

OUR MEDIUM-TERM STRATEGY AND BUDGET CHOICES FOR 2019/20

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

1. INTRODUCTION AND PURPOSE

- 1.1 We have been sharing with residents, partners, members and all colleagues across the council, our medium term strategy for addressing the financial challenges facing the Council. Most recently this was through our update to Cabinet in August and through subsequent All Colleague Briefings. We know that difficult decisions are needed but are confident that with our core organisational values, robust financial management and longer term view to managing pressures facing the Council that we are well placed to meet the £47m budget gap in the coming four years. The Borough has already managed cuts and budget pressures of over £100m in recent years, while continuing to deliver good services and good value for money. It is in this context that we introduced our medium term strategy (fig.1), framing the choices the Council will make about its budget both next year and in future years.

figure.1: our medium term strategy



- 1.2 As can be seen in media coverage of council finances nationally, there will be difficult trade-offs in deciding how to allocate and prioritise public spending. To do this responsibly, whilst also supporting the ambition for Stockport, we need plans which will reshape public services over the medium term. Work has been underway to further understand our budget choices and this report provides an update on the budget choices and proposals available to the Council.

2. OUR BUDGET CHOICES

- 2.1 Whilst the Medium Term Financial Plan (MTFP) Summer Review identified resources that could be made available to support the Council's 2019/20 budget and MTFP, the risks and volatility underpinning the MTFP forecasts resulted in a recommendation not to adjust the saving requirement. The recommendation was approved by the Cabinet at its meeting on 14 August. As a result the Council savings requirement remains as approved at the Budget Council meeting in February 2018; £15.926m in 2019/20 rising to £47.019m by 2022/23.
- 2.2 In order to address the £47.019m savings requirement the Cabinet has developed a thematic approach that cuts across Council activity and the wider Stockport Partnership to identify where further efficiencies and savings can be made. The Cabinet accepts the responsibility to make the necessary tough decisions. Whilst the focus of this work is on the Council's medium term plans, it is recognised that this must also support the annual budget setting process for 2019/20. On this basis the thematic proposals outlined in this report have identified £8.730m of full year savings (£6.874m will be achieved in 2019/20, see paragraph 2.9) to support the Council's 2019/20 budget.
- 2.3 Alongside this the Cabinet wants to share its position on Council Tax as early as possible. Whilst we recognise that the burden on Stockport residents to fund local services continues to increase particularly as income stagnates and families – both in and out of work – are struggling, this has to be balanced against the financial challenge facing the Council over the medium term period. The Cabinet is unhappy with Government's continuing policy to expect local taxpayers to shoulder the burden of increasing costs in part due to failures of national policy and leadership, most notably the absence of a sustainable funding solution for Adult Social Care. The Cabinet continues to lobby Government on this and how they intend to address this imbalance between central and local funding of Council services.
- 2.4 Nevertheless, the Cabinet also recognises that without a contribution from local taxation to support the public services the residents of Stockport rely on, further difficult decisions will need to be made with significant implications for essential Council services provided. This would be counter to our ambition for ensuring Stockport is a socially and economically inclusive Borough and the overarching principle that the Council needs to become financially self-sufficient by 2020/21. The decision to propose an increase in Council Tax in 2019/20 has not been taken lightly and the impact it will have on Stockport residents has been considered. Furthermore the Cabinet is clear that an increase in Council Tax is not simply being proposed to bridge the budget gap in absence of medium term plans. The adopted strategy to address the financial challenges ahead and ensure the Council and the Borough are fit for the future is evidence of this.

2.5 Given the scale of the financial challenge facing the Council, the Cabinet feel it has little choice but to propose an increase in Council Tax of 2.99% (1.99% General and 1% Adult Social Care Precept) in 2019/20 which will result in an additional £4.485m of resources to support the Council's 2019/20 budget. It is noted that Government have proposed a Council Tax increase referendum limit of 3.99% as part of their technical consultation on the 2019/20 Local Government Finance Settlement. Whilst Government expectations will be for councils to increase Council Tax by 3.99%, we are working hard to limit the increase to the proposed 2.99% and by doing so lessen the burden on Stockport Residents.

