

Mayor and Cabinet			
Report Title	Lewisham Future Programme 2016/17 Revenue Budget Savings Proposals		
Key Decision	Yes	Item No.	
Ward	All Wards		
Contributors	Executive Director for Resources & Regeneration		
Class	Part 1	Date:	30 September 2015

1. EXECUTIVE SUMMARY – DRAFT PROPOSALS

- 1.1. This is the next stage of the savings process. These are proposals being put forward by officers from the work of the Lewisham Future Programme, and have completed the relevant scrutiny process prior to this meeting.
- 1.2. This report updates the Mayor and members on the work of the Lewisham Future Programme and puts forward £12m of new savings proposals for 2016/17 and a further £14m for 2017/18. The report shows proposals developed by officers over the last six months for approval to implement and approval to consult on. It also details the areas still requiring further development.
- 1.3. The Council is now in the sixth year of an expected ten year long period of resource reduction. In the period 2010 to 2015 the Council made savings of over £120m. The Council developed principles by which savings are made during the period 2010 to 2015 and these continue to apply (see Appendix 16). The Council recognises that this level of continual reduction also means that proposals need to be increasingly transformational and are becoming increasingly difficult to identify and implement. For this reason the Lewisham Future Programme was established in 2013.
- 1.4. This report presents the work of the Lewisham Future Programme since the budget in February 2015 to progress the transformational changes necessary to enable the Council to seize the opportunities of growth in London and reposition itself to meet the future needs of the communities it serves, while at the same time living within the financial resources at its disposal.
- 1.5. At this time two things about the savings are clear. For the un-protected areas of public sector spending, which includes Local Government, austerity will continue to 2019/20 with savings expected in each fiscal year. And, pending the Comprehensive Spending Review (CSR) in November and the provisional Local Government Financial Settlement (LGFS) in December, there is considerable uncertainty about the actual level of savings required in the next four years to 2019/20.
- 1.6. The Council is therefore continuing with its plan to identify £45m of savings over the next two years to 2017/18 and preparing to accelerate actions if necessary to enable it to be flexible and close any savings gap that emerges from the CSR and

LGFS. This is a continuous process, and as agreed when the Lewisham Future Programme was set up, will require savings to be brought forward for scrutiny, consultation and decision as and when they are ready. With the key requirement remaining the statutory obligation for Council to set a balanced budget by March each year.

- 1.7. In addition to the savings of £12m for 2016/17, the report also presents £14m of new proposals for 2017/18 and a summary of the work ongoing to prepare these savings and, where necessary, close the remaining gap to achieve the £45m target. The estimated saving requirement for 2016/17 is between £25m and £35m.
- 1.8. **Scrutiny** – The report and the proposals have been considered by each scrutiny committee and their recommendations will be presented to the Mayor. Where appropriate, the proposals have been amended to include the additional information as requested by the relevant committee.
- 1.9. Finally the report then sets out the necessary financial and legal implications that are required to be considered in respect of these proposals (sections 9 and 10). And concludes with some additional steps that might be taken, if required, to address any budget gap for 2016/17 in the budget report in February 2016.

2. PURPOSE OF THE 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 2016/17 to be put forward to Council in February 2016.

3. RECOMMENDATIONS

- 3.1. The Mayor is asked to:
 - 3.1.1. Note the officer proposals for budget reductions summarised in section 8 and set out in Appendices 1 to 14.
 - 3.1.2. Consider the comments of the Public Accounts Select Committee on the 29 September 2015, which incorporates the views of the respective select committees.
 - 3.1.3. Note the decision at Mayor and Cabinet on the 11 February 2015 and endorse and agree the previously agreed savings of £6.5m for 2015/16 and £4.7m for 2016/17 – see section 6.8.
 - 3.1.4. Agree one of the following actions for each saving proposal as presented in Appendices 1 to 14:
 - 3.1.4.1. Where no consultation is required, agree the saving proposal.
 - 3.1.4.2. Authorise officers to carry out consultation where public / stakeholder consultation is necessary in relation to the proposal and that officers then bring a full report to Mayor & Cabinet at the earliest opportunity.

- 3.1.4.3. Authorise officers to carry out consultation where staff consultation is necessary in relation to the proposal and delegate the decision to the relevant Executive Director for the service concerned.
- 3.1.4.4. Where no consultation is required, delegate the decision to the relevant Executive Director for the service concerned.
- 3.1.4.5. Request officers to complete further work to clarify the proposal and that officers then re submit the saving proposal at the earliest opportunity.

