

PUBLIC ACCOUNTS SELECT COMMITTEE			
Report Title	Lewisham Future Programme 2015/16 Revenue Budget Savings Report		
Key Decision	Yes	Item No.	5
Ward	All Wards		
Contributors	Executive Director for Resources & Regeneration		
Class	Part 1	Date:	5 November 2014

1. EXECUTIVE SUMMARY

- 1.1. This report updates the Mayor on the work of the Lewisham future programme and puts forward £39.9m of new savings proposals developed by officers over the last nine months for Mayoral decision and formal consultations.
- 1.2. The Council is now in the fourth year of an eight year long period of resource reduction. Over the period 2010 to 2014 the Council made savings of over £100m. The Council developed principles by which savings were made during the period 2010 to 2014 and these same principles for savings apply for those being brought forward in respect of the period 2015 to 2018. This level of continual reduction means that proposals need to be increasingly transformational and are becoming increasingly difficult to identify and implement.
- 1.3. This report continues the work of the Lewisham future programme board to progress the transformational changes necessary to enable the Council to seize the opportunities of growth in London and reposition itself strongly for the future, while at the same time living within the financial resources at its disposal. This challenge and the work of the Lewisham future programme are set out in sections 5 & 6.
- 1.4. The Council faces an £85m budget gap over the three years to 2017/18 with an estimated £39m gap for 2015/16. The immediate need is therefore to begin the process of proposing savings for decision that will conclude with the agreement of the 2015/16 budget at Council in February 2015. This will be a continuous process based around the Lewisham future programme work strands with saving proposals brought forward when they are ready. This process, including a summary of the discussions held to date, is set out in section 8.
- 1.5. This report presents £39.9m of new proposals. These are summarised in section 9 and supported by the necessary detail to enable effective decision in the appendices. Of these proposals £28.7m are for 2015/16, with the balance of £11.2m contributing to future year targets.
- 1.6. The report then sets out the necessary financial, human resources and legal implications that are required to be considered in respect of these proposals (sections 10, 11 and 12). And concludes with some additional steps being taken to address the budget gap that will form part of the 2015/16 budget report in February 2015 - see section 13.

2. PURPOSE OF REPORT

- 2.1. To set out the revenue budget savings proposals that need to be consulted on and agreed to enable a balanced budget for 2015/16 to be put forward to Council in February 2015.

3. RECOMMENDATIONS

- 3.1. The Mayor is asked to:
- 3.2. Note the officer proposals for budget reductions set out in Appendix 1.
- 3.3. Authorise officers to carry out consultation where public/stakeholder consultation is necessary in relation to any of those proposals.
- 3.4. Authorise consultation with staff in respect of any proposal which would involve staff reductions.
- 3.5. Require officers to bring a full report on the budget savings proposals back to mayor and Cabinet for decision at the earliest opportunity, but in any event not later than 11 February 2015.
- 3.6. Endorse and agree those savings previously earmarked for 2015/16 in earlier years' budget reports as summarised in 8.5 below.

4. STRUCTURE OF THE REPORT

- 4.1. The report is structured into the following sections with supporting Appendices.

Section	Title
1	Executive summary
2	Purpose of the report
3	Recommendations
4	Structure of the report
5	Introduction from the Chief Executive
6	Lewisham Future Programme
7	Lewisham Policy Context
8	Lewisham Future Programme: Process, Principles and Timetable
9	Savings proposals by thematic review
10	Financial implications
11	Human Resources
12	Legal implications
13	Conclusion
14	Background documents
	Appendices

5. INTRODUCTION FROM THE CHIEF EXECUTIVE

Context

- 5.1. Lewisham is fast changing - as London's economy and population is growing. Lewisham has always been a mix of communities - but ever increasing social diversity describes the fabric of our communities today. And while London has

plenty of opportunities on offer we know that some of our residents are not benefitting anywhere near enough from London's growth.

- 5.2. This September, some 3,100 Lewisham children aged eleven will start at their new secondary school. An important beginning for each and every child. They will grow up in a London that is expanding as well as changing. Just before they were born (in 2001) London's population was 7.3 million. By the time they will be 20 years old, London will have a population of 9.3 million. By the age of 30, London's population will have increased to 10 million¹. They will move into adulthood in an age of "super competition". To succeed in this emerging era they will need to be capable, creative and confident.

	<u>2001</u>	<u>2014</u>	<u>2023</u>	<u>2033</u>
Lewisham	255,000	289,000	317,000	337,000
London	7.3m	8.6m	9.3m	10.0m

- 5.3. But it is not just about the growing numbers of people. London's economy is changing fast. Half of the new jobs forecast in the next five years are expected to be in professional services. The world of work is being transformed; flexible, disciplined, creative and social skills are those that are needed most.
- 5.4. London's population is by far the most economically productive in England and the wider UK. The most recently available data² shows that London's economy is some £310 billion each year compared to £845 billion for the rest of England. When account is taken of relative population size the figures show that London produces over £37,000 per annum in gross economic value per head of population. The average for the rest of England is just over £19,000. The enormity of this economic gap not only amplifies London's attractiveness it also accelerates economic and social change. And it is doing so at a pace not experienced before in any of our life times. It is into this incredibly fast growing and thriving capital city that Lewisham's young people will make their way into the future.
- 5.5. The overall population growth combined with a scarcity of housing and an influx of direct foreign investment into the central London property market has put enormous pressure on the capital's housing market. This has greatly impacted on land values and house prices in central London as well as the adjoining fringe boroughs (including Islington, Hackney, Haringey, Tower Hamlets and the Northern parts of Lambeth and Southwark)³. And it is now having a serious impact on land values and the demand for housing in Lewisham.
- 5.6. These economic and social realities present London's local government with a dramatically different character of challenge to those faced by local Councils in the rest of England. For the past thirty or so years the Council has been providing good basic services, shaping opportunities and enhancing the quality of life and the quality of life chances for people locally. Working alongside our partner public service agencies we have focussed on public service outcomes. In this style, we

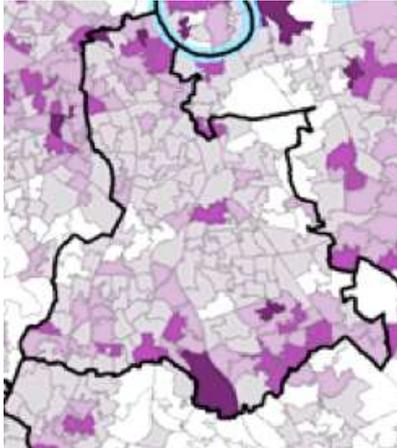
¹ GLA (2013) "central forecast" of population for Lewisham and London, London data store

² ONS (July 2014) Regional Growth Value Added (income approach) December 2013; and ONS (May 2014) 2012 based sub-national populations projections for England

³ There has been an 80 per cent growth in private rental housing in London in the past decade.. The average monthly rental for a two bed flat within 800m of the following Council Town Halls is: Camden £2,600; Islington £2,300; Southwark £2,300 (£1,600 if old Town Hall in Peckham); Hackney £1,950; Lambeth £1,900; Haringey £1,900; Tower Hamlets £1,800; Greenwich £1,100; and Lewisham £1,100

have worked in partnership to tackle crime, reduce health inequalities and engage with our many communities locally. But we have also experimented with different approaches to citizen engagement (from citizens' juries, citizens' panels, community conferencing through to, more recently, our 18 local assemblies).

- 5.7. The fact that Lewisham is predominantly a residential borough with a relatively low business base has a significant impact on what we do as a Council. A very large number of our residents are economically active. Over 110,000 of our residents are in work (only eight London Boroughs have higher numbers of residents in work). But Lewisham is itself home to just 53,500 jobs (with only four London Boroughs having lower numbers of jobs; namely, Barking & Dagenham; Haringey; Harrow and Waltham Forest).
- 5.8. One in five of our residents who are in work, work in Lewisham - and many of these work in the public sector (for the Council, local schools, Lewisham Hospital, Goldsmiths, and the Met Police, etc). The table below shows that another one in five work in our neighbouring boroughs, whilst the majority of those who work outside the borough work across the Thames in Central and East London⁴. By contrast, the map shows that residents in Lewisham with relatively low income are overly concentrated in the most southerly and northerly parts of the borough.

