

New Growth Proposals 2020-21 to 2022-23

Appendix 3

Title	Reference	Directorate	Strategic Priority Outcome	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Demographic pressures in adult social care	GRO / HAC 001 / 20-21	Health, Adults & Community	3. People access joined-up services when they need them and feel healthier and more independent	-	-	4,770	4,770
Children's social care post Ofsted	GRO / CHI 001 / 20-21	Children & Culture	2. Children and young people are protected so they can realise their potential	3,400	(400)	-	3,000
Children's social care – looked after children	GRO / CHI 002 / 20-21	Children & Culture	2. Children and young people are protected so they can realise their potential	1,262	-	-	1,262
SEND transport budget pressures and demographic growth	GRO / CHI 003 / 20-21	Children & Culture	1. People access a range of education, training, and employment opportunities	2,936	-	-	2,936
In-sourcing of waste services (employee costs)	GRO / PLA 001 / 20-21	Place	5. People live in a borough that is clean and green	1,300	-	-	1,300
Local Community Fund Mitigation (to reduce 2021-22 savings to allow investment in Local Community Fund)	GRO / GOV 001 / 20-21	Governance	8. People feel they are part of a cohesive and vibrant community	-	330	-	330
New Microsoft licenses for applications and servers	GRO / RES 001 / 20-21	Resources	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement	905	-	-	905
Budget management IT system improvement and necessary hosting	GRO / RES 002 / 20-21	Resources	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement	80	-	-	80

Unachievable Savings

Better targeting of services for Children with Special Educational Need and Disabilities (SEND) <i>Reversal of 2017-18 Approved Saving (SAV/ CHI 005 / 17-18)</i>	GRO / CHI 004 / 20-21	Children & Culture	1. People access a range of education, training, and employment opportunities	940	-	-	940
Early Years <i>Reversal of 2017-18 Approved Saving (SAV/ CHI 003 / 17-18)</i>	GRO / CHI 005 / 20-21	Children & Culture	2. Children and young people are protected so they can realise their potential	2,408	-	-	2,408
Pan-London Homelessness Prevention Procurement Hub ("Capital Letters") <i>Reversal of 2019-20 Approved Savings (SAV / PLA 003 / 19-20)</i>	GRO / PLA 002 / 20-21	Place	4. Inequality is reduced and people feel that they fairly share the benefits from growth	200	-	-	200
Income Through Wi-Fi Concession Contract <i>Reversal of 2018-19 Approved Saving (SAV/ RES 07 / 18-19)</i>	GRO / RES 003 / 20-21	Resources	9. The Council is open and transparent putting residents at the heart of everything we do	300	-	-	300

Achievement of Income Target through improved Council Tax Base

Budgeted increase in Council Tax Base (number of properties) - allocated against existing Debt Management & Income Optimisation saving	GRO / COP 001 / 20-21	Corporate Costs	9. The Council is open and transparent putting residents at the heart of everything we do	974	69	74	1,117
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Planned Removal of Agreed Short-Term Growth

Tower Hamlets Education Partnership (THEP)	GRO / CHI 002 / 19-20	Children & Culture	2. Children and young people are protected so they can realise their potential	-	-	(250)	(250)
Universal Free School Meals	GRO / CHI 004 / 19-20	Children & Culture	4. Inequality is reduced and people feel that they fairly share the benefits from growth	-	-	(2,000)	(2,000)

Core Grants

Improved Better Care Fund		Health, Adults & Community	3. People access joined-up services when they need them and feel healthier and more independent	2,074	-	-	2,074
Winter Pressures		Health, Adults & Community	3. People access joined-up services when they need them and feel healthier and more independent	733	-	-	733
Public Health Grant		Health, Adults & Community	3. People access joined-up services when they need them and feel healthier and more independent	682	-	-	682

Inflation

Contractual Inflation		Cross-Directorate	9. The Council is open and transparent putting residents at the heart of everything we do	-	-	3,400	3,400
Pay Award		Cross-Directorate	9. The Council is open and transparent putting residents at the heart of everything we do	-	-	3,100	3,100

Total Growth & Inflation	18,194	(1)	9,094	27,287
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GROWTH PROPOSAL

Proposal Title:	Demographic pressures in adult social care	Growth Type:	Budget Pressure
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Directorate:	Health, Adults & Community	Reference:	GRO / HAC 001 / 20-21
Service Area:	Adult social care	Strategic Priority Outcome:	3. People access joined-up services when they need them and feel healthier and more independent
Lead Member & Title:	Cllr Amina Ali, Cabinet Member for Adults, Health and Wellbeing	Lead Officer & Job Title:	Warwick Tomsett, Joint Director of Integrated Commissioning

Financial Impact:	Current Budget	Growth Breakdown by Financial Year			
	Budget 19-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Employee Costs	-	-	-	-	-
Other Costs	74,383	-	-	4,770	4,770
Income	-	-	-	-	-
Total	74,383	-	-	4,770	4,770
Staffing Impact:					
Employees (FTE)	-	-	-	-	-

Proposal Summary:

Demographic pressures in adult social care have been recognised nationally as a growing concern for local authority budgets. The government has provided an increase in the Improved Better Care Fund (IBCF) and allowed local authorities to add a precept increase to council tax but demand for services continues to rise. In Tower Hamlets, the increase in funding from IBCF and the adult social care precept have historically been used to fund demographic and inflationary pressures in adult social care. However there is an increased level of uncertainty surrounding these funding streams in future years despite them being significant for the council. For example, a 2 per cent social care precept generates additional funding of between £1.8m - £1.9m for Tower Hamlets.

