



REGENERATION AND ENVIRONMENT SCRUTINY COMMITTEE – 26TH NOVEMBER 2015

SUBJECT: **DRAFT SAVINGS PROPOSALS FOR 2016/17**

REPORT BY: **CORPORATE DIRECTOR - COMMUNITIES**

1. PURPOSE OF REPORT

- 1.1 To provide the Scrutiny Committee with details of draft 2016/17 savings proposals for the Communities Directorate.

2. SUMMARY

- 2.1 The report provides details of 2016/17 savings proposals for Regeneration & Planning, Engineering and Community & Leisure Services.
- 2.2 Members are asked to consider the proposed savings prior to final proposals being presented to Cabinet in February 2016.

3. LINKS TO STRATEGY

- 3.1 The budget setting process encompasses all the resources used by the Council to deliver services and meet priorities.

4. THE REPORT

4.1 Financial Outlook

- 4.1.1 At its meeting on the 25th February 2015 Council was presented with a Medium-Term Financial Plan (MTFP) that showed a potential savings requirement of £14.030m for the 2016/17 financial year and £12.105m for 2017/18. This position assumed a 3.4% cut for both financial years in the Aggregate External Finance (Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates) funding received from the Welsh Government (WG).
- 4.1.2 Members will be aware that the UK Government has undertaken a Comprehensive Spending Review in recent months and has asked for savings of between 25% and 40% for non-protected areas. As a consequence of this, the financial outlook for Local Government in Wales will inevitably worsen and this will be exacerbated by the likelihood of WG continuing to offer a degree of protection to the NHS.

- 4.1.3 The Spending Review will result in a delay in the announcement of the WG 2016/17 Provisional Local Government Financial Settlement and this is not expected until the 9th December 2015. However, it is evident that cuts are likely to be deeper than originally anticipated so the MTFP has now been revised to reflect a reduction in the Aggregate External Finance (AEF) of 4.3% for 2016/17 and 2017/18. In financial terms this equates to a further cash reduction of £2.555m for 2016/17 and £2.360m for 2017/18 above the levels originally assumed (i.e. a total savings requirement of £31.050m).
- 4.1.4 The 2016/17 Draft Savings Proposals Report presented to Cabinet on the 14th October 2015 included an updated MTFP based on a number of assumptions and adjustments (some of which have reduced the overall savings requirement): -
- An assumed reduction in the AEF of 4.3% for 2016/17 and 2017/18, with a further reduction of 3% for 2018/19.
 - A proposed increase of 3.9% in Council Tax for 2016/17 along with an indicative increase of 3.9% for the following 2 years.
 - A 1% pay award in each of the three years.
 - An assumed annual increase of 20p per hour for the Living Wage.
 - Non-pay inflation at 0% for 2016/17 and 2017/18. Previous versions of the MTFP have assumed a 1.5% increase each year but the Consumer Prices Index (CPI) annual inflation rate is currently negative at -0.1%. This adjustment reduces the savings requirement by circa £1.7m per annum.
 - Non-Pay inflation reinstated at 1.5% for 2018/19 (subject to review at a later date).
 - A general 1.5% increase in Fees & Charges on an annual basis.
 - Following a review of Debt Charges the £150k per annum growth included in the MTFP presented to Council in February 2015 has now been removed.
 - A sum has been included each year to honour the schools "pledge" based on current WG guidance.
 - A contingency for Social Services cost pressures of £1.5m has been factored into the MTFP for 2016/17 along with £1m for 2017/18 and £1m for 2018/19.
 - A cost pressure of £1.815m is included in 2016/17 due to increased employer National Insurance contributions from April 2016. This arises as a consequence of the Local Government Pension Scheme (LGPS) no longer being contracted-out of the Additional State Pension when the new Single-Tier State Pension is introduced.
 - The £100k per annum for Welfare Reform included in the MTFP presented to Council in February 2015 has been removed. The Authority will continue to work with partners to manage the impact of Welfare Reform within existing budgets.
 - The £300k per annum for Other Service Pressures included in the MTFP presented to Council in February 2015 has also been removed. Any emerging cost pressures will be considered on a case-by-case basis.
- 4.1.5 After all of the above adjustments have been factored into the updated MTFP the remaining projected savings requirement for the Authority is as summarised in Table 1 below: -