<i>Place of work</i>	<i>Lewisham residents in work</i>	<i>Lewisham income deprivation⁵</i>
Lewisham	20,600	
Southwark	11,800	
Bromley	6,500	
Greenwich	5,400	
Westminster & City	22,800	
Tower Hamlets	6,200	
Camden	6,000	
Lambeth	6,000	
Islington	3,400	
Croydon	2,200	

The Government's radical change to funding local Councils

- 5.9. The Government's approach to funding local authorities is a radical departure from the historical practice in funding Councils. First, they departed from the historic approach of all previous Governments (since the 1930s) of allocating Government grant to local areas to promote "equalisation" of local spending to local needs. Between 1981 and 2013 different approaches were used - but all attempted to equalise for differential resource bases and ensure a "standard spend" for a variety of service functions in different areas. Replacing this approach of itself would have had dramatic consequences on Council funding.
- 5.10. But the Government then chose, when allocating its spending reductions as part of the national public austerity programme, to allocate the deepest cuts to its

⁴ ONS (2014) Census: Origin - Destination statistics of residence and workplace, 25 July 2014

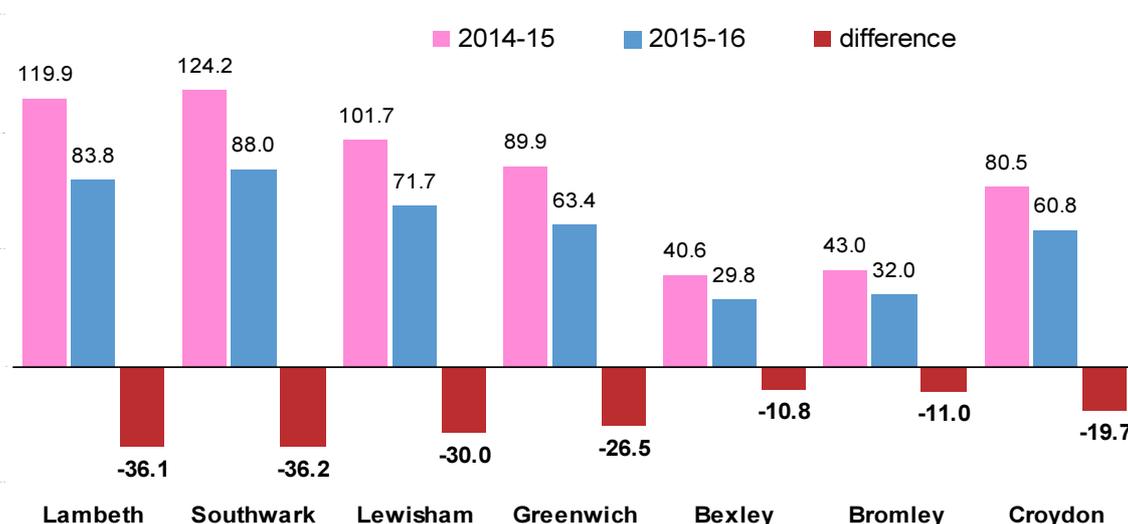
⁵ GLA (2011) English Indices of Deprivation 2010: a London perspective, Intelligence Briefing

financing of local government. In real terms the funding to local government will have fallen by almost 43 per cent from 2010/11 to 2015/16⁶. The combined effect of these two changes was to lead the Government to focus the budget cuts disproportionately to those Councils with the highest spend - which, of course, also have the highest levels of need. The statistical relationship between Government spending reductions and deprivation has thereby become well known.

5.11. In addition, the Government introduced a number of high level policy goals which had a further ratchet effect on the budget savings that Councils have to make. Principally these were designed to focus Council's attention on the "growth agenda" and in particular to incentivise Councils to accept major housing developments. To this end, business rates on new developments have been "localised" and some 7 per cent of the total grant to local government has been "held back" in order for it to be distributed by way of a "new homes bonus" (£700m across England). What's more a further £350m was "held back" as a grant to encourage Councils to freeze their Council Tax. Given the fact that revenue support grant amounts to just £9.77bn, the impact of these policy "hold backs" is very significant. The cumulative impact of these changes compounds the budget challenge to those Councils, like Lewisham, that serve populations with high needs. Lewisham is the 16th most deprived local authority area in England with one of the lowest business bases - it is bound to be effected greatly by these financing changes.

5.12. By way of illustration, the chart below shows the Government revenue support funding for this year and next for the seven Councils in this part of London. The scale of the reductions in Lambeth, Southwark, Lewisham and (to a slightly lesser extent) Greenwich are plain to see. The £30m reduction we face for next year is however not the end of the matter - there are more reductions to come. Of course a change in Government may bring changes to the distribution of the local government settlement. But, in truth, there is not much that can be redistributed from those "low need" Councils that receive little by way of grant now. Any future Government that was minded to redress the disadvantages of the current arrangements would need to alter the structural changes made to the local government settlement by the current Government.

Revenue support grant (£m) to Councils in South East London



⁶ House of Commons (September 2014) English local government finance, Research Paper 14/43

5.13. We are in the early days of resetting the Council's strategies; redesigning our services; and renewing our organisation. Following the local elections in May, the Mayor and Council have a fresh mandate to govern for the next four years. The Council's existing policy priorities are being revised to take account of this renewed local agenda. We will be able to do new things and to do things in new ways. We will do so by redirecting our attention, our energies and our resources to meet the changing local political mandate. But the depth and pace of the Government's public austerity programme is unremitting and local government will continue to be subject to substantial revenue reductions over the foreseeable future. As the chart above show, next year alone we will receive £30m less grant from the Government than we got this year.

6. LEWISHAM FUTURE PROGRAMME : BACKGROUND

6.1. The Lewisham future programme is the Council's approach to making the transformational changes necessary to reposition itself strongly for the future while living within the financial resources at its disposal. It is guided by the Council's enduring values and principles agreed in 2010, and the newly elected Administration's Manifesto as well as its emerging political priorities.

The last four years

6.2. Prior to the General Election in 2010, the Labour Government instituted a programme of austerity planned over a five year period. In 2010 the Coalition Government increased the level of and pace of "fiscal consolidation" (i.e. tax increases and spending cuts) that applied to the nation's public finances. In 2013 these were increased again such that the original plans of the (then) Labour Government to reduce public spending have been increased dramatically. To ensure that this scale of service cuts did not impact adversely on front-line services the Mayor and Cabinet agreed a set of principles to underpin the Council's decision making. These principles ensure that we:

- 1) Take account of the impact on service outcomes and social results for customers and citizens
- 2) Be prudent and sustainable for the longer term, we will not just opt for short-term fixes
- 3) Reflect a coherent "one organisation" approach that avoids silo-based solutions
- 4) Encourage self-reliance, mutualism and cooperative endeavour
- 5) Mitigate potential harm in accordance with an appropriate assessment of needs
- 6) Be mindful of the impact on the geography of fairness across Lewisham (and our boundaries)
- 7) Involve service users, staff and other stakeholders in the redesign of services for the future
- 8) Consider the current or potential actions of other public agencies and the voluntary sector locally, including sharing and reshaping services (Total Place)
- 9) Consider the impact on the Lewisham approach where we listen to all voices, take account of all views and then we move forward to implement.

- 6.3. Since 2010 over £100m of savings have been made, and in many case the size and shape of our services has changed dramatically.
- 6.4. Staff numbers (Headcount) have reduced from 3,997 to 2,745 (-31%) in that time. The scale of this change is important context – a far more radical and transformative approach is now required.

Meeting the new challenge

- 6.5. For several months now we have known that we need to make £95m of budget savings from 2014/15 to 2017/18. This year (2014/15) we made £10m of reductions that will flow into next year. This reduces the total we need to find to some £85m. The profile of the savings we need to make requires us to find in the region of £40m savings for 2015/16 and £45m over the next two years. So next year is particularly difficult and we will need to make decisions quickly to gain the “full year effect” of any changes that are made. If £40m of savings are agreed three months late we will only make £30m savings thereby compounding our fiscal problem. Timely decision making when making savings of this scale is therefore extremely important.
- 6.6. By 2018 it is likely that, as an organisation, we will be one-third smaller than we are now. It is not a case of simply listing budget savings and applying a weighted set of priorities. We need to be fully understanding of the consequences of any changes we plan to make. Reducing, say, the adoption & fostering budget by 30 per cent will have different consequences to reducing the libraries budget by the same percentage. For the members making these tough choices, priorities do not involve weighing suggested percentage reductions but in weighing their anticipated consequences.

