

TITLE OF REPORT: **Budget Consultation 2019-2020**

REPORT OF: **Sheena Ramsey, Chief Executive**

Purpose of the Report

1. To seek Cabinet approval to consult on the Council's budget framework and proposals as part of the budget setting process for 2019-20.

Background

2. The Council is operating in an ever-changing policy landscape, both nationally and locally. The levels of uncertainty and the impact of government decisions are significant e.g. Universal Credit, homelessness, mental health, as well as the potential economic impact of Brexit. The challenging local context of austerity and increasing demand on council services, has compelled the Council to refocus on what matters most.
3. A new strategic approach Making Gateshead a Place Where Everyone Thrives was agreed in March 2018. The approach provides a framework to demonstrate how the Council will work and make decisions which will be policy and priority led. The approach is aligned to the timeframe of the Council's Medium Term Financial Strategy and is predicated on the following pledges:
 - Put people and families at the heart of everything that we do
 - Tackle inequality so people have a fair chance
 - Support our communities to support themselves and each other
 - Invest in our economy to provide sustainable opportunities for employment, innovation and growth across the borough
 - Work together and fight for a better future for Gateshead
4. The Council recognises there are huge financial pressures on not just council resources, but those of partners, local businesses and residents. To deliver on the new strategic approach over the next five years, the Council will need to be resolute in its determination to make Gateshead a place where everyone thrives.
5. The Medium Term Financial Strategy (MTFS) 2019-2024 agreed in July 2018, estimates the Council has a funding gap of £77m over the next five years, with at least £42.7m to be found in the next two years (£29.2m in 2019/20 and £13.5m in 2020/21). Thus, the funding estimated to be received from Government and from

council tax and business rate payers over the next five years is not sufficient to cover current level of spend plus new budget pressures.

6. By 2019/20 the Council's core grant funding will have reduced by approximately 52% from 2010. This equates to over a £400 per head reduction and over a £900 per dwelling reduction in Government funding over the period.
7. In order to strengthen the Council's financial position to deliver on the new strategic approach, there needs to be consideration of other ways to generate income and be self-sufficient including changes in local taxation, fees and charges and trading activities as well as prioritising and supporting economic growth within the borough. The Council will also seek to address and manage the huge pressures created by increasing demand for council services along with the identification of efficiencies and savings.
8. With this in mind, the budget proposals are a combination of efficiencies, cost reductions and income generation and proposals where the Council would like to work differently, with partners and others, to achieve the right outcome for those people and families who require more support than others. The budget framework and proposals are attached at Appendix 2.

Proposal

9. It is proposed that the Council consults on the budget proposals from 20 November 2018. The budget consultation will close on Friday, 11 January 2019 to enable evaluation of the responses to inform the Council's Budget 2019/20, which will be presented to Cabinet on 19 February 2019. Comments on the budget proposals can be made via email to Budgetconsultation@gateshead.gov.uk

Recommendations

10. Cabinet is asked to approve the consultation on the budget proposals for the period 2019/20 contained within this report.

For the following reason:

To ensure the Council is well placed to respond to the needs of the borough, whilst addressing the financial challenge placed on the Council and the residents of the borough.

CONTACT: Sheena Ramsey

extension: 2050

Policy Context

11. Making Gateshead a Place Where Everyone Thrives sets the major policy directions for the Council, redressing the imbalance of inequality, championing fairness and social justice. This approach determines future budget proposals and the development of Business Plans for each of the Council's Services.
12. Full Council is responsible for approving a budget following recommendations from Cabinet, in line with the budget and policy framework outlined within Gateshead Council's constitution.

Background

13. The Medium Term Financial Strategy 2019-2024 agreed in July 2018, estimates the Council has a funding gap of £77m over the next five years, with at least £42.7m to be found in the next two years (£29.2m in 2019/20 and £13.5m in 2019/20). The funding estimated to be received from Government and from council tax and business rate payers over the next five years will not be sufficient to cover current level of spend plus new budget pressures.
14. By 2019/20 the Council's core grant funding will have reduced by approximately 52% from 2010. This equates to over a £400 per head reduction and over a £900 per dwelling reduction in Government funding over the period.
15. Central Government's continued commitment to reduce the overall levels of public debt and move local government towards being more self-sufficient would indicate significant reductions in grant funding are likely to continue over the medium term. The likely continuing requirement and scale of budget savings, over and above the £157m already taken from budgets since 2010, represents an increasing challenge for the Council.
16. The Joint Strategic Needs Assessment demonstrates the levels of inequality Gateshead residents are experiencing. There are increasing numbers attending foodbanks, high numbers of looked after children, and poor health outcomes for men and women compared to other areas of the country.

Consultation

17. Consultation will be ongoing until such time as when the Council's Budget is agreed in February 2019.

Alternative Options

18. Local authorities are legally obliged to set a balanced budget each year and to ensure they have sufficient reserves to cover any unexpected events. Therefore, to legally balance the budget the Council must make spending plans affordable by matching it to the estimated funding available over that time.
19. Other options to close the budget gap will also be considered within the four themes of the Medium Term Financial Strategy of efficiencies and savings, managing demand, economic growth and income generation when the budget is set alongside potential increases in Council Tax.

