

London Borough of Camden – Financial Strategy Update: December 2015

3rd December 2015

Summary of the Report:

This report provides an update the progress towards implementing the savings agreed as part of the 2015-2018 Financial Strategy by Cabinet in September and December 2014, and increased by Cabinet in June 2015.

The Strategy was developed in response to continuing cuts to the Council's funding. It was intended to close the forecast funding gap faced by the Council in the next three financial years 2015/16 to 2017/18.

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1.0 INTRODUCTION

1.1 Due to the continuing reduction to core government funding, as well as unavoidable demographic pressures, the Council has a savings programme in place that is set to deliver £75m budget reductions between 2015/16 and 2017/18. This includes £2m savings made from outcomes focused waste and recycling contract saving (SAT2) agreed in June 2015.

2.0 FINANCIAL STRATEGY: IMPLEMENTING THE CAMDEN PLAN

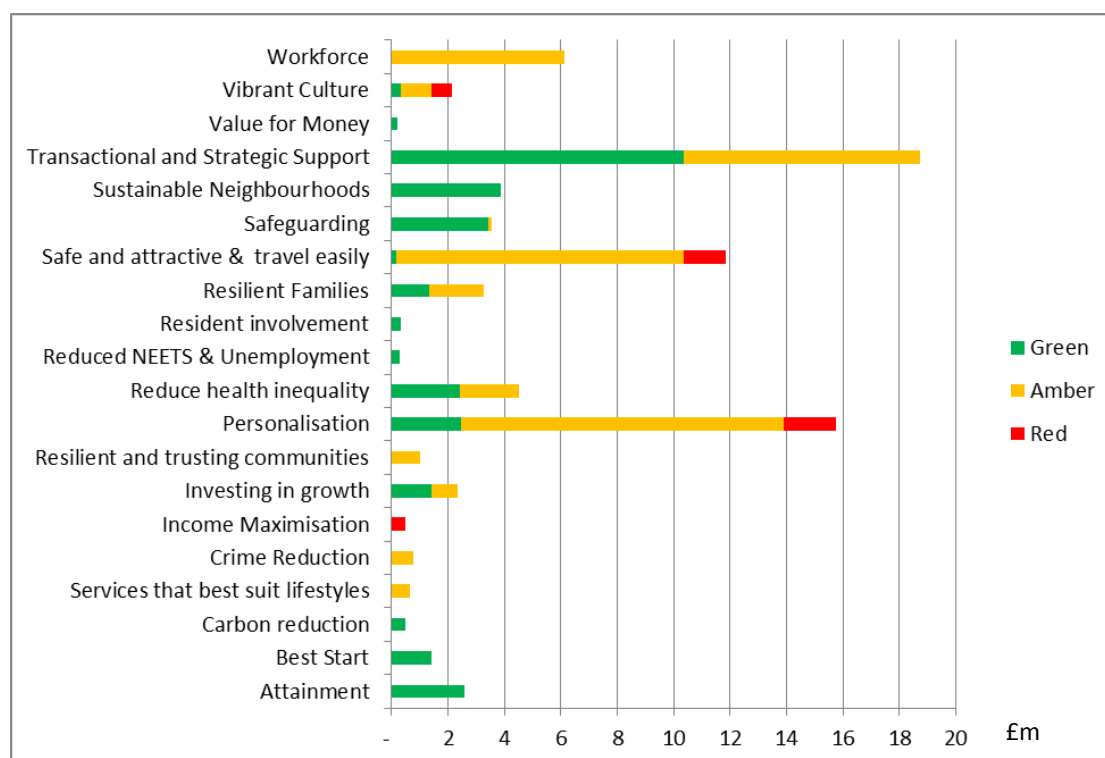
2.1 Instead of annual, arbitrary, reductions to budgets across the board, the Council took a planned, longer-term approach to achieving the required budget reductions by focussing on the things that contribute most to key outcomes set out in the Camden Plan. The Strategy has led to the agreement to pursue 111 individual projects. The proposed allocation of resources was considered against four investment tests, which are congruent with the objectives of the Camden Plan:

- Tackle Inequality - how does investment reduce inequality amongst our residents?
- Focus on Outcomes - investment decisions will be made that will have the greatest impact on improving the lives of Camden's people. How does investment meet these outcomes?
- Invest in Early Intervention where possible and in the capacity to act decisively where necessary - how does investment focus on prevention?
- Make Every Pound Count - how effective is the investment?