Table 1 – Updated Cash Savings Targets

Year	Annual Cash Savings Target £m	Cumulative Cash Savings Target £m
2016/17	14.321	14.321
2017/18	11.441	25.762
2018/19	9.423	35.185

4.2 Overview of 2016/17 Draft Savings Proposals

- 4.2.1 The budget strategy agreed by Council on the 25th February 2015 included the following principles that would be followed throughout the process of identifying savings proposals: -
- Protecting front-line services where we can and reducing expenditure on management and administrative costs.
 - Increasing fees and charges where appropriate.
 - Reducing, rather than removing services where possible.
 - Focussing on priorities.
 - Looking at alternative ways of delivering services (collaboration, partnerships, community trusts, etc.).
- 4.2.2 The work to identify savings proposals has followed these principles and has been led by the Corporate Management Team in consultation with appropriate Cabinet Members. Heads of Service have been heavily involved throughout the process with support from colleagues in Finance. Service Managers have also been included to ensure that all options that are deliverable for 2016/17 have been considered.
- 4.2.3 Some of the approved savings for the 2015/16 financial year only had a part-year impact with the full-year impact now being available to support the savings required for 2016/17. These are summarised in Table 2 below: -

Table 2 – 2016/17 Full-Year Impact of Approved 2015/16 Savings

Description	£m
Reduction in HMRC mileage rate (50p to 45p)	0.034
Project Gwyrrd	0.319
Customer First – Review of opening hours	0.109
Closure of Ty Pontllanfraith	0.600
Reduction in Street Cleansing budget	0.200
Public Libraries – Review of opening hours	0.067
Street Lighting – LED Panels etc.	0.350
Review of Passenger Transport services	0.126
Social Services – Cessation of Shopping Service	0.048
Social Services – Review of Day Care provision	0.127
TOTAL	1.980

- 4.2.4 Table 3 provides a high-level summary of the new proposed savings for the 2016/17 financial year by service area: -

Table 3 – Summary of Proposed 2016/17 Savings

	£m
Whole Authority “corporate nature”	2.696
Corporate Services (including Non-HRA Housing)	1.931
Social Services and Public Protection	4.017
Communities Directorate	1.824
Education & Lifelong Learning	1.964
TOTAL	12.432

4.2.5 The total proposed savings of £12.432m in Table 3 along with the £1.980m full-year impacts in Table 2 is £91k higher than the anticipated total savings requirement of £14.321m for the 2016/17 financial year. This provides a small buffer which can be used to reconsider some of the savings proposals at the conclusion of the ongoing consultation process or alternatively the £91k can be set-aside as savings in advance for the 2017/18 financial year.

4.3 2016/17 Draft Savings Proposals for the Communities Directorate

- 4.3.1 The report presented to Cabinet on the 14th October 2015 identified savings proposals totalling £8.661m across all service areas that do not have a direct impact on service users or the public. These proposals were categorised into a single line for each service area in the Appendices of the report. This is consistent with the approach adopted last year and the proposals consist in the main of vacancy management, structural reviews, budget realignment and minor changes to service provision.
- 4.3.2 The 2016/17 new savings proposals for the Communities Directorate amount to £1.824m, which represents 4.19% of the Directorate's 2015/16 total net budget. £1.136m of the savings proposals will have no direct impact on service users or the public as summarised in Table 4: -

Table 4 – Summary of ‘Nil’ Impacts (Communities Directorate)

Division	Total £m
Regeneration & Planning	0.280
Engineering	0.168
Community & Leisure Services	0.688
TOTAL	1.136

- 4.3.3 The remaining draft 2016/17 savings proposals totalling £0.688m for the Communities Directorate will have an impact on service users and/or the public. These have been categorised as low, medium or high impact as summarised in Table 5: -

Table 5 – Summary of Savings Proposals with Low, Medium or High Impact

Impact Level	Regeneration & Planning £m	Engineering £m	Community & Leisure £m	Total £m
Low	0.042	0.054	0.221	0.317
Medium	0.071	0.200	0.100	0.371
High	0.000	0.000	0.000	0.000
TOTAL	0.113	0.254	0.321	0.688