Implications of Recommended Option

20. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms the Council will deliver a balanced budget consistent with legislation that is driven by council policy and which achieves priority outcomes. To achieve this, the Council must close an estimated financial gap of £29.2m for 2019/20 that is identified within the Medium Term Financial Strategy. The budget savings options have been generated by a focus on the MTFS themes of efficiencies/savings, managing demand, economic growth and income generation. Alongside the savings position the Council will seek to close the financial gap through consideration of other funding options identified within the MTFS. These other funding options include growth in council tax and business rates funding and consideration of a council tax increase as well as a full review of the cost pressures within MTFS assumptions and the optimum deployment of available reserves.

Within the 2018/19 settlement the Government provided some details of indicative funding up to 2019/20 which gives a high-level indication of revenue support grant funding. However significant uncertainty still exists in respect of likely funding levels in relation to other grants over the period as well as instability that arises from the volatility of business rates funding. The Council's financial settlement will not be known until the provisional settlement is announced on 6 December 2018 with final confirmation in January 2019 at which point assumptions around Council funding levels for 2019- 2020 will be clarified.

The funding estimated to be received from Government and from council tax and business rate payers over the next five years is not sufficient to cover current level of spend plus new budget pressures. Although there exists a great deal of uncertainty, overall it is estimated that the Council

will need to close a funding gap of £77m over the five financial years 2019/20 to 2023/24. This represents an extremely challenging position for the Council and in order to strengthen our financial stability the Council will have to continue to prioritise additional ways to generate income and be self-sufficient including changes in local taxation, fees and charges and trading activities as well as prioritising and supporting economic growth within the borough.

- b) **Human Resources Implications** – The HR implications are included in Appendix 2 to this report.
 - c) **Property Implications** – The Council will continue to implement its Asset Management Strategy and seek to reduce the costs associated with buildings and property.
21. **Risk Management Implication** – The risk management implications of each draft proposal will be assessed as part of future reports.
 22. **Equality and Diversity Implications** – During the period of consultation, draft equality impact assessments will be prepared to identify potential significant impact against the protected characteristics, as identified in the Equality Act 2010. This impact will be assessed to inform the Budget and Council Tax Level 2019/20 report that is prepared for Cabinet in February 2019.
 23. **Crime and Disorder Implications** – The Council has a legal duty under Section 17 of the Crime and Disorder Act 1998 to carry out all its various functions with “due regard to the need to prevent crime and disorder in its area”. Individual proposals will be assessed as to their impact on crime and disorder and should any specific impact be identified these will be highlighted in the report to Cabinet in February 2019.
 24. **Health Implications** – There are a number of draft proposals that could impact on the Council’s ability to improve the health and wellbeing of Gateshead’s residents. This impact will be assessed to inform the Budget and Council Tax Level 2019/2020 report that is prepared for Cabinet in February 2019.
 25. **Sustainability Implications** - The draft proposals put forward could impact on activities that support operational and financial sustainability. There is a need to balance short term budgetary requirements with the achievement of medium term financial sustainability.
 26. **Human Rights Implications** – The implications of the Human Rights Act must be considered in any decision that involves a change of policy or function, or a service change that arises from the choices. These will be identified, where necessary, in the Equality Impact Assessments.

27. **Area and Ward Implications** - The budget proposals apply to all Areas and Wards.

Background Information:

Making Gateshead a Place Where Everyone Thrives

Joint Strategic Needs Assessment

Residents' Survey 2018 & Consultations

Medium Term Financial Strategy 2019/20 – 2023/24

Workforce Strategy

Corporate Asset Management Strategy and Plan

Budget Framework and Proposals 2019/2020

Introduction

The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review in 2010. In addition, service pressures and increasing demand for services, particularly from the most vulnerable, has meant that the Council has had to make significant budget savings in response to the Government's austerity measures.

Gateshead Council sets a budget each year and must decide how to assign money to the wide range of vital services it provides to the people of Gateshead. Increasingly the budget setting process involves some very hard decisions, trying to balance the needs, as well as the wants and aspirations, of the community.

This report and its appendices explains the context the Council is working in, our strategic approach and sets out our budget framework and proposals for consultation for 2019/20.

Context

Gateshead is a fantastic place with amazing people. A vibrant place where residents have a strong sense of community and local pride and where people really care for each other.

The Council wants the best possible outcomes for the people of Gateshead and has always been ambitious with a reputation for innovation and vision with economic regeneration, culture and art firmly putting Gateshead on the map. Achievements however sit alongside significant levels of poverty and inequality and this cannot be ignored. The Council is clear that if the inequality gap is narrowed people will live longer, healthier and happier lives. The Council is focussed on fairness and always standing up for the most vulnerable and those in need.

In Gateshead today

- 29,000 people of working age are not in work
- one in five of our children live in poverty
- over 7,500 people need social care help
- over 5,000 people rely on foodbanks
- nearly 10,000 are not able to work due to long term sickness
- 12% of Gateshead households are fuel poor
- weekly wages are well below the England average
- 25% of people in Gateshead live in the 20% most deprived areas in England
- average earnings are still well below the national average

- over 10,000 people struggle to heat their homes
- over 3,000 people need support and advice to prevent or deal with homelessness

Changing context

The context the Council is working in has significantly changed. There have been 10 years of austerity and major government policy changes including Welfare Reform, Housing Reforms, National Living Wage, duties through the Care Act and changes to the education system which have forced speedy and sometimes counterproductive change.

We know that the radical changes in Government policies have negatively and disproportionately impacted on the people of Gateshead in the past 10 years. As a result of welfare reform, it is estimated that £70m per year will be lost from Gateshead residents, money that could be spent in Gateshead's economy.