2.2 Activities that were found to contribute to the delivery of the aims and objectives of the Camden Plan and the priorities of residents were selected for increased or maintained investment and protected from the required cuts in funding.

2.3 Chart 1 sets out forecast savings per each key outcome to be delivered by 2017/18.

Chart 1: 2017/18 Forecast delivery of MTFS savings by outcome and RAG status (£m)



2.4 The current savings programme, as well as the previous saving programme that started in 2010, have had a significant impact on staff and services within the Council. A large number of trusted and valued staff have left the organisation, and those retained have had to demonstrate adaptability and flexibility to allow the Council to thrive during a period of significant upheaval.

3.0 PROGRESS TOWARDS DELIVERY

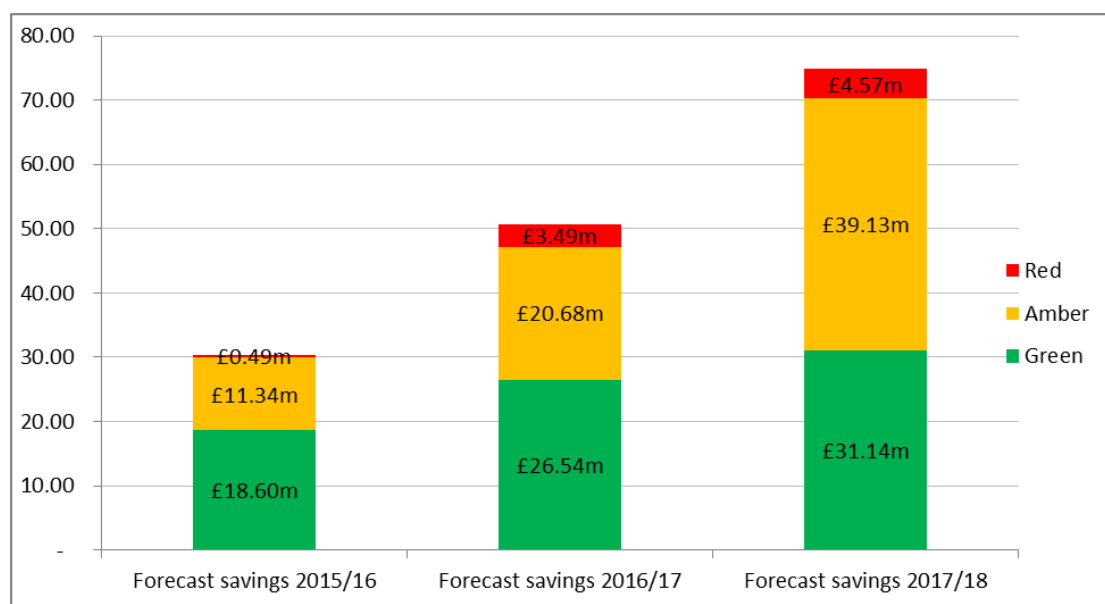
3.1 Since the financial strategy was agreed in September and December MTFS reports, the Council has made a strong progress towards implementing the first year of savings. However, we are conscious that we are only approaching the end of the first year of delivery. A number of projects for later years are only in the planning phase. For these initiatives, if and how they are implemented is subject to a number of factors, including further decision making, consideration of equalities impacts, or engagement with service users and staff. Therefore a large proportion of projects have amber RAG status, acknowledging this further level of decision making.

3.2 There are currently five savings programmes with a red RAG. Although the projects have total savings values exceeding £4m, the amounts currently identified as at risk are much lower than that; approximately £140k in 2015/16 from a shortfall in income realisation, and £196k in 2016/17 from a combination of a delayed realisation of savings and a projected shortfall in income generation.

3.3 The five high risk projects are listed below:

- **IM2: Income collection and recovery** - This project uses systems thinking to improve income collection and recovery and requires action on multiple income streams across the council. Initial work in licensing identified £60k of additional revenue, however it is now expected that savings target of £100k will not be delivered fully in 2015/16 due to resourcing issues.
- **SAT5: Integrated Asset management** - The overwhelming majority of savings from this project (£1.36m) are on track to be delivered as agreed. The red RAG rating relates to £0.14m of savings which relate to the renegotiation of the grounds maintenance contract due to take place next year. We expect that these savings will be realised in 2017/18 and therefore represent savings delayed rather than savings unachievable.
- **VC1: Maximising income (arts & events)** – There are significant challenges to achieving the income targets in 2015-18 as generating additional income is subsequent to market conditions and other external factors. Realisation of income has been impeded by a number of practical challenges and by a decision to reject the principle of cost recovery for small community events. This decision means the target of a saving of £147,000 through restructuring the waiver on fees and charges is no longer achievable.
- **DS6: Learning & Physical Disabilities (Refocussing the Team) and OP3: Older People (Refocussing the Team)** – Savings relate to planned restructures within Adult Social Care, which the service is intending to delay because they were predicated on a reduction in demand for the service which has not materialised. It is anticipated, however, that the full amount will be taken from budgets for 16/17 and the savings found in other ways.

