

London Borough of Camden – Financial Strategy Update: December 2016

5th December 2016

Summary of the Report:

This report provides an update the progress towards implementing the budget reductions agreed as part of the 2015-2018 Financial Strategy by Cabinet in September and December 2014, and increased by Cabinet in June and December 2015.

The Strategy was developed in response to continuing cuts to the Council's funding. It is intended to close the forecast funding gap faced by the Council from 2015/16 to 2017/18.

The December 2016 MTFS report proposes that some budget reductions that were originally agreed for 2017/18 are delayed by one year. A further paper on the December Cabinet agenda, *Strategy for Older People and Disabled People*, proposes significant changes to the programme of budget reductions in Adult Social Care. This paper shows the progress on the financial strategy before these changes are built into the programme. Subject to the agreement of these papers, the changes will be reflected in the Financial Strategy Update to be published alongside the February council tax setting report.

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1.0 INTRODUCTION

- 1.1 Due to the continuing reduction to core government funding, as well as unavoidable demographic pressures, the council has a savings programme in place that is set to deliver £78m budget reductions between 2015/16 and 2017/18.

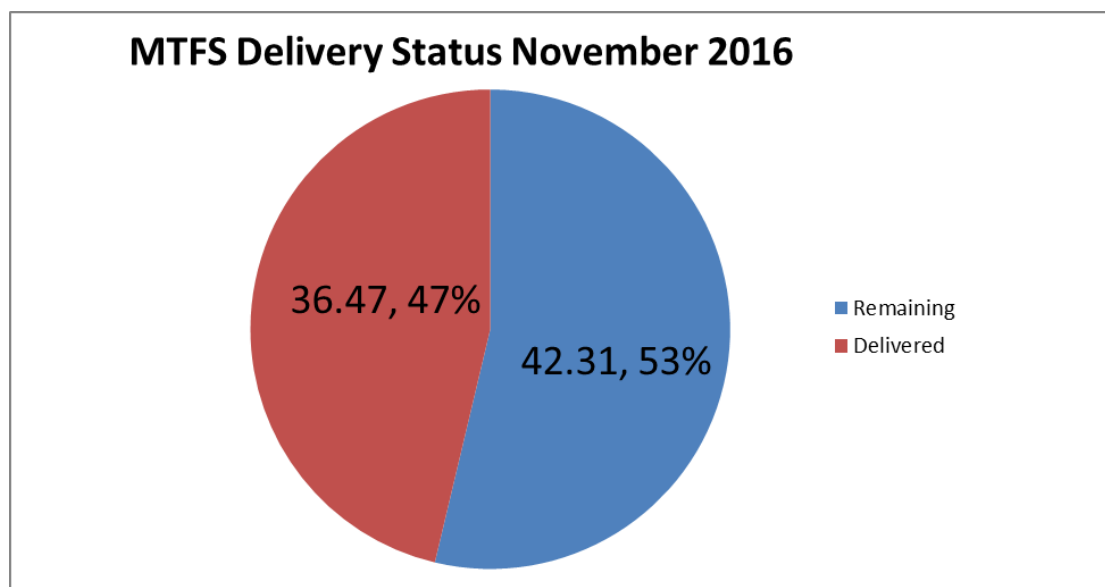
2.0 FINANCIAL STRATEGY: IMPLEMENTING THE CAMDEN PLAN

- 2.1 Instead of annual, arbitrary, reductions to budgets across the board, the council took a planned, longer-term approach to achieving the required budget reductions by focussing on the things that contribute most to key outcomes set out in the Camden Plan. The Strategy has led to the agreement to pursue 126 individual projects.
- 2.2 Activities that were found to contribute to the delivery of the aims and objectives of the Camden Plan and the priorities of residents were selected for increased or maintained investment and protected from the required cuts in funding.
- 2.3 In addition to the projects formally agreed in 2014, the Council has continued to look for further sources of savings and efficiencies to help ensure we can maximise investment in our Camden Plan priorities. In April 2016, Cabinet agreed to establish a shared ICT and Digital service between Camden, Haringey and Islington. This will create an integrated service for all three organisations with the proposals designed to deliver revenue savings of £6m per annum across the three organisations once the service is fully operational.
- 2.4 In January 2016 the Cabinet agreed a new structure that saw the number of directorates decreased from 6 to 3 from April 2016. The new structure will enable savings of around £2m, predominantly from a reduction in senior management costs.

