

METROPOLITAN BOROUGH OF KNOWSLEY

To: The Mayor and Members of the Council

Meeting: 6 March 2013

Wards Affected: All

Portfolio Areas: All

Non-Key Decision

REPORT OF THE CHIEF EXECUTIVE, THE DIRECTOR OF FINANCE AND INFORMATION TECHNOLOGY AND CHIEF OFFICERS

2013/14 REVENUE BUDGET REPORT

1. PURPOSE OF THE REPORT

- 1.1 The Council's Constitution requires the Cabinet to recommend its annual budget proposals to a full meeting of the Council.
- 1.2 On 13 February 2013, the Cabinet agreed its revenue budget proposals and these are now reflected in the recommendations at section 2 of this report below for the Council's consideration. In addition, alternative budget proposals may be presented for Members' consideration at the meeting.
- 1.3 This report has direct implications on the accompanying report on the Council Tax Levy for 2013/14, and therefore these two reports should be considered together.

2. RECOMMENDATIONS

Members of the Council are recommended to consider the Cabinet's revenue budget recommendations as set out below (and any other budget recommendations arising in time for the meeting):-

- (i) note the Council's available 2013/14 permanent resources of £137.816m in section 4.1 of the report;

- (ii) note the available permanent resources from Council Tax of £38.096m and, in particular, the current need to assume that the 2013/14, 2014/15 and 2015/16 Council Tax will be set at 2012/13 levels (i.e. a freeze in Council Tax levels for three years);
- (iii) agree that the Borough Council's element of the 2013/14 Council Tax should be set at 2012/13 levels (i.e. a freeze in the Borough Council's element of the Council Tax bills);
- (iv) note that, as a result of resolution (iii) above, the Council would receive 2013/14 'freeze grant' resources of £0.527m in 2013/14 and 2014/15, which are included in the Government funding figures above;
- (v) approve the indicative 2013/14 total revenue expenditure budget of £168.626m summarised in paragraph 8.1 of the report, based on the associated assumptions outlined in sections 5, 6 and 7 of the report;
- (vi) approve the areas of permanent investment totalling £0.960m set out in paragraph 9.1.2 of the report;
- (vii) approve the savings options totalling £11.635m (over the three years 2013/14 to 2015/16) summarised at paragraph 9.2.4 and detailed at Appendix B to the report;
- (viii) agree the one-off implementation costs totalling £1.919m required to generate permanent savings as outlined in paragraph 9.4.3 of the report;
- (ix) note the available funding totalling £13.553m for temporary investments outlined in section 10 of the report;
- (x) approve the areas of temporary investment (over the three years 2013/14 to 2015/16) totalling £11.590m as outlined in section 11 of the report;
- (xi) agree that the remaining balance of £1.963m of available temporary resources discussed at paragraph 11.4 of the report should be set aside as a further contribution to the Council's Workforce Remodelling Reserve; and,
- (xii) note that, on the basis of the above resolutions, the resultant 2013/14 revenue budget and future year revenue budget projections would be as summarised below:-

Revenue Budget	2013/14 £m	2014/15 £m	2015/16 £m
Revised Portfolio Cash Limits	124.766	117.663	114.984
Treasury Management Budgets	10.557	10.546	10.413
Non-Cash Limited Budgets	8.911	9.141	9.270
Levies	20.918	20.924	20.930
Inflation and Contingency Budgets	3.552	2.119	2.324
Reallocation of Savings to Budget Investments	5.245	3.529	0.000
Reallocation of Savings to Workforce Remodelling Reserve	1.963	0.000	0.000
Total Revenue Expenditure	175.912	163.922	157.921
Total Funding	(175.912)	(163.922)	(148.194)
Ongoing Budget Shortfall	0.000	0.000	9.727

3. BACKGROUND TO THE 2013/14 REVENUE BUDGET

- 3.1 The Council takes a policy-led approach to the budget and recognises the need to link service performance with financial resources. The Council's budget considerations should therefore take account of the Council's 2013/14 Corporate Plan and progress towards achieving the Pledges, each of which is the subject of a separate report elsewhere on this agenda.
- 3.2 In agreeing its 2013/14 revenue budget, the Council should also consider the areas of wider context set out below, each of which is also the subject of a separate report elsewhere on this agenda:-
- the Director of Finance and Information Technology's assessment of the robustness of the budget estimates;
 - the Treasury Management Strategy;
 - the latest monitoring forecasts in relation to the Council's 2012/13 budget position;
 - the Medium-Term Financial Strategy;
 - the Council's Capital Programme; and,
 - fees and charges agreed for 2013/14.

- 3.3 The report on the Medium-Term Financial Strategy elsewhere on the agenda details how the recent Local Government Finance Settlement affects the Council's forecast budget shortfall in 2013/14 and future years. The report also sets out how the initial stages of the Council's Annual Budget Strategy have already enabled the forecast three-year budget deficit to be significantly reduced.
- 3.4 As also noted in the Medium-Term Financial Strategy report elsewhere on the agenda, the Settlement provides a degree of certainty regarding the Council's 2013/14 and 2014/15 funding position. This certainty gives the Council the opportunity to enhance its planned approach to managing future year budget shortfalls by considering budget proposals for the medium-term, rather than simply adopting a traditional annual approach. This report therefore sets out budget estimates for each of the three years 2013/14, 2014/15 and 2015/16.

4. 2013/14 PERMANENT REVENUE RESOURCES

4.1 *Local Government Finance Settlement*

The report on the Medium-Term Financial Strategy elsewhere on the agenda details how the 2013/14 Local Government Finance Settlement affects the Council's resources for 2013/14 and future years. The revenue resources detailed in that report represent the funding within which the Council must set its budget. The funding is summarised in the table below:-

Government Funding	2013/14 £m	2014/15 £m	2015/16 (estimate) £m
Retained Business Rates	19.332	19.925	20.091
Top-Up Grant	35.170	36.248	36.973
Revenue Support Grant	81.923	67.862	51.370
Council Tax Freeze Grant (assuming a freeze in 2013/14)	0.527	0.527	0.000
New Homes Bonus Allocation (all years)	0.864	1.264	1.664
TOTAL	137.816	125.826	110.098

4.2 Council Tax Receipts

4.2.1 The report on the Medium-Term Financial Strategy elsewhere on the agenda details the constraints imposed by the Government on the level at which the Council Tax for 2013/14 can be set. In summary, although the Council may have considered increasing Council Tax to deal with priority areas and future savings targets, the Government's approach effectively requires the Council to freeze Council Tax in 2013/14 and 2014/15. In Knowsley's case, due to anomalies in the way the Government proposes to calculate year on year Council Tax increases, the Government would consider any increase at all to be "excessive" under the associated regulations, and this would necessitate the holding of a referendum.

4.2.2 Given this position, for planning purposes only, the Medium-Term Financial Strategy forecasts assume a Council Tax freeze in 2013/14, 2014/15 and 2015/16. On this assumption, and assuming no movement in the Council Tax Base, the forecast total Council Tax receipts for each year would be £38.096m. This planning assumption also includes acceptance of the 2013/14 Freeze Grant offered to the Council (£0.527m in 2013/14 and 2014/15) and this is included in the Government funding figures noted above.

4.3 Specific Grant Allocations

4.3.1 In addition to the funding sources discussed above, specific grants are also available to Portfolios. The latest information on these is shown in the table below. Portfolio budgets will be adjusted by these amounts in 2013/14 and 2014/15 to include both the expenditure and income associated with these areas, and therefore they do not affect Portfolio cash limits or the budget shortfall to be addressed in this report.

Specific Grants	2013/14	2014/15
	£m	£m
Public Health	15.929	16.375
NHS Social Care	3.497	3.664
Education Services Grant (estimate)	2.797	2.598
Benefits Administration Grant	1.701	1.701
Minor Service Grants	0.425	0.412
TOTAL SPECIFIC GRANTS	24.349	24.750

4.3.2 The Government has also announced that local authorities will be given responsibility for Public Health from 1 April 2013 (i.e. replacing the current role of Primary Care Trusts). Funding is to be provided to the Council in the form of specific grant allocations and it should be noted that the Leader's Portfolio budget will be adjusted to include the expenditure and income associated with this area.

4.3.3 The Department of Health has continued to provide funding for use by local authorities for Social Care. The use of this funding must be agreed jointly between local authorities and their local health providers. The Council is working closely with NHS Knowsley and the Shadow Clinical Commissioning Group to ensure that these resources are used effectively to support the budget pressures faced by the Council's Social Care services.