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	Lewisham's Future Funding Outlook (Update)
6	Lewisham Future Programme
7	Timetable
8	Savings proposals by thematic review
9	Financial implications
10	Legal implications
11	Conclusion
12	Background documents
	Appendices

5. LEWISHAM'S FUTURE FUNDING (Update)

- 5.1. Pending the Comprehensive Spending Review (CSR) in November and the provisional Local Government Financial Settlement (LGFS) in December, there is considerable uncertainty around the funding that Local Authorities will receive over the duration of this Government to 2019/20. The Council has considered the Local Government Association (LGA) and London Councils modelling along with its own best assumptions.
- 5.2. In July 2015 Lewisham's Medium Term Financial Strategy (MTFS) to 2019/20 was presented to Mayor & Cabinet. These uncertainties were recognised in the range of the possible outcomes considered – best, base and worst case scenarios. After allowing for the £11m of savings previously agreed for 2016/17 and 2017/18, the MTFS savings estimates to 2019/20 ranges from £57m to £105m.
- 5.3. The Chancellor of the Exchequer announced in his summer budget on 8 July 2015 that he would slow the pace of spending cuts by shifting his target of running a budget surplus by a year to 2019/20 in order to avoid a "rollercoaster-ride in public spending". This means that the reduction to overall government Resource Department Expenditure Limit (DEL) is less steep in 2016/17 and 2017/18 but

higher for 2018/19 and 2019/20 than forecast in the March budget. All non-protected Departments have been asked to model 25% and 40% funding reductions. How much of these Departmental reductions go on to impact funding for Local Authorities is not yet clear.

- 5.4. Towards the end of July 2015, London Councils produced their funding predictions, specific to each London Borough, for the period up to 2019/20. This included six scenarios to model forecasted funding. The six options for Lewisham range from £15m to £130m. An even wider range than in the Council's MTFs.
- 5.5. Given the headline of austerity in non-protected areas of public spending is to continue and the uncertainty in potential impacts for local government to 2019/20, this report updates on the savings proposals prepared against the current target of £45m for 2016/17 and 2017/18. It also recognises the risk that this may leave a gap for Lewisham's budget when the LGFS is confirmed in December. The savings targets for each strand will be reviewed once the LGFS is announced in December 2015 and the Council's funding level is certain.

6. LEWISHAM FUTURE PROGRAMME

- 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 (see Appendix X), the elected administration's manifesto commitments, and its emerging political priorities for the savings.
- 6.2. Since 2010 over £120m of savings have been made, and in many cases the size and shape of the Council's services have changed dramatically. It also means that at this stage many savings options have been considered with some advancing to form proposals and many rejected as unfeasible or unreasonable.

Meeting the challenge

- 6.3. For the reasons set out in section 5 above, the Council is continuing with its current target to make £45m of savings over the next two years to 2017/18, while at the same time preparing to accelerate actions if necessary to enable it to be flexible and close any savings gap that emerges from the CSR and LGFS in late 2015.
- 6.4. The Lewisham Future Programme Board agreed targets for each work strand in February 2015 and then between March and June considered and challenged options for how these savings could be made from the respective work strand leads. The results of this work are presented in this report.
- 6.5. The intention was to identify option for how the full £45m target could be achieved over the two years to 2017/18. However, this has proved difficult as the options to change services at the scale and in the timeframes available that also bring service users and staff along the journey is very challenging, especially given the journey already travelled since 2010. The result is that the proposals presented, and assuming all were to be agreed, are likely to be short of the total required for 2016/17. Therefore, in addition to this report further savings will need to be

identified and brought forward for 2016/17 as we continue the savings journey over the next four years.

- 6.6. This report recaps on the savings previously agreed in Table B below and looks to the new proposals in Table A below. Section 9 of the report summarises the scope of each Lewisham Future Programme work strands, presents a list of the individual savings being proposed, and describes the work ongoing to close the gap and achieve the original £45m target. For each of the listed proposals proforma with the detail necessary to enable pre-scrutiny, public consultation (if required), and decisions to be taken are presented in the appendices.
- 6.7. The focus at this time is on the savings for 2016/17. This is a continuous process, and as agreed when the Lewisham Future Programme was set up, will require savings to be brought forward for scrutiny, consultation and decision as and when they are ready, with the key requirement remaining the statutory obligation for Council to set a balanced budget each year.

Table A: Outline of Revenue Budget Savings Proposals

Ref	LFP work strand	16/17 £'000	17/18 £'000	Total £'000	To Follow £'000	Key Decision	Public/ Staff Consultation	Appendix
A	Adult Social Care (incl. Public Health)	3,007	3,703	6,710	3,190	Y	Y	1
B	Supporting People	0	1,200	1,200	800	Y	N	2
F	Business Support & Customer Transformation	278	95	373	2,900	N	Y	3
G	Income Generation	1,050	250	1,300	1,300	N	Y	4
H	Enforcement and Regulation	0	1,200	1,200		Y	Y	5
I	Corporate & Management Overheads	2,610	2,205	4,815	1,700	N	Y	6
J	School Effectiveness	602	58	660	240	N	Y	7
K	Crime reduction/ Drug and Alcohol Services	50	340	390	0	Y	N	8
L	Culture and Community	400	2,600	3,000	0	Y	Y	9
M	Housing and non HRA funded services	200	0	200	0	N	N	10
N	Environmental Services	2,350	1,250	3,600	600	Y	Y	11
O	Public Services	120 to 300	0 to 20	140 to 300	627 to 787	Y	Y	12
P	Planning	230	325	555	0	Y	Y	13
Q	Safeguarding and Early Intervention	875	640	1,515	75	N	Y	14
	Total	11,772 to	13,866 to	25,658 to				

