

Taunton Deane Borough Council

Council Meeting – 5 October 2010

Part I

To deal with written questions to and receive recommendations to the Council from the Executive.

Councillor Joanna Lewin-Harris

Proposed Crime and Disorder Reduction Partnership Merger

The Executive has recently considered a proposal to merge the East and West Crime and Disorder Reduction Partnerships (CDRP) into one countywide structure. The aim of the merger is to streamline governance and leadership in the community safety structure, allowing for more effective community engagement at a local level.

The Crime and Disorder Act 1998 (as amended) placed a duty on responsible authorities to work together and with other agencies within the community to tackle crime and disorder and the misuse of drugs. The Act also required the formation of CDRPs and the Council fulfilled this requirement with the formation of the Taunton Deane CDRP.

The Police and Justice Act 2006 placed significant obligations on single authority CDRPs through the introduction of a series of minimum standards which had to be adhered to. As a result, the decision was taken in 2007 for the Taunton Deane CDRP to informally merge with Sedgemoor and West Somerset CDRPs to form the Safer Somerset West Partnership.

In January 2009 the Safer Communities Group, a sub-group of the Somerset Strategic Partnership, approved a proposal to carry out a review of the community safety structures in Somerset. The review was carried out by the Community Safety Network (CSN) and its recommendations were submitted to the Safer Communities Group in December 2009.

One of the recommendations made was that the Safer Communities Group should become the CDRP for Somerset as all the statutory agencies already attended this meeting. The districts were therefore asked to consider whether they wished to consider merging with the County Council to form one CDRP.

From the Safer Somerset West Partnership, both West Somerset and Sedgemoor District Councils have since agreed to this proposed merger on an informal basis for a period of 12 months.

Member representation in the proposed new structure will be at portfolio holder level. This reflects how Members had historically been represented on the CDRP.

Scrutiny of this new group would be achieved through the structure previously agreed by the Community Scrutiny Committee which recommended two Members from each of the districts,

Taunton Deane, Sedgemoor and West Somerset, to be co-opted to look at community safety scrutiny issues.

It is therefore **recommended** that:-

- (1) the proposed merger of the Safer Somerset West Crime and Disorder Reduction Partnership with the Mendip and South Somerset Community Safety Partnership (Somerset East) to form a County-wide Crime and Disorder Reduction Partnership, currently operating as the Safer Communities Group, be agreed and approved; and
- (2) The proposed merger to be on an informal basis for a period of 12 months, in line with decisions already taken by West Somerset and Sedgemoor District Councils.

Taunton Deane Borough Council

Full Council – 5 October 2010

Budget Strategy

Report of the Strategic Director, Shirlene Adam

(This report is the responsibility of the Leader of the Council, Councillor John Williams)

Executive Summary

The Medium Term Financial Plan predicts significant financial challenges ahead for the Council. This, together with the unprecedented levels of uncertainty on future Government Grant settlements means the Council needs to review its approach to budget setting.

This report proposes to introduce a Budget Strategy that covers a 4 year period, brings new financial flexibility to Councillors within that time period, and will refocus our limited resources on the priorities of the Council.

1. Background

1.1 The Coalition Government delivered its “emergency budget” on 22 June 2010. This, together with later announcements provides some key “headlines” on the future of public sector spending:-

- Pay freeze for 2 years;
- VAT increase to 20%;
- Abolition of the Housing and Planning Delivery Grant;
- Early termination of Free Swimming Grant;
- Concessionary Travel moves from Districts to upper tier authorities;
- Government Department funding cuts of 25 – 40% over 4 years;
- Incentive scheme for Council Tax freeze; and
- Incentive scheme for new homes

1.2 The Council’s Medium Term Financial Plan (MTFP) has been adjusted as much as possible to reflect what is “known” and to “best guess” the impact of the areas that have still to be developed.