Benefits have been frozen at a time when costs for fuel and food are going up and the benefits cap has meant that some families are now £100 a week worse off. The changes to Child Benefit and Child Tax credit support, which is now limited to the first two children, has resulted in a potential loss of at least £54 pound per month for larger families. We also know that over 1,600 council tenants are affected by the underoccupancy charge which means they have lost income of £1million due to reductions to housing benefit.

Universal Credit

The roll out of Universal Credit (UC) in Gateshead last year, where several existing benefits have been merged in to one, has a detrimental effect on individuals and families, particularly some of the most vulnerable members of our community. Benefits are paid in arrears and the first payment can take up to five weeks to be paid. Average rent arrears for council tenants receiving UC have almost doubled. This has meant that more families are experiencing hardship than ever before. Many more are accessing food banks and many children are going to school hungry. With one in five children in Gateshead now living in poverty this can have a devastating effect on their future life chances.

“It's hitting the people that can least afford it the hardest” a qualitative study looking at the impact of the roll out of Universal Credit in Gateshead concludes that there are profoundly detrimental effects on claimants, in particular those, with vulnerabilities, disabilities and health conditions. The findings also suggest that the human and financial costs to the wider health and care system will be significant.

Demand

Demand for all services is high including services that help to keep the place looking clean, tidy and attractive. In a recent survey, residents have told us that these services are important to them.

Nationally and locally demand for services that support the most vulnerable in our communities continues to increase. The number of children with protection plans and the numbers of looked after children are increasing month on month. As our population ages we are seeing an increase in the number of older people needing support to live independently at home, particularly when discharged from hospital.

Cumulative impact

Sustained year on year pressures upon resources have had a cumulative impact on society and their relationships with all public services. Many of those pulling heavily on services from the Council and other agencies will have exhibited earlier signals such as debt, loss of job, bereavement, mental health problems etc. Faced with stark choices, maintaining the capacity for statutory functions and interventions has seen the erosion of opportunities to respond to earlier signals of likely future need. This carries significant risks to citizens, communities and to services and is a situation in which many public services across the country have found themselves.

This creates a tension between short term budget savings and medium/long term approaches to reducing demand through achieving better outcomes by working with people and communities. This tension cannot be resolved solely through a particular application of the Council's budget as it requires collaboration with communities and other organisations. Unlike services, which become weaker and more strained as they are pulled upon more and more, communities and partnerships strengthen with use and involvement. Using our resources to enable others is critical to exploring the abundant potential of our relationships with people and partners and forms a key element of Gateshead's reformative approach.

Work is already underway with partners to understand more about those people with significant Council Tax debts and to work with them to address the underlying causes of the debts. Whilst addressing predictable issues around debt management, income maximisation and benefits claims, it also seeks to tackle mental health, loneliness and skills. By working with such partners as DWP, North-East Counselling and Citizen's Advice as if it were a single system of wellbeing, we have already demonstrated improved outcomes for people which have the potential to reduce future demand significantly. It is intended to expand this people-centred approach into working with the homeless and ultimately working with an entire community on this proactive basis.

If this works by reducing costs, demand and outcomes, it has the potential to revolutionise our approach to services and partnership.

Financial challenges

Gateshead has seen the Council's core grant funding from government reduce by 52% between 2010-18 which now means we have a reduction of £400 per person or £900 per household to spend on services. This comes at a time when demand for services and the cost to provide these services has never been higher.

The funding estimated to be received from Government and from council tax and business rate payers over the next five years is not sufficient to cover current level of spend plus new budget pressures.

The funding gap over the medium term can be further analysed to identify separately increasing demand and cost pressures on expenditure (+£64m) at the same time as the impact of reductions in funding on income (-£13m).

A report by the University of Cambridge, published in October 2018, has concluded that English councils have faced an average budget cut of 24%. Gateshead is one of only seven councils where cuts exceeded 40%. Gateshead has seen a 52% reduction in core government grants. The research found that councils that were most reliant on government grants, with lower property values and fewer other funding sources, have been hardest hit. The research also concluded that austerity has not hit all areas equally, and that southern England has experienced 'relatively minor' service cuts.

Central Government's continued commitment to reduce the overall levels of public debt and move local government towards being more self-sufficient would indicate significant reductions in grant funding are likely to continue over the medium term.

Uncertainty still lies ahead both locally and nationally with the impact of Universal Credit, implications of Brexit, Business Rate retention and Funding Formula changes. There is great uncertainty in relation to the level of funding beyond 2020 due to the changes in the Local Government finance system resulting in greater risks in relation to the localisation of business rates and the local council tax scheme.

The chancellor announced in his budget in October a number of provisions for local government. These may have an impact on our finances but we will not know the true picture until we get our finance settlement in December, only two months before we have to set our budget by law. Receiving the settlement so late in the year makes it incredibly difficult to plan.

An increasing financial challenge is to balance short term budgetary requirements with the achievement of medium term financial sustainability.

Our approach – Making Gateshead a Place Where Everyone Thrives

Gateshead Council wants the best possible outcomes for the people of Gateshead. We want to make sure we listen and understand what matters most to local people whilst always standing up for the most vulnerable and those in need.

We want Gateshead to be a place where everyone thrives. If we are to achieve this we need to take a fresh look at the way we spend the money, the way we work with partner organisations, businesses and how we work with our local people and communities.