- 4.3.4 Full details of the savings proposals that will have an impact on service users and/or the public are provided in Appendices 1 to 3 of this report and Members of the Scrutiny Committee are asked to consider and comment upon these proposals.
- 4.3.5 Some of the savings proposals will have a part-year impact in 2016/17 but will potentially deliver further savings in 2017/18. The most notable of these are the following: -

Table 6 – Main Proposals with 2016/17 Part-Year Impact

Ref No.	Saving Proposal	2016/17 Savings £m	2017/18 Savings £m
ERP24	Evaluate options to reduce the deficit at Blackwood Miners Institute	0.037	0.111
ERP25	Evaluate options to reduce the deficit at the Winding House Museum	0.034	0.102
CL14	Bowling Green Rationalisation	0.050	0.120
CL25	Transfer of Bedwas Leisure Centre to Bedwas High School	0.050	0.050
	TOTAL	0.171	0.383

5. EQUALITIES IMPLICATIONS

- 5.1 An equalities impact assessment will be completed for all of the 2016/17 savings proposals that will have an impact on service users and/or the public. This is to ensure that decisions that affect different individuals and groups are assessed at an appropriate and relevant level and at the correct stage in the process.
- 5.2 Consultation with residents, when done in accordance with the Council's Public Engagement Strategy and the Equalities Consultation and Monitoring Guidance, also ensures that every resident, regardless of circumstances, has the opportunity to have their views heard and considered in the Council's decision-making process.

6. FINANCIAL IMPLICATIONS

- 6.1 As detailed throughout the report.

7. PERSONNEL IMPLICATIONS

- 7.1 The 2016/17 draft savings proposals totalling £1.824m for the Communities Directorate will result in the loss of up to 32 posts. To date, five months prior to the start of the next financial year, 11 of these posts are currently vacant. The remaining 21 posts will be removed primarily through voluntary severance/early retirements and redeployment. However, there is a chance that there may be some compulsory redundancies, albeit that every effort will be made to avoid this situation.

8. CONSULTATIONS

- 8.1 An extensive consultation process on the 2016/17 draft savings proposals commenced on the 19th October 2015 and will end on the 8th January 2016. This process consists of the following: -
- Online and paper consultation.
 - Articles in Newsline.
 - Use of Social Media.
 - Drop-In Sessions at locations across the County Borough.
 - Meetings with the Viewpoint Panel, 50+ Forum, Youth Forum etc.
 - Engagement with employees and the Trade Unions.

- Consultation with Town and Community Councils.
- Consultation with the Voluntary Sector.
- Posters at affected establishments.

8.2 The views of the Scrutiny Committee will also form an important part of the consultation process.

9. RECOMMENDATIONS

9.1 Members of the Scrutiny Committee are asked to consider and comment upon the range of savings proposals outlined in this report.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To ensure that the views of the Scrutiny Committee are considered prior to final savings proposals being presented to Cabinet in February 2016.

11. STATUTORY POWER

11.1 The Local Government Acts 1998 and 2003.

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Consultees: - Communities Directorate Senior Management Team
Cllr Ken James, Cabinet Member for Regeneration, Planning and Sustainable Development
Cllr Tom Williams, Cabinet Member for Highways, Transportation and Engineering
Cllr Nigel George, Cabinet Member for Community and Leisure Services
Stephen Harris, Interim Head of Corporate Finance

Background Papers: -

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Appendices: -

Appendix 1 Regeneration & Planning Division - 2016/17 Draft Savings Proposals with an Impact on Service Users and/or the Public

Appendix 2 Engineering Division - 2016/17 Draft Savings Proposals with an Impact on Service Users and/or the Public

Appendix 3 Community & Leisure Services Division - 2016/17 Draft Savings Proposals with an Impact on Service Users and/or the Public

Appendix 1

Regeneration & Planning Division - 2016/17 Draft Savings Proposals with an Impact on Service Users and/or the Public

Ref: ERP11 – Increase in fees for pre-planning advice (Saving £5k)

(Public Impact: Low)