The demographic growth calculation assumes that increases in population, combined with other demographic factors detailed below will lead to more clients needing social care support for longer. National and local policy is designed to maintain independence for as long as possible through community based support, thus reducing the need for more costly residential services. However, more people are living longer with more complex needs.

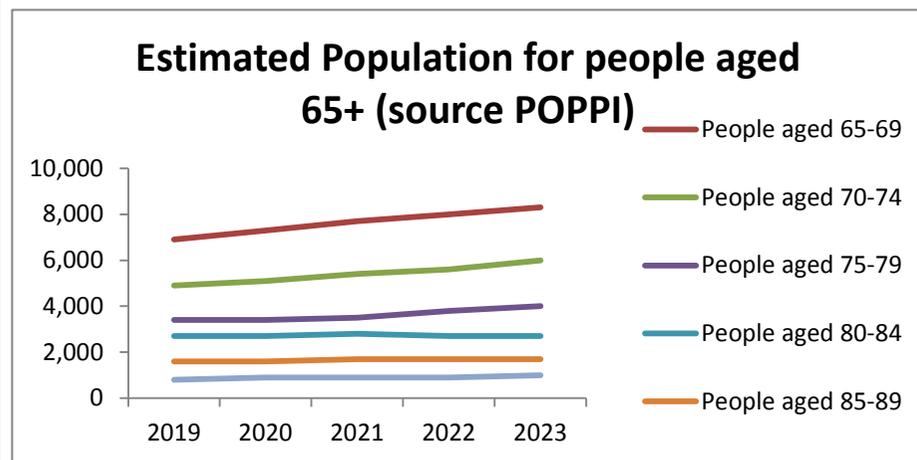
This increase in demand and resulting cost is subject to transformation work underway across health and social care services, through the Tower Hamlets Together partnership. This includes savings proposals detailed elsewhere, which are designed to make best use of resources across the system to provide community based support, reduce overall unit costs and ensure efficiencies through contracts with services. This includes joint funded packages of care where appropriate.

The estimated average rate of growth per client group is different and is influenced by a number of factors such as age, ethnicity, deprivation and other such demographic factors.

Predicted population growth in Tower Hamlets will inevitably bring an increase in the number of people who need adult social care services. Tower Hamlets has high levels of deprivation, which in turn is associated with poor mental and physical health. Deprivation levels may be further exacerbated by welfare reform. An increase in the number of people living for longer with poor health is also a factor driving an increase in demand for adult social care across all client groups.

There is likely to be an increased demand for adult social care from all sections of the population as it continues to expand. Based on the GLA projections (2015 SHLAA capped household size), the borough's population is expected to grow by 22 per cent between 2016 and 2026. By 2021, the population is predicted to have increased to 337,600. While the projected growth is mainly in the lower working age range (people aged 30 to 49), over the course of the next decade, the age structure of Tower Hamlets is expected to shift, with the proportion of young adults in their twenties and thirties decreasing and the proportion of older adults increasing.

This bid uses estimated growth rates from the Greater London Authority's housing-linked projections and the Department of Health sponsored systems 'Projecting Adult Needs and Service Information' (PANSI) and 'Projecting Older People Population Information' (POPPI) systems. The latter two systems combine population projections with benefits data and research on expected prevalence rates to produce projections of the likely future demand on social care and health services. Projections from POPPI and PANSI for previous years have proven to be reasonably accurate and we are satisfied that these are the most robust figures available for calculating projections of future growth in demand for adult social care for older people and adults accessing physical disability and mental health services.



Budgeted Outcomes / Accountability (focus on improved performance):

This growth bid relates directly to the 2018-21 strategic plan outcome – people access joined-up services when they need them and feel healthier and more independent. It is aligned to the vision and aims of the 2017-20 ageing well in Tower Hamlets strategy, the 2017-20 living well learning disability strategy and the 2015-19 mental health strategy, which all aim to support people to be as healthy and independent as possible.

The bid is necessary to ensure the council can fulfil its statutory duties to residents needing care and support, as articulated in the 2014 Care Act. It relates to the outcomes for adult social care expected nationally, as set out in the adult social care outcomes framework.

Accountability in adult social care is set out in our local quality assurance framework. In terms of our accountability of residents, a key mechanism is the annual local account. This publication is produced every year and sets out the quality and performance of services over the preceding 12 months. It enables residents to scrutinise and challenge our performance.