Organisational flexibility

- 6.7. To develop effectively to meet this dramatic budget challenge our organisation needs to be strategic, agile, resilient and flexible. We are presently organised on a “directorates” basis. This ensures role clarity and management accountability for the design and delivery of services. We had five directorates when we had 5,000 staff. We now employ less than 3,000 staff and the numbers are bound to fall further. We are trying to be agile and adaptive in how we manage our people, functions and projects. This is one reason why we have not approached the task of reshaping our budget on a silo or directorate basis.
- 6.8. How we are organised will continue to change as our resource base changes. Put together all these changes will make new demands on staff, managers and Members alike. Of course services will continue to be grouped on a “linked” or “like” basis and of course we will continue to need clear lines of management accountability from services to the Mayor and Council. It is just that the future will involve continuous organisational change. Our Lewisham future programme is a three year programme of change linked to our medium term budget plan. We have structured our savings for next year to foreshadow the savings that will come in the following two years. And once we are delivering the savings for next year we will be recasting our approach for the following two years.

Budget Strategy and the Lewisham future programme

- 6.9. So we face significant challenges. All budgets need to be investigated. All services, activities and functions need to be examined. But there is no point simply turning over every stone. Real changes need to be made. The Mayor and the Council have encouraged managers and staff to be radical and consider all options. That said, we all share a tendency to “preserve and sustain” the best elements of existing services. And this can be so for good reason. But our focus should be on the next generation of citizens and service users.
- 6.10. We need to change services now with the future in mind. After the Mayor and Council have made decisions on the budget savings for 2015/16 we will very swiftly be working out options for the next phase (an additional £45m over the following two years). In some functional service areas the savings we will be making for next year will point to a likely “end state” for the service area concerned; in other areas next year’s savings will be little more than a staging post for setting future direction.
- 6.11. In developing options within the Lewisham future programme officers have been guided by the enduring principles for change agreed in 2010, as well as the broad objectives and principles articulated by the Mayor, Cabinet and elected members in previous budget rounds, and in the Mayor and Labour Group’s Manifesto.
- 6.12. Such principles have informed not just the Lewisham future programme’s overall approach but also many of the specific proposals that have come forward. They include:
- Working in partnership with other public agencies, community groups and exploring opportunities with other local authorities to provide services jointly;
 - Preserving frontline services as far as possible, and where necessary reducing back-office functions to do this; and
 - Prioritising services that support and protect the vulnerable.
- 6.13. The Council secures 150 or so distinct services. These are grouped under common management arrangements to ensure effective and efficient delivery as well as assure accountability to the Mayor and the Council. However, in deciding how services could be shaped for the future, officers have tried to step outside of conventional professional and management silos to imagine how things could be done very differently at lower overall cost. In some service functional areas this is easier than in others.
- 6.14. A core part of the Lewisham future programme are the cross cutting proposals which touch all aspects of council activities. These include:
- reviewing, centralising and reshaping all the business support functions across the Council,
 - exploring how we can increase income (in relation to the services provided to schools, in relation to assets and property management, improving debt recovery and reviewing the council’s investment strategy), and
 - centralising policy, performance and commissioning functions across the organisation to rationalise resource and reshape the functions.
- 6.15. Broader transformational work by officers is underway on exploring the opportunities for increasing shared services, and developing a customer service transformation programme which aims to improve the way that our customers

interact with the council and through reshaping the front office reduce costs and duplication. Both of these projects are at early development and will be developed over time and will require work with stakeholders and members to develop an understanding of ambition.

- 6.16. Almost half of the Council's budget is spent on the combined costs of safeguarding some 2,000 children at risk and delivering care to some 6,000 vulnerable adults- these we have categorised as 'care services'.
- 6.17. In Children's Services, a transformational approach is proposed that will re-align the Early intervention and Social Care Referral and Assessment functions to create a new approach to our front door for access to services, and allow for more integration leading to fewer assessments. Alternative delivery models and level of provision across our early intervention providers in Children's Centres, Targeted Family Support (TFS) and the Family Intervention Project (FIP) are proposed in order to build in greater flexibility to work at lower costs.
- 6.18. Our "care services" for both children's and adults are crucial, but they still need to be changed and made more cost-effective. In adult social care it is inevitable that there will be changes in the shape, scope and standard of care services we can deliver and, as we are outliers in cost of some packages in London, efficiencies are possible. This is unavoidable. Further savings to the Children's Social Care placement and other budgets will also be part of the overall Programme.
- 6.19. Integration of adult social care services with local health services has been developed over the last few years and this highly transformative programme will start to deliver budget savings in 2016/7. The immediate focus for savings will be achieved through looking at ensuring that decisions made in relation to packages of care and those that are made on longer term care, including residential and nursing home placements, are undertaken within a clear framework that enables the service to manage demands within a reduced budget.
- 6.20. Our "core" services provide a basic bedrock of acceptable living for all of our residents (these include, among others, refuse collection, waste disposal, street sweeping, tax collection and the maintenance of the basic local public infrastructure). They are "common good" services and investments for everyone. These "core" services will also be subject to radical change and reform - but in ways that differ dramatically from our approach to care services. Proposals within the Programme include (1) investigating the option of sharing depot and plant costs with other Councils; and (2) changes to service standards.
- 6.21. Our "mandated" services are areas that either the Government requires the Council to secure or the Council itself chooses to focus attention and resources (such as planning & development control, improving school effectiveness, public health, leisure or crime reduction, economic regeneration, housing benefits among very many others). These "mandated" services include spending on activities that are aimed at supporting the social or civil fabric of the borough (such as the community sector, youth services, etc).
- 6.22. The extent to which our spending on these services is scoped by statute or our own policy discretion is highly arguable. Many activities that are described (by service users and service providers alike) as "statutory" are in effect discretionary when it comes to the service standard or the service coverage that is secured.

Unless there is a prescribed statutory approach to the service standard, coverage and quality thresholds, the level of service secured is most usually a matter for the Council to determine in consultation with the service users and with residents (and council taxpayers) locally.

- 6.23. The Lewisham future programme includes proposals on every mandated area. Some proposals such as those on the Youth Service recognises the need to have a clear view of the “end state” for the service so that plans can proceed with that in mind. It sets out two options for the service. The first is to proceed with a mutualisation of the service whilst the second risk reduces funding to the level of a statutory service straight away.
- 6.24. For some of our mandated services we are using the same transformative approaches as used for the high cost ‘care’ services. For instance, we have developed a proposal for a new single enforcement service bringing together some environmental health, community safety, trading standards, public nuisance and licensing – saving money and delivery an integrated service. For other areas proposals are using procurement to reduce costs (such as in Crime reduction or supporting people) or reviewing management and organisational structures (such as in asset management, libraries service, and planning and economic development).
- 6.25. For some areas proposals are developed that seek to further engage local communities in co-providing services with us, for instance in the parks service. Involving communities in shaping the future of our service delivery is a key issue for the Council over the coming period. We need to devise a coherent approach to this for the next phase of the Lewisham future programme.
- 6.26. Finally, the Council spends money on several “corporate” functions to ensure that its efforts are lawful, coordinated, accountable and well run. These include the cost of the corporate and democratic core of the Council, the cost of budget and legal compliance as well as those functions that enable audit, communications and partnership working as well as support assurance to the Mayor and elected Members generally. Proposals are being developed in reducing the support provided by corporate services such as Finance, HR and audit and risk.
- 6.27. Shaping the budget strategy and the Lewisham future programme is the understanding, developed over time with members, based on the principles of protecting the vulnerable and front line, that the base costs of all of our “mandated” services together with these “corporate” functions of the Council will need to be revised substantially and bear the highest rate of cost reduction. And in some instances we may have to radically reduce the financing of these activities.

7. LOCAL POLICY CONTEXT

- 7.1. The Council’s strategy and priorities drive the revenue budget savings process, with changes in resource allocation determined in accordance with policies and priorities. *Shaping our future* is Lewisham’s Sustainable Community Strategy. It covers the period for 2008 to 2020 and sets out a vision for Lewisham and the priority outcomes that organisations, communities and individuals can work towards to make this vision a reality. The key priorities are set out at Appendix 1B for reference.