1. Members will recall that Planning introduced fees for pre-planning advice as part of MTFP savings for the 2014/15 financial year with an estimated target of £20k. An increase in applications in 2014/15 meant that this target was slightly exceeded with the changes delivering an income of £22.5k. As application numbers remain more buoyant, it is proposed that increasing the target by a further £5k is realistic. Moreover, in tandem with other Authorities we propose to levy a modest charge of £48 on householder applications (not chargeable at present).
2. Whilst introducing charges where none existed previously may seem controversial, most Planning Authorities in Wales and the UK now charge for advice, including from householders. Since Caerphilly introduced charges for other categories in April 2014 there have been very few complaints. Indeed, the charges are fairly modest as a percentage of the overall cost of a development and developers and agents are aware that obtaining advice and guidance at the early stages of a development can often decrease uncertainties. This enables applicants to obtain planning permission at the first attempt, thus saving money in the long run. It is important to note that at time of writing, Welsh Government are consulting on pre-application advice charges with the aim of introducing fixed and uniform charges throughout Wales as part of their planning reforms. Should this go ahead, Caerphilly's charges will require modification in due course. However, a rough calculation by officers has indicated that should the tariffs suggested by WG be introduced rather than our own locally set charges, the overall income to the Planning Authority should remain much the same.

Ref: ERP18 – Review of Events Budget (Saving £17k)

(Public Impact: Low)

1. Members are aware that the Events Team have made considerable savings in recent years (£90k in 2015/16) to contribute to the MTFP. Although staffing has been reduced and marketing budgets trimmed, the Team has managed to protect core events throughout the county borough by increasing sponsorship and fees. It is considered that following trends from recent years a saving of £17k for 2016/17 is achievable.

Ref: ERP19 – Reduction in Community Regeneration Budget (Saving £20k)

(Public Impact: Low)

1. Regeneration & Planning administers a grant budget of £229k whereby a panel evaluates bids for schemes from groups throughout the county borough. Although the proposed £20k saving for 2016/17 will have an adverse impact on some bodies that will have their grants reduced or removed, it is considered that this circa 10% reduction is warranted due to the current pressure to deliver savings.

Ref: ERP24 – Evaluate options to reduce the deficit at Blackwood Miners Institute (Saving - £37k in 2016/17 and £111k in 2017/18)

(Public Impact: Medium)

1. Blackwood Miners Institute (BMI) is the Council's only professional arts venue. It operates as a Charitable Trust and the Corporate Management Team (CMT) have recently approved the introduction of a Council run board of trustees to satisfy the legal requirements of the Charities Commission. The relevant documentation is currently being developed to enable this to happen.
2. Over recent years, there has been a focussed effort upon increasing income in order to reduce the overall net cost of the BMI to the Council, with the net budget reducing from £365,279 for 2013/14 to £306,196 in 2014/15. Further MTFP savings applied in 2014/15 via operational efficiencies, a staff restructure and further income generation has seen the 2015/16 net budget reduce to £296,449 (a reduction of 19% since 2013/14).
3. During 2014/15 the BMI attracted over 30,000 audience numbers and over 3,000 participants in the Arts, delivered at the facility. The venue is used by local groups of all ages and additionally, the Council's Arts Development Team operate from the BMI and deliver an extensive programme of outreach work, including our Community First areas across the county borough.
4. As such, it is essential that we seek to retain and protect, in so far as is possible, the valuable contribution the BMI makes to the community and the Arts generally. It is proposed to achieve this outcome whilst seeking to reduce the net cost to the Council even further.
5. The 2016/17 MTFP target of £37k can be achieved through a targeted approach to maximising income generation opportunities and further efficiencies in the operation of the BMI.
6. A Task and Finish Group will fully explore and evaluate options to achieve the potential 2017/18 MTFP saving of £111k and a detailed report will be presented for Member consideration, outlining the conclusions and recommendations of the Group.

Ref: ERP25 – Evaluate options to reduce the deficit at the Winding House Museum (Saving - £34k in 2016/17 and £102k in 2017/18)

(Public Impact: Medium)

1. The Winding House Museum (WHM) is the only accredited museum serving the county borough and as such it is a valuable heritage asset to the communities within Caerphilly CBC. The museum is responsible for over 14,000 artefacts which have either been donated or loaned to the museum.
2. As an accredited museum there are regulations governing the storage and long-term care of these local treasures, in strictly climate controlled conditions.
3. The WHM also hosts the Council's Heritage Service and the Grade II listed Winding House and Victorian engine shed.
4. The budgeted net cost of the WHM to the Council for 2015/16 is £271,964, having reduced from £283,328 in 2014/15.
5. The modest 2016/17 MTFP saving proposal of £34k will be achieved through the implementation of initiatives to reduce overall running costs.

