



ST HELENS
BOROUGH COUNCIL

Cabinet

6 January 2021

Report Title:	Budget Savings 2021-2022
Cabinet Portfolio	Finance and Governance
Cabinet Member	Councillor Martin Bond
Exempt Report	No
Reason for Exemption	N/A
Key Decision	No
Public Notice issued	N/A
Wards Affected	All
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Borough priorities	Ensure children and young people have a positive start in life	x
	Promote good health, independence and care across our communities	x
	Create safe and strong communities for our residents	x
	Support a strong, diverse and well-connected local economy	x
	Create a green, thriving and vibrant place to be proud of	x
	Be a modern, efficient and effective Council	x

1. Summary

- 1.1 The report gives an update of the Council's progress in identifying potential savings proposals to meet the anticipated budget gap for 2021-2022 and future years.

2. Recommendations for Decision

Cabinet **is recommended to:**

- i) Note the progress in identifying potential savings proposals; and
- ii) Provide delegation to the Executive Director of Corporate Services, in consultation with the Cabinet Member for Finance and Governance, to agree the final submission of the Non-Domestic Rate Return for 2021-2022.

3. Purpose of this Report

- 3.1 The purpose of the report is to update Cabinet on progress in identifying potential savings proposals to meet the anticipated budget gap.

4. Background / Reasons for the recommendations

- 4.1 The Council has previously reported a number of financial pressures in the current year, due to underlying budget pressures and the impact of the COVID-19 pandemic, and the forecast impact of these pressures moving into 2021-2022. These reports culminated in the production of the Budget Strategy 2021-2022 report, which was agreed by Cabinet on 7 October.

In setting the budget for 2021-2022 the Council faces significant financial pressures that have been factored into the budget model in an attempt to set baseline budgets at the correct level for the financial year, based upon current assumptions. The Council is also working to address the ongoing budget gap for future years.

However, through necessity, the Council budget model has been produced with significant uncertainty on issues such as:

- The underlying level of Government funding – Government were due to implement the Comprehensive Spending Review and the Fair Funding Review for 2021-2022, as

well as reviewing the business rates system. These have all been delayed with Government announcing a one-year settlement.

- The ongoing impact of COVID-19 and any future Government funding for this issue.
- The impact of Brexit.
- Future increases in Council Tax.

4.2 Potential Savings Proposals for 2021-2022

The Budget Strategy 2021-2022 report to Cabinet on 7 October 2020 recommended the progression of budget proposals to address the underlying budget shortfall for 2021-2022 which Cabinet approved. A savings target of £20 million has been set, to take into consideration the budget gap for 2021-2022 and the necessity to balance the budget in future years. Executive Directors were asked to identify potential savings proposals within their directorates for consideration by Members.

Potential savings have been proposed for 2021-2022 totalling £21.907m. A number of the savings proposed will also deliver savings in future years, which will help alleviate future budget pressures, reducing any future budget gap. The value of proposed potential savings for 2022-2023 is £4.460m and for 2023-2024 is £0.210m. A summary of the potential savings proposals is included in the following table:

Nature of Saving Proposal	2021-2022 £'000	2022-2023 £'000	2023-2024 £'000
Integrated Health and Social Care Income Generation & Grants	1,241	0	0
Commercial Income Generation	646	0	0
Digitisation and Review of Supplies and Services	910	0	0
Contract Management			
- Review of Public Health Contracts	865	102	0
- General review of contracts	50	0	0
Adult Social Care Service Reviews			
- Care Home Placement Modelling	1,320	0	0
- Learning Disabilities Service Review	3,270	0	0
- Commissioned Services	1,000	0	0
- Care Packages	250	0	0
- Other Services	382	0	0
Children's Social Care Service Reviews			
- Residential and Foster Care Placements	2,100	2,100	0
- Young People Leaving Care	500	500	0
- Children's Centres and Early Help Services	700	700	0
- Family Support Services	480	479	0
- Other Services	50	50	50
Review of Employee's Terms & Conditions	1,530	0	0
Children's Services Service Reviews			
- Education Services	190	0	0
- Young People's Services	234	150	0
- Department Wide	125	125	0
Public Health Service Reviews			
- Review of Public Health Funded Programmes	607	0	0
- Other Public Health	100	0	0
Place Services Service Reviews			
- Councillor Improvement Fund	250	0	0
- Department Wide Service Review	3,429	144	160
- Supported Living Grant	490	110	0
Corporate Services Service Reviews	708	0	0
Other	480	0	0
TOTAL	21,907	4,460	210