- 7.2. We have embarked on a wide and deep budget discussion with our service users, our residents generally, our staff and their trade unions. The Mayor and the Council are the prime and ultimate decision makers in the tough public choices ahead. In this way, tough decisions will be made with the benefit of wide public dialogue. There is considerable vitality and dynamism in our communities across Lewisham as well as in the wider London economy. Public sector austerity provides one backcloth to these difficult decisions - but so too does positive cultural diversity, strong inward investment and widening economic opportunities.
- 7.3. In taking forward the Council's Budget Strategy, in engaging our residents, service users and employees, and in deciding on the future shape, scale and quality of services, we will be driven by the Council's four core values:
- We put service to the public first.
 - We respect all people and all communities.
 - We invest in employees.
 - We are open, honest and fair in all we do.

8. LEWISHAM FUTURE PROGRAMME : PROCESS, PRINCIPLES AND TIMETABLE

- 8.1. The savings challenge for the three financial years 2015/16 to 2017/18 was assessed by Mayor & Cabinet in the Medium Term Financial Strategy in July 2014. This identified the savings requirement to be £85m over the three years as set out in the table below.

Savings required	2015/16	2016/17	2017/18	Total
£m	39	26	20	85

- 8.2. To develop proposals to meet these targets the Council's managers have been considering ideas for change across all functions and services in weekly meetings of the Lewisham Future Board.
- 8.3. This report presents £39.9m of savings proposals generated by the Lewisham future programme across eighteen cross-cutting thematic areas. They have undergone public scrutiny by elected members, and are now being put forward for consideration and decision by Mayor and Cabinet. More proposals will come forward in due course. Already, however, they are examples of the new kinds of solutions we now need to be considering:
- integrating more with our partners, in particular social care services with health;
 - managing demand for high cost services like adult and children's social care;
 - looking at new delivery models, like public sector mutuals, voluntary organisations and the private sector;
 - generating more income through our assets, taking a more commercial and entrepreneurial approach, and extending charging for free or low cost services;
 - transforming the way our organisation works by merging teams and collaborating across directorates; and, where appropriate,

- ceasing some services altogether.

8.4. For consistency through this report and to enable further savings proposals to be brought forward as required as part of the 2015/16 budget setting process between now and February 2015 the following referencing will apply.

LFP Area	Lewisham future programme work strand
A	Smarter & deeper integration of social care & health (incl. Public Health)
B	Supporting people
C	Sharing services (incl. third party spend)
D	Efficiency review
E	Asset rationalisation
F	Corporate and business support services
G	Income generation
H	Enforcement and regulation
I	Management and corporate overheads
J	School effectiveness services
K	Crime reduction
L	Culture and community services
M	Housing strategy and non-HRA funded services
N	Environmental services
O	Public services
P	Planning and economic development
Q	Safeguarding and early intervention services
R	Customer transformation

8.5. When setting previous years budgets some savings were agreed that impact on the 2015/16 budget. These are identified in detail in the report setting the 2014/15 budget, agreed at Full Council on the 26 February 2014. In summary they are:

LFP Area	Previously agreed savings for 2015/16	Saving £'000
E	Savings on JC Decaux contract	47
I	Performance management system licensing costs	33
I	Savings on photocopiers and closure of Inprint	500
J	Charges to schools for Council services	75
L	Reduce sport development grant & Fusion contract	50
N	10% reduction on green space management contract	250
O	Outsource emergency out of hours service	100

LFP Area	Previously agreed savings for 2015/16	Saving £'000
O	Reorganise service point staffing	25
Q	Attendance and Welfare service changes	200
Q	Business support in Children's social care	50
Q	Looked after children team changes	100
Q	Use of Council premises for supervised visits	50
	Total	1,480

- 8.6. One saving previously agreed for 2015/16 is no longer able to be made. It was a proposal to transfer some hostels from the Housing Revenue Account to the General Fund with a resultant saving of £200k. This was dependent on Secretary of State approval which it is now understood will not be granted were an application made. For this reason the saving is withdrawn.
- 8.7. The Lewisham future programme is a rolling programme to allow savings proposals to be brought forward for decision and progressed as and when ready. This is necessary because the scale of the changes and number of variables, including the risks that some of these proposals require the Council to take, mean that the direction of travel for each work strand will need to be continuously assessed and refined.
- 8.8. In broad terms, the overall position in terms of potential savings still to be identified, assuming all the proposals included in this report were taken, is set out in the table below.

Lewisham Future Programme - gap to target for three years 2015/16 to 2017/18 (assuming all proposals agreed)	Gap £m
A. Integration of social care and health (incl. Public Health)	12
B. Supporting people	
C. Shared services (and third part spend)	12
D. Efficiency review	
E. Asset rationalisation	6
F. Corporate and business support services	1
G. Income generation	2
H. Enforcement and regulation	1
I. Management and corporate overheads	5
J. School effectiveness	
K. Crime reduction	
L. Culture and community services	
M. Housing strategy and non HRA funded services	
N. Environmental services	3
O. Public services	
P. Planning and economic development	

Lewisham Future Programme - gap to target for three years 2015/16 to 2017/18 (assuming all proposals agreed)	Gap £m
Q. Safeguarding and early intervention services	1
R. Customer transformation	2
Total	45

- 8.9. To enable proposals by work strand to be brought forward on a continuous basis, the report has been structured to present an overview for each work strand as follows:
- the numbers (previously agreed, proposals, expected to follow);
 - explanation of the services in review; and
 - a summary of the savings proposals being submitted for scrutiny and decision to enable them to be progressed.
- 8.10. The detail of the savings proposals are then provided in the appendices, including any specific legal implications.
- 8.11. Through September, October and early November these savings proposals have been discussed with members, unions, and the public. These proposals were published in full on the 25 September for scrutiny by the Council's select committees. The comments of scrutiny are being compiled and will be considered as a whole at the Public Accounts Select Committee on the 5 November and then referred onto Mayor & Cabinet on the 12 November. Officers met with the unions on the 22 September to introduce the savings proposals. The offer for Joint and Corporate Consultative Committees to discuss the full proposals was made and taken up where relevant by the unions. Continuing engagement and fuller consultation with the unions will take place as the detailed staff consultations are brought forward by officers.
- 8.12. During September and October 2014 the Council ran the Lewisham Big Budget Challenge. This exercise was intended to:
- raise awareness of the financial position the Council faces and the size of the challenge,
 - raise awareness of what the Council spends money on,
 - build understanding of the sorts of decisions that the Mayor and councillors will need to take and the trade-offs that will be necessary, and
 - encourage people to think about how community needs can be met without council spending.
- 8.13. We did this through the use of an online budget simulator, presentations and discussions at every local assembly and a quick survey targeting users of our website and our e-newsletters. In total we engaged more than 3,000 people in the Lewisham Big Budget Challenge. An analysis of what emerged as people's priorities and their suggestions for spending reductions, raising income and other comments will be reported to Mayor and Cabinet on the night and be available in writing to Council before its meeting on 26 November.
- 8.14. Going forward until the budget report in February 2015 the narrative will remain broadly unchanged with the tables updated where required and revised appendices attached to enable the decisions being requested to be put forward at the relevant time. These updates will be circulated prior to the relevant meetings.

- 8.15. Once the budget for 2015/16 has been set this report will be rebased with the narratives updated and numbers (in particular the targets) refreshed for future Lewisham future programme work.
- 8.16. Working towards setting the Council's annual budget for 2015/16 in February 2015 this means savings proposals for scrutiny and the key Mayor and Cabinet (M&C) dates are as follows:

Review of Savings proposals	Children & Young People	Healthier	Housing	Public Accounts	Safer Stronger	Sustainable
Select Ctte.	2 Oct	21 Oct	1 Oct	5 Nov	3 Nov	30 Oct
M&C	12 Nov	12 Nov	12 Nov	12 Nov	12 Nov	12 Nov
Select Ctte.	15 Dec	2 Dec	17 Dec	10 Dec	3 Dec	9 Dec
M&C	14 Jan	14 Jan	14 Jan	14 Jan	14 Jan	14 Jan
Select Ctte.	4 Feb	14 Jan	28 Jan	5 Feb + Budget	22 Jan	20 Jan
M&C	11 Feb	11 Feb	11 Feb	11 Feb + Budget	11 Feb	11 Feb

- 8.17. Each M&C decision would then be subject to the usual Business Panel scrutiny call in process and reconsideration at the following M&C if necessary.