Chart 2: Forecast savings per year and RAG rating



Following a large pre-budget engagement exercise, the Council is now into the next phase of consultation and engagement. The Council has already held

consultations on a number of major proposals, for example regarding including libraries and how we can best support Camden's Voluntary and Community Sector (VCS) organisations in the future. Other engagement exercises, such as consultation on reshaping youth support services are currently taking place.

4.0 EFFECTS ON STAFFING

- 4.1 The realisation of the Council's savings programmes meant the Council lost valuable and experienced staff who had worked hard over the years to build up highly respected public services. From April 2010, there were 781 redundancies, of which 454 were compulsory and 327 voluntary. In addition to those appointed to new or different roles as part of service changes, there were also 90 redeployments to other parts of the Council, which would otherwise have led to redundancy.
- 4.2 The current savings programme is estimated to result in a reduction of around 600 posts in total, around 80% of which are estimated to result in redundancy. Since April 2014 there has been 151 redundancies, of which 83 have been compulsory and 68 voluntary. These redundancies have mainly come from restructures being implemented during 2014/15 in Parking, Human Resources, Finance and Strategy. In addition to these services, 21 redundancies were from St Margaret's and Brach Hill Residential Care Homes. These redundancies were due to a reconfiguration of the service to better reflect the reduction in volume and to ensure that we had the requisite numbers of staff, in the right type of roles to deliver a revised service provision.
- 4.3 Wherever possible, redundancies will be minimised through the use of a variety of measures including holding vacancies, not replacing leavers, covering roles with temporary workers, the use of voluntary redundancy where appropriate, and redeployment wherever possible. In the situations where redundancies occur, support and training will be offered to staff through counselling, career planning and advice services, as well as skills based workshops designed to support their search for alternative employment.

5.0 FURTHER PROPOSED SAVINGS

- 5.1 In December 2014 MTFS, alongside the agreed saving programme, we set out a list of projects, 'proposals under development', with the view that these will be further developed and agreed in 2015. Of this, £2m savings from waste contract were already agreed (see paragraph 1.2). The MTFS report that will go to the Cabinet in December proposes further savings to be agreed for implementation in 2016/17. The savings proposals are set out in Appendix B.
- 5.2 These initiatives will help the council present a balanced budget in 2016/17 should the cuts in the Finance Settlement be worse than expected, and will otherwise provide the first steps in delivering the additional large-scale savings we know we will need from 2018/19.

- 5.3 The 2016/17 savings target will also increase slightly due to re-profiling of two existing savings projects in CSF to bring forward an element of the saving expected in 2017/18 to 2016/17. This reflects early delivery of these savings proposals rather than a policy change and doesn't represent an increase in the overall target. The formal decision to re-profile savings targets will be taken by Cabinet in the December 2015 MTFs Report. The table below presents the projects and relevant amounts.

	2016/17 target £000	2016/17 forecast £000	One off over-delivery £000	Comment
BS6 Public Service review of early years services incl. early education and childcare and children centre services.	700	1,000	300	16/17 delivery to come from external payments due to cease from April 2016.
RF5 Review of Commissioned Play Services	83	223	140	Implementation needs to begin during 16/17 in order to achieve 17/18 target
Total			440	


























6.0 MEDIUM-TERM STRATEGY: PLANNING FOR FURTHER SAVINGS

- 6.1 The Spending Review and Autumn Statement on 25th November set out how the Government plans to deliver on its pledge to eradicate the budget deficit and to deliver savings of £18bn, on top of the £17bn committed to in the July budget. The presented funding reductions and other changes will have a significant impact on the Council. Therefore the Council not only needs to continue to deliver the agreed £75m savings programme, we also have to plan to deliver further savings above and beyond what was already agreed.
- 6.2 The agreed MTFs strategy and the new proposed savings will help to ensure we can balance our books up to 2017/18 should the cuts be deeper than expected or if some projects are not delivered. However, as noted above, we are expecting a further funding gap in the following years. In order to allow us to thoroughly evaluate any opportunities for savings and to continue to invest our diminishing resources in a way that best supports the delivery of the Camden Plan, we have already started thinking about steps we need to take to close this expected budget gap and deliver the additional savings, and a high level overview of the approach being developed is presented in the December report.