4.4 *Available Funding for the Council's Budget*

The assumed overall level of funding within which the Council must set its 2013/14 revenue budget (excluding specific grant allocations and any use of temporary resources) is therefore summarised below:-

Available Funding for the Council's Revenue Budget	2013/14 £m	2014/15 £m	2015/16 (estimate) £m
Government Funding	137.816	125.826	110.098
Council Tax (assuming a freeze in each year)	38.096	38.096	38.096
TOTAL	175.912	163.922	148.194

5. **PORTFOLIO CASH LIMITS**

5.1 Across the Council, Portfolios have worked hard to develop Spending Plans which can be implemented within the proposed 2013/14 cash limits, although there are still areas of uncertainty where there is a risk that the envisaged impact of management actions may not be fully achieved. This is particularly the case where there is significant volatility associated with demand-led budgets.

5.2 As noted in the report on the Medium-Term Financial Strategy elsewhere on the agenda, Portfolio Holders agreed initial savings of £7.061m in December 2012 to be implemented over the next three years. In addition, the completion of the Council's Senior Management Review (approved by the Employment and Appointments Committee in December 2012) will achieve savings of £2.000m over the next two years. The impact of these savings results in indicative 2013/14 cash limits totalling £124.688m. This provides the starting point for setting cash limit budgets for 2013/14, 2014/15 and 2015/16 as shown in Appendix A to this report.

6. NON-CASH LIMITED BUDGETS AND LEVIES

6.1 A number of non-cash limited budgets are also proposed for expenditure over which service areas have little or no management control and which are therefore managed outside Portfolio cash limits. The requirements for each of the non-cash limit budgets in 2013/14 are explained below.

6.2 Treasury Management Budgets (2013/14 - £10.557m)

6.2.1 Non-cash limited budgets include the costs of financing capital expenditure (such as interest payments and other debt charges). The budget estimates are based on current interest rate forecasts and are therefore subject to the impact of changing financial and economic conditions. Any future Council decisions on funding unsupported borrowing through the prudential borrowing system would also affect these costs. The revenue costs of any additional borrowing for investment vary depending on the useful life of the asset that the borrowing is required to fund.

6.2.2 As part of the Council's ongoing Financial Strategy, the Director of Finance and Information Technology has adopted a more challenging approach to contingency budgets, and will seek to use one-off resources in a proactive way in order to release permanent resources from non-cash limit budgets. As part of this approach (and as reported in the 2012/13 Revenue Budget Monitoring report elsewhere on this agenda), the Director of Finance and Information Technology has determined that £0.834m of the 2012/13 forecast revenue surplus and £0.861m of the Council's Proactive Invest to Save Reserves should be used to fully fund the future borrowing repayments relating to the purchase of short-life Council assets. By paying these charges now, the Council can make permanent savings in the future. The impact of this is reflected in the proposed non-cash limited budgets for the future costs of financing capital expenditure as noted above.

6.2.3 Based on the 2013/14 budget, the Director of Finance and Information Technology has developed estimates for 2014/15 and 2015/16 and these are summarised in section 6.5 of this report below.

6.3 Other Non-Cash Limited Budgets (2013/14 - £8.911m)

6.3.1 Budgets for the remaining non-cash limited items have also been developed based upon a more challenging approach to contingency budgets, and using one-off resources to release permanent resources from non-cash limited budgets. The remaining non-cash limited budgets include:-

- the revenue budget impact of previously approved contributions to the Council's Private Finance Initiatives (£3.612m);

- the fixed element of superannuation costs charged to the Council by the Merseyside Pension Fund in respect of recovering the deficit from past service (£3.990m);
- ongoing pension costs associated with early retirements (£0.436m);
- the impact of the Government's Carbon Reduction Commitment Energy Efficiency Scheme (£0.160m);and,
- external audit fees (£0.197m).

6.3.2 A non-cash limited budget of £0.324m has also been established in 2013/14 to reflect the decision to transfer Government grant to the Borough's Parish and Town Councils to offset Tax Base reductions arising from implementation of the Local Council Tax Support Scheme. This transfer was agreed by the Council on 30 January 2013 as part of the approval of the Local Council Tax Support Scheme. The level of transfer in future years is also estimated at the same amount, but is subject to confirmation of future-year grant allocations.

6.3.3 Based on the 2013/14 budgets and future year funding announcements, the Director of Finance and Information Technology has developed indicative estimates for 2014/15 and 2015/16 and these are summarised in section 6.5 of this report below.

6.4 *Levies (2013/14 - £20.918m)*

6.4.1 Estimates of levies from third party bodies are based on the latest available information and may be subject to change when official notification from the levying bodies is received.

6.4.2 The 2013/14 budgets for levies are set out below:-

- Merseyside Recycling and Waste Authority (£7.182m – an increase of 0.8% on the 2012/13 figure);
- Merseytravel (Passenger Transport Authority) (£13.458m – a reduction of 4.1% on the 2012/13 figure);
- Coroner's Service (£0.202m - an increase of 3.1% on the 2012/13 figure);
- Probation Service (£0.006m – the same level as the 2012/13 figure); and,
- Environment Agency (Flood Defence) Service (£0.070m – the same level as the 2012/13 figure).

6.4.3 The budgets for the Coroner’s Service, Environment Agency and Probation Service levies in paragraph 6.4.2 of this report above are based on estimates at the time of writing this report. Any significant adjustments to these figures following the confirmation of the 2013/14 levies will be reported to Members.

6.4.4 Based on these 2013/14 levy budgets, the Director of Finance and Information Technology has developed estimates for 2014/15 and 2015/16 and these are summarised in section 6.5 of this report below.

6.4.5 As discussed in detail in the Medium-Term Financial Strategy report elsewhere on this agenda, the level of levies now has a direct impact on the extent to which the Council can increase its Council Tax levels. It is more important than ever that levying bodies work closely with local authorities to avoid unintended consequences of increases or decreases.

6.5 Summary of Non-Cash Limited Budgets

In summary, the proposed non-cash limited budgets are:-

Non-Cash Limited Budgets	2013/14 £m	2014/15 £m	2015/16 £m
Treasury Management	10.557	10.546	10.413
Other	8.911	9.141	9.270
Levies	20.918	20.924	20.930
TOTAL	40.386	40.611	40.613

7. CONTINGENCY BUDGETS

7.1 Each year, the Council sets aside contingency budgets for a number of expected in-year budget pressures, which will need to be funded if the Council is to maintain approved service levels. These budgets are held centrally and only transferred to Portfolio cash limits during the year once the financial impact of each item has been clarified.

7.2 The Medium-Term Financial Strategy report elsewhere on this agenda sets out how these budgets will be set on a more challenging basis in future. On this basis, the Director of Finance and Information Technology has developed estimates for 2013/14 contingency budgets in the following areas:-

- *Pay, Income and Contract Price Inflation (2013/14 - £1.540m)*

This contingency budget includes resources to address the assumed impact of the 2013/14 Local Government Pay Award. An increase of 1% has been assumed, along with funding for the forecast impact of increases in employer’s National Insurance and superannuation contributions.

The estimate also assumes that Portfolios will achieve forecast income from existing fees and charges and that the impact of inflation is managed within each Portfolio's resources (as discussed in the report on Fees and Charges elsewhere on this agenda). As part of the Council's Annual Budget Strategy, the impact of contract inflation in 2013/14 is to be absorbed by Portfolios through improved contract management and other efficiencies.

As noted in the Medium-Term Financial Strategy report elsewhere on this agenda, due to year on year outturn surpluses within Portfolio cash limits, the Director of Finance and Information Technology considers that it is also appropriate for the budget strategy to include an annual vacancy management target for each Portfolio of 1%. This is initially reflected in the overall contingency budgets and will be allocated to Portfolio cash limits during each financial year.

- *Contingencies for Increased Demand (2013/14 - nil)*

The Medium-Term Financial Strategy assumes that any potential additional impact of demographic change and increased levels of demand for services will be managed within existing Portfolio resources in 2013/14. However, there is some capacity provided within future year contingency budgets for demand-led increases.

- *Contingency for Non-Achievement of Savings (2013/14 - £0.270m)*

In previous years, the Council has recognised that there was a risk that the full-year impact of savings identified in the budget may not be fully achieved. The budget therefore included one-off and permanent contingency budgets to help to fund the impact of any delays to or changes in savings measures.

As noted in the 2012/13 Revenue Budget Monitoring report elsewhere on this agenda, Portfolios have implemented their savings effectively over recent years, and the Council has not had to use contingency budgets to the extent originally envisaged. While there is still a risk that the full-year effect of future savings measures may not be achieved in all areas, and/or that the envisaged impact of management actions to contain increased demand may not be fully achieved, it is considered that these contingency budgets can be set at significantly lower levels than in previous years.

A limited budget has therefore been proposed on this basis for 2013/14 to deal with management actions, which do not deliver the planned impact of savings on an ongoing basis. The amount has been increased marginally in 2014/15 to reflect the significant increase in savings scheduled for that year. This is a significantly reduced contingency compared to previous years and equates to only 2.5% of the total savings proposed.

