

Report to:	EXECUTIVE
Relevant Officer:	Neil Jack, Chief Executive Steve Thompson, Director of Finance / Statutory Finance Officer Arif Rajpura, Director of Public Health
Relevant Cabinet Member:	Councillor Simon Blackburn, Leader of the Council
Date of Meeting:	15 December 2016

COUNCIL BUDGET 2017/2018 CONSULTATION PROCESS

1.0 Purpose of the report:

- 1.1 For the Executive to consider the terms of the consultation process with respect to service changes to be proposed in the Council's 2017/ 2018 budget.

2.0 Recommendation(s):

- 2.1 To approve the outline service changes detailed as the basis on which the consultation and equality analyses will be undertaken with affected parties.
- 2.2 To approve the use of an Enhanced Voluntary Redundancy payment (EVR) incentive at a level of £3,000 (pro-rata for part time employees) for a set period of time determined by the Chief Executive.
- 2.3 To continue to engage through formal consultation mechanisms where budget proposals require appropriate feedback and to ensure that the Council is engaged with all partners as detailed at Appendix 4b. This would include developing a more permanent cycle of strategic engagement with the third sector, through piloting a thematic approach.

3.0 Reasons for recommendation(s):

- 3.1 The Council continues to deal with the effects of substantial reductions in government funding, with cuts to services being unavoidable in achieving a balanced budget. The calculation of the outline savings detailed in this report is based on an estimate of the amount of government revenue funding due to the Council.
- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes – but the final decision of Council in February 2017 will be to set a new revenue budget.

3.3 Other alternative options to be considered:

None, there is no legal alternative to the Council setting a balanced budget and in so doing it is appropriate to consult with staff and residents on how this can be achieved.

4.0 Council Priority:

4.1 The budget consultation process is relevant to both of the Council priorities: "The economy: Maximising growth and opportunity across Blackpool" and "Communities: Creating stronger communities and increasing resilience".

5.0 Background Information

5.1 It is a legal requirement for the Council to set a balanced budget. Each successive year the scope remaining for savings from efficiency measures becomes less. Indeed savings achieved to date represent over six times the cost of the Council's combined back office services. Delivering savings of this magnitude has had an unavoidable impact on service levels, resident satisfaction ratings, jobs and morale, but by 2022 more radical, fundamental, transformational and sustainable solutions will be necessary. On 12 September 2016, the Executive agreed the Council's Medium-Term Financial Sustainability Strategy (MTFSS) for the six-year period, 2016/17 to 2021/22. Agreement of the MTFSS also complied with the conditions set by the Secretary of State for Communities and Local Government in March 2016, that acceptance of the four-year Funding Settlement Offer 2016/17 - 2019/20, required publication by 14 October 2016 of a four-year efficiency plan that can be combined with medium-term financial strategies.

5.2 Against this backdrop the Strategy summarises the comprehensive review and assessment that has been undertaken, of how the Council can finance its future service delivery and the level of savings needed if these activities are to be facilitated and maintained. It also sets out the risks anticipated throughout what is forecast to be an ongoing harsh economic climate for local government.

5.3 Blackpool Council is committed to protecting vital services, but to remain financially sustainable has had to respond with recurrent savings of £93.4m from its revenue expenditure up to the end of 2015/16. During the term of this Strategy a further £60.1m of savings is forecast to be needed.

5.4 Each successive year the scope remaining for savings from efficiency measures becomes less and over the term of the Strategy achieving savings of the scale demanded, will require concerted action and consideration of a broad range of initiatives, whilst maintaining strong financial management and budgetary control, addressing any areas of overspending in a timely manner, maximising savings and ensuring value for money. The Strategy agreed by the Executive identified a savings programme (the 'Efficiency Plan') which will constitute seven thematic workstreams which have been developed and finessed over the recent months:

- i) Technical savings – these could include debt and PFI restructurings, review of reserves and provisions, use of capital receipts and capital to revenue transfers and review of Council Tax Reduction Scheme.
- ii) Income generation and management – between 2014/15 and 2015/16 fees and charges income increased by £2.8m (or 7.9%) and will continue to be optimised along with returns on business loan investments, Growth and Prosperity initiatives and traded services.
- iii) Procurement and commissioning - maximising best value from the market place through an innovating commissioning regime to reduce third-party spend and deliver targeted social value.
- iv) Demand management and self-help initiatives such as the current Channel Shift project work.
- v) Transformational efficiency measures under the direction of the Chief Executive's Delivery Unit with a focus on 'upstream' prevention.
- vi) Structural reform:
 - internally with Council services being the provider of first choice
 - collaborating and partnering with the Council's own companies (as has already progressed significantly with the adoption of the companies' Governance Framework)
 - across the wider public sector including the local Public Sector Board, Combined Authority, Healthier Lancashire and South Cumbria and One Public Estate with the private and voluntary sectors.
- vii) Service reductions and cuts, which will be considered once i) – vi) have been exhausted.