Appendix A: MTFs Savings Programme 2015-18: Programme Analysis

The table below lists the individual strands within the Council's agreed three year MTFs Savings Programme. It does not include the new savings presented for Cabinet agreement in the December 2015 Cabinet report.

Project title	Project Ref	Cabinet agreed savings 15/16	Cabinet agreed savings 16/17	Cabinet agreed savings 17/18	RAG	
Attainment						
Develop school led partnership	Att1	300,000	600,000	800,000	Green	
Connexions - traded approach	Att2	100,000	280,000	280,000	Green	
Reorganising training provision for schools	Att3	55,000	110,000	110,000	Green	
Refocussing educational psychology services for children with Special Educational Needs (SEN)	Att4	36,000	62,000	62,000	Green	
Increase in traded income from schools for repairs and maintenance	Att5	25,000	50,000	50,000	Green	
Schools contribution to Pension Deficit	Att6	-	600,000	1,200,000	Green	
Reduce cost of Building Schools for Future programme	Att7	-	100,000	100,000	Green	
Best Start						
Transitional funding for community nurseries and de-designated childrens centres	BS4	-	-372,000	-	Green	
Re-investment in drop in provision	BS5	-	-100,000	-100,000	Green	
Public Service review of early years services incl early education and childcare and children centre services.	BS6	-	700,000	1,500,000	Green	
Carbon reduction across the borough						
Discharging duties regarding flood management	CAR1	150,000	150,000	200,000	Green	
Refocussing sustainability engagement with residents from direct support on green action to increasing the household recycling rate, on an invest to save basis	CAR2	50,000	50,000	158,000	Green	
Reducing resources required for the management of the council's carbon management programme and carbon reduction fund through the introduction of online and virtual systems and processes	CAR4	34,000	68,000	68,000	Green	
The implementation of a self-financing business model for the Camden Climate Change Alliance, with income from paid services supporting its programme of activities for businesses	CAR6	-	50,000	73,000	Green	
Changing our services so that residents can do business with us in ways that best suit their lifestyles						
Customer Access Phase 3	CA1	-	-	641,000	Amber	
Crime Reduction (Safer Communities)						
Change the way we work with offenders	CR01	-	300,000	300,000	Amber	
Change the approach to managing Anti-Social Behaviour (ASB) cases	CR02	160,000	160,000	160,000	Amber	
Reduce direct delivery on the Night Time Economy (NTE)	CR04	-	353,000	353,000	Amber	
Reduce investment in patrol services	CR05	-	250,000	250,000	Amber	
Establish a Multi-Agency Community Hub (MACH)	CR06	-	-200,000	-200,000	Amber	
Enhanced focus on tackling Domestic Violence and Sexual Violence	CR07	-	-300,000	-300,000	Amber	
Change our approach to Community Safety Partnership Projects	CR09	-	200,000	200,000	Amber	

