

TITLE OF REPORT: Budget Savings Delivery 2021

REPORT OF: Darren Collins, Strategic Director, Resources and Digital

SUMMARY

This report provides the Committee with an update on the achievement of in year budget savings for 2021/22.

Background

1. Up to and including 2020/21 the Council has delivered £170.4m of budget cuts cumulatively.
2. On 25 February Cabinet and Council agreed a revenue budget of £238.758m which included £8.117m of budget savings for 2021/22. Unlike in previous years formal consultation on how these savings are delivered in specific areas was to take place during 2021/22 to action some of the savings. Temporary funding for mitigation was agreed for some of the savings to allow the time needed for the activity and consultation.
3. It is important that activity in these areas are closely monitored both to minimise the mitigations required but also to achieve clarity and assurance that by March 2022 all savings values agreed by Cabinet and Council are achieved and do not contribute to the financial gap in future years.
4. In addition, some areas of budget savings that were agreed by Cabinet and Council for 2020/2021 remain undelivered due to activity having to be paused in year due to the pandemic. These were in relation to contract savings across the Council and savings from a move to a corporate landlord model of ensuring a productive use of land and assets to deliver Thrive outcomes. Due to the value these areas remain under review to monitor actions to ensure they are achieved.
5. As part of the Council's budget and policy framework Cabinet receives quarterly reports on performance against the agreed revenue budget which includes savings delivery. The Corporate Management Team also receive regular updates on budget savings delivery in order to monitor progress and hold lead officers to account.
6. Corporate Resources Scrutiny Committee is being asked to consider this report and review progress of delivery of savings.

Savings History

7. £170.4m budget cuts have been delivered to date in the following areas;

	Total 2010/11 - 2020/21			
	Overall Net Budget £'000	Savings £'000	Overall Budget after savings £'000	%
Adults	754,540	38,427	716,113	5%
Childrens	392,760	28,781	363,979	7%
Public Health	136,335	7,843	128,492	6%
Housing, Environment and Healthy Communities	436,143	48,520	387,623	11%
Corporate Services	190,866	26,697	164,169	14%
Other Services, Contingency, Capital and Levies	573,186	20,182	553,004	4%
	2,483,830	170,450	2,313,380	

*please note any savings achieved within the public health grant ringfence are not included in this analysis

8. To satisfy its legal requirement to balance the budget the Council must make spending plans affordable by matching them to the estimated funding available over that time. Action is required now to enable the Council to legally balance the budget for both next year and in future years. The Council has a track record of meeting its financial obligations and maintaining financial sustainability through delivery within budget. This is shown in the table below;

Revenue Outturn - Overall

	Council Budget £'000	Council Outturn £'000	Over/(Under) spend £'000
2020/21	221,286	213,378	(7,908)
2019/20	207,262	203,130	(4,132)
2018/19	203,466	202,327	(1,139)
2017/18	202,649	201,381	(1,268)
2016/17	198,883	197,578	(1,305)
2015/16	206,345	205,574	(771)
2014/15	219,008	214,282	(4,726)
2013/14	225,049	221,346	(3,703)
2012/13	190,504	187,341	(3,163)
2011/12	204,865	205,583	718
2010/11	232,589	235,407	2,818
2009/10	223,043	225,128	2,085

Progress and Implementation

9. Progress against savings is shown below for information. Significant savings considered partially achieved or projected to be undelivered are summarised with more details included at appendix 1.