These figures have been set to include some limited capacity for any ongoing shortfall which may remain after implementation of the Leisure, Community and Culture Portfolio's budget review (as set out in the 2012/13 Revenue Budget Monitoring report elsewhere on this agenda).

- *Specific Contingency Budgets (2013/14 - £1.742m)*

This proposed budget includes a number of specific individual items which reflect known budget pressures, but where the amount or timing of them is uncertain. They include £0.644m for potential service pressures relating to Supporting People exit strategies and the retained costs arising from transfers of schools to Academy status, and also as yet uncommitted allocations of the Learning Disability Grant (£0.173m).

This budget also includes an estimated amount, built into the Council's approved Local Council Tax Support Scheme, to provide capacity for any additional take-up or increased demand for the Scheme. Any unused resources will be used to contribute to a Hardship Fund to provide temporary financial support for Council Tax payers in exceptional cases. This was agreed as part of the Local Council Tax Support Scheme approved by the Council on 30 January 2013.

7.3 Based on these 2013/14 budgets, the Director of Finance and Information Technology has developed proposals for 2014/15 and 2015/16. The amounts which would subsequently be added to cash limits each year are summarised below:-

Contingency Budgets	2013/14 £m	2014/15 £m	2015/16 £m
Pay, Income and Contract Price Inflation	1.540	1.319	1.324
Contingencies for Non-Achievement of Savings	0.270	0.300	0.000
Increased Demand	0.000	0.500	1.000
Specific Contingency Budgets	1.742	0.000	0.000
TOTAL	3.552	2.119	2.324

- 7.4 By adopting a more challenging approach to contingency budgets, significant reductions have been built into the Council's medium-term financial forecasts. However, there is a potential risk of increased budget pressures in future years where an ongoing pressure cannot be permanently funded through contingency budgets.
- 7.5 There is also an increased risk that general balances may need to be used where overspends cannot be fully funded or to deal with exceptional items which may arise. In line with the policy set out in the Medium-Term Financial Strategy report elsewhere on this agenda, the Director of Finance and Information Technology considers in this context that general balances should be maintained at their current level in 2013/14.

8. INDICATIVE BASE BUDGETS

- 8.1 The assumptions outlined in the previous sections of this report provide the basis for indicative budget projections, which the Cabinet has used to inform its revenue budget recommendations to the Council. Using the funding assumptions set out in the 'upper estimate' of the forecast three-year budget shortfall, and assuming a Council Tax freeze in each year, the projections adopted by the Cabinet are summarised below:-

Indicative 2013/14 Revenue Budget Projections (1)	2013/14 £m	2014/15 £m	2015/16 £m
Revised Portfolio Cash Limits (2)	124.688	124.590	125.779
Treasury Management Budgets	10.557	10.546	10.413
Non-Cash Limited Budgets	8.911	9.141	9.270
Levies	20.918	20.924	20.930
Inflation and Contingency Budgets	3.552	2.119	2.324
Total Revenue Expenditure	168.626	167.320	168.716
Funding Forecasts	175.912	163.922	148.194
Budget Shortfall/(Surplus)	(7.286)	3.398	20.522

(1) Expenditure and funding figures exclude additional specific grant allocations.

(2) Cash limits adjusted to reflect assumed allocation of prior year contingency budgets.

- 8.2 Since December 2012, officers have continued to develop further Budget Strategy options for Members to consider which would help address the overall budget shortfall that remains over the three-year period. These options are set out in section 9 of this report below.
- 8.3 The figures above do not include the impact of any potential temporary or permanent investments which the Council may wish to consider. The Cabinet's recommended approach in this regard is detailed in sections 9 and 11 of this report below. Alternative investment proposals may be presented for Members' consideration at the meeting.

9. BUDGET STRATEGY OPTIONS

9.1 *New Permanent Priority Investments*

9.1.1 The Council continues to face challenges in key strategic areas. While many of these are being managed within Portfolio resources, there are also a small number of interventions in these areas, which require permanent investment. The ability to fund permanent investment is clearly limited in view the Council's overall financial position, so the focus of any new permanent investments should be on delivering savings in future years, improving the sustainability of the Borough, and/or meeting unavoidable legislative requirements.

9.1.2 The Cabinet's recommended investments in this regard are summarised in the table below and detailed at Appendix B to this report:-

Portfolio	Investment	Cost in 2013/14 £m
Children and Family Services	Fostering Payments – Uplift in line with legislation	0.180
Regeneration, Economy and Skills	Reinvestment of surplus rent from the Knowsley Industrial Park	0.450
Regeneration, Economy and Skills	Continuation of 2012/13 Temporary Allocation for Housing Strategy Schemes	0.330
TOTAL		0.960

9.2 *Service Spending Plans - Further Savings Options*

9.2.1 Since August 2012, the Annual Budget Strategy has required every service area to undertake a commissioning-led review of all budgets to establish how service delivery can be re-configured within projected resource levels. Details of these reviews are set out in the Medium-Term Financial Strategy report elsewhere on the agenda.

9.2.2 These Spending Plan reviews delivered the initial savings approved by Portfolio Holders in December 2012. They also provided the basis for developing further savings options, which would enable Spending Plans for each service to be developed within the resources expected to be available over the next three years.

9.2.3 These options are now proposed by the Cabinet as the basis for addressing, in part, the three-year budget shortfall arising from the budget estimates set out in section 8 of this report above.

9.2.4 If the Council approved all of these options, they would deliver total savings over three years of £11.635m. The proposals are detailed at Appendix C to this report and can be summarised as follows:-

Service Spending Plan Further Savings Proposals	2013/14 £m	2014/15 £m	2015/16 £m	TOTAL £m
Children and Family Services	(0.251)	(0.849)	(2.150)	(3.250)
Community Safety and Social Inclusion	(0.008)	-	-	(0.008)
Corporate and Customer Services	-	(0.290)	(0.050)	(0.340)
Health and Social Care	(0.030)	(3.152)	(0.499)	(3.681)
Human Resources	-	-	-	-
Leader's Portfolio	-	(0.017)	-	(0.017)
Leisure, Community and Culture	(0.234)	(0.464)	(0.479)	(1.177)
Neighbourhood Delivery	(0.287)	(0.688)	(0.570)	(1.545)
Regeneration, Economy and Skills	(0.072)	(1.545)	-	(1.617)
TOTAL	(0.882)	(7.005)	(3.748)	(11.635)

9.3 *Impact on Budget Projections*

9.3.1 If approved, the Cabinet's proposals for permanent investment and savings set out in sections 9.1 and 9.2 of this report above would reduce the indicative Portfolio cash limits noted in section 8 of this report above, and would result in the following revised budget projections:-

Revised 2013/14 Revenue Budget Projections	2013/14 £m	2014/15 £m	2015/16 £m
Revised Portfolio Cash Limits	124.766	117.663	115.104
Treasury Management Budgets	10.557	10.546	10.413
Non-Cash Limited Budgets	8.911	9.141	9.270
Levies	20.918	20.924	20.930
Inflation and Contingency Budgets	3.552	2.119	2.324
Total Revenue Expenditure	168.704	160.393	158.041
Funding Forecasts	(175.912)	(163.922)	(148.194)
Budget Shortfall/(Surplus)	(7.208)	(3.529)	9.847

9.3.2 The revised budget projections above confirm that, if approved, the Cabinet's budget proposals as set out in this report would be sufficient to balance the Council's revenue budget in 2013/14 and 2014/15, and would reduce the budget shortfall to be addressed in 2015/16 and future years to an upper estimate of £9.847m.

9.3.3 Early implementation of the identified savings would also release £10.737m for one-off investment (£7.208m released in 2013/14 and £3.529m released in 2014/15).

9.4 *Implementation Costs*

9.4.1 Overall, the Annual Budget Strategy has identified permanent savings measures totalling £27.495m.

9.4.2 The Medium-Term Financial Strategy report elsewhere on this agenda details a number of actions taken by the Director of Finance and Information Technology to reduce the pressure on the Council's permanent budgets. A permanent reduction in the Council's budgets of £6.799m has been made possible by allocating one-off resources of £4.568m from the Proactive Invest to Save Initiatives Reserve, which was specifically established by the Cabinet for this purpose.

9.4.3 As part of the development of the savings options, officers have identified the need for one-off implementation costs of £1.919m. This investment is required specifically to fund the following areas of work:-

<u>One-Off Implementation Costs</u>	£m
Projects and Programmes	0.089
Early Years Providers	0.100
Occupational Health	0.100
Bowring Golf Course	0.300
Models of Social Inclusion - Social Care Volunteers	0.400
Reassessment of Care Packages	0.390
Community Transport Policy Development	0.150
Development of Social Care Offer	0.390
TOTAL	<u>1.919</u>

9.4.4 It is also estimated that the retirement and redundancy costs associated with all of the savings identified to date will be approximately £5.400m over the next three years. There is also a continuing need to plan for the future, especially in terms of the need to fund the implementation costs of further savings in 2015/16 and future years. A contribution to the Council's Workforce Remodelling Reserve would therefore be a prudent measure to take if resources are available.

