

## **Budget Proposals and Medium Term Financial Strategy**

### **Introduction**

The Council is required to identify savings proposals and/or income generation opportunities to a minimum value of £41.083m over the three years 2016/17 to 2018/19 to deliver a sustainable Medium Term Financial Strategy (MTFS). The budget proposals will, if supported, contribute to the Council setting its Council Tax and Revenue Budget for 2016/17 on 2<sup>nd</sup> March 2016.

### **Budget Scrutiny**

Overview and Scrutiny Management Board (OSMB) have been scrutinising the proposals across all Advisory Cabinet portfolios during a number of sessions. Each proposal has been discussed and questions asked of officers from each service area with regard to the implications and risks of the proposals. OSMB have fed back their responses to the proposals to officers and requested additional information for some proposals. Further budget scrutiny is taking place by OSMB on 26 November to ratify their comments and recommendations for submission to Commissioner Manzie.

For information the cover report regarding the savings proposals presented to OSMB with regard to the Waste, Roads and Enforcement portfolio is appended to this briefing (appendix B). This report sets out in more detail the implications, risks and mitigation of the proposals. The cover report refers to Appendix 1 which included savings proposals amounting to £1.289m over the three years from 2016/17 to 2018/19.

### **Referral to Improving Places**

At OSMB it was agreed to forward a small number of the proposals from the Waste, Roads and Enforcement portfolio to the Improving Places Select Commission for further discussion in relation to the commission's scrutiny of the waste and enforcement agenda. This is to ensure that there is no discrepancy between the recommendations from the scrutiny review work and the savings proposals. The relevant proposals for discussion are attached at Appendix A.

Members of Improving Places are asked to consider the proposals in the context of their scrutiny review work and to feed in their comments through the Chair to OSMB on Thursday 26 November.

# Waste, Roads & Enforcement

## Saving proposals for consideration

Commissioner Manzie's Decision Making Meeting 15<sup>th</sup> October 2015

Totals of portfolio savings enclosed:

2016/7 £,000	2017/18 £,000	2018/19 £,000	Total over 3 years £,000
772	279	238	1,289
FTE	FTE	FTE	FTE
10.5	4.5	1	16

In addition to the above savings EDS 23A will deliver a cost reduction of 50k in 2017/18 (this budget recurrently overspends)

## Neighbourhoods & EDS

**ASR REF NO: 19**

### **CURRENT SERVICE SUMMARY (*Waste Treatment*)**

<b>Directorate:</b>	EDS & Neighbourhoods	<b>Brief description of service:</b> Waste Treatment and Disposal covers the contractual arrangements for dealing with the treatment and disposal of domestic waste; the treatment of green waste, dealing with waste at our 4 Household Waste Recycling Centres; the haulage of skips from these sites, service costs for Recycling Banks; the disposal of special waste streams (hazardous clinical waste, asbestos) and the receipt of income from kerbside recycling operations and bring sites.  Waste Services have a statutory duty and a duty of care to manage waste from Council operations and ensure that all the waste and recyclates produced are treated and disposed of through outlets that hold the relevant environmental permits.
<b>Advisory Cabinet Portfolio:</b>	Councillor Sims	
<b>2015/16 Budget (£'000 Gross):</b>	£1,180	
<b>2015/16 Budget £'000 Income:</b>	£579	
<b>2015/16 Budget (£'000 Net):</b>	£602	
<b>2015/16 Budget FTE:</b>	0 Included in Waste Coll. ASR	

### **SAVINGS PROPOSALS:**

Ref:	Action	Impact Statement of proposals on Corporate priorities/Outcomes, Staff, Customers, Partners, Other Directorates/Services, Assets, initial equalities assessment, consultation requirements etc.	16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE	TOTAL £'000	TOTAL FTE
A	Dispose of carpets and mattresses through the Sub Regional Waste Plant	It is cheaper to dispose of mattresses and carpets through disposal rather than through recycling outlets. This will affect recycling performance by approximately 1.16%  RAG Status - Green	105						105	
	<b>TOTAL</b>		<b>105</b>						<b>105</b>	

### **COMMENTS ON ABOVE PROPOSALS:**

With the current pricing structure that we have in the Sub Regional Waste Plant for disposal of waste at Band 2 (£13.68 per tonne); from the economic perspective it is cheaper to undertake disposal than to attempt to increase recycling. The saving proposed relates to all the carpets and mattresses disposed of through the Councils four Household Waste Recycling Centres.

