

## **THE CABINET**

### **MEETING, 3<sup>RD</sup> SEPTEMBER, 2012**

Councillor Morris	Executive Cabinet Member
Councillor Mrs Thomas	Executive Cabinet Member
Councillor Peel	Executive Cabinet Member

#### **Cabinet Members**

Councillor Adia	Human Resources, Organisational Development and Diversity
Councillor Zaman	Neighbourhood and Community Services
Councillor M. Connell	Adults
Councillor D. Burrows	Community Safety and Police
Councillor Peacock	Sport, Libraries, Youth and Culture
Councillor Murray	Looked After Children ,Safeguarding and Early Years
Councillor J. Byrne	Economy, Housing and Skills
Councillor McKeon	Schools

#### Other Members in Attendance

Councillor Jones  
Councillor Francis  
Councillor Greenhalgh  
Councillor Morgan  
Councillor Ashcroft  
Councillor Mrs Fairclough  
Councillor Hayes

#### Officers

Mr. S. Harriss	Chief Executive
Mr. S. Arnfield	Deputy Chief Executive

Ms. M. Asquith	Director of Children's Services
Mr. K. Davies	Director of Development and Regeneration
Mr. M. Cox	Director of Environmental Services
Mr. J. Rutherford	Director of Health and Adult Social Care
Mrs. H. Gorman	Borough Solicitor
Mr. A. Jennings	Democratic Services Manager

Councillor Morris in the Chair.

Apologies for absence were submitted by Councillors Councillor Bashir-Ismail, Chadwick and Sherrington.

## **18. MINUTES**

The minutes of the proceedings of the meeting of the Cabinet held on 20<sup>th</sup> August, 2012 were submitted and signed as a correct record.

## **19. FINANCIAL OUTLOOK 2019/20 – LGA REPORT**

The Deputy Chief Executive submitted a report that explained that the Local Government Association had prepared a report which forecasted the potential impact on Local Government funding over the next 8 years and the report set out the broad implications for Bolton Council.

The LGA report projected the following:-

- The income available to Local Government over the next 8 years;
- The projected net expenditure on services over the next 8 years; and
- The potential funding available for individual services over the same period.

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For Bolton the report predicted that the Council's income available to fund services would reduce from £257m to £220m.

Demands on these services had been projected forward based upon assumptions around unit costs (which reflected inflation and efficiencies) and demand for services (based upon population changes and service growth). The report indicated that potential expenditure on services would increase from £257m to £290m by 2020.

Furthermore, by mapping the projected expenditure against the income, this showed a significant funding gap over the next 8 years which was estimated at about £70m.

The LGA had examined the overall funding position and some of the options going forward. The initial point they made was that Local Government had seen a significant cut in its funding, much higher than that in the rest of the public service. It also pointed to the fact that Government did not appreciate that many of the Council's budgets around Social Care and Waste could not provide significant contributions towards meeting the reduced funding gap. Councils had made significant in-roads into delivering efficiency and that in the future efficiency savings would not be enough to meet the financial constraints. Consequently, the LGA had suggested a range of options as follows:-

- Reform of Adult Social Care;
- Local Public Services should work together better;
- Dialogue with Residents about local taxes; and
- Cutting Services out, not back

The LGA paper concluded that Local Government was the most efficient part of the Public Sector and its approach to reducing costs had been far more proactive than Central Government. This mis-match between responsibilities and funding needed to be resolved and that Government, Councils

and voters needed to discuss a way forward for organising and funding local public services.

**Resolved – That the report be noted.**

## **20. STRATEGIC PRIORITIES AND CAPITAL PROGRAMME**

The Deputy Chief Executive submitted a report that set out the major strategic issues facing the Council where capital investment needed to be considered and informed the Cabinet of the Capital Proposals and likely resources for 2013-15.

It was considered important that the Council sought to encourage new investment and development in the Borough in order to stimulate the economy and create jobs. In addition the Council could also provide resources to acquire key sites and/or support key developments.