Ref	LFP work strand	16/17 £'000	17/18 £'000	Total £'000	To Follow £'000	Key Decision	Public/ Staff Consultation	Appendix
		11,952	13,886	25,818				

Previously Agreed Savings

- 6.8. In addition to the above, in November 2014, the Mayor agreed savings for 2016/17 and 2017/18 which had been identified and proposed in advance of requirement. These are being represented to the Mayor for endorsement. The savings are shown in table B below:

Table B: Previously Agreed Revenue Budget Savings Proposals

LFP Area		16/17	17/18	Summary of Saving
Ref	LFP Work Strand	£'000	£'000	
B	Supporting People	1,174	0	Efficiency savings through reduced contract values while maintaining capacity, reductions in service capacity and service closures
D	Efficiency Review	2,500	2,500	Withholding non-pay inflation
E	Assets*	760	985	Efficiencies in the current facilities management contracts and optimising the current operational estate
F	Business Support & Customer Transformation	0	1,000	Establishment of a centrally located, corporate business support service which combines a general support function with specialist service hubs
K	Crime reduction	30	0	Tendering a number of services to increase efficiencies while reducing and targeting provision such as residential rehabilitation.
L	Culture and Community	375	0	Review of main VCS grants programme.
M	Housing and non HRA funded services	200	100	Transfer of non-Housing stock from the HRA to the General Fund
O	Public Services	200	0	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.
Q	Safeguarding and Early Intervention	1,223	111	Further savings to the Children's Social Care placement and other budgets. In this strand
Total		6,462	4,696	

- * Assets and the potential to develop future revenue streams are a key strand for the Lewisham Future Programme. While there are no new proposals for Assets in the current set of proposals, work continues apace to evaluate further options in this area. These will be brought forward in due course.

7. LEWISHAM FUTURE PROGRAMME : TIMETABLE

- 7.1 The key dates for considering the savings proposals via 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.	8 Sep	09 Sept	16 Sept	29 Sept	16 Sept	15 Sept
M&C	30 Sep	30 Sep	30 Sep	30 Sep	30 Sep	30 Sep
Select Ctte.	18 Nov	12 Nov	01 Dec	02 Dec	30 Nov	26 Nov
M&C	09 Dec	09 Dec	09 Dec	09 Dec	09 Dec	09 Dec
Select Ctte.	12 Jan	13 Jan	26 Jan	27 Jan + Budget	19 Jan	14 Jan
M&C	10 Feb	10 Feb	10 Feb	10 Feb + Budget	10 Feb	10 Feb

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

8. SAVING PROPOSALS BY THEMATIC REVIEW

- 8.1. 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.

- 8.2. 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

- 8.3. Overview

Proposals - A	16/17	17/18	Total
Proposed now	£3.0m	£3.7m	£6.7m
To follow			£3.2m
Total			£9.9m

- 8.4. The Adult and Social Care (ASC) is currently going through its most radical transformation, driven in the main by the Care Act which became operational from 1st April 2015. The different tenets of the Act will lead to both increased and decreased expenditure across ASC provision. It is within this context that opportunities to identify savings have been explored.
- 8.5. The savings, agreed last February, were developed in accordance with the legislation that governs the deliver of ASC. The 15/16 savings are to be achieved primarily within a clear framework that ensures the people’s needs are being met in the most cost effective way.
- 8.6. A similar approach has been followed to identify the proposals that contribute to the £4.9m of savings outlined in this paper.

Summary of proposed savings

- 8.7. The table below sets out in summary the individual proposals.

A. Smarter & deeper integration of social care & health – Appendix 1							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
A11	Managing and improving transition plans	200	300	500	Y	N	N
A12	Reducing costs of staff management, assessment and care planning	500	200	700	Y	N	Y
A13	Alternative Delivery Models for the provision of care and support services, including mental health	1,100	700	1,800	Y	Y	Y
A14	Achieving best value in care packages	600	500	1,100	N	N	N
A15	New delivery models for extra care – Provision of Contracts	100	900	1,000	Y	Y	N
A16	Prescribed Medication	130		130	N	N	N
A16	Dental Public Health	20		20	N	N	N
A16	Health Protection		23	23	N	N	N
A16	Obesity/Physical Activity	232		232	N	N	N
A16	Health Inequalities	100		100	N	N	N
A16	Workforce development	25		25	N	N	N
A16	Redesign through collaboration		580	580	Y	N	N
A17	Sexual Health Transformation		500	500	Y	Y	N
TOTAL				6,710			

Work ongoing

- 8.8. In order to achieve the remainder of the savings target (a further £3.2m) we will need to continue to push the integration agenda with Health, this 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.
- 8.9. Alternative delivery models for specific services (e.g. transition from Children's to Adult's) or establishing a Care Trust (similar to the current model in Essex) need to be explored. Feasibility work is underway looking at the potential benefits of establishing a Care Trust. However, for that option to be progressed significant political and strategic support would be required.
- 8.10. In addition, we will need to seek further efficiencies from our contracts; this will enable us to deliver the same service at lower cost.
- 8.11. We must also look again at our Public Health spend and ensure it continues to be used in the most effective way possible to support our public health outcomes (e.g. early intervention services, environmental protection enforcement, and hygiene in the community).
- 8.12. The wider political landscape will also have an impact on the future structure of adult social care. Nevertheless, it is critical we continue to drive down costs ahead of any structural changes to the sector.