**ASR REF NO: 20 Waste Collection**

**CURRENT SERVICE SUMMARY (Waste Collection)**

<b>Directorate:</b>	EDS & Neighbourhoods	<b>Brief description of service:</b>  <b>This is a borough wide service provide to every household</b> Waste Management undertakes the provision of all waste collection services (Black Bin, Green Bin, Blue Box and Bag), bulky item collections, bin delivery and the management of the contract for four Household Waste Recycling Centres across the Borough.  The Council has a Statutory Duty to collect Household Waste as defined in the Environmental protection Act 1990
<b>Advisory Cabinet Portfolio:</b>	Cllr Sims	
<b>2015/16 Budget (£'000 Gross):</b>	£5,223k	
<b>2015/16 Budget £'000 Income:</b>	£980k	
<b>2015/16 Budget (£'000 Net):</b>	£4,243k	
<b>2015/16 Budget FTE:</b>	122.6 including 12 staff posts	

**SAVINGS PROPOSALS:**

Ref:	Action	Impact Statement of proposals on Corporate priorities/Outcomes, Staff, Customers, Partners, Other Directorates/Services, Assets, initial equalities assessment, consultation requirements etc.	16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE	TOTAL £'000	TOTAL FTE
A	Rationalisation of the Staff Structure	Will meet the 15% requirement for staff savings; there would need to be a rationalisation across the Management Structure for the service, the loss of 2FTEs represents a 17% reduction in terms of management/supervisory posts; this may impact upon service resilience in terms of lost expertise, and in the knock-on to service performance .  <b>RAG Status: Amber</b>	20	20	20	1.0	1.0	0	60	2.0
C	Fleet Renewal – Change the type of Vehicle used to support the kerbside collection of dry recyclables	The current fleet of vehicles have come to the end of their lease. It is considered that the type of vehicle used at present, be changed to a conventional split bodied refuse vehicle.  This type of vehicle will speed up the operation and allow for a reduction in the fleet of one vehicle and crew.  The Waste Management establishment would be reduced by 3 posts	164			3.0			164	3.0

Ref:	Action	Impact Statement of proposals on Corporate priorities/Outcomes, Staff, Customers, Partners, Other Directorates/Services, Assets, initial equalities assessment, consultation requirements etc.	16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE	TOTAL £'000	TOTAL FTE
		It is considered there would be no impact upon the delivery of the service to residents  <b>RAG Status: Amber</b>								
G	Revert to an alternate week collection on domestic refuse at Christmas / New Year; we currently provide a weekly collection for the 10 days when the service is in a backlog situation	The Council currently provides a weekly collection of black bins over the Christmas / New Year period when the service is in backlog; this is a period of approximately 10 working days.  It is considered that initially there would be an adverse public reaction as the frequency between collections would be extended at a time of year when the waste produced increases.  It will take longer to get the service back on a regular collection frequency; however 3 Saturdays will be worked to assist in minimising the disruption in collection frequencies.  It has been agreed that the Household Waste Recycling Centres will remain open on all days during the period that the service is in backlog. These sites will be closed on Christmas Day, Boxing Day and New Year's Day  <b>RAG Status: Amber</b>	30						30	
<b>TOTAL</b>			214	20	20	4	1	0	254	5

**COMMENTS ON ABOVE PROPOSALS:**

Staffing reductions amount to 11% of the total establishment

**CURRENT SERVICE SUMMARY (Winter Maintenance)**

<b>Directorate:</b>	EDS & Neighbourhoods	<b>Borough wide service</b> Highway precautionary salting (gritting) is carried out only on roads important to the free flow of traffic i.e. principal roads, other well used classified roads, bus routes, and access roads to hospitals and fire stations. This is approximately 50% of the roads in Rotherham. During heavy snowfall additional teams from across Streetpride are utilised to clear snow from footways, routes to school, doctors, sheltered housing etc.
<b>Advisory Cabinet Portfolio:</b>	Cllr Sims	
<b>2015/16 Budget (£'000 Gross):</b>	£461,100	
<b>2015/16 Budget £'000 Income:</b>	£0	
<b>2015/16 Budget (£'000 Net):</b>	£461,100	
<b>2015/16 Budget FTE:</b>	49	

