

<b>Subject:</b>	Medium Term Financial Strategy – Achieval of budget reductions	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	12 <sup>th</sup> June 2013
<b>Report of:</b>	Chief Executive	<b>Portfolio Holder:</b>	Leader of the Council
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
<b>Community Impact Assessment:</b>	Required:	<del>Yes</del> /No	Attached: <del>Yes</del> /No
<b>Biodiversity Impact Assessment</b>	Required:	<del>Yes</del> /No	Attached: <del>Yes</del> /No
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1.	<b>RECOMMENDATION(S)</b>
1.1	That members note the progress to date and approve the continuation of consultation as identified in Section 6.
1.2	Members note and agree the new shared building control structure.

## 2. PURPOSE OF REPORT

2.1 The Purpose of the report is to update Members in relation to the implications of the Medium Term Financial Strategy approved in February 2013 and for consultation to continue as detailed.

## 3. CORPORATE PRIORITIES

3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting sustainable investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
- **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
- **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

## 4. RISK ASSESSMENT IMPLICATIONS

4.1 The purpose of this report is to enable Members to approve detailed consultation on a wide range of issues. Undertaking transparent and detailed consultation is essential and will mitigate the risk of challenge and importantly reinforces a culture of engagement and empowerment.

## 5. BACKGROUND AND OPTIONS

5.1 The Council planned and implemented during 2011/12 significant cuts in its revenue budget, all of which were subject to member engagement and consultation. As identified in the February 2013 budget, the Council still faces severe financial challenges with Central government resources continuing to be reduced and cost pressures increasing.

- 5.2 There is a need to cut resources by a further c£1.5m over the next three years.
- 5.3 The focus over the past two years has been in relation to cutting ‘back office’ functions, renegotiating contracts and where possible minimising the impact on front line services. However, the Council recognises the next round of cuts c£1.5 will be difficult to achieve without affecting front line service delivery.
- 5.4 Budget reduction decisions will therefore need to consider very carefully the impact and consequences. In essence this means the Council will be faced with the unenviable task of having to make decisions ranging from providing less service, looking for different ways of providing services to stopping certain functions. A large element of the Council’s budget is spent on staffing and it is considered that the current staffing establishment of just under 200 people will need to reduce further in order to support the budget reduction.
- 5.5 Staff within the Council have recognised the difficult financial situation and trade union representatives and staff have agreed to a number of changes and cuts to pay, terms and conditions in order to support the ongoing need for budget reduction (£100k per annum) which has assisted the budget challenge but there is still a need to identify a further £1.5m of cuts.
- 5.6 The Role of the Council**
- 5.7 It is important that Council resources are targeted to deliver its priorities and whilst the cuts are significant it does provide an opportunity to refocus the organisation and in doing so ensure value for money is being achieved.

The Council will continue to :

- Deliver efficient and effective statutory services such as planning, waste and recycling services, food safety etc and will continue to explore the most effective way of doing this.
- Support and plan for growth within the Borough understanding and building on the link between economic development, jobs and prosperity whilst recognising the importance of promotion. It will therefore continue to focus on:
  - Income generation
  - Bring more empty properties back into use
  - Regenerating town centres utilising external funding such as town centre heritage funding.
  - Deliver via the Rossendale, Together and Barnfield regeneration company year 1-3 schemes including development of Rawtenstall town centre
  - Promoting the Borough, making best use of our green and open spaces
  - Work in partnership with communities to ensure they understand the changing role of the Council and where appropriate are able to respond accordingly.

## 6. Savings

- 6.1 The Council spends its budget broadly in three areas:
- Discretionary services – those areas the Council chooses to support such as leisure, grants, Christmas lights, markets, public toilets
  - Statutory Services – those services we must provide such as planning, waste collection
  - Internal Services – the things we do to run the council and comply with the law.

## 6.2 2013 Budget Reduction Activity

Detailed below are areas which if agreed could deliver in the range of £700k-£1m of cuts from the revenue budget. It is proposed that this be the focus for the next 12 months and further reports be presented in due course responding to the remaining budget reduction required. All areas will be the subject of relevant and appropriate consultation.