1.3 The following table sets out the summary position of the MTFP as at 1 September 2010:-

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
TDBC Forecast Budget Position	15,194	16,493	16,992	17,544	18,103
Forecast Govt Grant	7,849	7,064	6,358	6,517	6,680
Forecast Council Tax	5,950	6,115	6,276	6,436	6,596
Forecast Resources Available	13,799	13,179	12,634	12,953	13,276
Predicted Budget Gap	1,395	3,314	4,358	4,591	4,827

1.4 The Council is facing unprecedented financial challenges and uncertainty and needs to adopt a robust but flexible budget strategy to deal with the tightening economic and funding conditions. Although the Comprehensive Spending Review (CSR) in October will provide some further detail on the Government's departmental spending cuts, the impact on Taunton Deane Borough Council will not be clear for some time.

1.5 The traditional budget setting process needs to be adjusted to support the organisation through this period of uncertainty and allow it to strategically plan budget reductions over the medium term.

2. Budget Strategy

2.1 The Government has been clear on the need for cuts in public sector spending. It expects the cuts in Government Department spending to be in the region of 25 – 40% over a four year period.

2.2 What this means for local government is still unknown. As Districts traditionally have not fared well in grant distributions, it would seem sensible to start planning for a grant reduction of 40% over the four year period.

2.3 We propose a strategic approach to budget setting that requires each manager to review their spending areas to offer choices as to how savings could be delivered over the four year period.

2.4 It is likely that some services can deliver cash savings earlier than others and some areas may need investment in order to realise the longer term savings. The Council may have to react flexibly to support this approach – by using reserves to smooth the impact of the cuts over this period, and by looking at innovative ways to deliver and charge for services.

2.5 It is also likely that some services (non-priority areas) will be required to deliver more than 40% savings over the four year period and others (priority areas) less. The Council will need to be very clear on priorities and a thorough review of the existing stance is recommended. A

complete review of the Corporate Strategy is recommended once the priorities review is finalised in the summer of 2011.

- 2.6 By adopting a strategic approach we can hopefully steer the organisation safely through the challenges ahead and be transparent with customers and staff on the direction the Council is heading in. Crucially it will give time for resources to be matched to priorities.
- 2.7 The strategic approach will deliver long term benefits – but will not resolve the budget gap for 2011/2012. This means a more “traditional” savings plan approach will be required for next years budget – more details of which are discussed later in the agenda.

3. The Process

- 3.1 The detail will need to be worked up – but the outline process proposed is as follows:-

	Budget Setting 2011/12	Budget Strategy 2012 - 2016
Sept 2010	Managers requested to complete savings plans for 10% budget reduction.	Proposals shared with Executive Councillors, the Shadow Executive, Group Leaders, and the Members Change Steering Group. Budget Strategy presented to Corporate Scrutiny for approval.
Oct 2010	Savings Plans considered by Corporate Management Team.	Budget Strategy presented to Full Council for approval.
Nov 2010	Savings Plans and Earmarked Reserves considered by Corporate Scrutiny. Fees and Charges considered by Corporate Scrutiny,	Data gathering exercise. (PI's and benchmarking)
Dec 2010	Savings Plans considered by Executive. Fees and Charges	Discussions begin with political groups on priorities

	presented to Executive and Full Council for approval. Budget packs issued to all Councillors.	Managers requested to complete savings plans for 40% over 4 years
Jan 2011	Budget position discussed at Group Meetings Draft budget considered by Corporate Scrutiny.	
Feb 2011	Draft budget(s) presented to Executive and Full Council for approval.	
Mar 2011		
April 2011		
May 2011		Priorities discussions finalised with Administration.
June 2011		
July 2011		Managers finalise savings plans over 4 years. Budget Strategy detail published / consultation begins. Corporate Strategy Reviewed and Approved.
August 2011		
September 2011		Budget Strategy Detail approved.

3.2 The data gathering exercise is key to delivering robust information for decision making. We do not currently have quality information on activity costs, or on how we compare with other Councils. This process will take some time, but can be done at the same time as early discussions on priorities with Councillors, and setting the 2011/2012 budget.

- 3.3 Effectively, the Council will spend the next year planning for the longer term position.