6. Similar to the BMI proposal, a Task and Finish Group will fully explore and evaluate a number of options available to enable the net cost to the Council to be potentially reduced by a further £102k during 2017/18. A detailed report will be presented for Member consideration, outlining the conclusions and recommendations of the Group.

Appendix 2

Engineering Division - 2016/17 Draft Savings Proposals with an Impact on Service Users and/or the Public

Ref: ENG04 – School Crossing Patrol site reduction through necessary site assessments (Saving £10k)
(Public Impact: Low)

1. Where resignations and retirements occur School Crossing Patrol sites will be reviewed against national guidance and assessment criteria. Those sites no longer qualifying will be withdrawn.

Ref: ENG10 – Increase car park Excess Charge Notice (ECN) from £30 to £40 (Saving £25k)
(Public Impact: Low)

1. Following benchmarking with neighbouring Authorities, it has been established that:-
 - Newport ECN charges are £70 reduced to £35 for early payment.
 - Monmouthshire ECN charges are £60 reduced to £30.
 - 18 Local Authorities across Wales operate decriminalised parking for which the PCN charges are set by WG at £70 reduced to £35 and £50 reduced to £25.
2. The proposal is to increase ECN charges from £30 to £40. Town and Community Councils, community partnerships, Members and the public will be consulted in accordance with the Council's constitution, via the Traffic Regulation Order process.

Ref: ENG13 – Reduce Traffic Management operational budget (Saving £10k)
(Public Impact: Low)

1. The proposal is to reduce the Traffic Management operational budget of £40k to £30k thereby limiting the number of Traffic Regulation Orders that can be progressed each year. This will reduce delivery times to Members and the public for changes to street parking arrangements.

Ref: ENG17 – Reduce Community Response Team operational budget (Saving £9k)
(Public Impact: Low)

1. This refers to the council's Community Response Team that reacts to requests for minor maintenance works in the local community (painting railings, repairing benches, re-setting posts etc.). The £9k saving from the budget of £119k can be offered on the basis that the budget for this Team has been incorporated into Highways Operations in 2015/16 and so the materials costs can be integrated into the overall budget thereby allowing efficiencies to be made.

Ref: ENG12 – Review of car parking charges (Saving: £50k)
(Public Impact: Medium)

1. Off street car parking tariffs previously increased during April 2007 and summer 2010. This proposal seeks to increase car parking charges by typically 10p per hour across the County Borough.

2. The majority of tickets sold are for 1-2 hours in the short stay car parks and daily tickets in the long stay car parks. The proposal is to increase the charges by the following amounts: -
 - Additional 10p for a 1 hour ticket
 - Additional 20p for a 2 hour ticket
 - Additional 30p for a 3 hour ticket
 - Additional 40p for a 4 hour ticket
 - Additional 50p for a daily ticket
3. In general, previous car park increases over a short period of time have seen a corresponding decrease in car parking usage over the short term, but reinstated thereafter. It is considered that the above proposal should be introduced and reviewed after 12 months to monitor its impact and to then be considered as part of a wider comprehensive review of the management of highways owned off street car parks.

Ref: ENG14 – Reduce planned carriageway operational resurfacing budget (Saving £50k)

(Public Impact: Medium)

1. The Highways Act 1980 places a statutory duty upon the Highway Authority (i.e. the Council) to maintain a safe highway network for its users. This duty is fulfilled through a combination of reactive and proactive inspections and repairs. This proposal relates to a £50k reduction to the planned carriageway resurfacing budget of £868k (£168k revenue and £700k capital). The £50k represents a 5.8% reduction, equating broadly to a 3,800m² reduction of surfacing being undertaken per annum.
2. It is recognised that the Council's draft Highways Asset Management Plan has projected that the condition of the highway network will continue to decrease unless additional funding is identified over and above what has been provided in previous years. However, in this wider context, the overall impact of the 2016/17 MTFP saving proposal is minimal.