Project title	Project Ref	Cabinet agreed savings 15/16	Cabinet agreed savings 16/17	Cabinet agreed savings 17/18	RAG	
Income Maximisation						
Improving the collection and recovery of income across the Council	IM2	100,000	300,000	500,000	Red	
Investing in growth						
Sub regional working (NEETs employment & Investing in Growth)	IG1	-	-	700,000	Amber	
Improvements in delivering services supporting economic growth	IG2	1,427,342	1,427,342	1,427,342	Green	
Stop sending adjoining occupier letters for planning applications.	IG3	-	199,000	199,000	Amber	
More resilient and trusting communities who do more for themselves						
Current VCS investment and support programme is successfully brought to a close, and a new Community Resilience Investment programme is introduced from 1st April 2016	RC6	1,000,000	1,000,000	1,000,000	Amber	
Personalisation						
Learning/Physical Disabilities - Making sure people are in the right accommodation	DS1	294,000	623,000	1,267,000	Amber	
Learning/Physical Disabilities - Personalising Day Services	DS2	125,000	375,000	750,000	Amber	
Learning/Physical Disability - First Contact	DS3	232,000	756,000	1,691,000	Amber	
Transitions within Disability Services	DS5	365,000	615,000	990,000	Amber	
Learning/Physical Disabilities - Refocussing the Team	DS6	-	815,000	815,000	Red	
Mental Health - Making sure our customers are in the right accommodation	MH1	400,000	400,000	450,000	Green	
Mental Health - Personalised support services	MH2	170,000	170,000	170,000	Amber	
Mental Health - Process efficiencies within Camden and Islington Foundation Trust (CIFT)	MH3	235,000	495,000	611,000	Amber	
Mental Health - Joint commissioning initiatives	MH4	350,000	400,000	400,000	Green	
Mental Health - Substance Misuse – residential rehabilitation	MH5	306,000	306,000	306,000	Green	
Mental Health – First contact	MH6	39,000	408,000	626,000	Amber	
Mental Health - Prevention	MH7	-250,000	-250,000	-250,000	Green	
Older People - Personalised support services	OP1	-	-	156,000	Amber	
Older People – First Contact	OP2	828,000	2,567,000	4,511,000	Amber	
Older People - Refocussing the Team	OP3	207,000	620,000	1,032,000	Red	
Older People - Realigning charging basis for in house supported housing	OP4	1,548,000	1,548,000	1,548,000	Green	
Older People – Supporting people to physically access care and support	OP5	33,000	99,000	164,000	Amber	
Providing a more efficient transport service	P4	200,000	500,000	500,000	Amber	
Reduce health inequality						
Initiatives within sexual health services	H1	-	1,630,000	2,080,000	Amber	
Substance Misuse - Drugs	H2	334,000	656,000	1,288,000	Green	
Initiatives within adult health improvement services	H3	412,000	746,000	746,000	Green	
Efficiencies within children & young people health improvement services	H4	-172,000	-21,000	-21,000	Green	
Initiatives within alcohol treatment services	H9	205,000	312,000	412,000	Green	

Project title	Project Ref	Cabinet agreed savings 15/16	Cabinet agreed savings 16/17	Cabinet agreed savings 17/18	RAG	
Reduced NEETS & Unemployment						
Remodelling services that provide employment provision	U1	200,000	200,000	200,000	Green	
Review of employment, skills and income advice and support	U2	-	90,000	90,000	Green	
Resident involvement						
Rationalising our engagement mechanisms and approach to engaging residents	R1	168,000	307,000	307,000	Green	
Funding for Healthwatch	R3	13,000	39,000	39,000	Green	
Resilient Families						
Development of Youth Hubs Model	RF1	-	500,000	1,148,000	Amber	
Review of Short Breaks Local Offer	RF10	-	-	79,000	Amber	
Welfare, Inclusion and Supporting in Education Service refocusing towards early help	RF11	30,000	60,000	60,000	Green	
Review of Commissioned young parents parenting support service and sexual health & relationships outreach for vulnerable young people.	RF12	143,000	143,000	143,000	Green	
Review of commissioned substance misuse service	RF14	97,000	97,000	97,000	Green	
Family Services and Social Work (FSSW) staffing review of skill mix required	RF2	250,000	500,000	500,000	Green	
Longer Term savings and efficiencies relating to implementation of the Early Help Strategy	RF3	-	-	500,000	Amber	
Review of Commissioned Play Services	RF5	83,000	83,000	315,000	Green	
Review of specialised targeted services for disabled children	RF7	94,000	94,000	205,000	Amber	
Review of Child and Adolescents Mental Health Service (CAMHS) / Open Minded	RF8	-	141,000	141,000	Green	
Review of Commissioned Parent Support Services	RF9	87,000	87,000	87,000	Green	
Safe and attractive & travel easily						
Outcomes focussed waste and recycling contract	SAT2	-	-	5,000,000	Amber	
Increased income from advertising	SAT3	260,000	260,000	2,510,000	Amber	
Technology and channel shift initiatives in Parking Services	SAT4	2,300,000	2,400,000	2,400,000	Amber	
Integrated asset management approach	SAT5	-	1,500,000	1,500,000	Red	
Changes to public conveniences	SAT6	-	260,000	260,000	Amber	
Reduction of transport campaigns budgets and the development of alternative delivery models for pedestrian skills training and other smarter travel initiatives	SAT7	164,000	164,000	164,000	Green	
Safeguarding						
Adjust budgets for looked after children to reflect projected levels of demand	SG1	1,300,000	1,500,000	1,500,000	Green	
Sharing family Contact Service costs with neighbouring boroughs including property costs.	SG10	40,000	40,000	40,000	Green	
Adjustment of Staffing budgets in children's social care to ensure even distribution of caseloads.	SG11	280,000	810,000	1,100,000	Green	
Maximising use of capacity in our Pathways service for Looked After Children by offering spare capacity to other authorities	SG2	500,000	500,000	500,000	Green	
Selling adoption spare capacity and expertise to other agencies / authorities	SG6	162,000	162,000	162,000	Green	