9. SAVING PROPOSALS BY THEMATIC REVIEW

- 9.1. The table below presents the current position. It summarises the savings position for each of the Lewisham future programme work strands for 15/16 (previously agreed, proposed and expected) and proposals for the future years 16/17 and 17/18.

LFP Area	15/16	15/16	15/16	15/16	16/17	17/18
	£'000	£'000	£'000	£'000	£'000	£'000
	Prev.	Prop.	Expect.	Total	Prop.	Prop.
Proposals	1,480	28,763	770	31,013	6,462	4,696
Target	1,480	37,520		39,000	26,000	20,000
Gap	0	-8,757		-7,987	-19,538	-15,304
By Area						
A	0	9,659	0	9,659	0	0
B	0	1,349	0	1,349	1,174	0
C	0	0	0	0	0	0
D	0	2,500	0	2,500	2,500	2,500
E	47	909	0	956	760	985
F	0	900	0	900	0	0
G	0	974	0	974	0	0
H	0	800	0	800	0	0
I	533	2,090	0	2,623	0	0

LFP Area	15/16	15/16	15/16	15/16	16/17	17/18
	£'000	£'000	£'000	£'000	£'000	£'000
	Prev.	Prop.	Expect.	Total	Prop.	Prop.
J	75	751	0	826	0	0
K	0	974	350	1,324	30	0
L	50	1,405	420	1,875	375	0
M	0	700	0	700	200	100
N	250	740	0	990	0	0
O	125	650	0	775	200	0
P	0	229	0	229	0	0
Q	400	4,133	0	4,533	1,223	111
R	0	0	0	0	0	0

- 9.2. For each of the eighteen work strands of the Lewisham future programme the remainder of this section sets out two things. They are:
- An overview of the work strand and approach being taken to identify the savings proposals required to 2017/18, and
 - A summary of the specific proposals being brought forward for scrutiny and decision now.

- 9.3. Each proposal is supported by a pro-forma saving template and, where necessary (usually when public consultation is required), accompanied by a full report. The pro-forma and full reports are provided in the Appendices.

A. Smarter & deeper integration of social care & health

- 9.4. Overview

Proposals - A	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	9,659	0	0	9,659
To follow for 15/16 budget	0	0	0	0
Total	9,659	0	0	9,659
Select Committee	Healthier Communities			

- 9.5. Adult social care needs to meet the challenge of unprecedented financial pressures and, at the same time, needs to respond to increases in the level and complexity of demand, and meet the new obligations introduced by the Care Act. Following a review and an analysis of expenditure (using the LGA's Towards Excellence in Adult Social Care tool) savings proposals for 15/16 in adult social care have been identified - as ones which are outliers in terms of expenditure showing higher than average expenditure when benchmarked against comparator boroughs. These savings proposals have been developed in accordance with the legislation that governs the delivery of adult social care.
- 9.6. For 15/16, the identified proposed savings will be achieved primarily through ensuring that decisions made in relation to packages of care and those that are made on longer term care, including residential and nursing home placements, are undertaken within a clear framework that enables the service to manage demands within a reduced budget.

- 9.7. For 16/17 and beyond, savings proposals will come from the planned activity within the Adult Integrated Care Programme which will, amongst other things, deliver effective advice and support for self care, develop and improve access to community based care, and link individuals to community networks of support.
- 9.8. In addition, this thematic review has incorporated the work that has been undertaken in Public Health funding which will be reinvested in services with clear public health outcomes.
- 9.9. A more detailed introduction providing additional context to the approach taken to preparing the smarter and deeper integration of social care and health, public health and supporting people proposals is provided at Appendix 2 to this report.

Summary of proposed savings (see Appendix 1-A for detailed proposals)

- 9.10. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
A1	This proposal will ensure that a consistent approach is taken in meeting care and support needs in the most cost effective way. This may result in some community based packages of care ending or being reduced where needs can be met in different and more cost effective ways.	2,680	0	0	N	Y
A2	The majority of this savings proposal (£900k) represents a negotiated reduction in 24 hour individual prices of care packages. £550K of saving relates to pathway clarification and redesign. The final £50 relates to the extension of charging to people using supported living services.	1,500	0	0	N	Y
A3	Reconfiguring sensory services provision.	150	0	0	Y	Y
A4	Remodelling building based day services and associated transport costs.	1,300	0	0	Y	Y
A5	Charging for Adult Social Care Services.	275	0	0	N	Y
A6	Public Health programme review (I)	1,500	0	0	N	Y
A7	Mental Health provision	250	0	0	N	N
A8	Public Health programme review (II)	1,154	0	0	Y	Y
A9	Review of services to support people to live at home	250	0	0	Y	N
A10	Proposal in respect of recouping health costs	600	0	0	N	N
Total		9,659	0	0		

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		

Key:

SI - Staff Implications

PC - Public Consultation Required

B. Supporting People

9.11. Overview

Proposals - B	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	1,349	1,174	0	2,523
To follow for 15/16 budget	0	0	0	0
Total	1,349	1,174	0	2,523
Select Committee	Healthier Communities			

9.12. In Lewisham, housing-related support is delivered by a number of service providers to clients with a range of needs (this was formerly funded via the Supporting People budget). Support takes place across different accommodation settings: high-support hostels, shared supported housing and in the community via floating support. As well as funding a number of schemes providing generic support for vulnerable adults such as sheltered housing Lewisham runs specialist projects for individual client groups, such as drug and alcohol users, women experiencing violence and exploitation, people with mental health, learning disabilities, older people, and rough sleepers.

9.13. A more detailed introduction providing additional context to the approach taken to preparing the smarter and deeper integration of social care and health, public health and supporting people proposals is provided at Appendix 2 to this report.

Summary of proposed savings (see Appendix 1-B for detailed proposals)

9.14. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
B1	Efficiency savings through reduced contract values while maintaining capacity, reductions in service capacity, service closures, a review of mental health services across the board lends itself to changes in what is currently commissioned via the SP programme, and a complete reconfiguration and re-procurement of all remaining floating support services.	1,349	1,174	0	N	Y
	Total	1,349	1,174	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

C. Shared Service

9.15. Overview

Proposals - C	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	0	0	0	0
To follow for 15/16 budget	0	0	0	0
Total	0	0	0	0
Select Committee	Public Accounts			

9.16. There are a number of good examples of sharing services that already exist across the Council and indeed some of the other projects within the Lewisham Future Programme are exploring opportunities to further maximise this potential, often through joint procurement. As a starting point, this project is gathering all of these examples together so we can look strategically across the programme at future ways of working with other local authorities and partners.

9.17. There are no specific saving proposals at this time.

D. Efficiency Review

9.18. Overview

Proposals - D	15/16	16/17	17/18	Total
Previously agreed	2,500	2,500	2,500	7,500
Proposed now	0	0	0	0
To follow for 15/16 budget	0	0	0	0
Total	2,500	2,500	2,500	7,500
Select Committee	Public Accounts			

9.19. In setting the 2014/15 budget the decision was agreed to effect this efficiency saving by means of holding back an annual amount of £2.5m of non-pay inflation when setting service budgets. It is anticipated that this approach will continue for the remainder of the programme (i.e. to 2017/18). This assumption will be re-proposed for agreement as part of setting the Council's annual budget in February each year.

9.20. There are no further specific saving proposals at this time.

E. Asset Rationalisation

9.21. Overview

Proposals - E	15/16	16/17	17/18	Total
Previously agreed	47	0	0	47
Proposed now	909	760	985	2,654
To follow for 15/16 budget	0	0	0	0
Total	956	760	985	2,701
Select Committee	Sustainable Development			

- 9.22. The review of the Council's current asset arrangements is linked to the delivery of the regeneration programme. The programme has five key strands of activity linked to rationalising the corporate estate and the facilities management thereof, generating income through the asset portfolio, reviewing arrangements for our commercial estate, energy generation and supply, and the structure of the service.