9.4.5 The Cabinet's recommendations in terms of for funding these costs are set out in section 10 of this report below.

10. AVAILABLE TEMPORARY RESOURCES

10.1 *Temporary Resources from Savings Options*

As noted in section 9.3.3 of this report above, if fully approved, the Cabinet's budget proposals would release £10.737m over the next two years for one-off investment. After setting aside sufficient resources from these savings to fund the implementation costs of £7.319m noted in sections 9.4.3 and 9.4.4 of this report above, there would be a balance of £3.418m, which could be used for one-off investment.

10.2 *Portfolio Reserves*

The Council's reserves represent funding which has been set aside in previous years for specific temporary budget pressures. The 2012/13 Revenue Budget Monitoring report elsewhere on this agenda notes that reserves have been reviewed thoroughly to ensure that they remain appropriate and aligned to the Council's priorities. As a result of this review, £0.859m has been released by Portfolios for one-off investment priorities.

10.3 *Council-wide Reserves*

10.3.1 After the proactive allocation of one-off resources noted in paragraph 9.4.2 of this report above, there is a remaining balance of £5.889m for reallocation from the Proactive Invest to Save Initiatives Reserve.

10.3.2 A Council-wide reserve of £2.019m has been established in previous years for investment in Neighbourhood Initiatives, and there is also an unallocated balance of £1.368m remaining in the reserve set aside by the Cabinet at the 2011/12 outturn stage for emerging 2012/13 pressures. Both of these reserves can be reallocated for one-off use as part of the Annual Budget Strategy.

10.3.3 The Director of Finance and Information Technology therefore advises that Council-wide reserves of £9.276m are available for one-off investment.

10.4 *Forecast 2012/13 Cash Limit Surplus*

10.4.1 Each year, as part of the budget monitoring process, the Cabinet considers the current year's revenue budget position. The 2012/13 Revenue Budget Monitoring report elsewhere on this agenda notes that the Council is forecasting an overall surplus of £0.515m.

10.4.2 Decisions relating to the impact of the forecast outturn position on the 2013/14 budget should be made at the final outturn stage to take account of the actual final position, the need to contribute towards provisions for bad debts and other commitments to ensure so that they remain robust, and the need to address any unresolved Portfolio deficits.

10.5 Summary of Available Temporary Resources

The total temporary resources set out above, which are available for investment over the next three years, can be summarised as follows:-

Available Temporary Resources	TOTAL £m
Set aside from savings options	(3.418)
2012/13 Transfers from Portfolio Reserves	(0.859)
Proactive Invest to Save Initiatives Reserve	(5.889)
Neighbourhood Initiatives Reserve	(2.019)
2012/13 Emerging Priorities Reserve	(1.368)
TOTAL	(13.553)

11. TEMPORARY INVESTMENT PRIORITIES

11.1 The Council's Medium-Term Financial Strategy establishes the need for any new investments to focus on delivering future year savings, and improving the sustainability of the Borough.

11.2 The Cabinet proposes a number of temporary investments to meet these requirements as summarised in the table below and as detailed at Appendix D to this report:-

Temporary Investment Priorities	2013/14 £m	2014/15 £m	2015/16 £m	TOTAL £m
Invest to Save	2.065	0.000	0.000	2.065
Sustainability of the Borough and Pledges	8.807	0.418	0.300	9.525
TOTAL	10.872	0.418	0.300	11.590

11.3 The Energy Efficiency investment included in the Invest to Save proposals above is scheduled to deliver savings of £0.120m from 2015/16 onwards and would therefore further reduce the indicative 2015/16 Portfolio cash limits shown in section 8 of this report above.

11.4 The above investment proposals would leave an available balance of temporary resources of £1.963m. In view of the requirement noted in paragraph 9.4.4 of this report above, the Cabinet proposes that this should be set aside as a further contribution to the Council's Workforce Remodelling Reserve for additional implementation costs associated with bridging the remaining budget gap in 2015/16.

12. RESOURCE IMPLICATIONS

12.1 Financial

12.1.1 The impact of the budget decisions taken by Portfolios to date is set out in section 8 of this report above. The impact of these decisions would be sufficient to balance the 2013/14 budget, but would still leave significant deficits to be addressed in 2014/15 and future years.

12.1.2 The Cabinet's overall budget proposals set out in this report above can be summarised as follows:-

- Permanent investment of £0.960m to address essential priorities identified during the budget process; and,
- Further savings options of £11.635m, which, if fully approved, would be sufficient to balance the Council's revenue budget in 2014/15 and would reduce the budget shortfall to be addressed in 2015/16 to an upper estimate of £9.727m.

12.1.3 Paragraph 10.5 of this report above identifies that temporary resources of £13.553m are available to fund new temporary investments.

12.1.4 Section 11 of this report above sets out a number of one-off investment proposals from the Cabinet totalling £11.590m, along with the Cabinet's recommendation that the £1.963m balance of temporary resources should be added to the Council's Workforce Remodelling Reserve.

12.1.5 The Cabinet's investment proposals include an Invest to Save energy efficiency scheme, which would save £0.120m per annum with effect from 2015/16.

12.1.6 Allocation of temporary resources in this way would mean that all of the Council's available resources were fully committed. However, while this would be the case, it should also be noted that actual expenditure and implementation of the proposals would take some time to deliver. This means that the resources held in the Council's reserves would remain high in the short-term, but would reduce significantly as the investment proposals were implemented.

12.1.7 The Director of Finance and Information Technology will monitor progress and report any areas of concern to Portfolio Holders.

12.1.8 This report asks the Council to consider the Cabinet's budget proposals, taking into account the information in this report and the accompanying reports on this agenda. Based upon the indicative budgets set out in section 8 of this report above, approval of the Cabinet's recommended approach set out in sections 9 to 11 of this report would result in the following three-year budget projections:-

The Cabinet's Revenue Budget Proposals	2013/14 £m	2014/15 £m	2015/16 £m
Revised Portfolio Cash Limits <i>(Appendix A)</i>	124.766	117.663	114.984
Treasury Management Budgets	10.557	10.546	10.413
Non-Cash Limited Budgets	8.911	9.141	9.270
Levies	20.918	20.924	20.930
Inflation and Contingency Budgets	3.552	2.119	2.324
Reallocation of Savings to Budget Investments	5.245	3.529	0.000
Reallocation of Savings to Workforce Remodelling Reserve	1.963	0.000	0.000
Total Revenue Expenditure	175.912	163.922	157.921
Total Funding	(175.912)	(163.922)	(148.194)
Ongoing Budget Shortfall	0.000	0.000	9.727

12.2 Human Resources

12.2.1 The scale of the ongoing financial challenge facing the Authority will continue to have major implications for the Council's workforce. With staffing costs making up nearly 70% of the Council's controllable expenditure, savings on the targeted scale will require a significant reduction in the size of the workforce.

12.2.2 It is estimated that the total savings options identified as part of the Annual Budget Strategy could require a reduction of up to 340 full-time equivalent posts over the next three years. Of these, as many as possible would be dealt with by the termination of fixed-term contracts, the deletion of vacant posts, and by maximising opportunities for early retirement and voluntary severance. However, the scale of the change required makes it clear that a number of job losses are likely to have to be implemented through compulsory redundancies. The Cabinet has phased the savings proposals wherever possible to give longer lead-in times for those savings, which would be most likely to require compulsory redundancies. This should help to minimise the final number of compulsory job losses. All affected individuals would be offered support wherever possible, including redeployment, re-training and access to external job opportunities.

12.2.3 There would also be disruption to the workforce as services reorganise to streamline processes and change service delivery methods. There would be a need to manage additional workloads creatively and require more flexibility from individual employees in order to minimise the impact on front-line services.

12.2.4 Discussions with local trade unions and affected employees have been under way since the Cabinet's budget meeting agenda was published, and officers will ensure that the whole workforce and the local trade unions remain involved and fully informed as part of the service redesign process and the communications strategy for the Change and Transformation Programme.

12.3 Information Technology

12.3.1 Individual savings options or investment decisions may have an impact on the use and availability of information technology. Where this is significant, it has been included in the impact assessment of each measure.

12.3.2 Information technology will play a key role in achieving transformed and streamlined services as part of the Change and Transformation Programme.

12.4 Physical Assets

Individual savings options or investment decisions may have an impact on the use and availability of the Council's physical assets. Where this is significant, it has been included in the impact assessment of each measure.

13. RISK ASSESSMENT

13.1 The Council must set its budget and Council Tax for 2013/14 by 11 March 2013. The Council is therefore recommended to consider the Cabinet's budget proposals (and any other budget proposals received in time for the meeting) to ensure that this statutory duty is met.

