

## **Our medium-term strategy and budget choices for 2019/20**

### **Report of the Leader of the Council and the Cabinet Member for Reform and Governance**

#### **1. INTRODUCTION AND PURPOSE**

- 1.1 We introduced our medium term strategy (appendix.1) earlier this year to help frame the choices the Council will need to make about its budget over the coming years. Since this point and through working closely with our residents, partners, members and colleagues across the council we have further shaped our strategy and also the proposals that sit within it.
- 1.2 We have also been following closely the ongoing national discussions relating to our Local Government Finance Settlement and reviewing our medium term financial planning assumptions as outlined in the Borough Treasurer's Medium Term Financial Plan (MTFP) – Financial Landscapes and Forecasts 2019/20 to 2022/23 report presented elsewhere on this agenda. The Cabinet notes the Borough Treasurer's report which sets out the Council's updated MTFP in setting a 2019/20 balanced budget and highlights the significant financial challenge facing the Council over the medium term period.
- 1.3 We remain confident that our core organisational values, robust financial management and longer term view to managing pressures facing the Council position us well to meet the £47m budget gap in the coming four years. In doing this we need to take considered and difficult decisions over the coming years.
- 1.4 In this context, we present the latest update on our medium term strategy and in particular a series of our proposals which are being presented for consideration by Cabinet following further development and engagement.

#### **2. OUR BUDGET CHOICES**

- 2.1 Since reviewing our Medium Term Financial Plan (MTFP) over the summer, the 2018 Autumn Budget was announced to Parliament by the Chancellor of the Exchequer at the end of October. The Chancellor made a series of announcements pertaining to local government, including:
  - Adults and Children's Social Care:
    - One-off funding to be made available in 2019/20 to support the immediate cost pressures of **Adult Social Care**. Based on the

Adult Social Care relative needs formula (RNF) and funding allocation in 2018/19, the Council will receive £1.283m.

- One-off funding to be made available in 2019/20 to support the costs of **Adults and Children's social care**. It is proposed that the funding is allocated based on the Adult Social Care RNF. On this basis the Council would receive £2.192m.
- £55m of additional **Disabled Facilities Grant** funding to be made available in 2018/19.
- Funding over 5 years for the 20 Local Authorities with the highest children placements to support Children Social Care costs.
- £420m of funding will be made available in 2018/19 for the **cost of repairing pot holes**.
- **New Homes Bonus** funding to be awarded to Local Authorities that achieve new homes growth
- A number of announcements relating to **Business Rate reliefs**, including notably the full compensation of lost business rates income to local authorities.

2.2 Whilst we welcome the recognition of the pressures on local government services and announcements to support immediate funding issues, the financial landscape remains challenging not least from rising levels of demand. The Cabinet calls on the Government, to identify sustainable and longer term solutions to local government financing of core services, in particular Adult and Children's Social Care. As statutory and heavily inspected services, we have minimal discretion to reduce costs in these service areas. Furthermore we must also consider the impact on our most vulnerable residents when considering cost reductions to these service areas. It is reassuring that the Government has reiterated its commitment to putting social care on a fairer and more sustainable footing, and in this vein we await the 2019/20 Local Government Finance Settlement and the Government's Spending Review in March. In addition the Cabinet welcomes the opportunity to review the Government's anticipated Adult Social Care Green Paper when it is published. In the meantime the Cabinet will continue to work with Greater Manchester and the Local Government Association to lobby the Government about how they intend to address this imbalance between central and local funding of Council services.

2.3 Within our cabinet response, we identified £8.730m of full year savings to support the Council's 2019/20 budget. This has since been revised to £8.155m following the £0.190m reduction of the Public Realm proposals which had also been included in the Support and Governance proposals. Changes have also been made to the 'making sure we have the right property in the right places' and 'strategic commissioning' themes resulting in a net reduction of £0.385m. The full savings includes a requirement to provide 'double running' support for £1.856m of phased savings in order to both balance the Council's budget in 2019/20 and also ensure transformational

delivery throughout the year. There is always a risk that savings proposals following further work are no longer robust, achievable or acceptable following consultation. In this instance further double running support may be required and will be supported by the Council Double Running Investment Reserve.

