

LABOUR GROUP MEETING	DATE 12 October 2009	ITEM NO 8
REPORT TITLE Future Financial Strategy : 2011/12 to 2014/15 Potential Work Streams	WARD (S) All	
DECISION CLASSIFICATION Briefing Report	FORWARD PLAN ITEM	
CHIEF OFFICER(S) Chief Executive	CABINET MEMBER Leader of the Council	

1. Decision

- 1.1. To note the need to develop a future financial strategy and the work streams being pursued by Officers.
- 1.2. To consider the possibility of giving notice to withdraw from affiliated bodies with final decisions to be taken after May 2010.

2. Introduction

- 2.1. The Council's Medium Term Financial Strategy (MTFS) covers the period up to 2010/11. It is, therefore, necessary to develop a new financial strategy to run from 2011/12 to 2014/15.
- 2.2. It is known that the financial climate in this next period will be particularly challenging. Although no immediate announcements will be made by Government on the funding position for Councils, it is expected that funding will be restricted and that the Council will need to make significant reductions in its expenditure. Current best estimates are that a four year freeze to Council budgets would require a reduction in revenue budgets of £26.8m over the four year period of the next administration. In addition, the Council will face continued pressures on its expenditure, in particular in relation to Social Care costs.
- 2.3. Within the MTFS, the Council has been able to make a number of important investments, particularly in relation to Community Safety (the VOCU) and improvements to the quality of the public realm (Cleansweep and Waste Management). Within the future financial strategy 2011/12 to 2014/15, the Council will need to consider whether to continue with such investments which would raise the savings target to over £30m.

- 2.4. There will also be a need to build capacity to pursue investments in priority areas, as well as meeting the opportunities and requirements of being a host borough for the Olympic Games in 2012.
- 2.5. Therefore, although the MTFs currently in place covers the period 2010/11, it is prudent to begin to consider the ways in which the Council will meet the requirements for further spending reductions in the next 4 year period and, if possible, to bring forward efficiencies to assist the overall budget position.
- 2.6. Within its MTFs, the Council has had to deliver £24.7m of savings and efficiencies and it will, therefore, be an even more challenging task in this coming round. Whilst every effort should be made to deliver these spending reductions through efficiencies, the scale of the task may mean that more difficult choices will be needed in relation to continuation of services.
- 2.7. It is prudent, therefore, for the Council to begin the process of examining and scrutinising all of its expenditure. It is proposed that this task is tackled by identifying a number of cost cutting work streams which Officers should pursue over the coming months, reporting back to Members as work is progressed.
- 2.8. Prior to the summer recess, the Leader asked GMT to consider managing the existing budget so as to avoid applying the anticipated £3.7m of additional grant expected from next April. This in effect requires the Council to cash limit all expenditure going forward into the next financial year.
- 2.9. In addition, GMT was asked to identify broad themes for consideration prior to discussions with Cabinet members. The Chief Executive has identified and each work stream has a named lead officer from the Greenwich Management Team.

I. Delivering Economies from the next stage of the Modernisation Programme (**Chris Perry**)

- Examine the further economies to be delivered from:
 - Woolwich Civic Office - premises costs, energy costs, shared services
 - Front office - Back office split - shifts - balance - role of contact centre and CRM

- Role of the web to reduce transaction costs - shared services with other public services
- Efficiencies from changed ways of working/delivery models for services, cultural change of staff and managers.
- Revisit original savings profile of financial envelope to identify 'kick-in' of savings.

2. Workforce Efficiencies (**Shaun Rafferty**)

The review to include:

- Terms and conditions, in particular evening and weekend working costs
- Sickness absence levels
- Role of interims/agency staff/Manpower contract
- Increased productivity

3. Trading Services Company (**Shaun Rafferty**)

- Review of all Council services with a view to identifying which services could benefit from being part of the Trading Services Company at some future date. Questions to be posed by the review are:
 - Why not?
 - Why not now?

4. Delivery Models - Social Enterprise

Proposals to be brought forward for the delivery of services via Social Enterprise models:

- Health & Social Care (**John Nawrockyi**)
- Foster Care (**Gillian Palmer**)

5. Stand Alone Facilities (i.e. taking forward Neighbourhood Services & Property Strategy) (**Chris Perry**)

Review of all services provided on a stand alone basis to identify options for sharing/integration with a view to reducing overheads and

improving customer experience. This to be taken forward as part of a review of the neighbourhood services and property strategy.