13.2 There is a risk that the budget will not be sustainable if the significant levels of service savings are not achieved in full. There are only very limited contingency budgets included in the projections set out within this report to mitigate this risk. Early identification of budget pressures will be important to ensure management action can be taken to reduce the impact on the year-end budget position.

13.3 It is also vital that Council Officers implement decisions and actions to achieve these savings in a timely manner, and that these are monitored throughout the year by Portfolio Holders.

13.4 The Council faces a continuing need to identify savings in future years as Government funding for local authorities continues to be reduced. To mitigate this risk, it is essential that the Council's budget includes measures to address the financial challenges facing the Council in the medium-term.

13.5 Until investment proposals are actually delivered, the funding for them will be held in the Council's reserves. There is a risk that continued high levels of reserves would be criticised, and it is therefore essential that clear project plans be established in order to explain to stakeholders why such reserves exist. The Director of Finance and Information Technology will monitor progress and report any areas of concern to Portfolio Holders.

14. IMPACT ON POPULATION GROUPS

14.1 The Cabinet's budget recommendations would affect service performance levels and the delivery of services to the public. Decisions on the level of Council Tax will also have an impact on individual Council Tax payers in the Borough.

14.2 Full Equality Impact Assessments have been undertaken on all of the savings measures and options which are being implemented or considered as part of the 2013/14 Budget Strategy.

15. COMMUNICATIONS ISSUES

15.1 Consultation has taken place with the following key stakeholders:-

- The Borough's Parish and Town Councils;
- The Chamber of Commerce; and,
- The local Trade Unions.

15.2 Where appropriate, the outcomes of this consultation have been reflected in this report. Any further formal representations received before the Council considers this report will be presented at the meeting.

15.3 Subject to the Council's consideration of the Cabinet's budget proposals, the Council Tax for 2013/14 is also scheduled to be set at this meeting. The resulting Council Tax bills and supporting information will then be communicated to the Knowsley community.

16. CONCLUSION

- 16.1 The report sets out full details on estimated expenditure and funding over the next three years. The report also details the Cabinet's savings and investment recommendations to the Council.
- 16.2 This report, alongside the other reports on this agenda, provides the context against which the Council is recommended to set its 2013/14 revenue budget.

SHEENA RAMSEY
Chief Executive

JAMES DUNCAN
Director of Finance and Information Technology

CHIEF OFFICERS

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Appendices:-

- Appendix A Portfolio Cash Limits
Appendix B The Cabinet's Proposals for New Permanent Investment
Appendix C Service Spending Plans – The Cabinet's Recommended Further Savings
Appendix D The Cabinet's Proposals for New Temporary Investment

Background Documents:-

Accompanying Agenda Items – Council – 6 March 2013
2013/14 Portfolio Budget Reports – December 2012

PORTFOLIO CASH LIMITS

Portfolio	2013/14						2014/15			2015/16			
	Base Cash Limits £m	Approved Savings £m	Indicative Cash Limits £m	Further Savings £m	Permanent Investment £m	TOTAL £m	Approved Savings * £m	Further Savings £m	TOTAL £m	Approved Savings £m	Further Savings £m	Permanent Investment £m	TOTAL £m
Children and Family Services	30.658	(0.758)	29.900	(0.251)	0.180	29.829	(0.800)	(0.849)	28.180	(0.428)	(2.150)	-	25.602
Community Safety and Social Inclusion	0.473	(0.043)	0.430	(0.008)	-	0.422	(0.117)	-	0.305	-	-	-	0.305
Corporate and Customer Services	7.864	(0.284)	7.580	-	-	7.580	(0.159)	(0.290)	7.131	-	(0.050)	-	7.081
Finance and Information Technology	7.136	(0.557)	6.579	-	-	6.579	(0.183)	-	6.396	-	-	-	6.396
Health and Social Care	51.060	(0.222)	50.838	(0.030)	-	50.808	(0.365)	(3.152)	47.291	-	(0.499)	-	46.792
Human Resources	1.212	-	1.212	-	-	1.212	(0.263)	-	0.949	-	-	-	0.949
Leader's Portfolio	4.845	(0.576)	4.269	-	-	4.269	(0.060)	(0.017)	4.192	-	-	-	4.192
Leisure, Community and Culture	7.175	(0.207)	6.968	(0.234)	-	6.734	0.000	(0.464)	6.270	-	(0.479)	-	5.791
Neighbourhood Delivery	6.920	(0.077)	6.843	(0.287)	-	6.556	(0.056)	(0.688)	5.812	(0.073)	(0.570)	-	5.169
Regeneration, Economy and Skills	12.683	(0.476)	12.207	(0.072)	0.780	12.915	(0.197)	(1.545)	11.173	-	-	(0.120)	11.053
Council-wide items to be allocated	-	(2.138)	(2.138)	-	-	(2.138)	(1.450)	-	(3.588)	(0.429)	-	-	(4.017)
Sub-total	130.026	(5.338)	124.688	(0.882)	0.960	124.766	(3.650)	(7.005)	114.111	(0.930)	(3.748)	(0.120)	109.313
Assumed Conting'cy Allocation						-			3.552				5.668
TOTAL						124.766			117.663				111.432

*2014/15 figure includes future year impact of items approved in 2012/13 Council Budget (7 March 2012)

THE CABINET’S PROPOSALS FOR NEW PERMANENT INVESTMENT

Investment Proposal	Description	Portfolio	Increase in Cash Limit 2013/14 £m
Fostering Payment – Legislative Uplift	All allowances within the service are now required to be paid at the same level. The current rate for Local Authority foster carers was historically set at the Fostering Network Rate, which is higher than the National Minimum Rate. This rate is frozen until it comes in line with the National Minimum Rate. Special Guardianship orders, residence orders and friends and family carers have previously had their own local authority set rates, however these must now be based at the same rate as the Local Authority Foster Carer rate. The allowances are paid across four age bands with incremental amounts for each group. This investment will allow these payments to be made at the required rate.	Children and Family Services	0.180
Knowsley Industrial Park	Allocation of permanent resources to allow the reinvestment of surplus rental income. This will deliver the long-term regeneration aspirations for both Knowsley industrial and business parks, and will create a physical environment attractive to businesses, investors and developers aimed at maximising the parks economic potential.	Regeneration Economy and Skills	0.450
Housing Strategy	As the Council no longer receives any Government Capital Block allocation for Housing, it is proposed to continue the temporary funding that was approved in the 2012/13 budget. This relates to decent and empty homes, strategic housing temporary accommodation, the strategic housing market assessment and the mortgage rescue scheme.	Regeneration Economy and Skills	0.330
		TOTAL	0.960

SERVICE SPENDING PLANS – THE CABINET’S RECOMMENDED FURTHER SAVINGS

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Health and Social Care	Externally Commissioned Services (incl Care Management and Safeguarding)	Reduce substance misuse floating support.	One support worker post with specialism in housing related issues to be deleted. There will be a reduction in practical support to this group of people. This may impact on their recovery and ability to sustain their independence. We will work with other substance misuse providers to ensure that staff in these services have an awareness of housing related issues.	0.030		0.030	
Health and Social Care	Externally Commissioned Services (incl Care Management and Safeguarding)	Adaptations - reduced equipment provision.	Small pieces of equipment and bathing aides would no longer be provided. Retail model will be established at the Centre for Independent Living offering alternative provision that people can pay for.	0.035		0.035	
Health and Social Care	Externally Commissioned Services (incl Care Management and Safeguarding)	Cease housing related floating support for offenders.	Provision of specialist housing related support for offenders will stop. This service provides time limited housing related support to approximately 65 people per year. The impact of ceasing this support may be fewer offenders being able to sustain their tenancy. This will be mitigated by the housing options service, the tenancy bond scheme and stakeholders continuing to work together to ensure that the statutory housing needs of this group continue to be met.	0.118		0.073	0.045

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Health and Social Care	Externally Commissioned Services (incl Care Management and Safeguarding)	Reduced Respite provision.	An annual reduction of 278 weeks in respite provided to people with disabilities and older people and their carers. This will be underpinned by a review process, which will seek to address equity issues and mitigate the impact on carers and their ability to maintain a long-term caring role.	0.140		0.140	
Health and Social Care	Externally Commissioned Services (incl Care Management and Safeguarding)	Reduction in block purchased support available to individuals.	There will be a reduction in the amount of block purchased support available to individuals, for example day placements. This will reduce the level of unused funding which we have seen in recent years. Carers respite fund will be reduced. The use of carers respite vouchers will be reduced and contribution to pooled budgets will be reduced. We will still need to provide support but this will be purchased individually or provided via a personal budget. There will be less resource to support carers to take a break from their caring role and this may have an impact on their ability to provide long-term care. Reducing contributions to the pooled budgets will require discussion and negotiation with health colleagues.	0.254		0.254	