B. Supporting People

8.13. Overview

Proposals - B	16/17	17/18	Total
Proposed now		£1.2m	£1.2m
To follow		£0.8m	£0.8m
Total			£2.0m

- 8.14. The supporting people service funds housing related support via a number of providers to clients with varying needs. These range from high-support hostels to floating support in the community. The total spend on these services in 2014/15 was £8.4m. To date savings proposals have been put forward totalling £2.5m across 15/16 and 16/17.
- 8.15. In order to meet the reduced budget requirement for the service in 2017/18, the service will need to further remodel how it provides housing support. Officers have remodelled the initial proposals working on the following assumptions:
- Significant savings are required from this budget and it is not possible to deliver these without having some impact on current users, although every effort will be made to keep this to a minimum where possible.
 - Direct cost shunts should be avoided (e.g. closing a service where a large proportion of users will directly require another Council funded service as a result of the closure).

- Alternative sources of funding to support this client group should be explored (e.g. Housing Benefit).
- Other support networks should be considered in order to ensure that existing service users can continue to receive some level of support if funding is withdrawn.

Summary of proposed savings

8.16. The table below sets out in summary the individual proposals.

B. Supporting People – Appendix 2							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
B2	Individual service users will no longer receive a service in their own homes and some will need to be decanted from accommodation based services.		1,200	1,200	Y	N	N
TOTAL				1,200			

Work ongoing

- 8.17. Using the principles outlined above it is anticipated that the maximum that could be saved before the implications and cost shunts become unknowable and potentially counterproductive is approximately £1.2m. Should savings at this level be pursued, it would then be possible to determine the extent to which a further reduction of £0.8m would be feasible without resulting in significant cost shunt.
- 8.18. The figure of £1.2m still contains risks which would be largely mitigated if the saving was reduced to £0.5m. Savings of £2.0m would likely lead to significant but unquantifiable cost shunts to other Council services

F. Business Support and Customer Service Transformation

8.19. Overview

Proposals - F	16/17	17/18	Total
Proposed now	£0.278m	£0.95m	£0.37m
To follow			£2.90m
Total			£3.27m

- 8.20. The Corporate and Business Support Services work strand and the Customer Transformation work strand have now been merged due to the overlapping areas in how they could be delivered through improved use of technology. This work strand primarily relates to the large proportion of staff within the business support review that are responsible for key elements of end-to-end customer contact.
- 8.21. Following a comprehensive review of the business support and administrative services across the organisation, a model for a centralised business support

service was developed that combines a general support function from service related hubs. Consultation for the new service began in February 2015 and the new structure is expected to be in place by September 2015. The new structure is operating at a 20% reduction across all of the posts in scope (resulting in a saving of £0.9m for 15/16).

- 8.22. Further technical and process redesign will be undertaken once the new service is fully embedded, this is hoped to enable additional savings of £1.1m, although combined with the further £1.0m still to be implemented in 17/18 already agreed, in total these services would be reduced by over 60%.
- 8.23. The Customer Transformation Review has been adopting a whole systems approach to review customer contact management and end to end service delivery utilising technology to automate process where possible.

Summary of proposed savings

- 8.24. The table below sets out in summary the individual proposals.

F. Business Support and Customer Transformation – Appendix 3							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
F2a	Improve our online offer, starting with environmental services.	148		148	N	N	Y
F2b	Pushing customers to self-serve online wherever possible.		52	52	N	N	Y
F3	Customer Service Centre reorganisation.	130	43	173	N	N	Y
TOTAL				373			

Work ongoing

- 8.25. The Customer Services Transformation Programme is one of the cross-cutting projects within the Lewisham Future Programme and has a £2m target for delivery by 2018. As outlined above, thus far £250k worth of savings are being proposed (£200k via changes within the call centre and optimising online channels, and £50k from a review of Casework functions, found in strand I).
- 8.26. To successfully deliver this saving whilst improving service delivery, it is not just about applying a digital 'front-end' to the way we work or moving customer contact online. In order to realise the benefits of increased digital contact, front and back office processes need to be integrated to create a fully digital service.
- 8.27. We want to develop a holistic approach to digital transformation supported by a streamlined, easy-to-use digital platform for customer contact. Not only will this provide a high quality customer service, it will also encourage customers to engage with us digitally as much as possible, reducing the need for more costly face to face or telephone contact. Our digital services need to be so good that customers

prefer to interact digitally over any other channel, and in some areas should be good enough to be the only option for customer wanting to transact with the council.