3.0 PROGRESS TOWARDS DELIVERY

- 3.1 The Council is now in the second year of implementing the financial strategy. Since the financial strategy was agreed, the council has made a strong progress towards implementing the savings. We are now in the second year of our three year strategy. Actual savings achieved to date is £36.47m, 47% of the total savings target. It includes projects that have already achieved their total savings targets (52 projects have delivered their total savings target worth £23.47m) and those that have achieved part of their target.

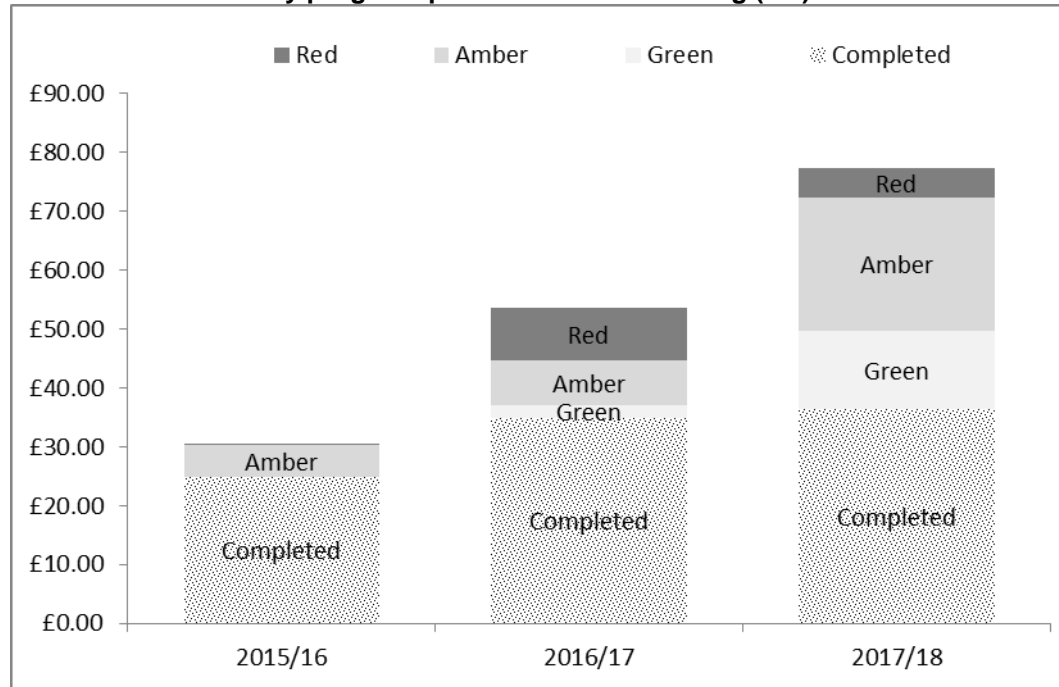
Chart 1: MTFS savings status



- 3.2 Despite the good progress made thus far, there still remain significant challenges ahead. In 2016/17 there are 10 projects flagged as red (significant risk), with a total savings figure of £9.01m - 12% of the agreed total savings target. In addition, a total of £5.06m of savings across 6 projects are rated red for 2017/18.
- 3.3 These include increasing income from advertising (project reference SAT3), which is due to deliver £2.5m budget reductions in 2017/18. The December 2016 MTFS report proposes that £2m of these savings are deferred by one year to 2018/19 due to procurement, planning and mobilisation lead in timelines. Delaying the income target will allow us to maximise the long term income for the Council.
- 3.4 The report also proposes that savings from implementing a new HR and Finance system (project reference TS6) are partially deferred to deliver £550k budget reductions in 2017/18 and the full agreed amount of savings of £1.1m in 2018/19; this will allow a phased implementation and integrating processes across the services, improving collaboration and enhancing the self service offer while ensuring key financial processes are maintained.
- 3.5 A substantial number of the red rated projects for 2016/17 and 2017/18 are in adult social care (ASC) services. These pressures are being managed in 2016/17 by short-term efficiencies and the use of one-off resources. ASC services have suffered from challenging demographic pressures which have increased demand and costs, and these are set out in more detail in the *Strategy for Older People and Disabled People* paper also on the agenda. The paper proposes significant changes to the programme of savings in adult social care, including re-profiling and reducing some initiatives and including new projects, which in total will move £2.6m of intended 2017/18 budget reductions into 2018/19. Nevertheless, the paper will highlight the need to deliver £2.4m of transformational reductions in order for ASC to achieve their full financial strategy budget reductions in 2018/19.