Integrated Health and Social Care Income Generation & Grants

A review of service user financial assessments has been proposed, which would look at levying a more appropriate charge against resident's financial assets, where appropriate.

Additional grant income is anticipated within Adult Social Care and Public Health which will be utilised to fund existing service demand, which has increased significantly in recent years without previously being funded by additional grant.

Commercial Income Generation

Fundamental reviews of sales, fees and charges will be undertaken in anticipation of setting fees for 2021-2022. The savings proposals around commercial income generation will look to establish a commercial income development programme, initially focussing on fees and

charges, increasing Trade Waste collection levels and developing the level of commercial services to schools. This will be underpinned by the Council's new Commercial Strategy which will be published in the new year.

Digitisation and Review of Supplies and Services

As part of the 'Ways of Working' programme, which is reviewing the way in which the Council will return to work following the pandemic, the proposed work streams have identified potential savings from digitisation projects and reductions in supplies and services, including training and travel budgets.

Contract Management – Review of Public Health Contracts

Public Health commission many services and areas that will be reviewed to identify opportunities for contract efficiencies. These areas include:

- 0-19 Services
- Integrated Well-Being Services
- Sexual Health Services
- Substance Misuse Services
- Adult Physical Activities
- Other External Contracts

Adult Social Care Service Reviews

A number of reviews will take place in the service areas listed in the table, which will generate savings from reductions in costs due to reduced occupancy levels, retendering contracted services to generate efficiencies, alternative models of care, the review of care packages, cessation of funding for some non-statutory services and staffing reductions.

Children's Social Care Service Reviews

The largest saving proposal within Children's Social Care is a review of Residential and Foster Care Placements, which would be achieved by reductions in placements costs for children who are looked after by the Council. Other specific reviews would include a review of placement costs and support arrangements for young people leaving care, reconfiguring Early Help and Children in Need Services, reviews of Family Support Services and a review of transport arrangements.

Review of Employees Terms and Conditions

A fundamental review of employee's terms and conditions will be undertaken to identify potential changes that could be made which would lead to savings.

Service Reviews

Service reviews would be undertaken in the areas listed in the table to identify changes to service delivery arrangements and models, including staffing structures, that would generate savings, to identify non-statutory service areas that could be reduced/ceased and to re-align service delivery models. In a number of areas, including Place and Corporate Services, this would include further targets for reductions in staff numbers.

Other

Other areas that have been proposed as potential savings are the prepayment of pension contributions generating a reduced cost, a review of self-insurance provision and other savings.

4.3 **Spending Review 2020 Update**

On 25 November 2020, the Chancellor of the Exchequer announced details of the Spending Review 2020, which set details of what the Government will spend on health, education, transport and other public services in 2021-2022. Included within the review was information relating to Local Government, although further details for authorities was received as part of the Provisional Local Government Finance Settlement from MHCLG announced on 18 December 2020. There are more details to announced on future funding and a final settlement will be published in late January/early February 2021 after a period of consultation on the provisional settlement.

The detail from the Local Government Finance Settlement will be factored into the Medium Term Financial Strategy, including consideration of the budget position for future years, and reported to Cabinet in the Budget Report that will presented on 24 February 2021.