- 8.28. Following implementation of the first phase of the project (focused on Environmental Services) the second phase of the project will expand to include other services with high volumes of customer contact, for example, school admissions, building control and registrations. It is expected that small scale savings will be identified from each service area reviewed as part of this work strand. As there is no dedicated budget from which the saving is to be taken, identifying the required £1.8m will be challenging and the piecemeal approach likely to be relatively time and resource intensive.

G. Income Generation

8.29. Overview

Proposals - G	16/17	17/18	Total
Proposed now	£1.05m	£0.25m	£1.3m
To follow			£1.3m
Total			£2.6m

- 8.30. This review is considering approaches to optimise income generation. The income strategy is intended to ensure that where the Council has in place fees, charges and sources of income they are guided by certain principles and managed in a thoughtful and consistent way.
- 8.31. The guiding principle of the income generation strand is to ensure that income can be a means by which to ensure a service is sustainable in the longer term. The risk is that, if not implemented in a fair and transparent way, it can lead to a lack of engagement and distrust in the service and Council as a whole. Therefore, it is essential that we engage with services and service users throughout this process.
- 8.32. In delivering our strategic approach to income generation, the Council has established an Income Generation Board. This Board comprises three heads of service (Head of Financial Services, Head of Corporate Resources and the Head of Public Services) and two support staff. The Public Accounts Select Committee is currently conducting a review of income generation following which recommendations may be made to Mayor & Cabinet.

Summary of proposed savings

- 8.33. The table below sets out in summary the individual proposals.

G. Income Generation – Appendix 4							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
G2	Commercial Opportunities: Increase advertising income	300		300	N	N	N
G2	Wireless Concessions: Explore potential to install wireless connections in street furniture using a concession licence in exchange for income.	200		200	N	N	N
G2	Review of regulatory restrictions for the HRA, DSG and Capital Programme and review of treasury management	300		300	N	N	N
G2	Increase sundry debt collection.		250	250	N	N	N
G2	Parking: Review service level arrangements.	250		250	N	Y	Y
TOTAL				1,300			

Work ongoing

- 8.34. This review aims to identify the potential to generate at least a further £1.3m of income per annum. Following the assessment of whether service areas are charging in line with the income policy and strategy, a further area of work is underway to implement an annual review of fees and charges review to maintain this focus.
- 8.35. The review includes the initial creation of a database of all services where fee charging activity takes place. The review will cover circa £100m of income to the Council and there is potential to generate significant levels of income. Instilling this discipline will ensure that potential above inflation increases for some services are achieved. Having an agreement as to how we capture and attribute the additional income will be central to this being successful.

H. Enforcement and Regulation

8.36. Overview

Proposals - H	16/17	17/18	Total
Proposed now		£1.2m	£1.2m
To follow			
Total			£1.2m

- 8.37. The focus of the Enforcement and Regulation review thus far has been to establish a new service covering Crime, Enforcement and Regulation and Environmental Health. The newly established team covers the following functions:
- Crime Reduction

- Environmental Protection
- Food Safety
- Public Health and Nuisance
- Licensing
- Trading Standards

8.38. Via restructuring the service areas in scope and creating a new team a saving of £0.8m was achieved. The team are now adopting a risk and intelligence based approach to undertaking enforcement activity.

8.39. In order for further savings to be achieved (£1.2m) a further reduction and re-design of the service is required, with a further expansion of the risk and intelligence based approach established through the recent restructure.

8.40. The review does not include some other regulatory services such as Street Enforcement, Building Regulations and Enforcement under regeneration and Environmental Protection (e.g. rogue landlords) under housing.

Summary of proposed savings

8.41. The table below sets out in summary the individual proposals.

H. Enforcement and regulation – Appendix 5							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
H2	Further reductions in Crime, Enforcement and Regulation and Environmental Health		1,200	1,200	Y	N	Y
TOTAL				1,200			

Work ongoing

8.42. In order to retain resilience and to share knowledge, opportunities to share the functions within this service are being explored with neighbouring boroughs.

I. Management and corporate overheads

8.43. Overview

Proposals - I	16/17	17/18	Total
Proposed now	£2.6m	£2.2m	£4.8m
To follow			£1.7m
Total			£6.5m

8.44. This review is of all management and professional back office functions, with the aim of further reducing spend by between 30-50%. Thus far, proposals totalling

£2.1m have been put forward for 15/16, the savings come from the following service areas:

- Policy, Performance, Service redesign and research & intelligence functions
- Governance and Strategy
- Human Resources
- Legal Services
- Corporate Resources
- Finance
- CYP Resources.

8.45. The remaining target for the management and corporate overheads review is £6.5m. To achieve this target, all back-office services will need to be reduced further and some non-statutory services may need to be stopped entirely.