4. Governance

- 4.1 It is important that the development of the Budget Strategy is managed as a “project” – with robust governance in place. This is good practice and has served the Council well in other major “change” projects.

- 4.2 The detail will need to be worked up, but it is proposed to use the existing Members Change Steering Group as the key forum for Member involvement. Political Groups, Scrutiny and the Executive would be briefed at key points in the timetable.

- 4.3 Unison will need to be involved throughout and it is proposed to consult with them through the Unison Change Forum.

5. Financial Issues / Comments

- 5.1 This strategic approach to Budget Setting cannot be delivered within existing budgets. There will be some one-off costs incurred (particularly in the data gathering phase). More work needs to be done to clarify exactly what is needed – but early warning of such costs seem appropriate.

6. Legal Comments

- 6.1 There are no legal implications of this report.

7. Links to Corporate Aims

- 7.1 This proposal will allow the Council to take a more strategic approach to allocating its scarce resources to priority areas,

8. Environmental and Community Safety Implications

- 8.1 No implications.

9. Equalities Impact

- 9.1 No implications.

10. Risk Management

- 10.1 It is important that the Council takes a longer term view to resolving the financial challenges ahead. The Council will need to work closely with external auditors on this approach.

11. Partnership Implications

11.1 The budget setting process will impact on all partnerships.

12. Recommendation

12.1 It is recommended that Members approve the proposed Budget Strategy as endorsed by the Corporate Scrutiny Committee.

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Taunton Deane Borough Council

Full Council – 5 October 2010

Changes Proposed to Themes 3 (Deane DLO) and 5 (Corporate Management Team and Legal and Democratic Services) of the Core Council Review as a result of the proposed Budget Strategy Project

Report of the Chief Executive and Strategic Director (Brendan Cleere)

(This matter is the responsibility of the Leader of the Council, Councillor John Williams)

1. Executive Summary

- 1.1 In light of the forthcoming Comprehensive Spending Review (CSR) and the proposal to develop a four year Budget Strategy this report recommends a revised approach to both Themes 3 and 5 of the Core Council Review (CCR).
- 1.2 It is recommended that the outsourcing option for the DLO is rescheduled to the summer of 2011 when a revised specification reflecting the requirements of the CSR and CCR has been developed with Members. In the interim the DLO will take the existing specification and develop an interim business case for internal transformation. This will deliver saving proposals for the 2011/12 budget. Brendan Cleere will be seconded to the DLO initially until summer 2011 to drive the interim change work.
- 1.3 It is recommended that Theme 5 is effectively rescheduled to retain sufficient corporate capacity to drive, deliver and implement the Budget Strategy and the final stages of the DLO review. In the interim, the teams involved will deliver the required savings for 2011/2012 budget setting and will ultimately deliver a 4 year budget saving plan in 2011/2012 alongside all other Council service areas.

2. Background

- 2.1 The previous report presented to this Committee set out the rationale for the development of a four year Budget Strategy. In December this year the national four year CSR will be translated into a four year local requirement. It is likely that the Council will need to find somewhere between 25-40% savings in its grant settlement. This will require the Council to respond strategically and to make investments, to generate new income streams or to dis-invest and make cuts across the full range of its services.

- 2.2 This will require the new administration taking control after the May 2011 elections to recommend to Full Council a revised and clear set of priorities as part of a Corporate Strategy re-refresh for the four year period. Each priority area will then need to deliver a four year plan to reflect the quantum of change required by the Corporate Strategy, priorities and Budget Strategy.
- 2.3 As set out in the Budget Strategy report this is a substantial piece of work that will require significant corporate capacity to deliver.
- 2.4 It will also require services to address their specification. This may mean changes in quantum, quality, how the services are financed and/or provided. It is highly likely that all services will be affected and it would be foolish to procure a new provider for any service – especially a high spend area like the DLO – based on the current specification and level of spend.