Proposal	Full Saving £'000	Mitigation requested in 21-22 £'000	Expected £000	Projected Achievement £000
Office of Chief Exec (OCE1) Increase Graphics trading income	5	-	5	5
Office of Chief Exec (OCE2) Reductions Office of the Chief Executive	198	-	198	198
Public Health & Wellbeing (PH1) Reconfiguration of arts team	46	-	46	46
Public Health & Wellbeing (PH2) Review Community Safety Team	49	-	49	49
PH&W (PH3) Public Health Wellbeing Offer (Leisure/ Libraries/ Culture)	1,200	900	300	0
Highways & Waste (HW1) Reduction in Directorate support	39	-	39	39
Economy Innovation & Growth (BE1) Riga office development rental income	63	-	63	63
Economy Innovation & Growth (MP1) Gateshead Energy Company concession charge	92	-	92	92
Economy, Innovation & Growth (MP2) Property Services System Review	140	20	120	120
Resources & Digital - FM(RD1) Reduction to the establishment	72	10	62	62
Resources & Digital - FM (RD2) Insurance	240	-	240	240
Resources & Digital - FM (RD3) Early Payment Programme	20	10	10	10
Resources & Digital - Customer (CD1) Reduce management	55	-	55	55
Resources & Digital - Customer (CD2) Cease Systems Contract	45	-	45	45
Resources & Digital - Customer(CD3) E-billing for council tax and notifications for benefits	60	-	60	60
Resources & Digital -IT (IT1) Multi-Function Device (MFD) Managed Print Contract	50	-	50	50
Resources & Digital -IT (IT2) Software Budget Consolidation and Removal of Backup connection	32	-	32	32
Resources & Digital -C&I (CI1) Reduction to Performance Management team	50	-	50	50
Childrens social care (CS3) Reduction in high cost placements (Therapeutic Support Team)	100	-	100	100
Childrens social care (CS4) Increase the number of in-house foster carers	200	50	150	150
Children's social care (CS1) Review of Business Support	160	110	50	50
Children's social care (CS2) Restructure of Children's Centres	40	-	40	40
HEHC - Neighbourhoods (NS1) Remove the Thrive Fund	130	-	130	130
HEHC - Facilities Management (FM1) Corporate Landlord Delivery Review	56	8	48	48
CSG (HR1) Reduce mileage budgets across the council	50	-	50	50
ASC (AS1) Continuation of current discharge to assess model	1,000	-	1,000	1,000
ASC (AS4) Delete/ review vacancies	200	-	200	200
ASC (AS5) Extend the Shared Lives offer	250	125	125	125
ASC (AS2) Outcome based assessments and targeted reviews	2,500	1,000	1,500	1,500
ASC (AS3) Review Client Income and potentially increase some client charges.	200	50	150	150
ASC (AS6) Close one Promoting Independence Centre (PIC)	300	150	150	150
ASC (AS7) Redesign of all Day Services	400	250	150	150
ASC (AS8) Review of in house supported living schemes.	75	35	40	40
Total	8,117	2,718	5,399	5,099

10. In addition, there are two outstanding savings agreed and actioned in the 2020/21 budget that remain under review.

Description	Full Saving £000	Mitigation £000	Expected £000	Projected Achievement £000
Asset Review Corporate Landlord Model (PREV/1)	250	0	250	250
Cross Council Contract Analysis (PREV/2)	150	0	150	150

11. Any undelivered savings will cause an over-spend position in year after mitigations but without further action the full saving will be a budget pressure going into 2022/23. In 2022/23 all mitigations will no longer be in place and therefore it is vital that work continues to make sure the position is managed by April 2022.

Future Delivery

12. Further planned activities is as follows;

- ASC Review of Care Packages (ASC2) Temporary investment has been approved to create additional capacity to carry out outcome-based reviews which should result in package cost savings. Recruited to the posts is now complete with outcome-based reviews to commence imminently. Other specific reviews are already underway by the ACT team.
- As part of the Public Health and Wellbeing review, commence a public consultation on Libraries in 2021 to allow potential remodelling of building use, subject to approval of Cabinet Report 19 October. There will be a 12-week consultation period (from 20 Oct to mid Jan).
- Redesign of Day Services (ASC7) A further report will come back to Cabinet in October to gain approval for the restructure of disability day service staffing structure. Engagement will take place with employees and trade unions.
- Review of in House Supported Living Schemes (ASC8) A report will be presented to Cabinet in November outlining the proposal and rationale, seeking approval to commence with next steps of consultation with staff who would be affected and commence the procurement process linking with tenants and family carers to ensure they are instrumental to the procurement process.
- Integrated Impact Assessments to be reviewed and updated for budget savings proposals and submitted with relevant Cabinet reports (PHW3, ASC7, ASC8)
- An additional Integrated Impact Assessment to be developed for Libraries proposals (submitted with October Cabinet report)