Summary of proposed savings (see Appendix 1-E for detailed proposals)

- 9.23. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
E1	Structural re-organisation of the Regeneration & Asset Management Division.	600	0	0	Y	N
E2	Efficiencies in the current facilities management contracts and optimising the current operational estate (reduction in the quantum of office accommodation).	150	305	670	N	N
E3	New ways in generating income from assets.	0	0	200	N	N
E4	Generating increased income, based on up-to-date market rates, better use of properties and effective rent collection. Also includes the transfer of commercial assets from the HRA to the GF.	50	445	100	N	N
E5	Energy efficiency measures	109	10	15	N	Y
Total		909	760	985		

Key:

SI - Staff Implications

PC - Public Consultation Required

- 9.24. Further areas to the above are being considered, including an expected £5.7m to be delivered through the generation of new income from the regeneration of existing Council assets. However, this will only be delivered by 2021, beyond the timeframe for the Lewisham future programme.

F. Corporate and Business Support Services

- 9.25. Overview

Proposals - F	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	900	0	1,000	1,900
To follow for 15/16 budget	0	0	0	0
Total	900	0	1,000	1,900
Select Committee	Public Accounts			

- 9.26. This is a review of all business support arrangements across the organisation. The review aims to centralise, rationalise and streamline the service into a single professionalised service.

Summary of proposed savings (see Appendix 1-F for detailed proposals)

- 9.27. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
F1	Establishment of a centrally located, corporate business support service which combines a general support function with specialist service hubs.	900	0	1,000	Y	N
Total		900	0	1,000		

Key:

SI - Staff Implications

PC - Public Consultation Required

- 9.28. Further phases of work will consider opportunities to rationalise senior management support and review case-work processes and structures.

G. Income Generation

- 9.29. Overview

Proposals - G	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	974	0	0	974
To follow for 15/16 budget	0	0	0	0
Total	974	0	0	974
Select Committee	Public Accounts			

- 9.30. This review is considering approaches to optimise income generation through: changes to the Council's fees and charges structures, increasing charges to schools, improving debt collection and reviewing the council's current investment strategy.

Summary of proposed savings (see Appendix 1-G for detailed proposals)

- 9.31. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
G1	Changes to our fees and charges structures, reviewing charges to our School Service Level Agreements (SLAs), improving debt collection and reviewing the council's current	974	0	0	N	Y

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
	investment strategy.					
	Total	974	0	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

9.32. The required consultation report for the blue badge element of this proposal is attached at Appendix 3.

9.33. This work strand is also:

- conducting an audit of advertising opportunities in the borough,
- looking at embedding some key principles to increase income across the Council,
- implementing a formal annual review of fees and charges, and
- setting a clear income strategy and improving commercialism.

H. Enforcement and Regulation

9.34. Overview

Proposals - H	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	800	0	0	800
To follow for 15/16 budget	0	0	0	0
Total	800	0	0	800
Select Committee	Safer Stronger Communities			

9.35. This involves reviewing enforcement and regulation services in order to group services together into a community protection hub, public realm hub and built environment hub. The review will also look at opportunities to deliver savings proposals through alternative delivery models.

Summary of proposed savings (see Appendix 1-H for detailed proposals)

9.36. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
H1	Restructuring of enforcement and regulatory services	800	0	0	Y	N
	Total	800	0	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

I. Management and corporate overheads

9.37. Overview

Proposals - I	15/16	16/17	17/18	Total
Previously agreed	533	0	0	533
Proposed now	2,090	0	0	2,090
To follow for 15/16 budget	0	0	0	0
Total	2,623	0	0	2,623
Select Committee	Public Accounts			

- 9.38. This is a review of all management and professional back office functions to identify options to reduce spend by between 30-50%. This has included: a review of Corporate and Democratic costs, Policy, Strategy and Performance functions, Commissioning and Procurement arrangements, Legal, Human Resources, Information Technology, Finance and Audit & Risk services.

Summary of proposed savings (see Appendix 1-I for detailed proposals)

- 9.39. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
I1	Savings in management overheads, commissioning, and professional services budgets covering Finance, Legal Services, Audit and Risk, Human Resources and IMT.	2,090	0	0	Y	N
	Total	2,090	0	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

J. School Effectiveness

9.40. Overview

Proposals – J	15/16	16/17	17/18	Total
Previously agreed	75	0	0	75
Proposed now	751	0	0	751
To follow for 15/16 budget	0	0	0	0
Total	826	0	0	826
Select Committee	Children and Young People			

- 9.41. This strand is looking at all aspects of services to schools to identify opportunities to increase income (most of which are set out in the income generation review above). In addition, savings proposals of £751k have been identified through reducing the central funding for Educational Psychologists; through grant substitution from the DSG around the management of our early years function and from the Basic Needs Grant for staff working on the expansion of school places.

Summary of proposed savings (see Appendix 1-J for detailed proposals)

9.42. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
J1	The proposal to increase the income from the Service Level Agreement which will increase the costs for schools which will need to be paid for from the Individual Schools Budget block of the DSG.	751	0	0	N	N
Total		751	0	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

K. Crime Reduction

9.43. Overview

Proposals – K	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	974	30	0	1,004
To follow for 15/16 budget	350	0	0	350
Total	1,324	0	0	1,354
Select Committee	Safer Stronger Communities			

9.44. This is a review of Drug & Alcohol and Youth Offending Services to identify opportunities for reshaping provision in 2015/16.

Summary of proposed savings (see Appendix 1-K for detailed proposals)

9.45. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
K1	The Prevention and Inclusion service will be tendering a number of services to increase efficiencies while reducing and targeting provision such as residential rehabilitation.	574	30	0	Y	N
K2	Restructure of YOS service and changes in interventions and reduction in some contracts.	200	0	0	Y	N
K3	Withdraw funding from the case mgt/support team element of the Integrated Offender Management	200	0	0	N	N

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
	Service.					
	Total	974	30	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

- 9.46. This work strand is also undertaking work to identify at least a further £350k of saving proposals that will need to be brought forward at a later date but in time to be included in the February 2015/16.

L. Culture and Community Services

9.47. Overview

Proposals – L	15/16	16/17	17/18	Total
Previously agreed	50	0	0	50
Proposed now	1,405	375	0	1,780
To follow for 15/16 budget	420	0	0	420
Total	1,875	375	0	2,250
Select Committee	Safer Stronger Communities			

- 9.48. This is a review of the Council's grants programme and a review of the management arrangements for library services and the theatre in 2015/16. The proposal for the grants programme is currently out to public consultation, following agreement from Mayor & Cabinet in July 2014, and if agreed will be operational from July 2015.

Summary of proposed savings (see Appendix 1-L for detailed proposals)

- 9.49. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
L1	Review of VCS grants programme.	1,125	375	0	N	Y
L2	Libraries staff reorganisation.	280	0	0	Y	N
	Total	1,405	375	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

- 9.50. Further work is currently underway to develop savings proposals of at least £420k for 2015/16. This work is reviewing the budgets for Arts and Sports Development, Leisure, Theatre and the Local Assemblies.

M. Housing Strategy and non-HRA funded services

9.51. Overview

Proposals – M	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	700	200	100	1,000
To follow for 15/16 budget	0	0	0	0
Total	700	200	100	1,000
Select Committee	Housing			

9.52. This review covers the whole of the Strategic Housing division (including Housing Needs, Private Sector Housing Agency and Housing Strategy & Programmes). It aims to identify how services can be reshaped to meet rising demand at a lower cost, as well as creating opportunities to generate additional income. HRA-funded services are excluded from scope as they will be considered within the Income Generation review.

Summary of proposed savings (see Appendix 1-M for detailed proposals)

9.53. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
M1	Transfer of non-housing stock from the HRA to the General Fund.	700	200	100	N	N
	Total	700	200	100		

Key:

SI - Staff Implications

PC - Public Consultation Required

N. Environmental Services

9.54. Overview

Proposals – N	15/16	16/17	17/18	Total
Previously agreed	250	0	0	250
Proposed now	740	0	0	740
To follow for 15/16 budget	0	0	0	0
Total	990	0	0	990
Select Committee	Sustainable Development			

9.55. This as a review of key environment services, including waste collection & disposal, street cleansing and bereavement. An externally commissioned review of waste disposal services has recently been undertaken as part of a London wide efficiency programme. The review has identified options including changes to the frequency of collection of waste and recycling, charging for elements of the collection process and introducing different vehicle types.