- 3.6 Ongoing pressures from demographic demand, complex children transferring into adult services, increases in the LLW rate and the full impact of the ethical care charter will make remaining within the current budget envelope extremely challenging and these pressures will continue on in 2018/19. Therefore the December MTFS update is stating the cabinet's intention to raise a further ASC precept in 2017/18 and 2018/19 to partially alleviate some of the pressures being faced by the service.
- 3.7 Table below shows delivery against progress prior to the agreement of these changes.

Chart 2: MTFS delivery progress per Year and RAG Rating (£m)



4.0 BENEFITS REALISATION

- 4.1 Alongside the budget reductions achieved to date, the MTFS is helping to drive real improvement in the services we deliver for local people. At the heart of the financial strategy is a focus on achieving the Camden Plan objectives and realising the investment priorities to:
- i. Tackle Inequality: how does investment reduce inequality amongst our residents?
 - ii. Focus on Outcomes: investment decisions will be made that will have the greatest impact on improving the lives of Camden's people. How does investment meet these outcomes?
 - iii. Invest in Early Intervention Where Possible and in the Capacity to Act Decisively Where Necessary: how does investment focus on prevention?
 - iv. Make Every Pound Count: how effective is the investment?
- 4.2 Our approach has enabled the council to remain focused continuous improvement we despite the ongoing challenges of reducing resources.

4.3 The examples set out below demonstrate how our financial strategy enabled the retention of our focus on improving outcomes and the journey of continuous improvement we are on despite the on-going challenges of reducing resources and national policy changes.

- **Library Service** - Instead of closing libraries, we are investing into creating a modern library service. By the end of this year, residents will be able to borrow books, book a PC, do printing and more through new 'open access technology which enables self-service. This means the service is in a position to not only reduce its staffing establishment and deliver savings but at the same time empower customers to help themselves and prioritise its support to more vulnerable library users.
- **Housing Allocations** - At the beginning of the year our new housing allocations policy came into effect and we're starting to see some of the tangible benefits of our new approach. For example, in August 2015 there were 30,356 people on our waiting list – 72% were living in Camden and 54% had lived in the borough for 10 or more of the past 15 years. Today we have 5,325 people on our waiting list – 96% live in Camden and 86% have lived in the borough for 10 or more of the past 15 years. We've also moved more children from overcrowded homes, rehoused more residents with severe health conditions and made more housing offers to pregnant women and nursing mothers.

We have revamped our online application process with a new pre-application qualification checker that means residents can find out if they qualify very easily and decide whether to complete the lengthy full application or not. Customer satisfaction with the new e-form has been high, with over 70% of users saying they found the form very or quite easy to complete.

- **Customer Access & Camden Account** - We expanded the Camden Account, the online service where residents can complete a number of common council transactions such as making payments, reporting missed rubbish collections, set-up and pay their council tax account, view and comment on local planning activity and manage parking permits. Leaseholders can also check their service charge accounts and tenants can check rent statements and make payments. This not only saves money, as online transactions cost us less than then face-to-face or telephone contact, but it also suits our residents better - our research shows that the majority of our customers prefer to contact us online, using a computer or smartphone.

In the last 12 months we had 21,215 residents permit transactions made online via the account, 85% of all parking permit transactions.

Making these services available online does not mean residents can't reach us through traditional methods. But what it does mean is that our Contact Camden phone lines and centres are freed up for those that want to use them – often residents with complex and sensitive needs –

instead of being an inconvenient method of contact for the entire borough.