Workforce Implications

13. Any HR implications arising from the proposals will be managed in accordance with the Council's HR framework.

Recommendation

14. Corporate Resources Overview and Scrutiny Committee will be asked to consider and provide views on the following:

- The progress made to date on budget savings
- Future planned activity outlined in the report

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2021/22 Budget Savings Progress

Appendix 1

Ref	Proposal	21/22 £'000	Mitigation £'000	Progress Update, including consultation
ASC (AS2)	Review Care Packages Outcome based assessments and targeted reviews of care packages with a view to reducing spend on package costs.	2,500	1,000	Partial delivery in 2021/22 Temporary resource approved to carry out outcome-based reviews to reduce package costs. Delay in recruitment to carry out reviews hindering ability to complete the work. Recruitment to posts is now complete. No anticipated FTE impacts.
PH&W (PH3)	Public Health Wellbeing Offer (Includes Leisure/ Libraries/ Culture) Full review of the Public Health Wellbeing Offer as a Group, in line with Wellbeing Strategy to focus on thrive objectives and the overall offer in communities. 20% budget reduction is £1.2m	1,200	900	Progress made however full saving will not be achieved this year. Progress made on delivering short term actions with Leisure. FTE impacts to be established and consulted on case by case basis
Children's social care (CS4)	Increase the number of in-house foster carers Increase in number of in-house foster carers particularly for sibling groups prevents the need for agency foster placements, the average cost for which is more than twice that of an in-house carer.	200	50	Partial delivery in 2021/22 Activity severely hindered due to the pandemic but in-house recruitment looking more positive. No FTE impact expected
Children's social care (CS1)	Review of Business Support Reduced support needed from the implementation of the new care system together with efficiencies from the amalgamation of the Business Support functions in the group	160	110	Partial delivery in 2021/22 Majority of saving has already been identified through posts (vacancy & VR) and work ongoing to identify the remaining saving. Delays to Mosaic care system implementation have hindered progress.

MP2	Economy, Innovation & Growth Property Services Savings from a review of the Corporate Property database function and integrating this work into other corporate databases.	140	20	Partial delivery in 2021/22 Activity paused to conclude full system needs review needed across asset Information, building safety, & Compliance in light of changes to valuation process and PSP.
CS3	Children's Social Care Reduction in high cost placements from the recruitment of a Therapeutic Support Team Having an enhanced therapeutic offer has significant benefits and better use of resources as it and diverts children from residential care whilst also providing support to those in in-house provision. Funding from CCG is being sought towards this provision.	100	0	Partial delivery in 2021/22. Recruited one Therapeutic social worker but delays to recruiting remaining staff. Interviews took place in September.

Ref	Proposal	21/22	Mitigation requested in 21-22	Progress Update, including consultation
		£'000	£'000	
2020/21 PREV/1	Asset Review (Moving to Corporate Landlord Model) Savings arising from a holistic asset review rather than targeted and links to locality working. Efficiencies through planned preventative maintenance to reduce the level of reactive more costly repairs. Consideration of key operational buildings: Civic Centre, Dryden, Shearlegs and Park Road Depots as well as future office space requirement in Civic Centre.	250	N/A	Progress made, Action – Review delivery and Timeline The new Property, Assets and Traded Service will facilitate the consolidation of cross property functions across the Council. An independent consultant is being retained to conduct a depot review and consultation is to take place internally with the relevant services. Further consolidation of staffing resources will be maximised. There will also be discussions with users about withdrawal from the Dryden Centre, a provisional date is September 2022. A matrix of all building usage is also being prepared to maximise building occupancy, identify opportunities for locality working and opportunities for further rationalisation of assets.

2020/21 PREV/2	Contract Analysis Savings arising from procurement and contract spend analysis. Driving down costs upon contract renewal and seeking efficiencies in process and spend.	150	N/A	Action – Review delivery and Timeline Work to start. Recruitment is ongoing to the posts that will help to achieve this saving, with employees starting in October 2021.
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