Summary of proposed savings

8.46. The table sets out in summary the individual proposals.

I. Management and Corporate Overheads – Appendix 6							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
I2a	Policy, performance, service redesign and intelligence		180	180	N	N	Y
I2b	Senior management executive support	100		100	N	N	Y
I2c	Governance		75	75	N	N	Y
I3	Reorganisation of how Complaints are managed across the Council.	50		50	N	N	Y
I4a	Review of Programmes in Strategy and Mayor and Cabinet Office	150		150	N	N	Y
I4b	Restructure of Communications after voluntary redundancies	60		60	N	N	N
I5	Commissioning and Procurement: undertake base lining of current activity and focus time only on value add activities.	500	500	1,000	Y	N	Y
I6	Insurance and Risk: review liabilities and re-charge premiums to ensure they are contributing for the whole risk, not just direct costs.	300		300	N	N	N
I7	Finance non-salary budget and vacancies review	100	150	250	N	N	N
I8	Minor reorganisation of Legal Services to incorporate Procurement function	50		50	N	N	Y
I9a	HR support	20	200	220	N	N	Y
I9b	TU Secondments	40		40	N	N	Y

I. Management and Corporate Overheads – Appendix 6							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
I9c	Graduate Schemes	40		40	N	N	N
I9d	Social Care Training		100	100	N	N	N
I9e	Realign Schools HR Recharge	100		100	N	N	N
I10a	Revising IT infrastructure support arrangements and Contract, systems and supplies review	1,000	1,000	2,000	Y	N	Y
I10b	Committee Papers: move to digital access only	100		100	N	N	N
TOTAL				4,815			

Work ongoing

8.47. In order to make further savings from back office functions such as those in scope of this review shared services approaches will be explored.

J. School Effectiveness

8.48. Overview

Proposals - J	16/17	17/18	Total
Proposed now	£0.60m	£0.06	£0.66m
To follow			£0.24m
Total			£0.90m

8.49. This strand is looking at all aspects of services to schools to identify opportunities to increase income or reduce levels of service. The current proposals include a reduction in central funding for Educational Psychologists; through grant substitution from the DSG around the management of our early years functions and from the Basic Needs Grant for staff working on the expansion of school places.

Summary of proposed savings

8.50. The table below sets out in summary the individual proposals

J. School Effectiveness – Appendix 7							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
J2a	Schools SLA: Apply an above inflation 2.5% increase to schools SLAs.	100		100	N	N	N
J2b	Attendance and Welfare: We currently deliver our core statutory offer plus some traded services within this area. A further restructure and increase in traded services could result in further savings.	150		150	Y	N	Y
J2c	Schools IT Infrastructure: Schools Strategic IT support to be traded or withdrawn.	60	58	118	N	N	N
J2d	Educational Psychologists: Service reorganisation and further trading where possible.	5		5	N	N	N
J2e	Estates Management: Service re-organisation, improved coordination with property services, and reduced provision for property consultancy services.	220		220	N	N	Y
J2f	Free School Meals Eligibility: Service transfer to Customer Services financial assessments team.	17		17	N	N	Y
J2g	Management Restructure of the Standards and Achievement team.	50		50	N	N	Y
TOTAL				660			

Work ongoing

8.51. The proposals for the next two years will be discussed with the Schools Forum in September, specifically the scope for further price increases of traded services.

K. Drug and Alcohol Services

8.52. Overview

Proposals - K	16/17	17/18	Total
Proposed now	£0.05m	£0.34m	£0.39m
To follow			£0m
Total			£0.39m

8.53. This is a review of Drug & Alcohol and Youth Offending Services to identify opportunities for reshaping provision.

Summary of proposed savings

8.54. The table below sets out in summary the individual proposals.

K. Drug and Alcohol – Appendix 8							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
K4	Reducing the length of time that methadone (Heroin substitute) is prescribed, re-procurement of the main drug and alcohol service, and greater use of community rehabilitation	50	340	390	Y	N	N
TOTAL				390			

L. Culture and Community Services

8.55. Overview

Proposals - L	16/17	17/18	Total
Proposed now	£0.40m	£2.60m	£3.0m
To follow			
Total			£3.0m

8.56. The Culture and Community Development service covers a broad range of areas including leisure, libraries, local assemblies and the grants programme.

8.57. In identifying areas where savings could be achieved, the review leads have focused on the biggest areas of spend within the service. The majority of provision within the strand is discretionary so large scale reductions are possible, however some of these have significant implications for the community.