Service Area	Activity
Business	Shared service with Hyndburn Council in relation to Building Control - see appendix 1.
Operations	Implementation of refuse and recycling review – see appendix 2.
Leisure	Continue working with RLT to identify further efficiencies
Finance and Property	Reduction in Staffing structure
Communities	Review and restructure of communities function
Business	Review of Homelessness Structure maintaining statutory functionality
Communities	Review of grass cutting and parks/open spaces activity
Communities	Completion of grant funding/commissioning approach – see appendix 3.
Service Reviews	Continue reviews as appropriate

6.3 It is clear the Council is reducing in size and although focus will be given ensuring services are delivered effectively, it is timely and appropriate for members to debate and consider the strategic direction of the Council and it is recommended a separate session is organized for all Members or via full council in order the future direction of the Council can be debated and given full consideration by all Members.

## 7. Consultation

7.1 A variety of mechanisms will be used to ensure there is robust engagement and consultation in the development of the above areas. The use of informed impact assessments at an early stage will be essential in terms of understanding the positive and negative impacts of change. In considering how best to consult and engage it will be important to develop plans for each area under consideration and these will be clarified as each area is developed and reported back to Members.

7.2 The engagement plans consist of a range of methods organised around the following, depending on the level and nature of the impact on different groups.

- **Informing:** Letting people know something. This may include leaflets, website information and press releases;
- **Consulting:** Seeking views on something and using these views to inform what we do. This may include structured questionnaires such as the Citizens' Panel;
- **Involving:** Residents become a part of the decision making process. This may include various groups providing their knowledge and expertise to inform decisions;
- **Collaboration:** Working together with communities to identify problems, discuss them and create a positive change. This may include joint project delivery between The Council and community groups; and

- **Empowering:** The community leads on the decision and they take responsibility into their own hands. This may include supporting the development of social enterprises

7.3 Where appropriate, the Council will utilize the Citizen Panel and consulting via Neighbourhood Forum meetings, focus groups and will utilize and define the most appropriate consultation mechanism as defined above.

7.4 In consultation with the Chair of Scrutiny it is planned to utilize scrutiny meetings over the forthcoming year in order to input into the wider engagement and consultation arrangements thus ensuring a transparent scrutiny process is in place in terms of recommendations coming forward.

7.5 Working in partnership with communities is essential. As the Council continues to reduce its role in the direct provision of services, there will be opportunities for other organisations and communities to respond to this change. The Council will need to consider how best to support communities and ensure adequate infrastructure is in place to ensure sustainability.

## **8. COMMENTS FROM STATUTORY OFFICERS:**

### **8.1 SECTION 151 OFFICER**

8.2 Financial matters are dealt with above

### **9. MONITORING OFFICER**

9.1 Members are reminded that the legal requirements are centred on annual budget production and that indicative decisions made for future years are not binding.

9.2 The council is legally required to set balanced budgets at the start of every year, and Councils are not allowed to carry forward a deficit at the end of the financial year. It would be unlawful of us to spend more money than we have available. Section 114(3) of the Local Government Finance Act 1988 explains the consequences if it appears that the expenditure of the authority in any financial year is likely to exceed the resources available to it. The consequences would be extremely serious, potentially leading to a restriction on entering into new spending commitments, and ultimately to action by the external auditor using powers in the Audit Commission Act 1998 if corrective action were not agreed.

## **10. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

10.1 Any Human Resources implications will be understood and responded to as a consequence of the consultation process.

The consultation and engagement which will be undertaken as part of the development of any proposals will support the Council's decision making process and ensure that the Council does give due regard. The Equality Act 2010 established the Public Sector Equality Duty, the duty requires the Council to give due regard to :

- Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it.
- Foster good relations between people who share a relevant protected characteristic and those who do not share it.

The amount of regard that is 'due' (that is, the degree of attention demanded by the needs) is set out in section 49 of the Equality Act and will depend on the circumstances of the case, the greater the potential impact of a decision, the greater the regard that must be had.

## 11. CONSULTATION CARRIED OUT

11.1 Cabinet, Management Team and staff involved.

## 12. CONCLUSION

12.1 The Council must remain focused on identifying and delivering c£1.5m of cuts over the medium term and ensure that all budget resource allocations are core to the function of the district council and have clear links to its Corporate Priorities.

Background Papers	
Document	Place of Inspection
Previous update to the MTFS (Budget Reports Feb 2013)	Rosendale Borough Council website