Making Gateshead a Place Where Everyone Thrives sets the major policy directions for the Council, redressing the imbalance of inequality, championing fairness and social justice

To help us achieve this we have developed FIVE pledges to help and guide us when we make decisions.

We pledge to:

- Put people and families at the heart of everything we do
- Tackle inequality so people have a fair chance
- Support our communities to support themselves and each other
- Invest in our economy to provide sustainable opportunities for employment, innovation and growth across the borough
- Work together and fight for a better future for Gateshead

The Council recognises there are huge financial pressures on not just council resources, but those of partners, local businesses and residents. To deliver on the new strategic approach over the next five years, the Council will need to be resolute in its determination to make Gateshead a place where everyone thrives. This means the Council's decision-making will be policy and priority led and driven.

Support for our new approach

Last year the Council launched Making Gateshead a Place Where Everyone Thrives and the overall response has been very positive with a high level of support for the new approach. Our recent residents survey showed that 88% of respondents supported the approach and agreed with our pledges.

Partner organisations appreciate that the issues the Council faces are shared issues and are keen to work with us to improve outcomes for local people and reduce inequality.

Employees have actively embraced the new strategic approach with 70% of employees understanding how their role contributes to the agenda. We have a committed and dedicated workforce who are proud to work for the Council and feel they have the freedom to work in different ways to get the best results for local people.

The Council is using its funds and targeting its resources to support the most vulnerable in Gateshead, a few examples include:

- We have supported over 2,500 children to receive meals during the summer holidays
- We have increased the distribution of surplus food to communities across the borough
- We are developing an initiative to assist residents to switch energy supplier and reduce outgoings
- We have topped up Discretionary Housing Payments by £450,000 a year to support those in greatest need.
- We have paid for three additional welfare benefit advisors working at Citizens Advice who have successfully claimed £864,000 on behalf of 330 residents.
- We are refunding schools which are providing free school meals at their discretion to children whose parents are awaiting Universal Credit payments.
- We are providing digital and online support to residents needing to set up email addresses in order to claim Universal Credit.
- We have put in place Alternative Payment Arrangements for 892 Gateshead Housing Company tenants.
- We are giving vulnerable new arrivals to Gateshead employment skills and financial inclusion support.
- We are supporting young people age 16-29 into jobs, apprenticeships and work experience.

The Council's Medium Term Financial Strategy

The Council's Medium Term Financial Strategy (MTFS) provides the budgetary framework to support how the Council will achieve its ongoing transformation programme over the next five years.

The approach to closing the financial gap cannot be based solely on budget savings, efficiencies and service reductions. There are other factors that the Council will need to take into account, including the local government finance settlement expected in

December 2018, local growth in council tax base and business rates, increased income from investments or trading activities and effective demand management which reduces the estimated costs included in the MTFs.

Staying the same is not an option. The Council is required to change to deliver its priority outcomes within the limited funding available. The Council response to the challenging financial context is to focus on delivery of the five-year financial strategy with a focus on four areas to help achieve long term financial stability;

Economic Growth

The ambition is to deliver economic growth hand-in-hand with reducing inequality and poverty. The emphasis is on both outcomes as well as opportunities, so involves both influencing and shaping the nature of opportunities that exist in the economy and society and ensuring local people have fair access to these. We want to ***“Invest in our economy to provide sustainable opportunities for employment, innovation and growth across the borough”***

The Council aims to promote a strong and sustainable local economy leading to wellbeing and prosperity for residents, communities and businesses. This will be supported by a planned approach to investment to boost local economic and housing growth such as improving local infrastructure and wider transport links. Success in this area will enable the Council to have a stronger medium and long term financial position and allow redirection of resource to activities which protect the most vulnerable.

Targeted intervention through various initiatives aimed at attracting more and better paid jobs and improving skills can boost the proportion of working age residents and foster an inclusive economy in which more people are in good jobs.

From a financial perspective the Council will look to invest resources to generate economic growth that will result in increased Business Rates and Council Tax income to the Council. This will enable the Council to become more financially self-sufficient and help close the funding gap.

The Council’s strategic ambitions for economic growth will help to create and sustain thriving communities and a more prosperous economy through developments like Gateshead Quays, the provision of new homes including council homes, jobs growth for example through the development at Baltic Quarter and the expansion of Follingsby Industrial Estate. This in turn will attract more private, public and social investment in the borough.

Managing Demand

Like many other local authorities, a significant challenge facing the Council is increasing demands and expectations for services at a time when funding sources are significantly reducing.

In order to manage cost pressures over the medium term it is vital that plans are made to manage this demand and either reduce or stop it.

A particular area facing this pressure is in both children's and adult's social care where costs are increasing and vastly outstrip available budgets.

Other areas of demand include demands for online services, welfare and hardship support, access to public health services. We want to ***"Put people and families at the heart of everything we do"*** and ***"Help our communities to support themselves and each other"*** by implementing digital strategies, close working with partners and volunteers to align priorities and encouraging and supporting local people, partner organisations, businesses and local communities to play a more active role in achieving priority outcomes for Gateshead.

