

CABINET

19 April 2016

Title: Council's Response to the Growth Commission and Ambition 2020	
Report of the Leader of the Council	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Divisional Director: Meena Kishinani, Programme Director, Ambition 2020	
Accountable Director: Chris Naylor, Chief Executive	
Summary <p>This report seeks Cabinet agreement to proposals to re-shape the Council, and the way in which Council services are provided, through the Ambition 2020 programme. It proposes moving away from an organisation which is designed around professional service silos, to one that is designed around what is needed to be achieved for those who live or work in our borough – with clear long term goals, higher standards and performance, and structures that will allow the workforce and others to deliver the best possible service.</p> <p>It also sets out the proposed next steps for achieving the vision for growth, and the Council's response to the report of the independent Growth Commission, which was published in February (https://www.lbbd.gov.uk/business/growing-the-borough/our-strategy-for-growth/overview-2/). The Council welcomes the principles and key actions recommended by the Commission.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Agree the publication of the document at Appendix 1, which sets out the Council's proposed response to the independent Growth Commission and the Ambition 2020 proposals;(ii) Agree an eight week period for public consultation, to commence on 20 April and end on 16 June, and note that a report will be presented in July 2016 detailing the results of consultation and inviting Cabinet to decide on the proposals in the light of consultation; and(iii) Agree the referral of the recommendations within the Growth Commission's report "No-one left behind: in pursuit of growth for the benefit of everyone" for consideration by Select Committees between May and July 2016.	

Reason(s)

To assist the delivery of the Council's vision of "One borough; one community; London's growth opportunity" and delivery of the priorities.

1. Introduction and Background

1.1 In summer 2015, the Cabinet agreed to launch two major pieces of work:

- A panel of independent experts – the Growth Commission - to review the Council's ambition to be London's growth opportunity, and to recommend how to maximise the contribution of the Borough and our people to the London economy. Their report was published in February.
- Our Ambition 2020 programme to re-examine every aspect of what the council does and how we are structured to deliver the Council's vision and priorities.

2. Proposal and Issues

2.1 The proposals are set out in Appendix 1.

2.2 The analysis which supports the proposals for future delivery of services is in Appendices 2 – 18. Those Appendices are 'Design Principles' and 'Service Design Proposals' which provide a more detailed exposition of each main element of the Ambition 2020 programme. For each specific proposal, the Appendix explains what is proposed, why it is recommended, what impact it is expected to achieve, and the expected benefits.

3. Options Appraisal

3.1 Appendices 2 – 18 provide further details of the proposals and the reasons for the recommended options.

4. Consultation

4.1 There has been extensive involvement of staff across the Council in developing these proposals throughout 2015. Over 1400 staff have contributed to workshops or focus groups, or attended briefings given by the Leader and Chief Executive. Staff generally have encouraged the Council to be bold, and to redefine what the Council is for, and what it can do. Trades union representatives have been briefed on the proposals and the impact on the workforce. There will be further briefings and roadshows for all staff later in April.

4.2 There has been a series of briefings for all Members as the proposals have been developed. Many Members have contributed to the development of the proposals through participation in working groups. Cabinet has had a number of briefing sessions on the proposals.

4.3 Publication of the report at Appendix 1 will allow residents and partners to contribute their views on these major change proposals. At this stage, an eight week consultation, allowing for the results to be considered and reported back to Cabinet in July, is appropriate. Specific, further, targeted consultation exercises may be undertaken on major changes at a later stage.

- 4.4 Consultation with partners has already started with meetings between senior officers to brief them on the Council's proposals. Further meetings are planned bringing all key partners together allowing for more detailed discussion. As the proposals are developed in more detail the Council will be inviting key stakeholders to help shape them further.
- 4.5 Consultation with residents will be led through the Council's consultation portal 'Objective'. This will be publicised through social media, on the Council's website, via the residents' newsletter and staff newsletter.
- 4.6 The recent residents survey (2015) shows that only 10% of residents said they do not have access to the internet. Of the residents who said they have access to the internet, over four fifths (86%) said they have access at home. This is comparable to data released by the Office for National Statistics (ONS) in August 2015, who reported that 86% of households in Great Britain have internet access. However, recognising that not everyone has access to the internet, hard copies of the consultation document and questions will be made available in the Borough's libraries.
- 4.7 The Council will hold two drop-in public meetings for residents and the third sector, where council officers will be available to answer questions and to explain the proposals in more detail.