Summary of proposed savings (see Appendix 1-N for detailed proposals)

9.56. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
N1	To close and cease to maintain a number of small parks, highways enclosures and closed churchyards and reduce management and management support posts	340	0	0	Y	N
N2	Reduction in street cleansing frequencies and cleansing management costs.	400	0	0	Y	N
Total		740	0	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

O. Public Services

9.57. Overview

Proposals – O	15/16	16/17	17/18	Total
Previously agreed	125	0	0	125
Proposed now	650	200	0	850
To follow for 15/16 budget	0	0	0	0
Total	775	200	0	975
Select Committee	Public Accounts			

9.58. This is aiming to review all aspects of services within the scope of public services to reduce cost, improve collection and streamline service delivery providing the capacity to take on additional customer facing services at low or no cost. Saving proposals of £850k to 2017/18 are currently being proposed.

Summary of proposed savings (see Appendix 1-O for detailed proposals)

9.59. The table below sets out in summary the individual proposals being brought forward for decision now.

9.60. The required consultation report for the discretionary freedom pass proposal is attached at Appendix 4.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
O1	End the discretionary Freedom Pass scheme.	200	0	0	N	Y
O2	Review Parking Contract Client Team.	50	0	0	N	N
O3	Set up an internal 'enforcement	400	200		N	N

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
	agency' (bailiff) service to collect Council Tax and other debts. The internal bailiff service will generate income from the statutory fees charged to debtors. The 'saving' is the net surplus income once operational costs have been taken into account.					
	Total	650	200	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

P. Planning and Economic Development

9.61. Overview

Proposals – P	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	229	0	0	229
To follow for 15/16 budget	0	0	0	0
Total	229	0	0	229
Select Committee	Sustainable Development			

9.62. The Planning Service was last re-structured in September 2011 to facilitate a Development Management approach to the handling of planning applications and to integrate the administration functions within the Area teams to reduce fragmentation of the handling of planning applications. This review seeks to further embed the principles of Development Management. Saving proposals totalling £229k are currently being proposed.

Summary of proposed savings (see Appendix 1-P for detailed proposals)

9.63. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
P1	Restructure of planning service and Cutting funding for legal locum to deal with s106 agreements that is no longer required	229	0	0	Y	N
	Total	229	0	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

Q. Early Intervention and Safeguarding

9.64. Overview

Proposals – Q	15/16	16/17	17/18	Total
Previously agreed	400	0	0	400
Proposed now	7,341 -3,208 4,133	1,223	111	3,208 and 5,467
To follow for 15/16 budget	0	0	0	0
Total	4,533	1,223	111	5,867
Select Committee	Children and Young People			

9.65. This strand of work is in two parts:

i) Early intervention and safeguarding

9.66. These proposals involve a re-alignment of the Early intervention and Social Care Referral and Assessment functions to create a new approach to our front door for access to services. Early Intervention Services have been moved into Children Social Care (CSC) to ready both services for more integration leading to fewer assessments which should allow us to reduce staffing levels. This strand also proposes alternative delivery models and level of provision across our early intervention providers in Children’s Centres, Targeted Family Support (TFS) and the Family Intervention Project (FIP) to build in greater flexibility to work at lower costs. It proposes a reduction in the unit costs of working with a family and a reduction by a third of the number of families we support. Greater use of the Troubled Families grant with these families will deliver further savings to the General Fund. The strand also proposes further savings to the Children’s Social Care placement and other budgets. In this strand savings proposals of £5.5m are set out, of which £4.18m is proposed for 2015/16; £1.2m for 2016/17 and £111k for 2017/18.

9.67. In 2015/16, £3.2m of the savings proposed in this strand is required in order to re-set the Children’s Social Care placements budget so will not count towards Lewisham future programme savings proposals – see explanation below.

ii) Youth Services

9.68. This strand proposes savings of at least **£1.4m** for the Youth Service. It recognises the need to have a clear view of the ‘end state’ for the service so that plans can proceed with that in mind. It sets out two options for the service. The first is to proceed with a mutualisation of the service following the delivery of the proposed savings, with the Council funding the mutual for three years, after which funding is withdrawn. The proposals set out the risk that, at the end of the three years, without some level of continuing Council funding, services above the statutory minimum might not be able to be sustained. The second option is to reduce funding to the level of a statutory service straight away. Proposed savings under Option 2 increase to **£3.1m**. The strand also sets out proposals relating to a reconfiguration of our youth re-engagement services, including the Mayor’s NEET programme and services offered at Baseline.

Summary of proposed savings (see Appendix 1-Q for detailed proposals)

9.69. The table below sets out in summary the individual proposals being brought forward for decision now.

Ref	Description	Amount £'000			SI	PC
		15/16	16/17	17/18		
Q1	These proposals involve a re alignment of the Early Intervention and Social Care Referral and Assessment functions to create a new approach to our front door and triage for access to services.	4,181 <u>-3,208</u> 973	1,223	111	Y	Y
Q2	Review of Youth Services.	3,160	0	0	Y	Y
	Total	4,133	0	0		

Key:

SI - Staff Implications

PC - Public Consultation Required

9.70. The explanation for the in-year budget saving relates to the budgets for Looked After Children placements, supporting adopted children and placements for Care Leavers which need to be re-set. While the numbers in these categories are not growing, the budgets do not reflect the actual numbers of children and young people who need to be supported. The Directorate for Children and Young People has, in previous years, covered the gaps through various management actions but the savings made in previous years mean that there is no longer the flexibility for those actions to cover the gaps. That has led to the current in-year overspend in the Children's Social Care placements budget. In order to re-set the budget, further savings proposals of £3.2m have had to be found. It is proposed that these savings come from the early intervention and safeguarding review strand as set out in Section 18 above.

9.71. The required consultation reports for both the Q1 and Q2 proposals are attached at Appendix 5 and 6 respectively.

R. Customer Service Transformation

9.72. Overview

Proposals - R	15/16	16/17	17/18	Total
Previously agreed	0	0	0	0
Proposed now	0	0	0	0
To follow for 15/16 budget	0	0	0	0
Total	0	0	0	0
Select Committee	Public Accounts			

9.73. The Customer Transformation Review is an 'enabling' strand of the Lewisham future programme. The ambition of the review is to transform the way end-to-end customer contact is delivered across the authority. The review is driven by the following three strands:

- The Access Channel Strategy
- Single Assessment and Case Management
- Front Office Review

9.74. The first phase of the review is examining housing benefit and housing needs processes to identify opportunities to streamline and automate processes and join

Disability	Number	%
Y	31	2.75%
N	1,102	97.26%
Total	1,133	100.00%

assessment functions together. The review is currently testing a number of

hypotheses which will inform savings proposals for the next financial year.

9.75. There are no specific saving proposals at this time.

10. FINANCIAL IMPLICATIONS

10.1. This report is concerned with the saving proposals it presents to enable the Council to set a balanced budget in 2015/16 and address the future financial challenges it faces. There will be direct financial implications on the level of savings required to balance the budget in 2015/16 arising from any saving proposals in this report that do not receive the Mayor's approval at the appropriate time, because only a partial year effect of the saving may then be gained.

11. HUMAN RESOURCES IMPLICATIONS

In Year Budget Savings 2015/2016 & 2016/2017 & 2017/2018

11.1. There are 24 new budget proposals for the financial years 2015/2016 and 2016/17 and 2017/2018 that are likely to have HR implications. All of these have HR implications for 2015/2016. Until detailed restructuring proposals have been finalised, it is not possible to specify exactly how many redundancies there might be. It is estimated that in the areas identified there are 1133 staff employed, and there could potentially be up to 289 staff in a redundancy situation based on the level of financial savings identified.

11.2. However, this is based on an average salary estimate and the number of potential redundancies is likely to be much nearer 200 based on early assessment of restructuring current proposals.

Breakdown of staff in affected areas by Gender

Gender	Number	%
Male	528	46.60%
Female	605	53.39%
Total	1,133	100.00%

- 11.3. There are more women employed in the areas identified in the budget proposals, this is slightly lower than the percentage of those employed in all Council areas i.e. 61.5%. The budget proposals do not appear to disproportionately impact on women at this stage. This will continue to be carefully monitored as the final proposals are drawn up.