- 2.4 The contribution from local taxation remains a core part of our Cabinet response to the MTFP. We shared our position on Council Tax, a proposed increase of 2.99% (including 1.99% General and 1% Adult Social Care Precept), as early as possible – outlining this within our update in October. This decision to propose an increase in Council Tax has not been taken lightly and it has required careful consideration - balancing the implications for residents in Stockport to ensure we are able to fund valued and essential local services.
- 2.5 The Cabinet continue to lobby against the Government's response to continuing local government funding pressures and continued reductions in Government support which has seen an increasing shift of the burden of funding services on to Council Taxpayers. This is a regressive form of tax and does not address the underlying cost pressures facing the Council over the medium term period.
- 2.6 However, the Cabinet accepts the responsibility to make the necessary tough decisions to ensure self-financing over the medium term and a balanced annual budget setting process in the immediacy. Furthermore the Cabinet is clear that an increase in Council Tax is not simply being proposed to bridge the budget gap in absence of medium term plans. In setting a four year strategy we are clear that this can only be done by looking across all of the work and services the council delivers and being ambitious in shaping an organisation fit for the future. This includes considering how we phase difficult decisions and change that are ultimately necessary for the Council to continue to deliver services and more importantly good outcomes, and ensure the Council and the Borough are fit for the future.

### **3. IMPLEMENTING OUR STRATEGY**

- 3.1 Since introducing our four year strategy in August and subsequently our initial proposals in October, work has been underway developing and, where appropriate, consulting and engaging on our proposals for 2019/20. The programme is outlined in Table 1 below and includes a summary of where further information can be found and when Cabinet consideration is planned:

Table 1 – Shape of the programme (2019/20)

Strand	Saving Proposal		Proposed 19/20 Full Year Savings (£000)	Cabinet Decision Making	Further Information
Strategic commissioning: getting more out of our spending	Children's and Education		1,100	February	Section 3.5
	Value for Money Procurement		950	December	Appendix 3
	Support Funds Coordination		990	February	Section 3.5
	Community Safety Services		320	February	Section 3.5
	Stockport Local Transport		530	February	Section 3.5
	Support and Governance		1,300	December	Appendix 4
	Public Realm		*550	February	Section 3.5
Improving Citizen Experience	Balancing the Cost of Services		920	December	Appendix 5
	Modernising Citizen Journeys	Digital by Design Phase 2	650	Approved in 2017	Appendix 6
		Information Advice and Guidance: phase 3 - business	200	February	
Right property in the right places	Asset rationalisation of current and former operational buildings^		295	February	Section 3.5
	Additional income from operational buildings		240		Section 3.5
	Exit rented accommodation and changes to other leased accommodation commitments		110		Section 3.5
	Review and disposal of operational and non-operational land and other assets		Capital savings aligned to ^		Section 3.5
Collaborative service delivery			Enabler	n/a	February Cabinet
Organisation fit for the future			Enabler	n/a	February Cabinet
Total			8,155		

\*This was previously £0.740m

3.2 This latest update provides a progress overview across the whole programme but also brings forward the following proposals for Cabinet consideration and decision:

## 2. Value for Money Procurement

- 6. Support and Governance – HR and OD and Communications
- 9. Modernising Citizen Journeys
- 8. Balancing the Cost of Services

Implementation plans for these proposals are appended to this report for consideration. Updates on those proposals not appended are outlined below by theme.

### Strategic Commissioning: Getting more out of our spending

- 3.3 A key part of creating a sustainable Council over the coming years is the need to get more out of every pound we spend. This is true both where we are delivering services ourselves and where we buy goods and services from other providers.
- 3.4 In the current financial context, commissioning is both about reducing spending and finding creative ways to ensure that the funds that are available are spent in the most effective way. Our place-based commissioning consultation document, published in November, outlined our aspirations and we are working with partner colleagues to understand how we work together to deliver this. This includes shaping our model for working with communities comprised within a cross-cutting Stockport Local strategy. Over the coming months we will continue to learn from approaches such as Stockport Local Fund, place based working as well as developing new areas such as Stockport Local Centres.
- 3.5 In relation to initial areas, there are seven proposals within this work stream, these are listed below:

- **Proposal 1: Children and Education Services (*savings proposed £1.100m*)**

A fundamental review of Stockport Family and Education is underway with a wide range of senior leaders and stakeholders to inform a Stockport Family aligned Education Strategy, setting out a whole-place commissioning intent and key principles to guide service planning. The outcome of the Special Educational Needs and Disability (SEND) inspection will also inform this strategy.

A series of strategic workshops have been undertaken across Children's and Education to identify areas of best practice, potential duplication and opportunities for integration and to collectively agree across the system the response to the financial challenges whilst keeping the system safe. This review is also unpinned by investment in innovation, including the existing work aligned to the Stockport Family Digital by Design programme and the investment agreed in 2017.