2.6 Combined with the thematic proposals outlined in this report the Council's 2019/20 saving requirement would reduce to £2.711m as shown in the table below:

Table 1 - Revised 2019/20 Saving Requirement

	£000s
2019/20 Saving Requirement	15,926
Thematic Saving Proposals Identified	(8,730)
Council Tax Increase - 2.99% (including 1% Adult Social Care Precept)	(4,485)
Revised 2019/20 Saving Requirement	2,711

2.7 While recognising the remaining saving requirement of £2.7m the Cabinet is confident that by continuing to review further areas where resources could be made available that this will help address the remaining saving requirement. This will involve:

- Continuing review of the MTFP to identify the likelihood and impact of the risks and uncertainties materialising and thus whether the resources identified within the Summer Review of £2.614m can be realised;
- Review of the Council's Council Tax Discount Scheme which could realise up to £1.1m - as outlined elsewhere on this Cabinet agenda;
- Review of the Council's existing Strategic Investments and identification of any further opportunities; and,
- Review of Business Rates retention.

2.8 Whilst we continue to explore these areas and the identification of available resources, we are also aware of the significant risks identified in the MTFP Summer Review materialising and the adverse impact these could have on the Council's savings requirement. It is noted that this may result in the resources identified from the review of the areas in paragraph 2.7 being needed to offset any adverse impact rather than reduce the Council's savings requirement. In this event and to mitigate any risk we will continue on working to identify savings linked to the thematic areas.

2.9 It is also noted that £1.856m of the thematic saving proposals will be phased to be achieved in 2020/21. As a result there will be a requirement to provide 'double running' support to balance the Council's budget in 2019/20. This can be achieved through the use of the Council's Reserves Policy and/or the resources identified following the review of the areas in paragraph 2.7.

3 IMPLEMENTING OUR STRATEGY

3.1 Since introducing our strategy in August, work has been underway to develop our strategy into a series of implementation plans and proposals. These are presented with this report and are summarised in table.1.

Table.2 – programme overview

Strand	Saving Proposal		Proposed 19/20 Full Year Savings (£000)	Staffing Reductions	Where further information can be found
Strategic Commissioning	Children's and Education		1,100	Yes	Appendix.2
	Value for Money Procurement		950	No	
	Support Funds Coordination		990	Yes	
	Community Safety Services		320	Yes	
	Stockport Local Transport		530	Yes	
	Support and Governance		1,100	Yes	
	Public Realm		740	tbc	
Improving Citizen Experience	Balancing the Cost of Services	Events and Registrars	50	No	Appendix.3
		Planning	50	No	
		Fees and charges	600	No	
		CSS Traded Services	100	No	
		Early Years- second phase 5% charge	120	No	

Strand	Saving Proposal		Proposed 19/20 Full Year Savings (£000)	Staffing Reductions	Where further information can be found
	Modernising Citizen Journeys	Information Advice and Guidance: phase 3 - business	200	Yes	
		DBD Phase 2	550	Yes	
		DBD Phase 2 - Single Front Door	100	Yes	
Place & Property	Asset rationalisation of current and former operational buildings*		295	No	Appendix.4
	Additional Income from Operational Building		240	No	
	Exit rented accommodation and changes to other leased accommodation commitments		110	No	
	Review and disposal of operational and non-operational land and other assets		Capital savings aligned to *	No	
	Development of Stockport Local Centres model		585	No	
Collaborative Service Delivery			Enabler	No	Appendix.5
Organisation fit for the future			Enabler	No	Appendix.6
Total			8,730		

A summary of our plans are outlined below.

Strategic Commissioning: Getting more out of our spending

- 3.2 A key part of creating a sustainable Council over the coming years is the need to get more out of every pound we spend. This is true both where we are delivering services ourselves and where we buy goods and services from other providers.
- 3.3 In the current financial context, commissioning is both about reducing spending and finding creative ways to ensure that the funds that are available are spent in the most effective way. We will be bringing forward a place based commissioning

consultation document There are seven proposals to accompany this work stream, these are listed below:

- **Proposal 1: Children and Education Services (*savings proposed £1.100m*)**
This proposal will carry out a fundamental review of the alignment and focus of Education and Family support, some Housing Support and Children and Young Peoples' Health services.
- **Proposal 2: Value for Money Procurement (*savings proposed £0.950m*)**
This proposal will see the Council Working closely with STAR Procurement to develop a new Contract and Provider Management function and undertake targeted reviews of spend across identified category areas.
- **Proposal 3: Support Funds Coordination (*savings proposed £0.990m*)**
This proposal seeks to review discretionary and statutory support funds and grants offered to local citizens in need of additional help. This includes a proposal to cease the Support Local Assistance Scheme (SLAS) accompanied by a review of other funds to ensure these are well coordinated to support the most vulnerable within our communities.
- **Proposal 4: Community Safety Services (*savings proposed £0.320m*)**
This proposal builds on an earlier review of Community Safety services to continue ensure the integration and reprioritisation of security and community safety across the Borough.
- **Proposal 5: Stockport Local Transport (*savings proposed £0.530m*)**
A range of transport services are commissioned by the Council and Partner agencies to help people access services, school, or their local area. This work will consolidate these approaches and apply a Stockport Local Transport standard across providers.
- **Proposal 6: Support and Governance (*savings proposed £1.100m*)**
As the Council reviews its approach to the commissioning and delivery of services it is necessary and appropriate to review and re-specify corporate and supporting services.
- **Proposal 7: Public Realm (*savings proposed £0.740m*)**
This proposal is to review the existing service specification across a range of public realm services with a view to re-specifying and reducing the existing service level. This review will consider alternative delivery models but also agreed service standards.

3.4 We have in the past acknowledged that some residents experience long waits and other barriers to contacting the Council on occasion. Understandably, our citizens have expectations of a 21st century approach to customer service. Regardless of the current financial challenges, we know that through modernizing our citizen journeys we can better meet expectations of customer service by radically transforming the way we do things and the way people access services. This includes end-to-end service effectiveness and efficiency; ensuring that citizens remain at the heart of what the Council does; looking forensically at our spend and costs and being clear on areas where citizens may need to contribute more for services in the future; and ensuring we have a strong citizen focus in the way that we design services and work with individuals. The two proposals accompanying this workstream are as follows:

- **Proposal 8: Balancing the Cost of Services (*savings proposed £0.920m*)**
This proposal will see a fundamental review of our charging policies for all aspects of service delivery based on a pre-determined set of principles. The overall income strategy includes the consideration of all 'Fees and Charges' by each service manager, and pricing decisions on those charges where the Council has discretion.
- **Proposal 9: Modernising Citizen Journeys (*savings proposed £0.850m*)**
This proposal will see the Council taking a phased approach to the development of its digital functionality. Having completed phases one and two of Digital by Design, this proposal will bring full end to end digital transformation aligned to our customer experience strategy.

Having the Right Property in the Right Place

3.5 Stockport Council owns a wide range of assets; resources that are functional for the Council's day-to-day activities. In order to realise overall strategic aims, we must adapt our property and land assets to create a welcoming and vibrant environment that supports economic growth, and works for neighbourhoods.

3.6 This work stream will lead a strategic approach to rationalising assets under the core principles of retaining an asset, where it provides a responsive and fit-for-purpose offer designed around place based community needs. Reviews will take place to ensure that we have the right property in the right places for the residents of Stockport.

3.7 This work stream puts forward a total of four proposals that are proposed to take place for 2019/20. These are summarised as the following:

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

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

- **Proposal 11: Additional Income from Operational Buildings (*savings proposed £0.240m*)**

This proposal seeks to maximise the income potential from the operational estate. The core feature of this vision is the co-location of Council partners and other organisations into operational office buildings.

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

This is a cost saving exercise whereby the cost of renting accommodation will be reduced and the Council's existing built assets will be used to maximum efficiency through the relocation of services.

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

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

- **Proposal 14: Development of Stockport Local Centres model (*savings proposed £0.585m*)**

This proposal seeks to develop and implement a Stockport Local Centres model through a strategic place based review of assets. The review will evaluate assets in terms of their location and social context, which will result in a portfolio that is designed for communities.

Collaborative Service Delivery - Enabler

- 3.8 The Council has a stated ambition to collaborate with other service providers in order to protect front line services, increase resilience within services, reduce costs through economies of scale, and improve service performance through a uniformity of provision and collaborative relationships and seeking opportunities to avoid duplication. Within the same theme, the potential for a growth in traded services will be explored as a mechanism to generate income. Our strategic intent for collaborative service delivery is outlined in the appendix with further information to be shared as and when partnership opportunities develop.

Having an Organisation Fit for the Future - Enabler

- 3.9 Responding to the financial challenges faced by the Council will require a transformed organisation and different ways of working. This workstream will

enable the Council to build solid foundations upon which the Council will achieve the ambitions outlined in our other areas of work.