**SAVINGS PROPOSALS:**

Ref:	Action	Impact Statement of proposals on Corporate priorities/Outcomes, Staff, Customers, Partners, Other Directorates/Services, Assets, initial equalities assessment, consultation requirements etc	16/17 £'000	17/18 £'000	18/19 £'000	16/17 FTE	17/18 FTE	18/19 FTE	TOTAL £'000	TOTAL FTE
A	Reduce the number of vehicles required to grit the roads	<p>A review is to be carried out to identify if efficiencies can be made to route planning. It is anticipated that this could reduce the number of routes from 10 to 9, whilst still maintaining to salt the same length of highway.</p> <p>This would reduce the number of lorries and out-of-hours drivers required to deliver the service.</p> <p>The service operates a similar level of service as other SY Authorities.</p> <p><b>RAG Status: Red</b></p>	0	50	0	0	0	0	50	0
<b>TOTAL</b>			<b>0</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>0</b>

**COMMENTS ON ABOVE PROPOSALS:**

**The above saving would only partially mitigate the existing recurrent pressure on this budget by £50k**

The 2015/16 budget allocation for highway winter maintenance is £461,100. The average cost of providing the winter services, based on the average for the last 5 years is approximately £829,396.

**YEAR 2 PROPOSAL DUE TO EXISTING CONTRACT HIRE ARRANGEMENTS**

## **Summary Sheet**

### **Council Report**

**Title:** Budget 2016/17 and MTFS Progress Update

### **Is this a Key Decision and has it been included on the Forward Plan?**

No

### **Strategic Director Approving Submission of the Report**

Stuart Booth, Interim Strategic Director of Finance & Corporate Services

### **Report Author(s)**

Pete Hudson, Chief Finance Manager

### **Ward(s) Affected**

All

### **Executive Summary**

This report recommends that Budget Savings Proposals of £1.289m for the period 2016/17 to 2018/19 in respect of the Advisory Cabinet Portfolio of Waste, Roads and Enforcement be considered by the Overview and Scrutiny Management Board (OSMB).

Where savings proposals are supported in principle, detailed equalities impact assessments and/or consultation will be undertaken, as required.

The aim is to produce a draft Medium Term Financial Strategy (MTFS) by November 2015, in line with the timescales included in the Corporate Improvement Plan

### **Recommendations**

**For Overview and Scrutiny Management Board to consider the proposals attached at Appendix 1 and provide any feedback they wish to make before it comes back for a final Commissioner decision.**

## **List of Appendices Included**

Appendix 1 - Advisory Cabinet Portfolio of Waste, Roads and Enforcement Savings Proposals

## **Background Papers**

Budget 2016/17 and MTFS Progress Update Report to Commissioner Manzie's Decision making meeting – 23<sup>rd</sup> September 2015.

## **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

This report will be referred on to Overview and Scrutiny Management Board (OSMB)

## **Council Approval Required**

Ultimately Full Council approval will be required for setting the 2016/17 Budget.

## **Exempt from the Press and Public**

No



## Title (Main Report)

### 1. Recommendations

1.1 For Overview and Scrutiny Management Board to consider the proposals attached at **Appendix 1** and provide any feedback they wish to make before it comes back for a final Commissioner decision.

### 2. Background

2.1 This is the second of a series of reports containing budget savings proposals for the period 2016/17 to 2018/19 which if supported, will help deliver the Council's estimated minimum financial challenge of £41.083m over the next three financial years.

2.2 The savings contained at **Appendix 1** are specifically in relation to the Advisory Cabinet Portfolio of Waste, Roads and Enforcement.

### 3. Key Issues

3.1 The Council is required to identify savings proposals and or income generation opportunities to a minimum value of £41.083m over the three years 2016/17 to 2018/19 to deliver a sustainable Medium Term Financial Strategy (MTFS).

3.2 The savings proposals within the attached appendix amount to £1.289m over the three years 2016/17 to 2018/19 and if supported will impact on 16 full time equivalent (FTE) posts.