Ref: ENG15 – Reduce carriageway surface dressing budget (Saving £100k)

(Public Impact: Medium)

1. The Highways Act 1980 places a statutory duty upon the Highway Authority (i.e. the Council) to maintain a safe highway network for its users. This duty is fulfilled through a combination of reactive and proactive inspections and repairs. This proposal relates to a £100k reduction to the carriageway surface dressing budget of £1.112m i.e. a 9% reduction, equating broadly to a 20,000m² reduction of surfacing being undertaken per annum.
2. It is recognised that the Council's draft Highways Asset Management Plan has projected that the condition of the highway network will continue to decrease unless additional funding is identified over and above what has been provided in previous years. However, in this wider context, the overall impact of the 2016/17 MTFP saving proposal is minimal.

Appendix 3

Community & Leisure Services Division - 2016/17 Draft Savings Proposals with an Impact on Service Users and/or the Public

Ref: CL04 – Reduction in allotment grants to Allotment Federation (Saving £14k)
(Public Impact: Low)

1. The Authority currently pays £28k per annum to the Allotment Federations across the county borough that manage the allotment sites. This saving will therefore reduce the grant level by 50% in 2016/17. Although this has been classified as having a “low” impact to the public across the county borough, there is potential for significant representations to be made to Members from the Federations and plot holders. However, it must be acknowledged that the Federations have the ability to increase income through setting new plot charges. The ultimate risk is that the Federations cease to exist and the Authority will then have to manage the allotments directly.

Ref: CL07 – Reduction in playground maintenance budget (Saving £9k)
(Public Impact: Low)

1. This reduction can be managed with minimal impact and our statutory responsibilities will still be maintained.
2. Playgrounds suffering from repeated levels of vandalism and in need of regular repair may need to be considered for removal of certain equipment or complete closure.

Ref: CL19 – Removal of 5 additional posts in the Cleansing Service and reconfiguration of structure/service delivery (Saving £110k)
(Public Impact: Low)

1. The saving will be achieved through the deletion of posts linked to voluntary early retirement/voluntary severance/redeployment. It is likely that minor changes to working practices can be made to mitigate any effects on service delivery to the public.

Ref: CL20 – Introduction of Admin (Waste Transfer Note) charges for commercial waste customers (Saving £20k)
(Public Impact: Low)

1. The saving will be achieved through the introduction of an administration fee for the management of legal (waste transfer note) documentation for Commercial Waste customers.
2. This system operates in many other Local Authorities and with certain private sector providers and will only affect the Authority's Commercial Waste customers.

Ref: CL30 – 4% increase across a range of Leisure Centre charges (Saving £50k)
(Public Impact: Low)

1. The increase has been set at 4% to represent a reasonable incremental increase which should be of relatively low impact to Leisure Centre users. Achievement of income will be closely monitored as the year progresses.

Ref: CL31 – Changing the pricing structure for the Caerphilly Adventures Service (Saving £18k)
(Public Impact: Low)

1. The 2015/16 net cost to the Council for this service is £113k. The pricing structure will be reviewed to achieve additional income and the main increases will be applied to services offered to external customers.

Ref: CL14 – Bowling Green rationalisation (Saving - £50k in 2016/17 and £120k in 2017/18)

(Public Impact: Medium)

1. This proposal is a total saving of £170k which will be achieved over 2 years. The saving will be achieved through the merger of some clubs/facilities, the closure of 3 facilities (with the lowest number of members) and bowling clubs taking on an element of self-management supported with a reduced Council maintenance regime.
2. Meetings have been held throughout the summer of 2015 with all clubs and these meetings have proved to be very positive. A specific report on this saving proposal is due to be presented to Cabinet prior to consideration of the whole-Authority savings proposals in February 2016.

Ref: CL25 – Transfer of Bedwas Leisure Centre to Bedwas High School (Saving - £50k in 2016/17 and £50k in 2017/18)

(Public Impact: Medium)

1. Discussions are at an advanced stage with the Headteacher who is keen to proceed with the transfer.
2. A plan has been communicated to the school to enable income to be generated from the school and public swimming lessons programme.