It was therefore suggested that the following additional allocations might be considered:-

	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
General Investment in Town Centre	500	500
Strategic Acquisitions *	1,000	1,000
Support for Key Developments *	1,000	1,000
Interchange – complementary investment	500	500
<b>Total</b>	<b>3,000</b>	<b>3,000</b>

\* Expenditure in these areas would need to take place as opportunities arose and therefore would need to have flexibility in terms of spend between years

Members were reminded that the resources available for highways maintenance had reduced. There was also a backlog in maintenance which needed to be tackled.

It was therefore proposed to allocate some additional capital resources to undertake more substantial highway repairs and to partially offset the loss of revenue maintenance money. A sum of £4m was proposed to be allocated over the next 2 years in order to reduce some of the backlog maintenance.

It was also proposed that the Council sought to reduce the number of successful tripping claims arising on footpaths and therefore a further £1m was proposed to be allocated to reduce the amount of backlog maintenance on the Borough's footpaths. A review of the Council's current insurance reserve had been undertaken and £1m could be allocated on the basis that it reduced claims in the future.

Revenue funding for the Council's parks, outdoor sports facilities and green space had also reduced in recent years and as a result there were areas that required some major improvements. It was also possible to make changes which would reduce on-going maintenance in some parks and green spaces and it was proposed that an additional £1m be allocated to green space over the next 2 years.

Government funding for private sector renewal had now ended but for the current year the Council had committed £1m to keep the programme going. It was also suggested that in future years a £1m PSR programme could be sustained by utilising the VAT shelter payment that the Council would receive from Bolton at Home each year. A £1m per year PSR programme had therefore been included.

Members were reminded that the New Homes Bonus would be used to support the Council's main Revenue Budget. The Council should receive a proportion of the Capital Receipts on the sale of Council houses by Bolton at Home. These receipts, which could only be used for capital investment, could be allocated in future years towards further new housing developments.

The above totalled £13m, of which it was proposed that the £1m for footpaths was funded from the Insurance Fund and the £1m investment in private sector renewal was funded from the

VAT Shelter. This left £11m to be funded from other resources.

One-off resources available to meet the above investment were as follows:-

	<b>£000</b>
Capital Reserves	5,000
Bolton at Home Capital Transfer Payment	5,000
Revenue Reserves *	4,000
<b>Total</b>	<b>14,000</b>

\* Members were reminded that over the past few years the Council had met the Revenue savings targets by delivering savings on a two year basis. By delivering some of the savings early, sufficient resources had been created to meet the one-off costs of staff leaving the organisation. This coupled with a reassessment of the Equal Pay risks facing the Council suggested that up to £4m could be made available to supplement the Capital Programme.

The above identified £14m of resources of which, if agreement was given to the strategic options outlined above, would leave £3m to be reconsidered, either as part of the final budget consideration or retained to provide flexibility in future years.

The Capital bids submitted by services for 2013/14 to 2015/16 were detailed in Appendix 1 and amounted to approximately £33m. Of these £9m were bids for corporate resources and could be funded from the Prudential Borrowing and Capital Receipts.

**Resolved – (i) That the position as regards capital proposals and likely resources be noted.**

**(ii) That the strategic corporate allocations outlined in Section 2 of the report be agreed.**

**(ii) That the Deputy Chief Executive submit an updated Capital Programme to the Cabinet on 11<sup>th</sup> February 2013, on the basis of the overall resources set out in this report.**

## **21. BUDGET UPDATE AND SAVINGS OPTIONS 2013-15**

The Deputy Chief Executive submitted a report that outlined the updated financial forecast for the next 4 years and presented the budget options proposed to meet the savings target agreed by the Cabinet in June, 2012.

Members were reminded that the Council's annual budget amounted to £687m. However, significant elements of that budget were either committed or not directly controlled by the Council.

The Council effectively had a controllable budget of approximately £178m from which the majority of savings to meet the overall spending targets would need to be met.

The Government had not provided Bolton with specific grant figures for 2013/14 and 2014/15 but did provide overall guidance within the Comprehensive Spending Review. Detailed figures would only be known in December, 2012, but given the potential scale of savings required, suggested by the Comprehensive Spending Review, it was considered important that the Council identified proposals early in order that savings could start to be delivered from April, 2013. Savings over these two years were estimated at £35.6m.