The Council is currently working in a range of areas to help manage demand particularly in children's and adults social care including:

- Different service models focused on early intervention, prevention and enablement for independence to help keep people in their own home for as long as possible.
- New ways of working including promoting the use of assistive technology
- Working closely with health service partners to maximise use of resources in Gateshead
- Reviews on existing packages of care to ensure best outcome for individuals and provision is value for money
- Reducing the number of looked after children being cared for outside of the borough by increasing local provision for children

Income Generation

The Council aims to strengthen the medium and long term financial position of the Council through replacing government funding through increasing income sources such as increased areas of trading to generate a surplus for re-investment in priority services. This will involve a more driven commercial approach to traded service delivery and fees and charges but built upon key council principles and priorities. The Council benefits from its existing strong in house traded services and the intention will be to use this platform to expand into new markets to generate increased income.

The Council will actively seek to maximise investment opportunities after consideration of risk and financial pay back whilst continuing to seek out and securing external funding.

The Council is currently working in a range of areas to help generate income including:

- Reviewing fees and charges annually. This includes consideration of inflation and pay uplift impacts alongside competitor rates and policies in respect of discounts and concessions. The challenging budget position may mean consideration of new fees and charges where a service is currently provided free of charge
- Exploring external funding opportunities
- Developing commercial trading opportunities where appropriate to increase income
- Increasing income from a range of areas including:
 - District Energy Scheme
 - Increased income from Leisure and Events
 - Increased income from services including building cleaning, legal, finance, IT and council owned property

Efficiencies & Savings

The scale of the budget challenge means that the Council will still face further significant cost reductions through efficiencies and different methods of service provision and reductions in service provision.

The scope of this will require a realignment of budgets to Council spending priorities. This in turn may result in ceasing existing activities, scaling down activities or services, renegotiation of contracts or Service Level Agreements.

Despite already achieving considerable budget savings to date the Council will continue to drive efficiencies through changes to the way the Council works, for example, through exploiting new technology, consolidation of buildings and services, reducing complex processes.

The Council will also actively look to streamline its processes in order to support effective decision making and make the best use of available capacity.

Opportunities for working in collaboration and partnership and different ways of working will be identified and developed where this will support the delivery of the Council's outcomes and improve service efficiency and delivery.

The Council will ensure that reducing resources are used to maximum effect, and continuously strive to find efficiencies and achieve value for money. However the

impact of continuing significant reductions in funding and increases in demand will have an inevitable impact on both the nature and scope of services that the Council is able to deliver. We want to “**Work together and fight for a better future for Gateshead**”.

The Council is working in a range of areas to drive efficiencies and savings including:

- Reviewing and recommissioning Public Health services
- Implementing our Digital strategy which cuts across all four themes of the MTFs to provide cheaper to deliver but high quality digital services, to those that can access them, whilst improving the customer experience and helping us to reduce costs.
- Working to improve customer experience across the whole of the Council including customer contact, customer care and customer service
- Streamlining processes and reducing bureaucracy across the whole of the council and making the best use of new technology.

The Council’s draft budget proposals

Taking into account the Council’s strategic approach “Making Gateshead A Place Where Everyone Thrives”, and the challenging financial gap facing the Council in 2019/20, the following draft budget proposals are being put forward as contributions towards closing that gap.

The budget proposals are a combination of efficiencies and cost reductions, income generation and proposals where the Council would like to work differently, with partners and others, to achieve the right outcomes for those people and families who require more support than others, to help them to thrive.

In accordance with our duties under the Equality Act, due regard has been taken to understand the potential impact of the proposals on groups of people who share a protected characteristic. The Impact Assessments will be made available on the Council’s website throughout the consultation period. To access the Impact Assessments for the proposals please see our website www.gateshead.gov.uk/budget.

The Council recognises the potential negative health impact of policy changes alongside reductions in spending and is committed to undertake a health impact assessment on all the budget proposals. This will help the Council to identify any risk and mitigation.

Consultation

Consultation enables us to better understand and consider the needs and expectations of all residents in Gateshead. Consultation will be undertaken in relation to all proposals and will involve identification and ongoing assessment as to the impact, if any, of each proposal to inform decision making.

Depending on the type of proposal under consideration consultation may involve some or all of the following stakeholders:-

- individual service users and their families,
- representative groups/community interest groups and other stakeholders
- Gateshead Council partners
- other statutory agencies
- voluntary and community organisations

The nature of the consultation will be determined by, and proportionate to, the proposal under consideration and the form and scope may differ between proposals.

The initial proposals presented in this document are in many cases capable of being increased or decreased and decisions on this will be informed by the results of the consultation and the overall requirement for savings that will be confirmed when the Council receives further funding information from government.

Comments on the draft budget proposals can be forwarded by email to BudgetConsultation@gateshead.gov.uk

DIFFERENT FORMATS

If you require this information in a different format – large print, Braille, on audio/CD/MP3 please contact Jane Bench on telephone 0191 433 2058 or email BudgetConsultation@gateshead.co.uk

Implications of the draft budget proposals on employees

There are a number of proposals put forward for consultation that will, if agreed, have an impact on the Council's workforce. Where applicable these are expressed as FTEs (full-time equivalents). This means posts totalling this FTE figure would have to be deleted permanently from the Council's employee establishment to make the identified saving from staffing budgets.

In accordance with the statutory redundancy process as set out under section 188, Trade Union and Labour Relations (Consolidation) Act 1992, consultation must be undertaken with the appropriate trade union representatives of employees who may

be affected by any of the proposals. The Council's Redundancy Policy allows for a consultation period of 90 days which has been factored into the proposed timetable to enable full and constructive consideration to be given to: how redundancies might be avoided; how the number of redundancies might be reduced; and mitigating the consequences of any redundancies.