5. Financial Implications

Implications completed by: Jonathan Bunt, Strategic Director, Finance & Investment

- 5.1 Cabinet in January as part of the Budget Strategy report, and again in February as part of the Budget Framework report, agreed the updated Medium Term Financial Strategy for 2016/17 to 2020/21. This is set out again in Appendix 1. By 2020 the cuts in central government funding mean that the Council will have roughly half the amount of money that was available to spend in 2010. At the same time, the pressures caused by the growing population, new government expectations and more complex needs mean that an additional £45m would be needed to meet rising demands. Overall we estimate that, if we did nothing, there would be a shortfall in our budget of £63m by 2020/21, after allowing for annual increases in Council Tax, including the social care precept, and a higher tax base.
- 5.2 If the proposals set out here are agreed and delivered, it is estimated that the budget gap will be reduced from £63m to £13.5m. The programme of transformation should deliver £49.5m of base budget savings by 2020/21, including nearly £16m in additional income. During that period, the Council will aim to secure further savings through better integration of health and social care - including as partners in the pioneer Accountable Care Organisation - and further opportunities to generate income. The £49.5m savings also include cost avoidance savings of approximately £15m to reduce the pressures allowed for in the MTFs.
- 5.3 Since 2010, the Council has delivered over £100m of savings proposals which have predominantly been developed and agreed via a traditional budget-setting process. Whilst this has been successful to this point, it is unlikely that retaining such a process with directorates putting forward savings on a silo basis can deliver the

level of savings, a sustainable budget or maintain services capable of delivering the outcomes the Council desires. The Budget Strategy report in January highlighted that the Ambition 2020 programme will re-define the way the Council offers its services, to manage down the demand pressures, deliver improved outcomes and to realise the benefits of economic growth. It also flagged that the programme would be bringing forward proposals for the delivery of a balanced budget between 2017/18 and 2020/21.

- 5.4 As Appendix 1 makes clear, the proposals in their current form would not be sufficient to close the budget gap entirely, either in total or in any individual year. The lead time between the implementation of changes from the transformation programme and the realisation of full-year benefits may present the most acute pressures in securing a balanced budget for the 2017/18 financial year. The current MTFS gap for 2017/18 is £20m and, at present, the outline business cases have identified savings of about £12 million for 2017/18.
- 5.5 This is not necessarily unexpected at this point of such a large transformation programme and there are a number of options/variables to consider between now and July when an updated MTFS will be presented to Cabinet.
- The 2015/16 Monitoring reports to Cabinet have highlighted a significant net overspend, mainly driven by pressures in Children's Services. An initial view of the 2016/17 financial position indicates further challenges to deliver a balanced position in Children's Services. This could significantly impact on the level of general reserves available in April 2017 which could smooth timing issues on the delivery of savings.
 - The Council commenced a voluntary redundancy scheme in February that will run until the end of May. It is anticipated that this will provide some cash savings in 2016/17 which could boost reserves as well as providing an early down payment on the savings in the Ambition 2020 business cases. As the scheme still has not yet closed, and decisions for a number of applicants have yet to be made, it is not possible to estimate the extent to which this will assist the early years of the MTFS.
 - The MTFS includes a number of estimates and provisions for unknown or uncertain future events. These will be reviewed again ahead of the update report in July when the Council will be better placed to understand and estimate the financial implications of new legislative burdens as well as a better assessment of the scale and timing of demand pressures. The report will also consider other implications that need to be reflected such as the announcements in the recent budget on education and business rates.
 - As the Ambition 2020 programme progresses through to full business cases, the Council will be able to test which proposals should be increased and/or brought forward and what the resource and risk implications for doing so are.
- 5.6 A further report on Ambition 2020 is due to be submitted to Cabinet in July and this will be reflected in the MTFS update on the same agenda. At that point, the four points above, as well as any other issues that emerge, will have substantially progressed providing a much clearer path to the setting of the 2017/18 budget in particular. The absolute aim has to be to avoid a parallel budget-setting process outside the Ambition 2020 programme for the residual budget gap, as that would be an inefficient use of Member and officer capacity and would risk conflicting decisions, e.g. a budget decision to take a saving that is at odds with the intentions of the transformation programme. Accordingly, the expectation therefore is that the

MTFS budget gap generally, and the 2017/18 specifically, is bridged via the four points above.