An updated assessment had been made of the likely increased financial demands facing the Council with respect to the following areas.

- Inflation;
- Capital Financing;
- Schools Funding;
- Other Children's Funding;
- WDA/PTA Funding;
- Pensions; and
- Public Health

Responsibility for Public Health was to transfer to the Council on 1<sup>st</sup> April, 2013 accompanied by additional resources estimated at £15.3m .However, the Government had indicated that it intended to reallocate resources for Public Health by way of a formula in the future. Early indications were that this could lose Bolton approximately £1m in funding over the next few years.The Government had also determined that this funding was ring-fenced and must be spent on Public Health.

Based upon Government estimates the financial forecast included an assumption of a Council Tax increase of 2.5% in 2013/14 and 2014/15. In the following 2 years an increase of 2% had been included to match the level of inflation included in the expenditure forecast. Included in the current year's Council Tax figure was a contribution of £800,000 from the surplus on collection. However, in the current economic climate the Council had seen a reduction in the amount being collected, which would impact on this surplus. Consequently, a figure of only £400,000 surplus had been included but this would be reviewed in January/ February in the light of actual collections.

Members were reminded that the Government had introduced a threshold beyond which if a Council wished to increase its Council Tax it would need to seek the views of the public through a Referendum. The Government's current guideline was 3.5%.

The forecast in Appendix A indicated that savings of £35.6m (based upon a Council Tax increase of 2.5%) would be required in 2013/14 and 2014/15.

Within the Council's current budget there was provision for Equal Pay/Pay Review costs of £4.8m. This was created in earlier years when pay awards were less than budgeted and had been needed to create funds to pay the estimated costs of settling Equal Pay claims. The Council now had sufficient resources to meet existing claims and a reserve to meet potential future claims. There was a further £1.2m in the budget to meet exceptional inflation costs, particularly for energy. Given the scale of reductions facing the Council it was



now considered that those budgets (totalling £6m) should be used to meet part of the savings target.

In addition, it was anticipated that a further reduction in capital financing costs of £2m could be delivered over the following 2 years which had arisen due to the debt repayment arrangements as part of the Bolton at Home transfer. It was suggested that this was also used to meet part of the savings target.

Once the above savings had been taken into account it left a balance of £27.6m to be met by services. However, as there was some uncertainty over the overall savings that would be required and the likelihood of some service options proving to be difficult to deliver, it was suggested that an additional sum of £1m be added to give a target of £28.6m.

Services had identified a range of options to meet their savings targets which were set out in Appendix B. This Appendix along with Appendix D (Equality Impact Assessment) would be released for publication once appropriate communication with staff and other stakeholders had taken place

The report explained why each Service had chosen the options that they were putting forward as follows:-

**Adult Services** – total budget amounted to £62m, of which approximately 60% was used to buy in services from external providers and just under 40% was delivered by the Council. Adults had identified a range of options that sought to maintain the overall level of care and support provided to the public. The delivery of savings from these key services to vulnerable adults without any major impact on clients was difficult and challenging, particularly when the demand for these services was growing. The options proposed, therefore, made savings from re-tendering contracts, transferring some services to external suppliers and reducing the costs in “in house” services. There would also be some impact on staffing in the Department.

**Children's Services** – out of the total budget of £50m, over £36m was spent on services to support vulnerable children. Direct services to vulnerable children had been protected and therefore proposed savings had been identified which targeted the available resources at those with the greatest need. There would be some reduction in the more universal services provided by the Department. In doing this it had been key to ensure that adequate resources were maintained in preventative services and initiatives which aimed to keep to a minimum the number of children who came into care.

**Development and Regeneration** – had sought fairly significant savings from Housing Services but this area was protected in the last 2 years. It is anticipated that the majority of savings would not have a significant impact on the services delivered to the public and would particularly ensure that homeless/housing advice and guidance and safeguarding services were maintained. Strategic Development involved a reduction in capacity and would enable the major programmes and events to continue but any new initiatives/projects would require greater prioritisation and provide their own funding.