- **Proposal 2: Value for Money Procurement (*savings proposed £0.950m*)**

This proposal sees the Council working closely with STaR Procurement to develop a new Contract and Provider Management function and undertake targeted reviews of spend across identified category areas. The updated implementation plan is presented to this Cabinet meeting for approval (appendix 3).

- **Proposal 3: Support Funds Coordination (savings proposed £0.990m)**

This proposal seeks to review discretionary and statutory support funds and grants offered to local citizens in need of additional help. This proposal is in three parts:

- a) *Stockport Local Assistance Scheme***

A proposal to cease the Support Local Assistance Scheme (SLAS) accompanied by a review of other funds to ensure these are well coordinated to support the most vulnerable within our communities. A public consultation runs until the 21<sup>st</sup> December.

The review of alternative provision aims to bring together discretionary funds including Discretionary Housing Benefit and Discretionary Council Tax Support into a single offer. The new provision will also draw on a range of support from by partner organisations and may include operating a slimmed down scheme with need being met in different ways, a reduction in staff numbers and a change to providers.

- b) *Disabled Facilities Capital Grant***

A review of the Disabled Facilities Grant (DFG) has been undertaken to identify the opportunities to further capitalise costs from within Adult Social Care against the grant. A desktop exercise has been undertaken to look at the use of the DFG grant across the GM footprint.

- c) *Direct Payments***

A review of Direct Payments, Independent Support Funds and Self Directed Support has commenced. The review will consider the process for assessment, support planning and audit of all current and future arrangements.

An updated proposal on Support Funds Coordination will be shared with Scrutiny for consideration in the New Year ahead of Cabinet in February.

- **Proposal 4: Community Safety Services (savings proposed £0.320m)**

This proposal involves a fundamental review of Community Safety services to ensure the integration and reprioritisation of security and community safety across the Borough. The proposal is in two parts:

- a) *Anti-social behaviour and youth disorder*** - this work is currently undertaken by a range of services across the partnership and it is clear

from initial review of processes that there is scope to alter working practices to improve the efficiency and targeting of cases.

- b) **Security and patrols** – proposal to reduce and rationalise the Council's security and patrols services currently undertaken across the Borough. The patrols protect Council owned assets rather than manage community safety matters across the borough and therefore residents will be unaffected by changes in arrangements.

An updated proposal will be shared with Scrutiny for consideration in the New Year ahead of Cabinet in February.

- **Proposal 5: Stockport Local Transport (*savings proposed £0.530m*)**

A range of transport services are commissioned by the Council and Partner agencies to help people access services, school, or their local area. Over the course of this multi-year programme, a review of all approaches and budgets will be undertaken with an ambition to consolidate these approaches and apply a Stockport Local Transport standard across providers.

The initial phase proposals include removing funding for the Town Centre Metroshuttle bus service, meaning it will end from April 2019. Also, reducing the number of free school bus passes that are currently made available by changing the eligibility criteria relating to those on Working tax Credit and those attending Faith schools. Public consultation on these proposals is now underway and updated proposals will be presented to Scrutiny in January prior to decision by Cabinet in February.

Informing the wider review phase two will involve a review of all transport budgets to secure efficiencies through improved commissioning, procurement and contract management. Specialist transport commissioning expertise will be sourced to initiate new procurements and review processes.

- **Proposal 6: Support and Governance (*savings proposed £1.300m*)**

As the Council reviews its approach to the commissioning and delivery of services it is necessary and appropriate to review and re-specify corporate and supporting services. This proposal is in three parts:

- a. **Corporate Governance and Discretionary Funding** - this proposal is a key contributor to our stated aspiration to develop policies and processes that reduce bureaucracy, are fit for purpose and ensure good governance. This project has two strands; firstly to review area based discretionary payments (such as area flexibility funding and highways delegated budgets), and secondly the business programme for all committees (including cycles, business, officer support and

agendas and papers). Proposals will be presented at January scrutiny prior to decision by Cabinet in February.

**b. *Corporate and Support Services Review: Adult Social Care* –**

This is the latest phase of the corporate and support services review and in particular is looking at support functions within Adult Social Care. An update on the development of this specification will be presented at January scrutiny prior to decision by Cabinet in February.

**c. *HR, OD and Communications* –** this proposal seeks to re-specify the support provided across HR and OD and Communications. Proposed specifications have been shared internally and with scrutiny committees and where required internal staffing consultation will be undertaken. Proposals are being presented to this Cabinet meeting for approval (appendix 4).