Project title	Project Ref	Cabinet agreed savings 15/16	Cabinet agreed savings 16/17	Cabinet agreed savings 17/18	RAG	
Sell spare capacity in our fostering placements team to other authorities	SG7	100,000	100,000	100,000	Green	
Review the budget of the Statutory Camden Safeguarding Children Board (CSCB)	SG8	100,000	100,000	100,000	Green	
Efficiencies across the Looked After Children Service	SG9	-	50,000	100,000	Amber	
Sustainable Neighbourhoods						
Increased use of private rented sector to prevent homelessness	SN1	500,000	1,000,000	1,500,000	Green	
A review of floating support and accommodation services, for people at risk of homelessness	SN2	300,000	1,000,000	1,000,000	Green	
Consolidating the management of the Community Investment Programme	SN3	500,000	500,000	500,000	Green	
A review of how we allocate social housing	SN4	100,000	500,000	500,000	Green	
Charge to capital the cost of CSF building related projects	SN5	100,000	206,000	206,000	Green	
Improving standards in the Private Rented Sector via licensing.	SN6	-	-	160,000	Green	
Transactional and Strategic Support						
Reduce resource in corporate anti-fraud team	L1	45,000	45,000	45,000	Green	
Share risk management function with another borough	L2	30,000	30,000	30,000	Green	
Reduce resource in Internal Audit function	L9	-	-	93,000	Green	
Strategy & Change	TS1&2	7,800,000	7,800,000	7,800,000	Amber	
Costs reductions from IT Systems	TS10	200,000	500,000	500,000	Green	
Service redesign within the procurement department	TS12	150,000	150,000	450,000	Green	
Communications	TS13	50,000	372,000	372,000	Green	
Service restructure within law and governance	TS14	330,000	330,000	330,000	Green	
Review of learning and development delivery and expenditure	TS15	-	163,000	327,000	Amber	
Review of Business Support	TS16	100,000	300,000	300,000	Green	
Interest budgets	TS18	1,100,000	1,800,000	2,150,000	Amber	
Realignment of Minimum Revenue Provision Budgets	TS19	-	-	618,000	Amber	
Accommodation Review	TS3	3,137,000	3,338,000	3,615,000	Green	
Service redesign within Core ICT	TS5	1,200,000	1,700,000	1,700,000	Green	
Implementation of new Human Resources/Finance system enabling Process Change. Possible shared/managed service for back office functions depending on option selected	TS6	-	-	1,100,000	Amber	
New service delivery model HR service	TS7	1,000,000	1,000,000	1,000,000	Green	
Commissioning	TS8	400,000	600,000	800,000	Green	
Restructure of the Corporate Property Service	TS9	900,000	1,200,000	1,200,000	Green	
Value for Money						
Insurance budget review	VFM1	200,000	200,000	200,000	Green	
Vibrant Culture						
Maximising income (arts and events)	VC1	282,000	462,000	792,000	Red	
Alternative management models - allotments managed within the community	VC2	-	20,000	20,000	Amber	
Maximising income through leisure contracts	VC3	180,000	260,000	260,000	Amber	

Project title	Project Ref	Cabinet agreed savings 15/16	Cabinet agreed savings 16/17	Cabinet agreed savings 17/18	RAG
Deletion of one strategy post in library service and a reduction of one library customer service officer from the Schools Library Service.	VC4	80,000	80,000	80,000	Green
Library Service - maximising income and efficiencies	VC5	-	70,000	70,000	Green
Sport and Physical Activity - maximising income and efficiencies	VC6	177,000	196,000	200,000	Green
Reshaping delivery of library services	VC7	-	370,000	800,000	Amber
Workforce					
Redefining management (empowered teams), and reductions in temporary resourcing (agency and consultancy)	W1&2	9,000,000	11,880,000	13,880,000	Amber
Total savings		43,530,342	66,066,342	91,918,342	
Double count Adjustment	DC1	-10,820,000	-12,560,000	-13,760,000	
HRA Recharge Element	HRA1	-2,342,675	-2,878,572	-3,132,342	
Net Saving to the General Fund		30,367,667	50,627,770	75,026,000	