3. Implications of the CSR and Budget Strategy on Theme 3 (DLO Review)

- 3.1 Members of the Corporate Scrutiny Committee will recall that Full Council agreed (in February 2010) to a ‘twin-track’ approach to the transformation of services provided by the Council’s Direct Labour Organisation (Deane DLO). This approach involved embarking on a procurement process towards full outsourcing of DLO services, alongside development of an ‘internal transformation’ option.
- 3.2 Following discussion with Group Leaders, it was agreed that both of these options would be fully developed and brought to Members for a final decision after the local elections in May 2011. Strategic Director – Brendan Cleere has been leading this project, with a Steering Group comprising relevant portfolio and shadow portfolio holders meeting regularly to provide elected Member input.
- 3.3 The project is now at the stage of having agreed a detailed specification, based on current levels of service. This specification was to form the basis of both internal transformation and outsource options. In respect of the procurement process towards outsourcing, a number of companies responded to an initial advertisement and six of these have been short-listed to move forward to the next stage of ‘competitive dialogue’.
- 3.4 The previous agenda item highlighted the financial uncertainties caused by the forthcoming Comprehensive Spending Review (CSR) and recommended the development of a four year Budget Strategy. Developing this strategy will require difficult choices about the future of all services and the levels of investment in them.
- 3.5 Officers have reviewed the current procurement activity towards outsourcing of DLO services, in the wider context of the CSR and the

- recommended approach to developing a four year Budget Strategy. The conclusion reached is that it would not be appropriate to continue with the current outsourcing process, based on a specification that is founded on current service levels. It is highly likely that, in developing a four year Budget Strategy, Members will decide to make changes to the current levels of service provided by the DLO, requiring potentially significant changes to the specification.
- 3.6 It is therefore recommended that the Corporate Scrutiny Committee supports rescheduling in the work towards outsourcing of DLO services, pending completion of a four year Budget Strategy and a revised specification for DLO services. It is further recommended that Members revisit outsourcing in summer 2011, once a revised specification has been drawn up.
- 3.7 In the meantime, it is recommended that work continues on the development of an interim business case for internal transformation of DLO services, and that this is brought forward for Member's consideration earlier than originally planned under the 'twin-track' approach. The interim business case will be based on the current levels of service and will therefore be subject to further review in line with any future changes to the DLO service specification.
- 3.8 An indicative timetable for the internal transformation option is proposed as follows:-
- Mid November – Special meeting of Corporate Scrutiny Committee to consider an interim business case and make recommendations to the Executive.
 - 2 Dec – Executive considers the interim business case and makes recommendations to Full Council
 - 14 Dec – Full Council decides on the interim business case
- 3.9 It is anticipated that the interim business case will include a wide range of service improvement measures and savings proposals for inclusion within the 2011/2012 budget.
- 3.10 As with other themes of the Core Council Review, the interim business case will be subject to full consultation with staff, UNISON, key stakeholders (including the Tenant Services Management Board) and elected Members.
- 3.11 Strategic Director – Brendan Cleere will be seconded to the Deane DLO to lead the development and implementation of the interim business case and to bring the DLO transformation project to a conclusion. The DLO Members' Steering Group will continue to oversee the process of DLO transformation.

4. Proposed Way Forward for Theme 3

- To seek Executive approval for a rescheduling of procurement activities towards outsourcing of DLO services, pending completion of a four year Budget Strategy and a revised specification for DLO services.
- To seek Executive approval to revisit the outsourcing option for DLO services in summer 2011.
- To seek Executive approval to continue developing the internal transformation option, following the indicative timetable proposed.

5. Implications of the CSR and the Budget Strategy on Theme 5 (CMT and Legal and Democratic Services)

- 5.1 Theme 5 contained those service areas that were reviewed and changed shortly before the commencement of the formal CCR. Corporate Management Team (CMT) was reviewed in 2007/2008 and Legal and Democratic Services in 2008/2009. These reviews reduced capacity in both service areas.
- 5.2 The CMT review reduced CMT from 9 posts (Chief Executive, 3 Directors, 5 Heads of Service) to 6 posts (Chief Executive, 4 Strategic Directors and one Corporate Governance Director). The number of Personal Assistants supporting CMT was also reduced from 4 to 3.
- 5.3 The Legal and Democratic review replaced the posts of Corporate Governance Director, Legal Services Manager and Democratic Services Manager with a single post of Legal and Democratic Manager (and Monitoring Officer).