In order to minimise the number of compulsory redundancies, applications for voluntary redundancy will be considered in areas not at risk of redundancy. The Council continues to offer an enhanced Redundancy Payment Scheme available on application to employees at risk of redundancy, or whose post might provide an employment opportunity for an employee otherwise at risk themselves (i.e. a 'bumped redundancy') or an efficiency saving.

In addition, employees will be encouraged to consider whether a reduction in hours might be appropriate for them, thereby enabling savings to be made from staffing budgets which are not dependent on redundancies.

While voluntary redundancy or reduced hours arrangements might not be available to all employees due to the particular needs of the service, managers will be asked to consider constructively such applications from employees.

Where compulsory redundancies are implemented, all reasonable efforts will be made to secure alternative employment within the Council (either on a permanent or temporary basis) for those employees affected.

A range of support measures are also in place to offer employees at risk or on notice of redundancy guidance and advice on matters such as: where to seek external job opportunities; preparing job applications and for interviews; how to become self-employed or start a new business; where to access other support and how to manage finances.

EFFICIENCIES, SAVINGS AND CUTS

Cutting services and also continuing to drive efficiencies and savings through changes to the way the Council works, for example through exploiting new technology, consolidation of buildings and services and reducing complex processes

| Ref | Name of proposal | 2018/19 Net Budget £000 | 2019/20 Proposal amount £000 | Description | Workforce implications FTEs |
|-----|--|----------------------------------|---------------------------------------|---|-----------------------------------|
| 1 | <p>Commissioning and Neighbourhoods – Gateshead Fund</p> <p>We propose to reduce the financial contribution relating to the Gateshead Fund</p> <p>Contact: Tony Alder, Acting Strategic Director, Communities and Environment</p> | 1,026 | 100 | <p>The proposal is to reduce the Gateshead Fund from £300,000 to £200,000.</p> <p>The fund is currently split between the main grants programme available to community and voluntary organisations and the Local Community Fund.</p> <p>This reduction in the Gateshead Fund could impact on the Council's aspiration to help build capacity and sustainability within the community and voluntary sector, reducing its ability to support the Council's Thrive agenda and help reduce demand for services.</p> | 0 |
| 2 | <p>Commissioning and Neighbourhoods - CVS contract</p> <p>We propose to reduce funding to the community and voluntary sector contract by 10%</p> <p>Contact: Tony Alder, Acting Strategic Director, Communities and Environment</p> | 1,026 | 16 | <p>The Council has a contract with Newcastle CVS to provide a range of support and development services to the Borough's voluntary and community sector, to complement the support provided in the Council.</p> <p>The contract sum tapers over its 3-year lifespan. This saving would require an acceleration of the taper and should have minimal impact on the contract delivery outcomes.</p> | 0 |
| 3 | <p>Commissioning and Neighbourhoods - service reduction</p> <p>We propose to reduce the staffing establishment.</p> <p>Contact: Tony Alder, Acting Strategic Director, Communities and Environment</p> | 1,026 | 89 | <p>Reduction in the workforce of Commissioning and Neighbourhoods service. The proposed staffing changes would be within the Neighbourhood Management and Volunteering team.</p> | 2 |

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| 4 | <p>Development, Transport and Public Protection</p> <p>We propose the following;</p> <ul style="list-style-type: none"> • Service restructure of the Development, Transport and Public Protection service • Increased income from planning consultancy and other Work <p>Contact: Anneliese Hutchinson, Service Director Development, Transport and Public Protection</p> | 3,270 | 404 | <p>A combination of income generation activities, alternative funding strategies and reduction in staffing. More specifically this proposal would mean</p> <ul style="list-style-type: none"> • a reduction in the staffing establishment of this service • charging for specialist consultancy advice to other organisations and to recharge professional advice to capital schemes. • reclaiming full cost of events • maximisation of alternative funding sources. | 7 |
| 5 | <p>Economic Development</p> <p>We propose to reduce the staffing establishment of this service.</p> <p>Contact: Andrew Marshall, Service Director Economic Development</p> | 851 | 170 | <p>This proposal would result in a 34% reduction in the core Economic Development service and would mean stopping our dedicated work to develop the Tech and Digital sector and the Retail, Hospitality and Care sector. It would also significantly reduce the Council's ability to influence and secure investment from strategic funding streams and undertake the research and analysis necessary for all the service's work.</p> <p>There is scope to mitigate the impact of this proposal in part or in whole by temporary funding from the Economic Growth reserve.</p> | 4 |
| 6 | <p>Street Scene – Clean Tyne Partnership</p> <p>We propose to cease Clean Tyne Partnership involvement</p> <p>Contact: Colin Huntington, Service Director Street Scene</p> | 17 | 17 | <p>Withdraw from the current partnership with Newcastle Council, North Tyneside Council and the Port of Tyne Authority. Gateshead Council is the lead partner.</p> <p>This could impact on the viability of the Clean Tyne project which uses specialist river clearing vessels to remove debris from the River Tyne.</p> | 0 |
| 7 | <p>Street Scene - Pest Control</p> <p>We propose to cease the Pest Control Service.</p> <p>Contact: Colin Huntington, Service Director Street Scene</p> | 120 | 120 | <p>This proposal would cease the Pest Control service, which is not statutory.</p> <p>Private sector provision is anticipated to meet the demand from residents and the Gateshead Housing Company.</p> | 3 |