- 3.10 This is a 4-year programme of work and will involve laying down the foundations within the initial year which enable other programmes to achieve their aspirations.

4 THE NEXT STEPS

Developing our plans

- 4.1 This is the start of our medium term strategy and therefore we will be developing our plans and proposals further over the course of the coming months and into future years. As we do this we will be working with partners, Trade Unions and our communities to inform how we will work in the future. We will also be working with Scrutiny Committees and sharing further proposals when they are available.

- 4.2 In the first instance we will be developing our proposals across the areas identified within the appendices and alongside the overall implementation plans appended, presenting the following to Scrutiny in October for discussion:

- Fees and Charges further breakdown of savings for 2019/20;
- Digital by Design areas of focus for 2019/20;
- Place and Property schedule for 2019/20;
- Place Based Commissioning Consultation Document;
- Stockport Local Consultation Document;

- 4.3 Indicative timeframes have been included for all proposals within the thematic appendices. Delivery of these proposals will be overseen at all appropriate levels within the organisation, including through internal officer governance, lead Cabinet members and will include quarterly performance and resource reporting to scrutiny committees. In relation to the Childrens and Education services and Stockport Local Transport commissioning reviews further information will be shared with scrutiny as appropriate when specific proposals are available.

Consultation and Engagement

- 4.4 The Cabinet is committed to robust, inclusive and proportionate consultation and engagement with partners, residents, trade unions and service users on proposed changes to services in order to inform the way we work in the future and to assess both the impact on stakeholders. Feedback will be used to shape our approaches including mitigating against any negative impacts as far as possible.
- 4.5 Scrutiny Committees remain an important part of our consultation and engagement approach and we welcome their feedback in shaping our medium term implementation plans. Proposals requiring any changes to services will be shared with the appropriate committees - the detail of when and by which

committee is outlined in appendix one - and their feedback considered as proposals are further developed.

- 4.6 Where spending reductions are proposed, consultation will be undertaken to include key stakeholders, as well as Scrutiny Committees, as appropriate to the proposal ranging from residents, service users, community and interest groups, partners, employees, trades unions and other stakeholders.
- 4.7 In support of this we have also developed some of the tools we use to engage and consult. Our Have Your Say webpage (www.stockport.gov.uk/haveyoursay) has seen a number of improvements, making it easier and encouraging people to share their feedback and take part in engagement opportunities. As well as this we have invested in a number of tablets to enable us to be more flexible and responsive in where and how we consult.

Partnership Considerations

- 4.8 Working with our partners, providers, communities and associated bodies is central to delivering our medium term strategy. We have been working closely across a range of partners to design, develop and implement our medium term programme. Each of our partner organisations, Stockport Homes, Life Leisure and Totally Local Company, will be affected in different ways by the proposed reforms we are setting out and whether direct or indirect, their input into designing and implementing change will be critical to delivering the overarching ambition for Stockport.
- 4.9 Inclusive Growth, Stockport Family and Stockport Together demonstrate the value that we place on reshaping the relationship that we have with public sector partners, our associated bodies and importantly our communities. This emphasis will only continue to develop over the future and is underpinned within our partnership Borough Plan. In particular we will building on this further as we collaborate with all our partners and communities upon our Stockport Local strategy.

Equality Considerations

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

Workforce Considerations

- 4.11 In line with previous iterations of the Council's medium term programme it is acknowledged that this level of redesign will have a significant impact on the current workforce. There will be a continued requirement for Council employees to adjust to new ways of working, potentially within new teams and in redesigned services.
- 4.12 At present we estimate that our year one proposals represent an overall staffing reduction in the region of 55-80 FTE staff which represents approximately 2-3.5% of our current workforce. Further staffing implications may be identified as thematic service reviews are developed. The total number of staff displaced will be dependent on the salary costs of the deleted posts.
- 4.13 The Council has a well-established Restructuring and Organisational Change Policy which governs the way in which redesign exercises with staffing implications are managed. Subject to the approval of the Cabinet to progress these reviews where necessary, draft Staffing Business Cases will be developed and at the appropriate time and directly affected employees will move into a period of staffing consultation. As well as the information already provided in the Implementation Plans (appended to this report), these documents will also contain:
- The details of all posts directly affected by the change;
 - Organisational structure charts of the service before and after the proposed change;
 - Job descriptions for any proposed new posts;
 - The arrangements and timescales for consulting with the appropriate employees, unions and public (if applicable);
 - Methods employed or proposed to reduce any adverse impact on employees including minimising redundancies; and
 - Details on the proposals for the method of selecting employees for redundancy, ring fencing arrangements, slotting into posts, recruiting to new/remaining posts.
- 4.14 Consultation with staff on proposals which directly affect them will be implemented on a phased basis with early redesign exercises moving into a period of staffing consultation during October. There will then follow a consultation period of up to 45 days, during which time affected employees, Trade Union representatives and other stakeholders will be given the opportunity to comment upon the draft Staffing Business Cases and help shape the future of service delivery in the identified areas. A final Staffing Business Case will be published following this consultation period. The indicative milestones for consultation periods will be contained within the individual business cases.
- 4.15 The Council remains committed to managing the potential impact on employees by voluntary means wherever possible. In general, staff within scope of the reviews detailed above will be placed at risk of redundancy at the point where their formal consultation period starts. This will also trigger a period when affected employees will have priority access to internal vacancies. This in turn may create some movement out of the affected area into other vacant roles across the Council.