5.5 The proposals outlined at Appendix 4a have been formulated across the Council's Senior Management Team and in consultation with the Executive. The proposals for savings are as set out in the above workstreams and are presented in that format at Appendix 4a. It is these proposals which the Executive is asked to agree to form the

basis on which the consultation and equality analyses will be undertaken with affected parties.

5.6 Does the information submitted include any exempt information? No

5.7 List of Appendices:

Appendix 4a – Budget Savings Proposals

Appendix 4b – Third Sector Engagement Report

Appendix 4c – Efficiency Plan Findings

6.0 Legal considerations:

6.1 Approval of this report will commence a consultation process on service proposals with residents. The Council is required to and will consider the views offered and to consciously take them into account throughout further meetings and discussions on the proposals.

6.2 Where the proposals have the potential to impact on employees they will be the subject of trade union and employee consultations in line with statutory requirements.

7.0 Human Resources considerations:

7.1 Even though the approach this year is focused around the 'Efficiency Plan', it will not be possible to find the necessary savings without reducing staffing costs and as a result some services will reduce, cease or change.

7.2 More employees have been placed at risk than will receive a formal notice of redundancy. It is not possible to know for certain at this stage how many posts and people will be ultimately impacted, but it is anticipated that there will be 80 redundancies plus a further 70 employees in temporary contracts which will come to an end and up to 50 vacant posts will be deleted.

7.3 Services continue to take every opportunity to mitigate redundancies. Measures include a review of temporary contracts, holding posts vacant, use of temporary agency staff, asking employees to reapply for voluntary unpaid leave and encouraging people to put forward requests for early retirement or voluntary redundancy.

7.4 Over the last three years the Council has offered an enhanced voluntary redundancy to "at risk" staff which has helped to keep the number of compulsory redundancies to a minimum. The enhanced voluntary redundancy package offered last year was an additional payment of £3,000 (pro rata for part time employees) and in order for it to be financially viable employees had to meet the following criteria:

- Minimum 2 years' continuous service
- No pension or an annual pension of £3,000 or less (pro rata for part time employees and based upon figures prior to taking an increased lump sum).
- Agreement to a reduced notice period should this be required.

It is recommended that Executive approves the same enhanced voluntary redundancy offer for 2017/2018.

7.5 The Council recognises that employees in this situation need as much help and support as possible. A dedicated Employment Adviser will offer group sessions to fully explain the range of services available to employees and will coordinate referrals into the National Careers Service (NCS) for the following:

- Skills Health Check: The NCS offers a web-based tool to help staff better understand their own skills, identifying transferable skills and abilities and work objectives
- Information on New Career Options: Help to source information on training or qualifications needed for specific career choices.
- Entitlement Checker: Verifying eligibility for public funding to use towards training costs
- CV Building: Advice on how to tailor a CV towards certain sectors using a bespoke web tool
- Mock Interviews: Help to prepare staff for formal interview scenarios including formulating answers to commonly asked interview questions, and suggested questions to ask employers
- Lifelong Learning Account Guidance: Introduction to the Lifelong Learning Account offered on the National Careers Service website which keeps a record of Skills Health Check reports and CVs built using the NCS tool
- Professional Networking: Introducing staff to the benefits of using social media to search for jobs e.g. LinkedIn.

7.6 In addition employees will be offered access to the following:

- Get Started (Self Employment Advice): Support from within the Council to turn business ideas into reality
- Jobcentre Plus: Benefit entitlement advice
- Chance 2 Shine (Work Placements): A Council-run service delivered by the Positive Steps into Work team which provides a range of structured work placements to enable people to gain valuable new skills and explore different areas of work.
- Access to an Employee Assistance Programme (EAP) which is an independent and completely confidential service providing help and assistance for employees and their immediate families, for any personal or work-related

problems.