6. Voluntary Sector Commissioning (**Frances Dolan**)

This will require a new 3 year approach to be developed to align with the Council's commissioning requirements. As a minimum, this is likely to require cash limited and possibly reduced budgets.

7. Social Care (**John Nawrockyi**)

Examine options for the provision of social care services, this to include the scope for shared services, e.g. EDT; shared commissioning with other partners in the borough or with other boroughs.

8. Corporate Procurement - need to identify tranche of services/products which could deliver savings from improved procurement. (**Debbie Warren**)

9. Reserves & Section 106 (**Debbie Warren**)

Review to identify opportunities to contribute to budget strategy.

10. Review of Low Priority Activity (**GMT**)

To scrutinise all Council activity to identify those services, activities or projects which are low priority and could cease.

John Nawrockyi to lead a cross cutting group to examine 11, 12 and 13

11. Review of eligibility criteria beyond care services

12. Restricted access to services – examine options to reduce demand and volume

13. Personalisation beyond care services

To examine how the approach to personalisation and choice within Adult Social Care could be applied to other service areas, eg Youth Services.

14. Review of buy back services to schools (**Gillian Palmer**)
15. Review of leaseholder services and identify scope to review charging arrangements (**Chris Wood**)
16. Review of corporate overheads (**Debbie Warren**)
17. Review of the charging a strategy (**Debbie Warren**)
18. Review of Affiliations (**Debbie Warren**)
19. Identification of scope for shared services with other Councils/Public Bodies (**Debbie Warren**)

It is expected that this strand will be informed by a number of the other studies above, eg 3, 10, 11 and 12.

3. One of the work streams identified above refers to the need to review affiliations. Attached as Appendix A is a draft briefing paper on this aspect of the work streams. Due to the lead in time, should the Council decide to withdraw from any of these organisations, this would require a minimum of a year's notice and it is therefore brought to Members for an early discussion.

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Chief Executive

**APPENDIX A
AFFILIATIONS**

1. Decisions

- 1.1 To note the requirement to provide notice to organisations to which the Council is affiliated in many cases exceeds 12 months.
- 1.2 To note that as part of the identification of a new financial strategy, consideration of the circa £1.5m affiliations budget should be undertaken.
- 1.3 To note that the giving of notice does not represent a final decision but offers the Council the opportunity to discuss the nature of affiliations with each body and the option for the new administration to decide whether to confirm notice to withdraw after May 2010.
- 1.4 To note that this strategy would permit savings if confirmed to be secured by 31 March 2011, as opposed to a full year later should notification be deferred until after this financial year.
- 1.5 To agree to investigate the relevance and value for money of all affiliations within this report, with the exception of the Museums Association and to give formal notice to any organisation where the period is one year or greater.
- 1.6 To agree that no final decisions will be taken on affiliations without a further report to Members after the May 2010 elections.

2. Medium Term Financial Strategy

- 2.1 This year represents the final year of the Council's four year Medium Term Financial Strategy and, therefore, it is appropriate for the Council to consider a new budget setting regime and refresh its current position. This will enable the Council to retain the key element of a medium term strategy - stability.
- 2.2 The Council finds itself operating in difficult economic circumstances. This is impacting on the authority both in terms of its position as an enabler and a provider of services (e.g. reduced income levels). In addition the authority is heavily reliant on Central Government grant, which will also be under pressure.
- 2.3 Against this wider economic backdrop it is essential for the Council to scrutinise its expenditure and income budgets to retain the integrity of its current and future MTFs and demonstrate value for money. The level of expenditure incurred in respect of affiliations is such that a review of the benefits received is appropriate. It may also be appropriate to consider whether any such benefits are capable of being procured in a different way.

- 2.4 One major element of expenditure relates to affiliation fees. The Council currently spends in the region of £1.5m on such fees. A preliminary review has been undertaken and the affiliations that have so far been identified are listed below. Detailed reviews will need to take into account all aspects relating to the individual affiliation, including the notice period required. For example the notice period required by the LGA and London Councils is the end of the following financial year in which notice is given.

It is the Council's priority in retaining membership of TGLP has been to secure the attention of policy makers in central government to recognise the development potential of the redundant industrial lands of east London. This has been extremely successful but has resulted in the creation of many delivery bodies which have to some degree overtaken the need for the organisation.