**Environment** – were seeking to make savings by a general reduction in the amount of maintenance provided on roads, pavements, street cleaning and green space. Implications would be a greater response time to repairs, the non-replacement of some damaged/broken highways signs, furniture etc., and a reduction in the frequency of grass cutting, road sweeping etc. The draft capital programme suggested including additional investment in Highways in order to partially offset this reduction. There would be staff reductions in all these areas and potentially also in traded services due to a steady reduction in the number of support contracts the Department had with internal departments and other organisations, particularly with schools and Bolton at Home.

**Chief Executive's** – savings in these services were being delivered through efficiencies wherever possible. However there would be an impact in rate relief for National Charities, some delays in responding to customers in the One Stop Shop and Call Centre, particularly at peak times. In addition

significant capacity would be taken out of support services such as HR, finance and ICT which would impact on the Council's and individual services ability to deliver savings effectively and consistently.

**Corporate Savings** – a range of corporate savings in line with those indicated in the report to the Cabinet in June were outlined in Appendix B and could be summarised as follows:-

Waste Disposal/Collection – changed arrangements to increase recycling, extend food waste collections and revise frequencies for other collection. This would reduce overall waste disposal charges.

Council Tax Discounts/Benefits Scheme – changes proposed on Council Tax discounts on empty properties and amendments to Council Tax Benefit would impact on some citizens across the Borough but wherever possible these had been targeted so as to avoid any impact on the most vulnerable families and individuals.

Voluntary Sector Grants – savings in these grants would impact on several organisations but the Council would work with the voluntary sector to minimise the impact. There were several budget options across different services which would have some impact on the voluntary sector.

Leisure Trust – savings would be discussed with the Leisure Trust and delivered by investing in facilities and generating additional income.

Members noted at this stage that savings of £2m still needed to be identified.

It was not possible to accurately identify the actual number of posts that would be lost until detailed proposals were developed. However, based upon the outline options detailed in Appendix B, it was anticipated that approximately 465 posts may be involved; there were currently 215 vacancies.

The proposals set out in this report had been presented to the joint unions at the SLJCC.

Following consideration of the report by the Cabinet a formal 90 day consultation would commence on the overall budget proposals and the potential staffing impact.

Detailed proposals on some options would be submitted to Cabinet Members over the next 3 months and would be followed by specific consultation as appropriate.

It was anticipated that the formal Grant Settlement would be received in December, 2012 following which a revised budget report would be submitted to the Cabinet which would also provide feedback on the overall budget consultation exercise that had been carried out over the Autumn.

In January/February 2013 a further budget report would bring together all aspects of the 2013/14 budget including consideration of the level of Council Tax and this would then be submitted with recommendations to the Council on the 20<sup>th</sup> February, 2013.

Further detailed budget reports on the remaining specific proposals would be submitted to Executive Cabinet Members throughout the remainder of 2013.

A full Equality Impact Assessment had been undertaken which was considered by the Cabinet in its deliberations on the proposals.

**Resolved - That the updated financial position for the period 2013-2017 be noted and that the savings options for 2013-2015 outlined in this report (subject to Minute 23) be agreed as the basis for formal consultation.**

## **22. EXCLUSION OF PRESS AND PUBLIC**

**Resolved - That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as specified in paragraph 4 (Information relating to any consultations or negotiations in connection with any labour relations matter arising between the Authority and employees of, or office holders under, the Authority) of Part 1 of Schedule 12A to the Act; and that it be deemed that, in all the circumstances of the case, the public interest in their exemption outweighs the public interest in their disclosure.**

## **23. BUDGET UPDATE AND SAVINGS OPTIONS 2013-15**

The Cabinet considered the range of options Services had identified to meet their savings targets which were detailed in Appendix B.

The Appendix along with Appendix D (Equality Impact Assessment) would be released for publication once appropriate communication with staff and other stakeholders had taken place.

**Resolved - That the savings options for 2013-2015 outlined in Appendix B to the report be agreed as the basis for formal consultation.**