**d. *Libraries Efficiencies and Integration* –** this proposal seeks to deliver efficiencies within the library service through management integration and review of non-staffing spend.

- **Proposal 7: Public Realm (*savings proposed £0.550m*)**

This proposal is reviewing the existing service specification across a range of public realm services with a view to re-specifying and reducing the existing service level. Services in scope include street cleansing and grounds maintenance. This review will consider alternative delivery models and restructuring of services, but also agreed service standards. Public engagement is underway, with comments being invited until 11<sup>th</sup> January 2019.

## Improving Citizen Experience

3.6 Regardless of the current financial challenges, we know that through modernizing our citizen journeys we can better meet expectations of customer service by radically transforming the way we do things and the way people access services. The following two proposals have been progressed initially under this workstream:

- **Proposal 8: Balancing the Cost of Services (*savings proposed £0.920m*)**

This proposal involves a fundamental review of our charging policies for all aspects of service delivery. A policy setting out the principles for our approach to fees and charges has been developed and consultation is underway. A report on the feedback from the policy consultation along with a final version will be presented to scrutiny in January. Alongside this, the first year proposals include the outcome of a fundamental review of our



charging protocols for aspects of service delivery in Corporate and Support Services and Services to Place, based on a pre-determined set of principles. The updated implementation plan is presented to this Cabinet meeting for approval (appendix 5).

- **Proposal 9: Modernising Citizen Journeys (*savings proposed £0.850m*)**

This proposal will see the Council taking a phased approach to the development of its digital functionality. The updated implementation plan is presented to this Cabinet meeting for approval (appendix 6).

### Having the Right Property in the Right Place

3.7 This work stream is leading a strategic approach to reviewing our property and land assets; rationalising our estate to ensure that we have the right property in the right places for the residents of Stockport. For 2019/20, reviews have taken place across the following areas:

- **Proposal 10: Asset rationalisation of current and former operational buildings (*savings proposed £0.295m*)**

This proposal seeks to progress any suitable opportunities for co-location. Through this review, specifically identified council services and employees will be relocated to other, more beneficial operational properties. Any properties surplus to requirements will be disposed of.

- **Proposal 11: Additional Income from operational buildings (*savings proposed £0.240m*)**

This proposal seeks to maximise the income potential from the operational estate. The core feature of this vision is the co-location of Council partners and other organisations into operational office buildings. Other elements of the investment estate will be leased for commercial purposes.

- **Proposal 12: Exit rented accommodation and changes to other leased accommodation commitments (*savings proposed £0.110m*)**

This is a cost saving exercise whereby the cost of renting accommodation will be reduced and the Council's existing assets will be used to maximum efficiency where services can be relocated from rented buildings to other Council owned properties.

- **Proposal 13: Review and disposal of operational and non-operational land and other assets (*savings proposed – capital saving aligned to proposal 10*)**

This proposal aims to reduce maintenance costs or recover appropriate revenue streams for non-operational land that is not of benefit to the Council's core objectives.

## **4. THE NEXT STEPS**

### **Developing our plans**

- 4.1 We are progressing consultation, where appropriate, and further development of those proposals due for consideration by Cabinet in February. This will include a further opportunity for Scrutiny Committees to comment, the detail of when and by which committee is outlined in appendix one.
- 4.2 In relation to those proposals presented to Cabinet within this report for approval, subject to Cabinet decision, these will proceed for implementation in line with the timeframes within the appendices. Delivery of these proposals will be overseen at all appropriate levels within the organisation, including through internal officer governance, lead Cabinet members and will include quarterly performance and resource reporting to scrutiny committees.

### **Consultation and Engagement**

- 4.3 We are running a series of consultation and engagement exercises with partners, residents, trade unions and service users on proposed changes to services. We are listening to feedback and will be using this to inform the way we work in the future and to assess both the impact on stakeholders. We have received feedback already on a number of our proposals which we will be reviewing as we develop proposals and in the context of needing to set a balanced budget.
- 4.4 Current public consultations are located on our Have Your Say webpage ([www.stockport.gov.uk/haveyoursay](http://www.stockport.gov.uk/haveyoursay)), this includes the following 2019/20 proposals:
- [Stockport Local Assistance Scheme](#) – closes 21<sup>st</sup> December 2018
  - [Stockport Council's Approach to Fees and Charges](#) – closes 6<sup>th</sup> January 2019
  - [Street Cleaning, Park and Highway Verge Maintenance](#) – Closes 11<sup>th</sup> January 2019
  - [School Bus Passes](#) – closes 25<sup>th</sup> January 2019
  - [Stockport Metroshuttle Bus](#) – closes on 18<sup>th</sup> January 2019.
- 4.5 A summary of key consultation themes will be provided in the Cabinet's update in February. Alongside any consideration of equality and Partner Organisation implications.