Breakdown of staff in affected area by Ethnicity

Ethnicity	Number	%
BME	376	33.18%
White	661	58.34%
Not Disclosed	96	8.47%
Total	1,133	<u>100.00%</u>

- 11.4. The breakdown of staff in the affected arrears shows a slightly lower percentage of BME staff in areas impacted by the budget proposals, than employed in the Council i.e. 37.19%. The budget proposals do not appear to disproportionately adversely impact on BME staff at this stage. This will continue to be carefully monitored as the final proposals are drawn up.

Breakdown of staff in affected area with disabilities

Disability	Number	%
Y	31	2.75%
N	1102	97.26%
Total	1133	100%

- 11.5. The impact of the proposals for disabled staff appears proportionate at this stage but will continue to be monitored as more detailed proposals are drawn up.
- 11.6. Where agency workers are on placement in affected areas these arrangements will be terminated if the work they are doing would provide suitable alternative

employment for displaced staff. These figures will continue to be refined as greater detail emerges from consultation documents.

- 11.7. Consultation with affected staff and the Trade Unions will take place on proposals with staffing implications in accordance with the Council's Management of Change Policy.
- 11.8. Significant numbers of staff are likely to be affected by these proposals and the Council will continue to offer support and advice to those staff placed in a redundancy situation. This will be delivered by working with partners agencies and will include financial advice, CV writing, interview skills, setting up your own business and career change advice.
- 11.9. Where proposals result in a change in the way that services are delivered, managers will be looking at how staff can be supported as part of the post implementation process. Advanced notification of redundancies has been sent to The Insolvency Agency who also have a statutory requirement to assist employees facing redundancy.

12. LEGAL IMPLICATIONS

Savings proposals - General Legal Implications

Statutory duties

- 12.1. The Council has a variety of statutory duties which it must fulfil by law. The Council cannot lawfully decide not to carry out those duties. Even where there is a statutory duty there is often a discretion about the level of service provision. Where there is an impact on statutory duty, that is identified in the report. In other instances, the Council provides services in pursuit of a statutory power, rather than a duty, and though not bound to carry out those activities, decisions about them must be taken in accordance with the decision making requirements of administrative law.

Reasonableness and proper process

- 12.2. Decisions must be made reasonably taking into account all relevant considerations and disregarding all irrelevant matters. These are particular to the service reductions proposed and are set out in the body of the report. It is also imperative that decisions are taken following proper process. Depending on the particular service concerned, this may be set down in statute, though not all legal requirements are set down in legislation. For example, depending on the service, there may be a need to consult with service users and/or others and where this is the case, any proposals in this report must remain proposals unless and until that consultation is carried out and the responses brought back in a further report for consideration with an open mind before any decision is made. Whether or not consultation is required, any decision to discontinue a service would require appropriate notice. If the Council has published a procedure for handling service reductions, there would be a legitimate expectation that such procedure will be followed.

Staffing reductions

- 12.3. Depending on the number of any redundancies, the Council would have to comply with the requirements for collective consultation under Section 188 Trade Union and Labour Relations (Consolidation) Act 1992. This consultation is in addition to consultation with individuals affected by redundancy and/or reorganisation under the Council's own employment procedures.

Equalities

- 12.4. The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 12.5. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 12.6. The duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 12.7. The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
- 12.8. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
1. The essential guide to the public sector equality duty
 2. Meeting the equality duty in policy and decision-making
 3. Engagement and the equality duty
 4. Equality objectives and the equality duty
 5. Equality information and the equality duty
- 12.9. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are

legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:

<http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

- 12.10. The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”. It appears at Appendix 7 and attention is drawn to its contents.
- 12.11. The equalities implications pertaining to the specific service reductions are particular to the specific reduction.

The Human Rights Act

- 12.12. Since the introduction of the Human Rights Act 1998 (HRA) the rights set out in the European Convention on Human Rights (ECHR) have been incorporated into UK law and can be enforced in the UK courts without recourse to the European courts.
- 12.13. Those articles which are particularly relevant in to public services are as follows:-
- | | | |
|------------|---|---|
| Article 2 | - | the right to life |
| Article 3 | - | the right not to be subject to inhuman or degrading treatment |
| Article 5 | - | the right to security of the person |
| Article 6 | - | the right to a fair trial |
| Article 8 | - | the right to a private and family life, home and correspondence |
| Article 9 | - | the right to freedom of thought ,conscience and religion |
| Article 10 | - | the right to freedom of expression |
| Article 11 | - | the right to peaceful assembly |
| Article 14 | - | the right not to be discriminated against on any ground |

The first protocol to the ECHR added

- | | | |
|-----------|---|---|
| Article 1 | - | the right to peaceful enjoyment of property |
| Article 2 | - | the right to education |

- 12.14. Some of these rights are unconditional, such as the right not to be tortured or subject to degrading treatment. Others may be limited in finite and well defined circumstances (such as the right to liberty. Others are qualified and must be balanced against the need of the wider community – such as the right to a private and family life. Where there are human rights implications associated with the proposals in this report regard must be had to them before making any decision.

Crime and Disorder

- 12.15. Section 17 of the Crime and Disorder Act 1998 requires the Council to have regard to the likely effect on crime and disorder when it exercises its functions, and the need to do all that it reasonably can to prevent crime and disorder in its area.

Best value

- 12.16. The Council remains under a duty under Section 3 Local Government Act 1999 to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. It must have regard to this duty in making decisions in respect of this report.

Environmental implications

- 12.17. Section 40 Natural Environment and Rural Communities Act 2006 states that “every public authority must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions to the purpose of conserving biodiversity”. No such implications have been identified in this report.

Specific legal implications

- 12.18. Members’ attention is drawn to the specific legal implications arising in relation to particular proposals set out in this report.

13. CONCLUSION

- 13.1. The Council expects to need to make further savings of around £85m between now and 2017/18. This figure is subject to change as financing estimates are refined and government resourcing proposals confirmed. Of this total the gap for 2015/16 is £39m to enable the Council to set a balanced budget, as it is required to do in law.
- 13.2. In addition, going into the 2015/16 budget cycle, the Council is carrying a £3m budget gap which was agreed to be funded from reserves when setting the 2014/15 budget.
- 13.3. The saving proposals in this report reflect the work of the Lewisham future programme board between November 2013 and August 2014. This work continues. For 2015/16 the report presents £31.1m of potential savings – £1.7m of previously agreed savings and £29.4 of new savings proposals – towards the required £39m.
- 13.4. For 2015/16 this leaves a gap of £7.9m and the existing £3m call on reserves. In respect of closing this gap the report identifies at least £0.8m of expected further savings proposals to follow. When presented and if agreed, this would reduce the gap to £7.1m.
- 13.5. As noted in the Medium Term Financial Strategy report presented to M&C in July 2014, a corporate review in respect of reserves and provisions and the use of the New Homes Bonus is underway. Contributions to the Council’s budget position from this work will be included in the assumptions presented for agreement in the budget setting report in February 2015.
- 13.6. While these savings proposals for 2015/16 are being considered the Lewisham future programme continues its work to identify and bring forward additional savings in respect of 2016/17 and 2017/18.

14. BACKGROUND DOCUMENTS AND FURTHER INFORMATION

Short Title of Report	Date	Contact
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For further information on this report, please contact:

David Austin, Head of Corporate Resources on 020 8314 9114

APPENDICES

Appendix 1 is one document.

It sets out the individual templates for specific savings proposals. These are grouped by Lewisham future programme work strand and referenced in sections A to R.

Appendix 1B Lewisham Corporate Priorities

Appendices 2 to 7 are in one document

Appendices 2 to 6 provide more information in respect of the public consultations required for these proposals

APPENDIX 2 – Context for Adult Social Care (A) & Supporting People (B)

APPENDIX 3 – Blue badge administration charge (G1) proposal report

APPENDIX 4 – Discretionary Freedom Pass change (O1) proposal report

APPENDIX 5 – Early Intervention and Safeguarding (Q1) proposal report

APPENDIX 6 – Youth Services (Q2) proposal report

APPENDIX 7 – Making fair financial decisions

Two maps are provided as separate documents

- Children Centres
- Youth Services