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Health and Social Care	Externally Commissioned Services (incl Care Management and Safeguarding)	Reduction in tenancy services to excluded groups.	Some services will operate at reduced capacity - including decommissioning of the following services:• Teenage Parent accommodation service - Roughdale Court• HIV and Aids floating support service• Support to dispersed accommodation for Young People• Homeless prevention, Young Person's mediation service• The housing related support services provided by Centre 63The reduction or withdrawal of these services will lead to reduced support to prevent homelessness and tenancy breakdown (including evictions and abandonments) and alcohol related hospital admissions. These options could also impact on the delivery of the troubled family and community cohesion agendas. Some of the services are currently underused and the expansion and development of targeted and sustainable volunteer services and integrated area based working would mitigate some of the risks presented to individuals. There are a range of service changes being proposed so there will need to be robust consultation processes.	0.350	0.030		0.320
Health and Social Care	Externally Commissioned Services (incl Care Management and Safeguarding)	50% reduction in support services relating to older person's sheltered housing.	This proposal will work with providers to re-prioritise support to those most at risk of losing their independence. At present, each scheme has a dedicated scheme manager. The likely result of this work will be that schemes will share managers. There will be a reduction in preventative work but issues of safety and immediate need will be dealt with. There may be an adverse reaction from individuals and family members and we will need to underpin the service change with a consultation process.	0.380		0.380	

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Health and Social Care	Externally Commissioned Services (incl Care Management and Safeguarding)	Reduce Supported Living Individual support hours (c.5 hours per week per individual).	People in supported living will have a reduction in dedicated personal support (c. five hours per week per individual, but for a few individuals this could be considerably more). This may result in a reduction of choice and less ability to participate in community focussed activities. Each person affected will have a personal review of his or her needs.	0.600		0.600	
Health and Social Care	Externally Commissioned Services (incl Care Management and Safeguarding)	Review of Community based services.	A robust review programme will be undertaken in order to reassess levels of need and identify any potential for reduction in the size and cost of packages. This may lead to a reduction in ability to access social activities. This may also impact on carers' ability to have a break. It will be underpinned by a review process, an appeals process and a clear and justifiable audit trail of reassessment to avoid potential for judicial review.	0.888		0.888	
Health and Social Care	Internally Commissioned Services	Reduced social inclusion activity.	Mental Health Support Workers to be reduced by one full time post. The Council will work with mental health trusts to restructure community support.	0.027			0.027
Health and Social Care	Internally Commissioned Services	Adult Day Service - Meals will no longer be provided from Bewley Drive or Sedburn.	People will have to bring their own meals as they do in other day services. The staff affected will be put at risk and redeployment offered wherever possible.	0.042		0.042	

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Health and Social Care	Internally Commissioned Services	Occupational Therapy - Reduced level of response to people requiring support to live at home and / or equipment.	Reduction of four posts offering low-level occupational therapy support. This may impact on waiting lists, which may result in an increase in falls and hospital admission. People will be encouraged to attend the CIL and to self assess.	0.107			0.107
Health and Social Care	Internally Commissioned Services	Unused respite allocation withdrawn to facilitate service efficiencies.	Services would continue to support the same number of people but there are times when the units are not fully occupied. It is planned that this unused respite allocation will be withdrawn to enable one of the units to close for an additional two to three weeks a year. Staff would be reallocated to cover other areas of support such as the supported living service. This will be underpinned by a review process and monitoring of unused respite allocation. and cannot be implemented without a consultation process. The Council will also plan usage of the units to ensure that it minimises the need for night cover.	0.060		0.060	
Health and Social Care	Internally Commissioned Services	Supported Living - internal housing with personal care support will be reduced.	Two clients would no longer be supported by the supported living service. These two individuals would move to live in more age appropriate accommodation for example, extra care housing. This will be underpinned by best interests assessments and consultation with families where appropriate.	0.030		0.030	

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Health and Social Care	Internally Commissioned Services	Older Peoples Day Service - Income generated through charging £3 per person for transport.	People receiving transport to attend Older Peoples Day service will be charged for the service. Some of these individuals will have been affected by previous increases in charging for domiciliary and day services. The Council will consult on implementation of this measure.	0.037		0.037	
Health and Social Care	Internally Commissioned Services	Adult Day Service - Income generated through charging £3 per person for transport.	People receiving transport to attend Adult Day service will be charged for the service. Some of these individuals will have been affected by previous increases in charging for domiciliary and day services. The Council will consult on implementation of this measure.	0.176		0.176	
Health and Social Care	Internally Commissioned Services	Re-ablement - there will be a reduction in capacity of approximately 150 hours within the service.	This will be achieved by a reduction in funding resulting in less re-ablement service being delivered. This is the result of a recent review of the service, which recommended that we focus the provision of care in the morning and evening. This will mean a combination of reduction in hours for existing staff and/or a reduction in posts totalling 150 hours plus the disestablishment of three vacant posts. This will be mitigated by the development of a prioritisation model for re-ablement services and work with domiciliary care agencies to adopt a re-abling approach. There will need to be consultation with unions and staff over proposed changes.	0.177		0.177	

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Health and Social Care	Internally Commissioned Services	Review of provision of Adult Day Care.	This will be underpinned by a programme of review by social workers and will mean that 50 people who currently receive five or four days' service per week would be re-allocated three days' service. People's access to independent activity will be reduced. There may be an impact on carers as they will receive less support with caring role and this may affect their ability to provide ongoing support or their ability to work. This may lead to complaints and or challenge from carers.	0.230		0.230	
Children and Family Services	Assessment and Care Management	Remodel Young Carers support.	The statutory assessment element of Young Carers work is currently undertaken by appropriately trained and experienced staff (Referral and Assessment Social Work Team). This option will provide support and activity based programmes commissioned or provided via Children or Family Centres without the need for a dedicated team.	0.111		0.111	

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Children and Family Services	Children and Family Centres/ Play Service	Reduction in Children and Family Centre provision	Delivery of Children's Centre activities will continue across three areas of the Borough and will be available to all families. There is the potential that some Centres will close (up to four Children's Centres and five linked sites) with some reduction in family centre provision, thus reducing access points to services and reach to families and potentially impact on the sustainability of other on-site providers, i.e. childcare. However, the proposal to integrate the early years team and family centre staff with Children's Centre workforce will enable us to continue some services and continue to enable children and families to access provisions closer to their home / placement address, whilst developing co delivery of services in children's centres. The review, with full community consultation will seek to prioritise front line delivery rather than buildings and explore alternatives to promote quality early education and teaching and play development through social sector options and models of Social Growth to increase delivery options.	1.327			1.327
Children and Family Services	Children's Residential Homes	Closure of Shaldon Close, James Holt and Bedford Close Children's Home.	Closure of three two-bed residential children's homes which care for children looked after aged 10 - 17 years on a short to medium arrangement with a view to their eventual return home. It is proposed that the closure of the residential care homes will be staggered across 2013/14 and 2014/15, with one closing in 2013/14 and that future provision will be provided within the Merseyside area. The Local Authority will continue to meet its statutory responsibilities and ensure that young people continue to receive social care support services until the age of 25.	0.868		0.290	0.578

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Children and Family Services	Commissioning	Reduction in short breaks for families of disabled children.	Minimal reduction in short breaks offer, continuing to delivery statutory responsibilities but may result in an increase in complaints from families and challenge from parents that the Council has failed to meet its statutory duty to provide short breaks. Programme will target the most vulnerable families for whom their caring responsibilities have the most impact on their family lives and parent/community led support will increase. Eligibility criteria will be reviewed and joint commissioning arrangements with partners in health, education and social care will be strengthened.	0.020		0.020	
Children and Family Services	Inclusion	Reduced support for Post-16 Special Educational Needs Transport assistance.	The impact on post-16 pupils with special educational needs will be minimal as applications have been assessed on this basis since the 2011/12 academic year and this has not demonstrated any negative impact. This represents an efficiency rather than a reduction in provision.	0.011	0.011		
Children and Family Services	Inclusion	Home to School Transport Assistance - withdraw discretionary provisions.	The discretionary provisions that are proposed to be withdrawn from the policy have had minimal application in previous academic years by comparison to the mandatory provisions. The Local Authority will continue to deliver on its statutory responsibilities.	0.021	0.021		