- 5.7 It is essential that the programme is adequately resourced to ensure that the future design of the Council is sustainable. In order to deliver the savings for 2017/18, the majority of full business cases must be completed by October 2016 to enable review/scrutiny and a Cabinet decision on the implementation of proposals in December to enable savings from the start of the 2017/18 financial year. Due to the scale of financial challenge next year, assuming equal delivery across 2017/18, each quarter the programme slips will be a cost of £5m to the Council which would have to be contained.
- 5.8 To mitigate this risk, the Ambition 2020 programme must be adequately resourced to ensure full delivery of business cases to enable implementation of proposals by April 2017. As part of the Budget Strategy report in January, Cabinet agreed the allocation of resources in 2016/17 for the transformation programme, and this allocation was incorporated into the budget approved by Assembly in February. The financial implications of implementation will be included in future reports for each group of proposals as they are recommended to Cabinet.

6. Legal Implications

Implications completed by: Fiona Taylor, Director of Law & Governance

- 6.1 This report sets out the Council's response to (i) the independent Growth Commission report and (ii) the Council's Ambition 2020 proposals.
- 6.2 An eight week period of public consultation will commence on 20 April ending on 16 June. The purpose of the duty to consult is to ensure public participation in the decision making process at a formative stage before any service changes are implemented. Consultees will be provided with the information about the proposals and the reasons for the authority's preferred options.

7. Other Implications

- 7.1 **Risk Management** - The programme of transformation will entail significant change to every area of Council business. Robust governance and programme management will be put in place to manage those risks.
- 7.2 **Contractual Issues** - None at this stage.
- 7.3 **Staffing Issues** - Of the current workforce – approximately 3500 full-time equivalent posts – about 1000 posts would transfer into the proposed wholly owned social enterprises or not-for-profit operators and contribute to new income generation. Some reduction in the overall size of the workforce will be necessary, and as a result of the proposed reforms, the size of the workforce will reduce by about 550 FTE posts.
- 7.4 **Corporate Policy and Customer Impact** - The proposed changes will have a major impact on many of the traditional approaches of the Council and the services people are accustomed to receiving. The combined impacts of austerity, population changes and government policy mean that we can no longer afford to meet the

needs of our residents in this traditional way on the type of services we currently provide. Instead we need to re-focus what we do so that we identify the root cause of need, so that people have a better chance of living more independently.

A high-level Equality Impact Assessment forms part of the background papers to this report. Equalities implications and their impact are active considerations during the development of these proposals and the overall approach of Ambition 2020 is predicated on a better understanding of the needs, resilience and characteristics of communities and individuals.

- 7.5 **Safeguarding Children** - We intend to move from separate departments to coordinated and integrated services for residents who need help. Current services often work in functional silos, tackling single issues and failing to address the underlying reasons why the person may be looking for help. The combination of rising demands and financial pressures means that we have to re-think our approach. We propose to bring together the cluster of services for those individuals or families who either need our continuing support or require an intervention to safeguard those who are at risk.

There will be a re-designed adult social care service; a re-designed children's social care service; and a new disability service. Our aim is to enable and support more adults to live in their own homes for longer, and more children and young people to live at home with their families.

- 7.6 **Health Issues** - Similar considerations apply to the impact of the proposals on health. On many measures of health and well-being, our residents have significantly worse health outcomes than national averages – including lower life expectancy, and higher rates of obesity, diabetes, and smoking prevalence. By re-designing the way in which services are provided by the council and our partners, focusing more on the root causes of poor outcomes, we aim to improve those outcomes.
- 7.7 **Crime and Disorder Issues** - Many of the proposals – particularly new approaches to working with partners, and the proposed 'Community Solutions', 'My Place', and enforcement services – should improve the prevention of, and response to, crime and disorder.
- 7.8 **Property / Asset Issues** - The proposals include a more effective approach to managing the Council's existing assets – 'My Place' – and, separately, the development of a capital investment programme.

Public Background Papers used in the preparation of the report:

- Growth Commission's report "No-one left behind: in pursuit of growth for the benefit of everyone" (<https://www.lbbd.gov.uk/business/growing-the-borough/our-strategy-for-growth/overview-2/>)

List of appendices:

- Appendix 1 – Draft public consultation document
- Appendices 2 – 18 – Detailed service design proposals
- Appendix 19 – Equality Impact Assessment