5.0 EFFECTS ON STAFFING

- 5.1 The realisation of the Council's savings programmes meant the Council lost valuable and experienced staff who had worked hard over the years to build up highly respected public services. Since April 2010 there has been 890 redundancies, of which 476 were compulsory and 414 voluntary. In addition to those appointed to new or different roles as part of service changes, there were also 97 redeployments to other parts of the council, which would otherwise have led to redundancy.
- 5.2 The current savings programme was estimated to result in a reduction of around 600 posts in total, around 80% of which are estimated to result in redundancy. Since April 2014, there have been 260 redundancies, of which 105 have been compulsory and 155 voluntary. These redundancies have mainly come from restructures being implemented since 1st April 2014 in Early Intervention and Prevention, and a number of areas within Corporate Services areas. In addition to these services, 31 redundancies were from St Margaret's and Brach Hill Residential Care Homes. These redundancies were due to a reconfiguration of the services to better reflect the reduction in volume and to ensure that we had the requisite numbers of staff, in the right type of roles to deliver a revised service provision.
- 5.3 Wherever possible, redundancies will be minimised through the use of a variety of measures including holding vacancies, not replacing leavers, covering roles with temporary workers, the use of voluntary redundancy where appropriate, and redeployment wherever possible. In the situations where redundancies occur, support and training will be offered to staff through counselling, career planning and advice services, as well as skills based workshops designed to support their search for alternative employment.

Appendix A: MTFS Savings Programme 2015-18: Amber and Red Rated Projects

Ref	Outcome	Title	15/16 RAG	16/17 RAG	17/18 RAG	15/16 Agreed Savings	16/17 Agreed Savings	17/18 Agreed Savings
Att5	Attainment	Increase in traded income from schools for repairs and maintenance	GREY - COMPLETED	AMBER	AMBER	25,000	50,000	50,000
CA1	Changing our services so that residents can do business with us in ways that best suit their lifestyles	Customer Access Phase 3	GREY - COMPLETED	GREY - COMPLETED	AMBER	0	0	641,000
CR1	Crime Reduction (Safer Communities)	Change the way the service prioritises its resources by focusing on the most vulnerable and at highest risk in the community.	AMBER	RED	GREEN	160,000	1,686,000	1,736,000
IM2	Income Maximisation	Improving the collection and recovery of income across the Council	GREY - COMPLETED	RED	RED	100,000	450,000	650,000
IG1	Investing in growth	Sub regional working (NEETs employment & Investing in Growth)	GREY - COMPLETED	AMBER	AMBER	0	0	700,000
IG2	Investing in growth	Improvements in delivering services supporting economic growth	GREY - COMPLETED	AMBER	GREEN	1,427,342	1,427,342	1,427,342
IG3	Investing in growth	Stop sending adjoining occupier letters for planning applications.	GREEN	AMBER	AMBER	0	199,000	199,000
DS1	Personalisation	Learning/Physical Disabilities - Making sure people are in the right accommodation	GREY - COMPLETED	RED	RED	294,000	873,000	1,517,000
DS2	Personalisation	Learning/Physical Disabilities - Personalising Day Services	GREY - COMPLETED	RED	RED	125,000	375,000	750,000
DS3	Personalisation	Learning/Physical Disability - First Contact	AMBER	RED	AMBER	232,000	1,006,000	1,941,000