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| 8 | <p>Street Scene - Bowls and Football Pitches</p> <p>We propose to cease maintenance of Bowls and Football Pitches</p> <p>Contact: Colin Huntington, Service Director Street Scene</p> | 246 | 246 | <p>This proposal would cease the maintenance service of all bowling greens and football pitches in the Borough.</p> | 9 |
| 9 | <p>Street Scene – reduced service provision</p> <p>We propose to reduce service provision in these areas</p> <ul style="list-style-type: none"> • Street Lights Repairs, Cleaning and Testing • Signs, Fencing and Guardrail • Inspections, Patching, Repairs • Street Cleansing - Reduction in Repairs & Maintenance Vehicles/ Plant General Budget <p>Contact: Colin Huntington, Service Director Street Scene</p> | 13,149 | 1,037 | <p>This proposal would reduce current levels of service provision by reducing the staffing establishment;</p> <ul style="list-style-type: none"> • 25% reduction in street light repairs, cleaning and testing • 50% reduction in signs, fencing and guardrails • 60% reduction in inspections, patching and repairs <p>Part of this proposal would reduce budget for repairs and maintenance of vehicles and the plant general budget for street cleansing. This would have no impact on front line service delivery.</p> | 11.5 |
| 10 | <p>Efficiencies in Commissioning and Quality Assurance service</p> <p>We propose to:</p> <ul style="list-style-type: none"> • reduce the staffing establishment of the commissioning function • make efficiencies relating to the Gateshead Equipment Service • remodel provision of information and advice services • cease three contracts with Mental Health Matters • make reductions in supplies budgets <p>Contact: Dr Lynn Wilson, Service Director, Commissioning and Quality Assurance</p> | 2,527 | 529 | <p>Part of this proposal would be achieved through the deletion of posts from the establishment.</p> <p>The service will continue to explore opportunities to provide greater efficiencies relating to delivery of its functions, including achieving improved economies of scale across the council and with partners.</p> <p>Mitigating the impact of the Mental Health Contracts requires discussion with health colleagues.</p> | 4 |

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| 11 | <p>Reduction in staffing establishment of the Early Help service</p> <p>We propose to reduce the number of management and family intervention worker posts.</p> <p>Contact: Val Hall, Service Director Early Help</p> | 2,880 | 407 | This proposal would be achieved through the deletion of posts. | 10 |
| 12 | <p>Reduction in staffing establishment of the Learning and Schools service</p> <p>We propose to explore options to reduce the staffing revenue budgets.</p> <p>Contact: Steve Horne, Service Director Learning and Schools</p> | 487 | 75 | This proposal may be achieved through deletion of posts and maximisation of alternative funding sources. | 1 |
| 13 | <p>Reduction in staffing establishment of the Public Health service</p> <p>We propose to delete a Public Health Consultant post which is currently vacant.</p> <p>Contact: Alice Wiseman, Director of Public Health</p> | 718 | 75 | This proposed saving will not directly impact on service delivery to the public. However, it will reduce the senior capacity to lead work across the Council and in partnership with the NHS and local communities to improve and protect the health of the local population and tackle health inequalities. | 1 |
| 14 | <p>Reduction in staffing establishment of the Children and Families service</p> <p>We propose to review the current service provision undertaken within this service.</p> <p>Contact: Elaine Devaney, Service Director Children and Families</p> | 1,987 | 400 | <p>This proposal would affect the following functions within this service:</p> <ul style="list-style-type: none"> • Business Support • Fostering • Family Group conferences and Contact • Support for children in alternative education or not in education | 11.30 |

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| 15 | <p>Reduction in Disability Related Expenditure (DRE)</p> <p>We propose to reduce the standard allowance available from £15 to £10.</p> <p>Contact: Steph Downey, Service Director Adult Social Care</p> | (3,379) | 214 | <p>The amount an individual contributes towards the cost of their care package is determined via a financial assessment, within this assessment an allowance is given for DRE. At the £10 level, it is anticipated the financial impact will be minimised and the charging policy has the provision for individual assessments if required.</p> | 0 |
| 16 | <p>Reduction in staffing establishment and supplies for the Adult Social Care service</p> <p>We propose to delete posts and reduced hours for the Provider Services. There would also be a reduction in Provider non-staffing budgets.</p> <p>Contact: Steph Downey, Service Director Adult Social Care</p> | 8,873 | 528 | <p>The reduction to the staffing establishment is anticipated through vacant post(s) and voluntary redundancies.</p> <p>There should be no impact on frontline delivery.</p> | 11.25 |
| 17 | <p>Review of service operating model for Financial Management and Internal Audit functions</p> <p>We propose to further consider streamlining of financial processes and procedures, as well as exploring options for income generation.</p> <p>Contact: Keith Purvis, Service Director, Corporate Finance</p> | 1,640 | 159 | <p>The service will explore opportunities to provide greater efficiencies relating to the financial systems and controls currently in place.</p> <p>The reduction to the staffing establishment is anticipated through vacant post(s) and voluntary redundancies.</p> | 3.71 |
| 18 | <p>Civic Centre catering</p> <p>We propose to explore options to reduce the overhead costs of providing this service.</p> <p>Contact: Lindsay Murray, Service Director Trading and Commercialisation</p> | (1) | 20 | <p>This proposal will review the current service provision, including staffing levels and potential for increasing prices.</p> | 3 |