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Children and Family Services	Inclusion	Stop School Clothing Grants.	The proposals will result in removal of this discretionary grant. The current award is £20 for primary aged pupils and £40 for secondary aged pupils. An analysis of other Local Authorities has been undertaken and the results indicate that most no longer offer a clothing grant; some examples include Halton, Wigan, Liverpool, Cheshire West, Wirral, Lancashire and Sefton. Many schools nationally set up a small hardship fund, therefore it is proposed that the Council works with the Schools Forum to support schools to set up local hardship funds where appropriate.	0.215	0.179	0.036	
Children and Family Services	Inclusion Standards and Effectiveness (including home to school transport)	Review eligibility for Special Educational Needs travel and achieve contract savings via retendering.	A comprehensive review of how eligibility for SEN travel is assessed, agreed and implemented offers the local authority an opportunity to refine and improve our processes and procedures. The plan is incumbent on realising the savings from a review of eligibility and retendering of the contracts. Any review of assisted travel eligibility would need to be conducted in reference to the Local Authorities statutory duties. Careful planning and consultation will allow the local authority to engage with all stakeholders and reduce the potential for legal challenge and complaint.	0.408		0.163	0.245

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Children and Family Services	Inclusion Standards and Effectiveness (including home to school transport)	Re-modelled Inclusion Service.	The preventative element of the school attendance service will be traded. To mitigate the risk associated with re-modelling this service and the effects that it may have on vulnerable families (e.g. just coping families, children with SEN, excluded pupils, pupils with protected characteristics, migratory pupils and families), it is proposed that, since the inclusion service is mainly a school facing service aimed at improving outcomes for vulnerable groups, this proposal allows a reduced cash limit resource to be aligned with Dedicated Schools Grant resources and traded income from schools.	0.175		0.175	
Children and Family Services	Participation Officer	Reduce participation support for Looked after Children.	Delete Participation Officer post. Children Looked After supported to participate fully against statutory responsibilities for example in respect of reviews, care planning children in care council. Service will continue to be provided in social work teams.	0.040	0.040		
Children and Family Services	Transport	Remodel provision of road transport arrangements for clients.	Flexibility with regard to transport arrangements for service users, with regard to nature of transport e.g. taxi for children and young people attending children in care council and planned activity work or focus groups; reducing some transport responsibilities for front line staff.	0.054		0.054	
Community Safety and Social Inclusion	Community Safety	Reduction in Mobile CCTV capacity.	This 50% reduction in budget provision minimises the ability to move cameras to areas where crime and Anti Social Behaviour is flaring. It is offset by an overall reduction in crime and Anti Social Behaviour in the Borough and the potential to seek partner contributions for redeployment when issues affect their asset base. Budget provision of £0.008m will remain to allow some mobile capacity during the year.	0.008	0.008		

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Leisure Community and Culture	Environmental Sustainability Service	Environmental Sustainability Service (ESS).	Integrating the Behaviour Change and Climate Change Teams whilst retaining a strategic approach to Green Space Strategy and Climate Change. Budgets for maintaining wildflower meadow, woodland maintenance, allotments and playground equipment will be protected. The proposal will reduce the volume of activity that has been achieved in the past but capacity has been retained to facilitate community activity and associated funding bids to maintain quality outputs across these agendas whilst focusing on the health and wellbeing outcome in utilising our green space assets.	0.162			0.162
Leisure Community and Culture	Leisure & Culture Development	Remodel Community Use of Centres for Learning.	Rationalise the number of Centres for Learning open in community use time in 2014/15. This will be based on demand for community access and income generated. Users will be sign posted to alternative facilities and services in the area.	0.046		0.046	
Leisure Community and Culture	Leisure & Culture Development	Refocus partnership working and leisure and cultural development opportunities.	Reorganising the leisure and culture development "offer" which supports healthy lifestyles, community and voluntary sector development through sport, arts and heritage programmes. This includes the use of sessional/freelance workers and training and development. Alternative ways to achieve this to be explored.	0.119	0.119		
Leisure Community and Culture	Leisure & Culture Operations	Rationalising Leisure Centre Opening Hours by 88 hours per week.	Reduce Leisure Centre operating times by 88 hours per week. The proposed reductions have been determined by scrutinising current footfall and usage patterns to ensure minimal impact on existing service users.	0.182		0.132	0.050

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Leisure Communit y and Culture	Leisure & Culture Operations	Transfer King George V Facility.	The transfer of KGV to a Social Enterprise will be undertaken over the next 18 months and is related to growing Knowsley's social sector and the Council's pledge to develop community owned businesses and enterprises. It will utilise the Gateway process for assessing future Social Sector Options.	0.093		0.093	
Leisure Communit y and Culture	Libraries	Full closure of Whiston and Page Moss libraries	The closure of these libraries will potentially impact upon customer take-up of service and subsequent performance outcomes and outputs. The main risks and impact would include removal (relocation) of Library access and facilities for the local community; including the provision of resources, curriculum support, advice and guidance regarding reading, learning and information, which could impact on educational attainment. There could be local residents' opposition to closure. There would be reduced access to ICT and reduced support for the community to gain digital skills. The service currently complies with 1964 Act, which requires each local authority to provide a 'comprehensive and efficient service.' This will continue. Opportunities will be explored as to whether there could be a "hand over" of the current Whiston and Page Moss Library facilities to be operated by community or other groups. The mobile Library service will continue and all services that are currently offered within the Library service will continue to be provided from the Council's remaining libraries.	0.073		0.073	

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Leisure Communit y and Culture	Libraries	Reduced opening hours in all remaining libraries. Libraries will remain open on Saturday mornings.	<p>A reduction in library opening hours could have a significant effect on customer take-up of service and subsequent performance outcomes and outputs. The main risks and impact would include reducing access to Library resources for communities; reduced provision of resources, curriculum support, advice and guidance regarding reading, learning and information, which could impact on educational attainment; reducing access to ICT and reducing support for the community to gain digital skills.</p> <p>The mobile Library service will continue and all services that are currently offered within the Library service will continue to be provided from the Council's remaining libraries. Customers will still be able to access libraries on a Saturday.</p>	0.147			0.147
Leisure Communit y and Culture	Youth	Youth Service Mutualisation (Three year phased implementati on).	<p>This proposal relates to ongoing work with the Youth Service to establish the viability of an employee-owned mutual. It is hoped that this model will allow additional income to be generated, which will offset a reduction in Council funding for this non-statutory service.</p> <p>It is anticipated that at least the current level of youth work in the borough will be maintained. However, the extent and quality of this provision may rise as the benefits of employee owned mutualisation takes shape. Should this approach not be achievable then the non-statutory service will reduce in line with other council business and service levels will be withdrawn. If this is the case then a model for service reduction will need to be developed in consultation with the Cabinet Member.</p>	0.355	0.115	0.120	0.120

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Neighbour hood Delivery	Grounds Maintenance	Reduced grass cutting and collection frequencies.	<p>2014/15 - Pedestrian and triple ride on mowing (90% of cutting operations) will reduce from a five to ten day frequency (continue to maintain high standard of open space maintenance). Grass cut and collect will be retained (10% of cutting operations). There will be an increase in grass cuttings on the highway and footpaths in moving to a ten day cut which the service will be unable to remove. No staff at risk but seasonal workforce will reduce from 24 to 13 posts.</p> <p>2015/16 - Grass cut and collect will stop (standard of open space maintenance will reduce from high to good) and new plant will be used which will be tested in 2013/14. Four staff will be at risk, however, ERVS will reduce this and the 13 season staff will reduce to zero. Parks will continue to be cut and maintained to a high standard and spring, summer and winter bedding at existing locations will be retained across these 3 years. The budget was £3.7m in 2009/10 and reduced to £1.8m by 2012/13. This plan will reduce it to £1.6m in 2014/15 then to £1.2m in 2015/16.</p>	0.600		0.232	0.368

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Neighbourhood Delivery	Street Scene and Pest Control	Street Scene and Pest Control - reduced litter picking, litter bin emptying, cleaning and sweeping.	<p>2013/14 - Area Managers will reduce from four to three and Pest Control will be free of cash limit.</p> <p>2014/15 - Litter picking and litter bin emptying will reduce from weekly to fortnightly. A reactive response of up to five days will be established and this reduction in frequency will benefit from the new approach to environmental enforcement and associated behaviour change from residents, which will reduce service demand over time. Winter Gritting will be unaffected by changes.</p> <p>2015/16 Mechanical sweeping of channels and footpaths to move to a four weekly frequency and reactive response times will increase to up to eight days. The new Enforcement Approach will be fully embedded by 2015/16 with demand for cleansing volumes having fallen across the borough. Daily planned manual cleansing of shopping parades, town centres and school frontages will continue at existing levels then taper off when enforcement impacts and service demand falls. The budget was £2.8m in 2009/10 and reduced to £1.9m by 2012/13. This plan will reduce it to £1.85m in 2013/14 then to £1.63m in 2014/15 and £1.43m in 2015/16.</p>	0.472	0.050	0.220	0.202