Summary of proposed savings

8.58. The table below sets out in summary the individual proposals.

L. Culture and Community Services – Appendix 9							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
L5	Reduce the level of grant funding to the voluntary sector by £1,000,000 from 1 April 2017/18. This is the final year of the current main grants programme and will require the reduction/removal of funding from a range of organisations currently receiving funding.		1,000	1,000	Y	Y	N
L6	Library and Information Service: 1. Creation of three Hub Libraries – Deptford Lounge, Lewisham and Downham Health & Leisure Centre – which will carry an enhanced role for face to face contact between the Local Authority and the public to support the digital by default agenda.. 2. the extension of the Lewisham Community Library Model to Forest Hill, Torridon, and Manor House, in partnership with other council services and community organisations. And the integration of the library provision into the repurposed ground floor space within the Catford complex (Laurence House). 3. the regrading of front line staff to include new functions through the re-training and enhancement of front line roles.	400	600	1,000	Y	Y	Y
L7	Change in contractual arrangements relating the leisure services		1,000	1,000	Y	Y	N
TOTAL				3,000			

Work ongoing

8.59. In addition to the options outlined above, the service area is exploring opportunities to discuss variations to the existing leisure contracts in respect of their duration, subsidies/concessions and financing in the case of the PFI.

M. Housing Strategy and non-HRA funded services

8.60. Overview

Proposals - M	16/17	17/18	Total
Proposed now	£0.2m		£0.2m
To follow			
Total			£0.2m

8.61. 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.

Summary of proposed savings

8.62. The table below sets out in summary the individual proposals.

M. Housing strategy and non-HRA funded services – Appendix 10							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
M2a	Review of funding streams across housing strategy, development and partnership functions	140		140	N	N	Y
M2b	Reduction in premises costs	60		60	N	N	N
TOTAL				200			

Work ongoing

8.63. Housing services are facing a period of unprecedented change and demand, particularly at a London level.

8.64. Structural changes within the strategic housing service have been implemented in order to respond to some of these challenges. The structural changes aims to improve integration across the Housing Needs, Housing Strategy and Private Sector Housing functions.

N. Environmental Services

8.65. Overview

Proposals - N	16/17	17/18	Total
Proposed now	£2.35m	£1.25m	£3.6m
To follow			£1.1m
Total			£4.7m

8.66. This is a review of key environment services, including waste collection and 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

8.67. The table below sets out in summary the individual proposals.

N. Environmental Services – Appendix 11							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
N3	Review of Lewisham's Waste Services (Doorstep collection & disposal) Transfer of estates Bulky Waste disposal costs to Lewisham Homes	600	500	1,100	Y	Y	Y
N4	Provide a mobile, 'as required', response service for residential roads instead of traditional 'beat cased' sweeper.	1,000		1,000	Y	Y	Y
N5	Review of Lewisham's Passenger Transport Service.	500	500	1,000	Y	Y	Y
N6	To develop our Trade Waste customer base, improve efficiency and increase income. To negotiate an increased share of income from Parks Events.	250	250	500	Y	Y	N
TOTAL				3,600			

Work ongoing

8.68. In order to identify the remaining target for this review strand (£0.6m) further options linked to the frequency of waste collection are being explored.

O. Public Services

8.69. Overview

Proposals - O	16/17	17/18	Total
Proposed now	£0.12m to £0.3.0m	£0.0m to £0.02m	£0.14 to £0.30m
To follow			£0.63 to £0.79m
Total			£0.93m

8.70. The Public Service Division strategy for the delivery of savings is to move more services online, close down access channels where possible, group services together to generate economies of scale, automate the processing of work using technology and choose the most appropriate model for delivery (e.g. in house, shared or outsourced). The division is also maximizing income to reduce the cost of delivery. The Council's financial position means this approach must now be accelerated and an assertive approach taken to models of delivery that release savings.

Summary of proposed savings

8.71. The table below sets out in summary the individual proposals.

O. Public Services – Appendix 12							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
O4	Financial Assessments: Introduce standardisation and efficiencies in approach to financial assessments.	100		100	N	N	Y
O5	Discretionary Freedom Pass: Option 1: Withdrawal of discretionary scheme.	200		200	Y	Y	N
	Option 2: Close scheme to new applicants	20	20	40			
TOTAL				140 to 300			

Work ongoing

8.72. For further savings to be achieved from within Public Services the division and their work in support of Business Support and Customer Transformation (F) will continue.

P. Planning and Economic Development

8.73. Overview

Proposals - P	16/17	17/18	Total
Proposed now	0.230	0.325	£0.555m
To follow			
Total			£0.555m

8.74. The planning Service is actively managing a reduction of net budget through process improvement, eliminating waste, recovery of costs and income generation.

Summary of proposed savings

8.75. The table below sets out in summary the individual proposals.

P. Planning and Economic Development – Appendix 13							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
P2a	Restructure of Development Management team and restructure and amalgamation of the Conservation, Urban Design and Planning Policy teams.	185		185	Y	N	Y
P2b	Substitution of part of base budget by alternative funding sources (S.106 and fee income).	45		45	Y	N	N
P2c	Further increase in charges and changes to funding coupled with savings achievable from a corporate approach to and restructure of employment services.		305	305	Y	N	Y
P2d	Review of Statement of Community Involvement (SCI) on the way in which the service consults on planning applications. Efficiency savings based on paper, printing and postage costs.		20	20	Y	Y	N
TOTAL				555			

Work ongoing

8.76. For further savings to be achieved from the Planning service, the Head of Planning is considering further budget changes.