### **Equality Considerations**

- 4.5 Cabinet have always been mindful of the impact of proposals on people who are disadvantaged both economically and socially. Comprehensive Equality Impact Assessments are being undertaken where appropriate, which includes engaging with a range of stakeholders to assess the varying degrees of impact on each of them. Part of this will include considering the cumulative impact of all proposals on those protected characteristics. Proportionate measures will be taken to mitigate against any negative impact wherever possible whilst still seeking to redesign services to ensure we are best able to manage medium and future demand.

### **Workforce Considerations**

- 4.6 As acknowledged both in previous iterations of the Council's medium term programme and with the current medium term strategy, this level of redesign will have a significant impact on the current workforce. There will be a continued requirement for Council employees to adjust to new ways of working, potentially within new teams and in redesigned services.
- 4.7 At present we estimate that our year one proposals represent an overall staffing reduction in the region of 55-80 FTE staff, which represents approximately 2-3.5% of our current workforce. With regards to the specific proposals brought forward for decision at this Cabinet, the following include staffing reductions, including:
- Support and Governance (Communications, HR and OD) – 10fte
  - Modernising Citizen Journeys - This will be further informed as detailed digital service redesigns are delivered.
- 4.8 Further staffing implications across the programme may be identified as other proposals are developed and a further update on this will be provided as part of the Cabinet's next medium term strategy update in February.
- 4.9 As outlined in the previous report, the Council has a well-established Restructuring and Organisational Change Policy which governs the way in which redesign exercises with staffing implications are managed.

## **5. CONCLUSION AND RECOMMENDATIONS**

- 5.1 Cabinet is recommended to:
- Note the update on the Medium Term Strategy and to return with further detail on the remaining proposals for 2019/20 at the February Cabinet meeting;
  - To approve for implementation the final proposals appended to this report, namely:
    - 2. Value for Money Procurement
    - 6. Support and Governance – HR and OD and Communications
    - 8. Modernising Citizen Journeys
    - 9. Balancing the Cost of Services

## Appendix.1 – Our Medium Term Strategy

Getting more  
out of our  
spending

Improving  
citizen  
experience

An organisation  
fit for the future

Making sure we  
have the right  
property in the  
right places

Collaborative  
service delivery

## Appendix 2- Decision Making and Scrutiny Oversight

Strand	Saving Proposal		Proposed 19/20 Full Year Savings (£000)	Staffing Reductions	Cabinet Decision Making	Scrutiny Oversight					Further Information
						A&H	C&H	CRMG	C&F	E&R	
						15th Jan	21st Jan	22nd Jan	23rd Jan	24th Jan	
Making more out of our spend	Children's and Education		1,100	Yes	February				X		Section 3
	Value for Money Procurement		950	No	December			X			Appendix 3
	Support Funds Coordination		990	Yes	February	X		X	X		Section 3
	Community Safety Services		320	Yes	February		X		X		Section 3
	Stockport Local Transport		530	Yes	February	X			X	X	Section 3
	Support and Governance		1,300	Yes	December	X		X			Appendix 4
	Public Realm		550	Yes	February		X				Section 3
Improving Citizen Experience	Balancing the Cost of Services		920	No	December						Appendix 5
	Modernising Citizen Journey	DBD Phase 2	650	Yes	December (update)			X			Appendix 6
		Information Advice and Guidance: phase 3 - business	200	Yes	February			X			
Place & Property	Asset rationalisation of current and former operational buildings^		295	No	February			X			Section 3
	Additional income from operational buildings		240	No				X			Section 3

Strand	Saving Proposal	Proposed 19/20 Full Year Savings (£000)	Staffing Reductions	Cabinet Decision Making	Scrutiny Oversight					Further Information
					A&H	C&H	CRMG	C&F	E&R	
					15th Jan	21st Jan	22nd Jan	23rd Jan	24th Jan	
	Exit rented accommodation and changes to other leased accommodation commitments	110	No	February			X			Section 3
	Review and disposal of operational and non-operational land and other assets	Capital savings aligned to ^	No				X			Section 3
Collaborative Service Delivery		Enabler	No	N/A			X			February Cabinet
Organisation fit for the future		Enabler	No	N/A			X			February Cabinet
Total		8,155								