Organisation	2009/10 Subscription £
Affiliations cost over £100k	
London Councils Grants Programme	777,487
London Councils	
- ALG Joint Committee	197,015
- London Councils Limited	37,248
Affiliations cost £10k - £100k	
Local Government Association	63,940
Thames Gateway London Partnership	45,190
Local Government Information Unit	19,600
Affiliations cost £1k - £10k	
Contribution to Green Chain Walk	9,231
Housing Quality Network (Housemark)	6,500
London Asylum Seekers Consortium	5,000
Association of Directors of Children's Services	2,351
The Association of London Directors of Children Services (ALDCS)	2,000
British Standards Institute (BSI)	1,500
Affiliations cost £500 - £1k	
London Tree Officers Association (LTOA)	872
Commonwealth Local Government Forum (CLGF)	835
National Council for Voluntary Organisations	670
Chartered Institute of Library and Information Professionals (CILIP)	625
Museums Association	552
Total	1,170,616

Note
stability.

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2.5 London Councils Grants Programme

The Council contributes an annual grant payment for the London Councils Grants Programme. The Grant is allocated to third sector organisations that deliver services across multiple boroughs.

It is not clear that Greenwich secures the level of return in grants for its investment.

2.6 London Councils

London Councils covers many service areas. This includes the administration of the borough grants schemes, the operation of certain parking and traffic management functions and the Greater London Employers' Forum.

It also operates several committees whose value to be borough is variable.

It is suggested that during the notice period, if agreed, officers discuss with London Councils officials the value of each function and why the Association cannot offer a 'buy in' service rather than a 'take it or leave it' subscription.

2.7 Local Government Association (LGA)

The LGA is a very similar body to London Councils, albeit operates on a national scale. It is therefore more remote and of less obvious value than London Councils.

It is suggested that a similar discussion is held with officials of the LGA which also incorporates the matter of allowances paid by the organisation to elected members.

2.8 Thames Gateway London Partnership (TGLP)

The TGLP is a lobbying organisation which works on behalf of its members, mainly concentrating on the issues of skills and employment, transport and connectivity and housing as well as the overall regeneration of the Thames Gateway area to ensure that those within the area benefit.

It represents the interests of its members (11 LAs, 8 local universities, the Local Learning and Skills Council and Strategic Health Authority) from the Thames Gateway area and provides them with advice and support in order to enable them to work as an effective public partnership and work effectively with private sector organisations to help attract investment and sustain growth in the area (improved infrastructure, new jobs and housing etc).

The Council's priority in retaining membership of TGLP has been to secure the attention of policy makers in central government to recognise the development potential of the redundant industrial lands of east London. This has been extremely successful but has resulted in the creation of many delivery bodies which have to some degree overtaken the need for the organisation.

A major requirement, to deliver river crossings has been less successful and it is questionable now whether delivery is better pursued on a more localised basis and around specific areas, such as the 5 Olympic Host Borough work. The changing political dynamic may require the Council to think more strategically about its bilateral relationships with boroughs such as Bexley, than with boroughs farther afield on the Essex borders.

2.9 Local Government Information Unit (LGIU)

The LGIU is a membership organisation, the majority of the members are local authorities but it also includes public sector trade unions and other interested organisations. The LGIU is an independent think-tank with analysts that are experts in local government. The organisation provides policy advice, training, consultancy and resources to its members.

It monitors information that comes from central government and provides briefings for members to enable them to stay up to date with the national agenda. It organises conferences and seminars and produces publications which are offered to members at a discount, providing members with the opportunity to contribute to debates and help take part in the governance of the organisation.

However, this service is also provided by London Councils and the LGA and therefore the potential for duplication exists and should be reviewed.

2.10 Contribution to Green Chain Walk

This contribution funds policy management, promotion and marking of the Green Chain Walk. It also funds the organisation & management of the Green Chain Walking Festival which engages local community groups and encourages residents to be more active which has associated health benefits.

Recently the Council was severely embarrassed by the destruction of open spaces in the borough by people claiming to be improving the Green Chain Walk.

The benefits of a joint committee system at some remove from the Council's established decision making procedures are not obvious.

2.11 Housing Quality Network (Housemark)

Housemark provides a number of services including a comprehensive annual Housing Management benchmarking service, weekly updates of new legislation and government initiatives, best practice information forums and networks including specialist groups on voids and rent collection etc, an information exchange forum, access to database services and discounted rates on HQN seminars. The current annual subscription is £6,500 which is funded from the

HRA. This is a much reduced rate following tough negotiations last year to improve the value for money of the previous subscription of £13,000.

However, it is not clear why tenants should pay through their rents for such a service which would normally operate through informal personal and professional contacts in other service areas.