4.4 **Future Timescales**

The detailed timetable for setting the budget, following Cabinet's consideration of the Budget Savings 2021-2022 Report is as follows:

Meeting	Date	Description
Consultation	tbc	Sufficient consultation time for savings proposals and staffing implications. An exercise providing information in relation to the budget challenge that the Council faces and seeking views from all residents will run from early January until mid-February 2021.
Overview and Scrutiny Commission task group	Fri 15 th & Mon 18 th Jan 2021	Budget Savings 2021-2022 Cabinet report Q&A with each portfolio's savings approach. Also update on provisional settlement.
Overview and Scrutiny Commission	Mon 1 st Feb 2021	To review Overview & Scrutiny Commission task group recommendations and findings. To be incorporated into final budget reports.
Cabinet	Wed 24 th Feb 2021	Full and final suite of Budget reports 2021-2024.
Council	Wed 3 rd March 2021	Full and final suite of Budget reports 2021-2024.

4.5 **Business Rates**

The Government requires the final estimates of Business Rates for the upcoming year to be formally provided based on the position as at 31 January 2021, and, as in previous years, approval is sought for the Executive Director of Corporate Services, in consultation with the Cabinet Member for Finance and Governance, to agree the final submission of the Non-Domestic Rate Return for 2021-2022.

5. **Community Impact Assessment**

- 5.1 Community Impact Assessments will be completed for each proposal that is progressed.

6 **Consideration of Alternatives**

- 6.1 Alternative budget proposals will be considered as part of the Budget setting process.

7 **Conclusions**

- 7.1 It is critical that the Council achieves a balanced budget, which is a difficult process due to the volatility of funding and the impact of COVID-19. The methodology that is being followed in setting the budget is consistent with the transformation agenda principle of ensuring that resources are aligned to support priorities.

Delivery of savings is difficult in the current climate and it is vital that progress is made to meet the required deadlines of the timetable, to ensure that proposals are completed in time to ensure that savings can be achieved before the start of the 2021-2022 financial year.

It is essential the Council moves away from reliance on using reserves to set budgets and to smooth out in-year overspends. Reserves provide both financial resilience and allow resourcing for the Council's key strategic priorities and to support transformation and growth. These are one-off resources and are difficult to build up once depleted. This fact has been reinforced by the Council's external auditors, Grant Thornton UK LLP, as part of their recent audit work, who have expressed concerns at the decrease in reserves and stated that "The Authority needs to rebuild reserves whilst continuing to adequately fund statutory services to ensure efficient service delivery".

8. **Implications**

8.1 Legal Implications

- 8.1.1 This report sets out the scale of potential savings required to present a balanced revenue budget for 2021-2022, which is a legal requirement for local authorities, and to address future years' pressures.

A number of the potential savings proposals may have legal implications that will be addressed as part of the decision-making process that is followed in progressing proposals.

8.2 Community Impact Assessment (CIA) Implications

8.2.1 Social Value

8.2.1.1 Any future spending plans and decisions regarding individual saving proposals will consider social value and supporting the local economy.

8.2.2 Sustainability and Environment

8.2.2.1 Any future spending plans and decisions regarding individual saving proposals will consider the direct and indirect environmental implication.

8.2.3 Health and Wellbeing

8.2.3.1 Assessments will be undertaken, as necessary, for any decisions required to implement any spending plans that are proposed.

8.2.4 Equality and Human Rights

8.2.4.1 As part of the budget process, each service area will undertake some initial analysis of equalities and other legal implications of various proposals. Detailed equalities impact assessments will be undertaken for individual decisions as and when required to implement portfolio saving plan once these are brought forward.

8.3 Customers and Residents

8.3.1 Appropriate consultations will be carried out for any savings proposals where there are wider impacts on customers and residents.

8.4 Asset and Property

8.4.1 None

8.5 Staffing and Human Resource

8.5.1 Detailed human resources assessments will be undertaken, as necessary, for any appropriate spending plans and decisions regarding individual saving proposals.

8.6 Risks

8.6.1 This report sets out the scale of budget challenges for 2021-2022 and outlines the process to meet those challenges and present a balanced budget. Individual risks that may arise from savings proposals will be set out clearly as part of the decision-making process in relation to each individual saving.

8.7 Finance

8.7.1 The financial implications are as set out in Section 4.

8.8 Policy Framework Implications

8.8.1 None

9. Background papers

9.1 None

10. Appendices

10.1 None