Ref	Outcome	Title	15/16 RAG	16/17 RAG	17/18 RAG	15/16 Agreed Savings	16/17 Agreed Savings	17/18 Agreed Savings
DS5	Personalisation	Transitions within Disability Services	GREY - COMPLETED	RED	AMBER	365,000	615,000	990,000
DS6	Personalisation	Learning/Physical Disabilities - Refocussing the Team	AMBER	RED	AMBER	0	815,000	815,000
MH3	Personalisation	Mental Health - Process efficiencies within Camden and Islington Foundation Trust (CIFT)	GREY - COMPLETED	GREY - COMPLETED	AMBER	235,000	495,000	611,000
MH6	Personalisation	Mental Health – First contact	RED	RED	AMBER	39,000	408,000	626,000
OP2	Personalisation	Older People – First Contact	AMBER	RED	AMBER	828,000	3,045,000	4,989,000
OP3	Personalisation	Older People - Refocussing the Team	AMBER	RED	AMBER	207,000	620,000	1,032,000
H1	Reduce health inequality	Initiatives within sexual health services	AMBER	AMBER	AMBER	0	1,630,000	2,080,000
R1	Resident involvement	Rationalising our engagement mechanisms and approach to engaging residents	GREY - COMPLETED	AMBER	AMBER	168,000	370,000	442,000
R1 - HRA	Resident involvement	Rationalising our engagement mechanisms and approach to engaging residents - deduction HRA element	GREY - COMPLETED	AMBER	AMBER	0	70,000	188,000
RF1	Resilient Families	Development of Youth Hubs Model	GREEN	GREEN	AMBER	0	500,000	887,000
RF10	Resilient Families	Review of Short Breaks Local Offer	GREY - COMPLETED	GREY - COMPLETED	AMBER	0	0	79,000
RF3	Resilient Families	Longer Term savings and efficiencies relating to implementation of the Early Help Strategy	GREY - COMPLETED	GREY - COMPLETED	AMBER	0	0	500,000

Ref	Outcome	Title	15/16 RAG	16/17 RAG	17/18 RAG	15/16 Agreed Savings	16/17 Agreed Savings	17/18 Agreed Savings
SAT5	Safe and attractive place	Integrated asset management approach	GREY - COMPLETED	AMBER	AMBER		1,500,000	1,500,000
SAT3	Safe and attractive & travel easily	Increased income from advertising	GREY - COMPLETED	GREY - COMPLETED	RED	260,000	260,000	2,510,000
SAT6	Safe and attractive & travel easily	Changes to public conveniences	GREY - COMPLETED	AMBER	AMBER	0	260,000	260,000
SN1	Sustainable Neighbourhoods	Increased use of private rented sector to prevent homelessness	GREY - COMPLETED	GREEN	AMBER	500,000	1,000,000	1,500,000
SN5	Sustainable Neighbourhoods	Charge to capital the cost of CSF building related projects	GREY - COMPLETED	AMBER	RED	100,000	206,000	206,000
SN6	Sustainable Neighbourhoods	Improving standards in the Private Rented Sector via licensing.	GREY - COMPLETED	GREY - COMPLETED	AMBER	0	0	160,000
TS1& 2a	Transactional and Strategic Support	Strategy & Change - Departmental Teams	AMBER	AMBER	AMBER	1,571,549	1,571,549	1,571,549
TS1& 2b	Transactional and Strategic Support	Strategy & Change - Finance	AMBER	AMBER	AMBER	741,000	741,000	741,000
TS1& 2c	Transactional and Strategic Support	Strategy & Change - IT	AMBER	AMBER	AMBER	1,657,451	1,657,451	1,657,451
TS15	Transactional and Strategic Support	Review of learning and development delivery and expenditure	GREY - COMPLETED	GREY - COMPLETED	AMBER	0	163,000	327,000
TS6	Transactional and Strategic Support	Implementation of new Human Resources/Finance system enabling Process Change. Possible shared system opportunity with other London bodies	GREY - COMPLETED	GREY - COMPLETED	AMBER	0	0	1,100,000

Ref	Outcome	Title	15/16 RAG	16/17 RAG	17/18 RAG	15/16 Agreed Savings	16/17 Agreed Savings	17/18 Agreed Savings
VC1	Vibrant Culture	Maximising income (arts and events)	GREY - COMPLETED	AMBER	RED	282,000	360,000	690,000
VC7	Vibrant Culture	Reshaping delivery of library services	GREY - COMPLETED	AMBER	GREEN	0	370000	800000
W1& 2K	Workforce	Management, Agency & Consultancy - Supporting People	GREY - COMPLETED	GREY - COMPLETED	AMBER	1,270,000	1,270,000	1,520,000

Note: Savings shown in this table are cumulative. If there is a grey (completed) RAG followed by an amber RAG, this means that an element of the savings has been achieved (year1), but there are additional savings required in the second year and these are at risk.