(a) CMT

- 5.4 The Budget Strategy work and completion of the DLO review will require leadership and significant corporate capacity. Neither of these projects can be seen as 'business as usual'. If the Council is to be successful with these projects, maintain focus on growth and economic regeneration, Climate Change, affordable housing and deprivation as well as day to day service delivery then it would make sense to retain – in the short term – the same level of capacity.
- 5.6 In the interim CMT will put forward savings plans on the same basis as the remainder of the organisation for 2011/2012 budget setting. CMT will then produce a four year budget plan based on the priorities of the Council following the May 2011 elections.

(b) Legal and Democratic Services

- 5.7 In line with the DLO and CMT it would also make sense for this service area to also have the opportunity to develop a four year budget plan based on the priorities of the Council following the May 2011 elections.
- 5.8 The Legal and Democratic Services Manager is currently developing a proposal which may deliver a joined up service for all of the Somerset authorities (and possibly for authorities outside of Somerset) to opt into. This model can deliver both savings and resilience and is now familiar to this Council with the Somerset Waste Partnership and South West Audit Partnership being two good examples of the model. By rescheduling the review of Legal and Democratic services from the CCR to the four year Budget Strategy the Council will enable these proposals to be sensibly developed as they cannot be delivered in time for 2011/2012 budget setting.
- 5.9 In the interim the service will put forward savings plans on the same basis as the remainder of the organisation for 2011/2012 budget setting.

6. Other Issues

- 6.1 Theme 5 was also to include a review of all of the previous Themes to reflect on, and ensure, that all the previous changes made were sound.
- 6.2 It is now suggested that this is done 'service by service' as each individual four year budget plan is developed and approved.

7. Proposed Way Forward for Theme 5

- To seek Executive approval for the effective rescheduling of Theme 5 of the Core Council Review
- To seek Executive approval to revisit the service areas covered by Theme 5 as part of the Budget Strategy and resulting four year budget plans

8. Finance Comments

- 8.1 A budget exists for completion of the DLO Review and the rescheduling should have no, or minimal, financial impact.
- 8.2 The rescheduling of Theme 5 of the CCR will have no financial impact. Savings will be identified for consideration as part of 2011/2012 budget setting.

9. Legal Comments

9.1 There are no legal implications arising from this report.

10. Links to Corporate Aims

10.1 This report relates to the DLO who primarily support the Climate Change; Deprivation; and Economy Corporate Aims.

10.2 This report also relates to Theme 5 and corporate capacity to support all of the Council's Corporate Aims.

11. Environmental and Community Safety Implications

11.1 The recommendations in this report have minimal impact on Environmental and Community Safety.

12. Equalities Impact

12.1 The recommendations in this report have no equalities impact over and above those already identified for the Core Council Review.

13. Risk Management

13.1 A risk register exists for the Core Council Review. The recommendations in this report reduce risk to the Council of procuring a contract it cannot afford and of reducing corporate capacity during this uncertain time for local government.

14. Partnership Implications

14.1 There are no partnership implications (at this stage) with respect to this report.

15. Conclusion

15.1 All of the recommendations in this report are driven by the unique and unforeseen consequences of the recession, change in Government, the four year CSR and predicted reduction in the Revenue Support Grant of between 25-40% over the CSR period and the May 2011 local elections.

15.2 The impact is to reschedule both the procurement of an outsource partner for the DLO and Theme 5 of the CCR and integrate that work into the Budget Strategy project.

16. Recommendations

16.1 Members are recommended to approve the revised approach to both Themes 3 and 5 of the Core Council Review as endorsed by the Corporate Scrutiny Committee.

Background Papers

Proposals to refresh the Corporate Management of the Council to the Executive of the 7 February 2007.

Legal and Democratic Services report to the Executive of the 14 November 2008.

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