- 4.16 Employees within scope of specific redesign exercises may also be offered an enhanced redundancy payment as a mechanism to achieve the required savings by voluntary means. Voluntary Redundancy will be directly linked to specific service reviews and are likely to be limited to the proposals outlined in individual business cases. As with previous consultations with staff, and in accordance with the Restructuring and Organisational Change Policy, the proposed approach and timing of any Voluntary Redundancy offer will be confirmed and consulted upon in each of the individual draft Staffing Business Cases.
- 4.17 The level of enhanced payment for Voluntary Redundancy remains under review and will be considered as part of the work stream entitled 'An organisation fit for the future'. There are no plans to offer Council-wide opportunities to volunteer for redundancy was the practice in 2013/14. In general the Notice Period for any staff within scope of these initial reviews who choose to take Voluntary Redundancy will be linked to statutory notice.

5 **CONCLUSION AND RECOMMENDATIONS**

5.1 Cabinet is recommended to:

- Discuss the progress outlined within this report;
- Consider the recommendation relating to Council Tax and the Social Care precept outlined in section 2;
- Consider the proposals outlined in section 3 and within the appendices and with regards to these areas:
 - Note the commitment to share further detail on identified areas outlined in section 4 with Scrutiny;
 - Commence appropriate consultation and engagement on proposals;
 - Invite scrutiny committees to discuss and comment upon proposals relating to their remit.

Appendix 1- Scrutiny Schedule

Scrutiny Committees will receive copies of implementation plans alongside supporting documentation signposting to areas within their remit

Adult Social Care & Health Scrutiny Committee 16 th October		Communities and Housing Scrutiny Committee 29 th October		Corporate, Resource Management & Governance 30 th October	
Theme	Proposal	Theme	Proposal	Theme	Proposal
Strategic Commissioning	Value for Money	Strategic Commissioning	Value for Money	Strategic Commissioning	Value for Money
Strategic Commissioning	Support Funds Coordination	Strategic Commissioning	Community Safety Services	Strategic Commissioning	Support and Governance
Strategic Commissioning	Stockport Local Transport	Strategic Commissioning	Public Realm Services	Strategic Commissioning	Children and Education Services
Strategic Commissioning	Supported Governance	Place and Property	Stockport Local Centre Reviews	Strategic Commissioning	Support Funds Coordination
Collaborative Service Delivery	All	Collaborative Service Delivery	All	Strategic Commissioning	Community Safety Services
An Organisation Fit for The Future	All	An Organisation Fit for The Future	All	Strategic Commissioning	Transport Services
				Place and Property	All
				Collaborative Service Delivery	All
				An Organisation Fit for The Future	All
				Improving Citizen's Experience	All

Children & Families Scrutiny Committee 31 st October		Economy & Regeneration Scrutiny Committee 1 st November	
Theme	Proposal	Theme	Proposal
Strategic Commissioning	Value for Money	Strategic Commissioning	Value for Money
Strategic Commissioning	Children and Education Services	Strategic Commissioning	Stockport Local Transport
Strategic Commissioning	Support Funds Coordination	Collaborative Service Delivery	All
Strategic Commissioning	Community Safety Services	An Organisation Fit for The Future	All
Strategic Commissioning	Stockport Local Transport		
Collaborative Service Delivery	All		
An Organisation Fit for The Future	All		