- Priority for Internal Job Vacancies

8.0 Equalities considerations:

- 8.1 The Council has a statutory responsibility under equality law, known as the 'Public Sector Duty', to examine and analyse the impacts on equality issues on any decisions it makes. Furthermore, the Council must have due regard to the need to eliminate discrimination, harassment, victimisation and other prohibited conduct, whilst advancing equality of opportunity and fostering good relations between different groups.
- 8.2 The Council adopts a multi-level approach to equality to assess the possible impact of the current budget proposals. This is in recognition of the often complex effect on service users, staff, citizens and visitors of these decisions.
- 8.3 This process involves a number of elements. Key stages undertaken so far include:
- Initial service level assessments of the expected and known impact of service reduction proposals on key equality groups/ protected characteristics
 - Briefings for key decision makers , at both Elected Member (Executive) and Senior Officer levels, on the Public Sector Equality Duty and the implications for decision making
 - Briefing and training for senior departmental equality representatives and HR Advisors to ensure they can support their managers and departments in approaching the equality analysis of budget related proposals
 - Detailed advice and guidance on the paperwork for all key decision makers involved in the budgetary decision process
 - Briefing sessions with all Directorate heads to explore possible scope and impact of proposals on key equality issues.
- 8.4 Concurrently, initial engagement sessions on the Council's medium term financial position have been conducted with the community wide equality engagement groups including the Equalities Forum, Disability Partnership, LGBT and Faith Forums. Further details on this exercise and recommendations are summarised in Appendix 4b of this report.
- 8.5 Once significant equality implications have been identified, these will be flagged up to decision makers prior to commissioning a full impact review involving data analysis and consultation with service users and others affected. This will also assess the effect of budget reduction on staff diversity issues, using a benchmark analysis of the current levels of workforce diversity for each of the key equality strands – Race, Gender, Disability, Age, Religion and Belief, and Sexual Orientation.

9.0 Financial considerations:

9.1 Section 100 of the Local Government Act 2002 requires local authorities to plan each year's revenue at a level sufficient to meet operating expenses and hence achieve a balanced budget.

10.0 Risk management considerations:

10.1 The risk is that the demand for services is so great that the Council is unable to meet needs within current financial constraints. This is mitigated by the content of the proposals in this report.

11.0 Ethical considerations:

11.1 The process of setting and consulting on the budget, with potential impacts on service users, residents and staff, has several ethical implications. These are included in the report at Appendix 4b.

11.2 This budget pre-consultation phase (see section 12.0) ensures that the Council has adequate intelligence on resident and staff opinions on the budget to better inform its deliberations. However, it is recognised that in upholding some of the Council's ethical principles (for example, the promotion of social justice), the Council may need to communicate the reasoning behind some of the decisions where these conflict with residents' opinions. Additionally, the Council will take steps to ensure that the dignity of service users and residents is respected throughout the consultation process and in the formulation of the final budget proposals.

12.0 Internal/ External Consultation undertaken:

12.1 The Executive agreed on 5 September 2016 to initiate a period of consultation on the efficiency plan. In order to ensure that the Council was engaging with as many people as possible on the Medium Term Financial Sustainability Strategy the Council adopted a dual approach which enabled engagement to take place with known groups and representatives of the community, but also residents and communities more likely to have less engagement with the Council on key matters. The engagement sessions consisted of targeted focus groups with third sector partners taking a lead role, on street interviews and an online survey.

12.2 There are some key themes emerging from the engagement activity that has taken place over the past two months.

There is clear feedback from both exercises that stronger partnership working is

encouraged from all sectors and from the residents, which would be seen to enhance and improve relationships across the town and ultimately seek to realise the ambitions for a sustainable and resilient community.

The feedback from the engagement activity also highlighted many service specific areas where residents and service users have given comment on how they think efficiencies can be made. Key themes contained in both reports are in the areas of regeneration, housing and how partnerships across all sectors of Blackpool can work together to decrease demand.

There are high levels of agreement for the Council's seven efficiency workstreams, ranging from 86% agreeing with a focus on how the Council negotiates contracts, to 69% agreeing with a focus on how people access Council services.

A number of the areas of feedback from within the work streams are contained within the proposals at Appendices Two and Three. These include fees and charges, selling of buildings and land and opportunities for more collaboration across all sectors.

Staff have already taken up a voluntary 5 days unpaid leave scheme over recent years; this proposal is included in this year's budget. A premium overtime freeze and a vacancy factor are also included as proposals in this year's budget.

- 12.3 The Council's scrutiny committees also have a key role in the budget consultation process. Each year before the budget is agreed, consultation meetings are held with Trade Unions and Non-Domestic Rate Payers. These will take place as in previous years although in addition, the Tourism, Economy and Resources Scrutiny Committee has agreed the establishment of a budget scrutiny panel to consider proposals earlier in the process, i.e how the savings will be met and the resulting impact on services. A formal response from the scrutiny panel will then be considered by the Executive, along with any representations from the trade unions or Non-Domestic Rate Payers over the course of the Executive meetings prior to Budget Council on the 23 February 2017.

13.0 Background papers:

- 13.1 None

14.0 Key decision information:

- 14.1 Is this a key decision? No
- 14.2 If so, Forward Plan reference number:

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

15.0 Call-in information:

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

16.0 Scrutiny Committee Chairman (where appropriate):

Date informed:

Date approved:

17.0 Declarations of interest (if applicable):

17.1

18.0 Executive decision:

18.1

18.2 Date of Decision:

19.0 Reason(s) for decision:

19.1 Date Decision published:

20.0 Executive Members present:

20.1

21.0 Call-in:

21.1

22.0 Notes :

22.1