2.12 London Asylum Seekers Consortium

LASC services includes information on immigration policy, legislation and statistics and E-bulletins updates. It provides a forum for local authorities to share good practice, raises issues on children and young people including age assessments, 18 plus and safeguarding. It provides training on the Legal Framework of Age Assessment and Child Trafficking, commissions accommodation and support services including 18 plus and specialist services and management of the Pan London Rota.

It is not clear whether this represents duplication of resources and advice which comes from affiliation to more general local government bodies such as the LGA or London Councils.

2.13 The Association of London Directors of Children's Services (ALDCS)

ALDCS consists of London Boroughs' Directors of Children's Services, and it is taking forward work previously done by the Association of London Chief Education Officers (ALCEO) and the child care work of the Greater London Association of Directors of Social Services (GLADSS).

The Association exists to initiate and influence developments in the policy and practice of children's services secured or provided by local authorities in London. It provides a network and framework for the exchange and sharing of ideas, good practice and views on education and young people's care practice, leadership and services;

It will disseminate innovative approaches to raising standards throughout education and children's care services, including universal, targeted and specific services and develops pan-London approaches to service delivery.

It also provides opportunities for the professional development of its members and promotes professional development of other local authority children's services staff, with a particular focus on senior management and leadership. The work carried out by ALDCS contributes to the work of London organisations having an impact on outcomes for London's children,

including GOL, ALG, GLA, London PCTs / SHAs, police and probation services, DfES, LSC;

It is not clear why the Council should pay for affiliation to a professional body.

2.14 Association of Directors of Children's Services ADCS

The Association of Directors of Children's Services Ltd - ADCS - is the national leadership Association in England for statutory directors of children's services and other children's services professionals in leadership roles.

This forum allows Directors to be actively involved in the strategic planning, delivery, commissioning and management of services for children and young people including adolescents, children at school, in children's centres and nurseries, children in need of different types of protection and care - residential, fostering or adoption - as well as young offenders, teenage parents and vulnerable families.

ADCS works closely with Ministers, government officials, the community and voluntary sectors, local government organisations and other key local and national agencies on the implementation and implications of *The Children Act 2004* and the *Change for Children* programme.

Again, the benefits of the Council paying for membership of a professional body should be examined.

2.15 London Tree Officers Association (LTOA)

Guidance and updates regarding legislation, technical and good practice advice, networking, risk limitation and joint mitigation protocols regarding insurance issues.

Consideration should be given to whether this service is necessary.

2.16 Commonwealth Local Government Forum (CLGF)

The CLGF is an organisation that brings together local, provincial and central government bodies that are involved in local government policy and decision-making and works to promote and strengthen effective democratic local government across the Commonwealth. It has 160 members across 40 Commonwealth countries. It is involved in promoting democratic values and good local governance, strengthening local government capacity. Helps local government share knowledge and experience to promote best practice while maintaining a Commonwealth wide network of local governments.

It is not clear what benefit the organisation has for Greenwich residents.

2.17 National Council for Voluntary Organisations

The NCVO has a key role in leading at a national front on a number of strategic Third Sector initiatives that the Government has assigned to them, & requires local authorities to refer to them on matters like the Compact, Third Sector Engagement, their guidance for Trustees & good practice guidance around funding etc.

Given the Council's well documented problems with the probity of some voluntary sector bodies in the past, it is not at all clear what benefit the Council has derived from membership.

2.18 British Standards Institute

The Library Service subscribes to the British Standards Industry (BSI) because they have achieved ISO accreditation.

2.19 Chartered Institute of Library and Information Professionals

This is the professional body for librarians. Greenwich has institutional membership which makes it possible to attend training and development seminars and conferences at reduced rates. The Council is sent professional journals relating to different aspects of service provision e.g. lending, mobile, prisons etc and its one of our main sources of current information in terms of developments and innovation in the library world.

It is not clear why the borough's residents should pay for affiliation to a professional body.

2.20 Museums Association

The Heritage Centre belongs to the Museums Association and they give out the museum accreditation that all museums need to have. Accreditation allows the council to bid for monies from MLA and other organisations. The Council is sent the Museums journal which is the leading professional circulation and receives reduced fees for attendance at conferences and training. The Council can access professional help and advice on museum related matters from professionals in the sector i.e. the museum association itself. If the Council does not sustain the membership, it will lose its accredited status which may cause some reputation damage to Greenwich in the eyes of the sector and the Museums world generally.

The Council has benefited from the advice and input of the Museums Association recently and can point to securing some benefit for its membership.