	2016/17	2017/18	2018/19	3 Years
Value of Savings	£772k	£279k	£238k	£1,289k
Number of FTE posts affected	10.5	4.5	1.0	16.0

### 4. Options considered and recommended proposal

4.1 The savings proposals in Appendix 1 are recommended for formal consideration.

## **5. Consultation**

5.1 The savings within **Appendix 1** are referred to OSMB for their consideration. Any comments or queries will be referred back to Commissioner Manzie before a “minded to” decision is made.

5.2 All saving proposals will be subject to consultation. The extent of the consultation required will vary by the nature of the proposal. Where proposals have limited impact on customers or partners then the consultation required can be scheduled as soon as possible to bring forward savings in year, where appropriate. The majority of green rated savings fall into this category across all portfolios. The main group affected are employees and the expectation is that managers have already started the discussions about the possible implications of the savings options with the staff concerned.

5.3 For amber and red rated proposals across all portfolios more detailed consultation will be required, for example, with service users and partners, as well as staff. In such cases, savings proposals where the consultation can take place as soon as possible will be identified to maximise the chances for the exercise to be completed before the end of the current financial year to deliver a full year saving from April 1st 2016. It should be noted however, that there will be more complex savings proposals that have been deferred, are part of a major programme, or have significant impacts on customers, staff and partners which will necessitate more detailed consultation. These proposals are being identified and managers will be advised individually on the options available to them in order for the correct consultation process to be worked up and started as quickly as possible.

## **6. Timetable and Accountability for Implementing this Decision**

6.1 These budget proposals will, if supported, contribute to the Council setting its Council Tax and Revenue Budget for 2016/17 on 2<sup>nd</sup> March 2016.

## **7. Financial and Procurement Implications**

7.1 Addressing the financial challenge over the next three years is critical for the Council. These proposals, if supported, would contribute to delivering that challenge.

7.2 The financial implications of the proposals are set out in **Appendix 1**.

## **8. Legal Implications**

8.1 In preparing its MTFs and Budget, the Council must be mindful of the potential impact on service users. Section 149 of the Equality Act 2010 in particular imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (such as: age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation).

8.2 The Council is required to set its Council Tax, and in doing so set its 2016/17 budget, by no later than 10<sup>th</sup> March 2016.

8.3 Where appropriate, savings proposals will be subject to consultation with the public, partners, clients and employees.

## **9. Human Resources Implications**

9.1 The Council currently employs 4,138 full time equivalents (5,760 people). Research shows that the best way of receiving information by any workforce is from their manager or team leader. However it is also important to give out consistent corporate messages. Regular Budget Bulletins to communicate the budget process to the workforce is in place and staff will continue to be appraised of decisions as they are taken and/or of timescales for decisions to be taken.

9.2 The savings proposals in Appendix 1 have a potential impact on 16 FTE posts over the next three years.

## **10. Implications for Children and Young People and Vulnerable Adults**

10.1 Not applicable

## **11 Equalities and Human Rights Implications**

11.1 Detailed Equalities Assessments will be undertaken where there is a requirement to do so.

11.2 Where appropriate, savings proposals will be subject to consultation with the public, partners, clients and employees.

## **12. Implications for Partners and Other Directorates**

12.1 These are contained within **Appendix 1**.

## **13. Risks and Mitigation**

13.1 The Council has identified an estimated budget challenge of £41.083m over the next 3 years. It is imperative that the Council develops and implements a robust MTFs which is sustainable and aligned to the delivery of the Council's key objectives. Although Rotherham Council has a good record of delivering its budget and achieving planned savings, meeting the estimated financial challenge and delivering a balanced budget going forward means that the Council will have to deliver all of the identified savings and with limited margin for variability. Should savings options be rejected, alternatives will have to be identified if the Council is to set a balanced budget and remain within the statutory framework for managing its finances. This adds further potential risk to the budget process.

13.2 It is therefore essential that the Council identifies savings options to eliminate this estimated financial challenge whilst at the same time protecting, to the extent it can, the key services on which the public of Rotherham rely.

## **14. Accountable Officer(s)**

Pete Hudson, Chief Finance Manager (for the report)

Strategic Directors, Assistant Directors and Budget Managers and Budget Holders for the delivery of supported savings proposals.

Approvals Obtained from:-

Strategic Director of Finance and Corporate Services:- Stuart Booth  
Interim Director of Legal & Democratic Services:- Catherine Parkinson

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