding local initiatives takes young mayor a step further.
Think Family	487,000	Might be a big society initiative in the future? Grant supports family support programmes that are likely to remain government strategies, and are central to JCG reforms. Some savings proposed in year already. Further reduction would jeopardise this.
Challenge & Support Funding	75,000	
<i>Sub Total Other Unringfenced Grants</i>	<i>959,800</i>	

Total CYP	10,814,587	
Other CYP ABG Non DFE		
School Gates Employment DWP	133,500	Current signs are DWP not supporting delegation of funds to LA s for employment related work.
Carers (CYP Allocation) DH	351,700	
Child and Adolescence Mental Health Services (CWD) DH	1,224,018	Reduction would be difficult given the target of this grant - CYP with mental health needs, also includes assessments for court proceedings and legal costs. Not all of this goes to CAMHS provider but a large proportion does, and need to consider reduction in this area alongside CAMHS reductions from other areas of the LA and PCT.