Q. Early Intervention and Safeguarding

8.77. Overview

Proposals - Q	16/17	17/18	Total
Proposed now	£0.875m	£0.640	£1.5m
To follow			£0.085m
Total			£1.6m

8.78. The safeguarding and early intervention review includes a wide range of services covering Children's Social Care, Early Intervention, Youth Services and services for Children with Complex Needs.

- 8.79. Proposals to date have focused on 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. This strand also proposes alternative delivery models and levels 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.
- 8.80. For further savings to be achieved, in addition to continuing to review the options outlined above, two further broad areas have been considered – Children with Complex Needs Service and the supplies and service expenditure within Children’s Social Care.

Summary of proposed savings

- 8.81. The table below sets out in summary the individual proposals

Q. Safeguarding and Early Intervention – Appendix 14							
Ref.	Description	16/17 £'000	17/18 £'000	Total £'000	Key Decision	Public Consultation	Staff Consultation
Q3a & b	Sensory Teachers (a and b)	250		250	N	N	N
Q3c	Educational Psychologists: Further reduction in staffing through not replacing staff	35		35	N	N	Y
Q3d	Occupational Therapy – management reorganisation	50		50	N	N	Y
Q3e	Reduce Carers funding	40		40	N	N	N
Q3f	Review of MAPP portage with increased health contribution.	120		120	N	N	N
Q3g	Joint commissioning with efficiencies through reorganisation and better planning of work.	50		50	N	N	N
Q4a	Social care supplies and services reduced spend.	130	240	370	Y	N	N
Q4b	Social care financial management through continued cost control on all areas of spend.	50	50	100	N	N	N
Q4c	Placements: continuing strategy to use local authority foster placements where possible.		200	200	N	N	N
Q5	Youth Service: accelerate tapering of support to Youth Service to statutory minimum (will follow decision on creation of a mutual).	150	150	300	Y	N	N
TOTAL				1,515			

9. FINANCIAL IMPLICATIONS

- 9.1. This report is concerned with the saving proposals it presents to enable the Council to address the future financial challenges it faces. There are no direct financial implications arising from the report other than those stated in the report itself.

10. LEGAL IMPLICATIONS

Savings proposals - General Legal Implications

Statutory duties

- 10.1. 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

- 10.2. 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

- 10.3. If service reductions would result in redundancy, then the Council's usual redundancy and redeployment procedure would apply. If proposals would result in more than 20 but fewer than 100 redundancies in any 90 day period, there would be a requirement to consult for a period of 30 days with trade unions under Section 188 Trade Union and Labour Relations (consolidation) Act 1992. The consultation period increases to 45 days if the numbers are 100 or more. This consultation is in addition to the consultation required with the individual employees. If a proposal entails a service re-organisation, decisions in this respect will be taken by officers in accordance with the Council's re-organisation procedures.

Equalities

- 10.4. 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.
- 10.5. 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.
- 10.6. 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.
- 10.7. 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/>
- 10.8. 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
- 10.9. 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/>

- 10.10. The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”. It appears at Appendix 16 and attention is drawn to its contents.
- 10.11. The equalities implications pertaining to the specific service reductions are particular to the specific reduction.

The Human Rights Act

- 10.12. 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.
- 10.13. 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 |

- 10.14. 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

- 10.15. 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

- 10.16. 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

- 10.17. 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

10.18. Members’ attention is drawn to the specific legal implications arising in relation to particular proposals set out in this report in Appendix 16 .

11. CONCLUSION

11.1. The Council expects to need to make further savings between now and 2019/20. However the amount and timing is uncertain at the present time pending the Comprehensive Spending Review and Local Government Finance Settlement due in November and December respectively. For this reason the work of the Lewisham Future Programme has continued to work and present proposals against the original £45m target for 2016/17 and 2017/18.

11.2. The draft saving proposals in this report reflect the work of the Lewisham Future Programme Board between February 2015 and August 2015. This work continues to bring forward further proposals to meet the savings gap. For 2016/17, the report presents £12m of potential savings and £13m for 2017/18.

12. BACKGROUND DOCUMENTS AND FURTHER INFORMATION

Short Title of Report	Date	Contact
Medium Term Financial Strategy	July 2015	David Austin

Appendices

- 1 A – Adult Social Care (including Public Health)
- 2 B – Supporting People
- 3 F – Business Support and Customer Transformation
- 4 G – Income Generation
- 5 H – Enforcement and Regulatory Services
- 6 I – Corporate and Management Overheads
- 7 J – School Effectiveness
- 8 K – Crime Reduction
- 9 L – Culture and Community Services
- 10 M – Housing and non HRA funded services
- 11 N – Environmental Services
- 12 O – Public Services
- 13 P – Planning
- 14 Q – Safeguarding and Early Intervention
- 15 Summary of savings as navigation table
- 16 Legal Implications
- 17 Equalities Summary
- 18 EHRC Making Fair Financial Decisions guidance
- 19 Corporate Savings Principles
- 20 Additional Information Regarding Proposal A14

For further information on this report, please contact:
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