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Neighbourhood Delivery	Waste Management & Recycling	Introduce Alternate Weekly Collections (AWC) and cease food waste collections.	Introduce Alternate Weekly Collection of maroon bin from October 2013 to be delivered from Tuesday to Friday over 36 hours. Food waste collection will stop and this waste will go in the maroon bin – only 30% of households (3,600) from 12,000 registered are actually participating costing £0.234m. Maroon bin will be collected on Week One and Grey & Blue bins on Week Two. This will increase our recycling from 32% to 40% and reduce the £7m Levy charge in 2015/16. A comprehensive communication pack will be developed for residents and elected members. All community groups will be directly engaged with by the service before, during and after implementation to minimise disruption. The number of jobs at risk will be reduced from 10 by creating our own staff pool of six employees instead of using agency staff and by appointing the remaining four staff to the eight seasonal recycling officer posts. The budget was £4.2m in 2009/10 and reduced to £2.9m by 2012/13. This plan will reduce it to £2.7m in 2013/14 then to £2.4m in 2014/15.	0.473	0.237	0.236	
Regeneration, Economy and Skills	Car Parking	Increase Car Parking Charges.	Charges to be increased to:- (Up to 1hr) 60p, (1-2hrs) £1.20, (Over 2hrs) £2.40 and (Monthly Staff permits) £48. It is estimated that this will generate an additional £0.091m pa, £0.60m of which will be utilised to offset the existing budget shortfall.	0.031	0.031		

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Regeneration, Economy and Skills	Community Centres	Change in provision of Community Centres.	This proposal will eventually see the Council no longer providing community centres. The Council's provision of community space will be centred on the Leisure Facilities and the Centres for Learning. The Council will actively seek to identify management for these facilities from the community and voluntary sector for which tapered financial support can be applied. Where a new provider cannot be sourced over time, the centre will be closed and the asset disposed of as part of the Corporate Property Plan. Knowsley is rich in community facilities (including the Centres for Learning, Leisure Centres and existing third sector facilities). These offer community groups alternative venues, although provision might not be as accessible as is currently the case for some users.	0.200	0.030	0.170	
Regeneration, Economy and Skills	Community Chest	Remodel the Community Chest Fund.	The existing model, which is under spent, enables 90 grants (each of £500) to community groups. However, the 25% reduction will provide the opportunity to restructure the grant programme to offer smaller individual grants, ensuring that more community groups benefit from the programme, while supporting the wider community empowerment and social growth agenda.	0.011	0.011		
Regeneration, Economy and Skills	Community Development	Restructure Community Development Team.	Restructure the community development team from four officers (one supervisor and three community development workers) to three, including the supervisory role. The impact would be mitigated by the supervisor taking responsibility for a geographical area and the wider ongoing work around integrated area working.	0.047		0.047	

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Regeneration, Economy and Skills	Infrastructure	Reduce resources to maintain the Borough's Highways.	It is proposed to reduce the spending on road maintenance from 2014/15. This will in part be mitigated by contract savings, which have recently been achieved through tendering the contract. Further cost savings will be achieved through the use of the most appropriate and best technologies. However, there will be an impact on the service, as resources will need to be directed to deal with high priority works. Works will be prioritised on proven asset condition rather than public perception. The remaining portion of the saving will be achieved through a reduction in local safety schemes including a reduction in the number and placement of School Crossing Patrols. The exact reductions will follow a review to be undertaken in 2013/14 and only those crossings exceeding national guidelines will be considered for removal.	1.249		1.249	
Regeneration, Economy and Skills	Strategic Housing Service	Cease Domestic Energy Enabling Fund.	Cease the Domestic Energy Enabling Fund, which is used to address fuel poverty, enable carbon reduction and increase health outcome. The costs can be offset against savings achieved by the individual homeowners.	0.050		0.050	
Regeneration, Economy and Skills	Voluntary Sector Grant Aid	Service Level Agreement with Knowsley Council for Voluntary Services (KCVS).	A 25% reduction in 2014/15, which will enable appropriate consultation with KCVS and for alternative models for the organisation to be explored. This will also enable KMBC to consider the most appropriate way to deliver outcomes linked to the Social Growth workstream.	0.029		0.029	
Leader's Portfolio	Neighbourhood Management	Relocate Halewood Area Team.	Relocation of the Halewood Area Team from the New Hutte Centre to rent free accommodation in a Council building, possibly Halewood Leisure Centre.	0.017		0.017	

Portfolio	Service	TITLE	IMPACT	Total £m	2013/14 £m	2014/15 £m	2015/16 £m
Corporate and Customer Services	Contact Centre	Reduction in Contact Centre Advisors.	Reduced resources will lead to increased waiting times and increased abandoned call levels. Presently, calls at busy times can queue for over 10 minutes. This will occur more frequently with reduced staffing levels. The average time to answer calls will increase. All services currently offered within the Contact Centre will continue to be provided.	0.140		0.140	
Corporate and Customer Services	Democratic Services	Revised Decision-making Structure.	Review of structure to achieve a more streamlined approach. Immediate action with a longer term monitoring review for future years to achieve a reduction in the number of formal meetings and requisite support.	0.050			0.050
Corporate and Customer Services	One Stop Shops	Reduce One Stop Shop Opening Hours.	All four One Stop Shops will continue to open each day, but with reduced staffing resources. There will be a reduction in opening hours to 10am - 4.00 pm each day. The fluid resource between the Contact Centre and One Stop Shops would be less efficient. Customers would have a shorter window to have their enquiries resolved, so customer waiting times could significantly increase. This risk will be mitigated by seeking to encourage customers to use electronic payment and contact methods other than face-to-face. Customers will also be offered alternative appointment times wherever possible. There also could be an impact upon other partners and services using the One Stop Shops, such as Knowsley Housing Trust. All services currently offered within the One Stop Shops will continue to be provided.	0.150		0.150	

TOTAL

11.635

0.882

7.005

3.748

THE CABINET'S PROPOSALS FOR NEW TEMPORARY INVESTMENT

(Detailed Investment Assessments are available on request)

Invest to Save Proposals	Description	Portfolio	2013/14 £m	2014/15 £m	2015/16 £m	TOTAL £m
Energy Efficiency Schemes	The investment would allow for existing Council buildings to be fitted with energy saving measures to reduce carbon emissions and achieve substantial annual cost savings.	Regeneration, Economy and Skills	1.000	-	-	1.000
Emergency Highways Repairs	This will be used to fund priority repairs in the highways infrastructure to ensure that future savings in this area do not lead to increased insurance claims.	Regeneration, Economy and Skills	1.000	-	-	1.000
Reconfigure All Weather Pitches (Centres for Learning)	There is capacity to divide the current pitches to create additional pitches on each site. This involves pitch marking and new goals for all pitches. It is proposed that nine new pitches will be created across the five centres.	Leisure, Community and Culture	0.065	-	-	0.065
TOTAL			2.065	-	-	2.065

Sustainability of the Borough Proposals	Description	Portfolio	2013/14 £m	2014/15 £m	2015/16 £m	TOTAL £m
Knowsley Industrial Park – Improvement Fund	The request for one off resources is to fund a full transport/highways infrastructure feasibility assessment of the parks and then to commence delivery of the study's recommendations. The resources would also enable the Council to consider the acquisition or provision of support for the redevelopment of key gateway sites.	Regeneration, Economy and Skills	5.000	-	-	5.000
Local Authority Mortgage Scheme	This will provide support to first time buyers to invest in the Borough by implementing a Local Authority Mortgage scheme.	Regeneration, Economy and Skills	1.000	-	-	1.000
Tour of Britain	Securing the Tour of Britain is part of the emerging cycling strategy for Knowsley. Such high profile events are invaluable in profiling Knowsley with significant national, regional and local media coverage as well as international coverage. Such events can also encourage mass participation in cycling resulting in improved public health.	Leisure, Community and Culture	0.165	-	-	0.165
Superfast Broadband	To provide support for the development of the Government and European Regional Development Fund 'Connected Merseyside' initiative which will deliver superfast broadband to key and priority business areas across the Merseyside.	Finance and Information Technology	0.040	-	-	0.040
Marketing Prescott	To create a supportive environment, which encourages investment and seeks further investment opportunities in targeted markets to tackle the issues and challenges the town faces.	Regeneration, Economy and Skills	0.152	0.118	-	0.270
Business Support Fund	Creation of a fund to support business start-ups, business growth and Inward investment through the provision of small grants and / or loans.	Regeneration, Economy and Skills	0.400	0.300	0.300	1.000

Additional Credit Union Support - Emergency Loans	To provide resources to Credit Unions to enable the provision of Emergency Loans to be accessible across the Borough	Finance and Information Technology	0.050	-	-	0.050
Academy Attainment	To develop programmes of transition between primary and secondary schools to retain the significant number of pupils who currently identify a first choice preference for secondary provision outside the Borough.	Children and Family Services	2.000	-	-	2.000
TOTAL			8.807	0.418	0.300	9.525