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| 19 | <p>Review of Facilities Management and Building Maintenance</p> <p>This proposal would consider:</p> <ul style="list-style-type: none"> • Review of Facilities Support Officer structure • Services to Schools – development of service packages • Trading of FM compliance • Building maintenance services to public buildings and schools <p>Contact: Lindsay Murray, Service Director Trading and Commercialisation</p> | 2,486 | 533 | <p>This proposal would primarily be achieved through a reduction of posts within the FM function. However, work will be undertaken to maximise buy-back from schools for the Council's services and development of additional trading with current clients and expansion into more external trade.</p> <p>With regard to building maintenance, it is proposed to reduce the current cyclical maintenance programme and extend cycles of maintenance, using a risk-based approach.</p> | 10 |
| 20 | <p>Cost reduction and income generation across the Library Service</p> <p>We propose to review all resource budgets and explore different ways of working.</p> <p>Contact: Lindsay Murray, Service Director Trading and Commercialisation</p> | 1,713 | 123 | <p>This proposal would mean a review budgets for employee training, book fund, supplies and services, mobile library and a review of opening hours.</p> | 0 |
| 21 | <p>Reduced financial support to commissioned organisations</p> <p>We propose to reduce contributions given to Tyne and Wear Archives and Museums, BALTIC Centre for Contemporary Art, Sage Gateshead and the NewcastleGateshead Initiative.</p> <p>Contact: Lindsay Murray, Service Director Trading and Commercialisation</p> | 772 | 150 | <p>This proposal relates to further reductions in the contributions the Council makes to these cultural organisations.</p> | 0 |

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| 22 | <p>Reduction in staffing and non-staffing budgets</p> <p>We propose a range of reductions in staffing and non-staffing in Corporate Services Governance and Policy and Communications.</p> <p>Contact: Mike Barker, Strategic Director Corporate Services & Governance Marisa Jobling, Service Director Policy & Communications</p> | 5,275 | 1,051 | <p>This proposal would explore options relating to:</p> <ul style="list-style-type: none"> • reducing staffing establishments • reducing supplies budgets • removing the Komatsu Youth Exchange • reviewing systems support • use of the Civic Centre space by partners • a review of cross council advertising • implementation of the workforce plan • economies of scale through partner working with Gateshead Housing Company (GHC) • a review of Print Point and Graphic Print Design | 2.64 |
| 23 | <p>Organisational review of Customer and Financial Services and savings from renewal of system contracts and non-staffing budgets</p> <p>We propose to undertake a review across the service following service redesign, system development and increased employee/customer self-service.</p> <p>Contact: John Jopling, Service Director Customer and Financial Services</p> | 3,279 | 271 | <p>This proposal would mean further development of key systems together with increased employee self-service and customer contact channel shift.</p> <p>The reduction to the staffing establishment is anticipated through vacant post(s) and voluntary redundancies.</p> | 9 |
| Income 24 | <p>Increase income in Customer & Financial Services</p> <p>Contact: John Jopling, Service Director Customer and Financial Services</p> | (1,768) | 370 | <p>This proposal would increase income from a number of different areas across the service.</p> <p>Part of this proposal relates to increased income from additional charges to Direct Payment clients for Payroll and HR support and advice.</p> | 0 |

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| Income 25 | <p>Increased income in Adult Social Care service</p> <p>We propose to increase income by</p> <ul style="list-style-type: none"> • Introducing an accommodation charge for aftercare services • Increase day services charge • Introduce charging for Guidepost • Increase charges for meals in day centres and promoting independence centres <p>Contact: Steph Downey, Service Director Adult Social Care</p> | (198) | 138 | <p>This proposal would increase income across the Adult Social Care service by;</p> <ul style="list-style-type: none"> • Introducing an accommodation charge for aftercare for people kept in hospital under the Mental Health Act (S117) <p>We would look to recover the accommodation element of the support package. The accommodation element would become chargeable but to the extent someone is able to pay and where they are unable the cost would become a social care cost. The decision would be implemented at the point of care provision for any “new” s117 clients.</p> <ul style="list-style-type: none"> • Increase day services charge <p>Increasing the day service charge per day from £14.60 to £25.00 which is below the majority of market costs. This charge is means tested.</p> <ul style="list-style-type: none"> • Introduce charging for Guidepost <p>Introducing a charge for this drop-in service for learning disability clients. There may be a risk of a reduction in people using the service who may end up in more costly provision in the future.</p> <ul style="list-style-type: none"> • Increase charge for meals in day centres and promoting independence centres <p>Increasing the charge for meals from £3.60 to £4.00. This charge is not means tested. The rate is comparable with other local authorities in the area.</p> | 0 |
| 26 | <p>Increased income in Trading and Commercialisation Service</p> <p>We propose to undertake a review of Culture and Events.</p> <p>Contact: Lindsay Murray, Service Director Trading and Commercialisation</p> | 554 | 56 | <p>This proposal would mean maximisation of use of assets, an increased focus on income generation and a review of the service.</p> | 3 |

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| 27 | <p>Removal of contribution to Child and Adolescent Mental Health Service</p> <p>We propose to remove the Council's contribution towards provision of this service.</p> <p>Contact: Elaine Devaney, Service Director Children and Families</p> | 190 | 190 | This proposal would mean the Council no longer making a financial contribution in support of the NewcastleGateshead CCG fulfilling their statutory responsibility relating to the provision of mental health services for children and young people in Gateshead. | 0 |
| 28 | <p>Management Delaying</p> <p>Contact: Sheena Ramsey, Chief Executive</p> | N/A | 250 | Review of Council organisational structure | TBC |