Risks and Implications:

Older people services

Due to the health and demographic factors, demand for adult social care services from older people is predicted to continue to increase between now and 2022. For 2022-23, the forecast growth rate is 4.1 per cent (using POPPI), giving a growth requirement in 2022-23 of £1.832m.

Home care, which is particularly heavily used by older people in Tower Hamlets, is expected to continue to be under growing pressure over the next eight years. Separate inflationary growth is allowed for in the MTFs to cover rising unit costs in home care (related to the Ethical Care Charter and the annual uprating of the London Living Wage), but does not include any allowance for rising demand, which is dealt with here.

Physical disability services

The causes of physical disabilities and sensory impairments in working-age adults are complex. This information, along with predictions on future prevalence rates, is not detailed in this report. Evidence suggests there has been a moderate increase in demand in the number of working-age adults who have a physical disability or sensory impairment and who are eligible to receive support from adult social care.

PANSI has a number of future predictions for physical disability and sensory impairment prevalence rates amongst working-age adults in Tower Hamlets. This information is categorised according to health condition and does not give an indication as to who might be eligible for adult social care. The average rate of growth for this group between 2020 and 2025 is 2.7 per cent per year giving a growth requirement of £0.195m.

Learning disabilities services

18-25 years old (transitions)

Young people transitioning from children's to adult services are estimated using service data from the children with disabilities team and the community learning disability service (CLDS). Historically around 70-80 per cent of young people identified by children's services as having needs which may be met by adults services are found to be eligible for the CLDS in adult social care. Using the Year 9 tracking record that is maintained by CLDS, it is anticipated 52 people will turn 18 in 2019-20, 61 in 2020-21 and 70 in 2021-22. Using this trend, it can be anticipated that approximately 79 children will turn 18 in 2022-23. Given the average cost of a transition care package is £62,000, the growth requirement for 2022-23 estimated at £2.434m.

26-64 years old

To calculate the growth required for new clients aged between 18-64 years the actual cost of new clients who joined the service in 2018-19 is used to estimate what this may look like in 2022-23.

Given the estimated growth rate of learning disabilities in the Tower Hamlets population is 1.2% annually (per PANSI), this would result in expected growth in 2022-23 being £0.244m

Therefore the total growth requirement for these services in 2022-23 is £2.658m.

Mental health services

Evidence suggests there has been a steady increase in the number of adults who have a mental health problem and who are eligible to receive support from adult social care PANSI has a number of future predictions for mental health prevalence rates amongst working-age adults in Tower Hamlets.

This information is categorised according to mental health condition and does not give an indication as to who might be eligible for adult social care.

In addition to this general growth in the number of mental health clients, there are also particular pressures in Tower Hamlets on the number of mental health forensic placements, and there is also an increasing group of young people with mental health issues that will transition to adult social care. The average annual growth rate for mental health services is 1.2 per cent, which demonstrates a requirement of £0.085m.

If demographic growth was only funded in part, work to reduce overall expenditure would need to be developed to mitigate the impact of this in 2022-23. This would likely need to focus on demand management to reduce the level of social care support provided to all individuals by the council, so that the pressures of demographic growth could be contained within current budgets.

Value for Money and Efficiency:

The amount required for growth is intended to meet the assessed eligible needs of vulnerable individuals, including home care, day care, meals, direct payments and residential and nursing care services.

Scrutiny on the quality of assessments and their value for money in legally meeting assessed needs is central to social care operational practice. The eligibility criteria are set nationally through regulations within the Care Act, which has a threshold of significant impact on wellbeing as the benchmark on where the duty is reached. This demand led service is therefore very sensitive to demographic changes.

Against the backdrop of increasing demographic and inflationary pressures, adult social care has set out to improve value for money by:

- Increasing the use of home care and direct payments to reduce and delay residential and nursing care placements.
- Improving the independence of service users through reablement (care after illness or hospital discharge) and employment opportunities.
- Utilising more supported accommodation, extra care sheltered housing and intensive housing support to reduce residential and nursing care placements.

Adult social care achieved £2.1m savings in 2018-19 and is forecasting to achieve a further £1.8m savings in 2019-20.

GROWTH PROPOSAL

Proposal Title:	Children's social care post Ofsted	Growth Type:	Budget Pressure
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Directorate:	Children & Culture	Reference:	GRO / CHI 001 / 20-21
Service Area:	Children's social care	Strategic Priority Outcome:	2. Children and young people are protected so they can realise their potential
Lead Member & Title:	Cllr Danny Hassell, Cabinet Member for Children, Schools and Young People	Lead Officer & Job Title:	Richard Baldwin, Divisional Director Children Social Care

Financial Impact:	Current Budget	Growth Breakdown by Financial Year			
	Budget 19-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Employee Costs	27,500	1,600	(400)	-	1,200
Other Costs	15,300	1,800	-	-	1,800
Income	-	-	-	-	-
Total	42,800	3,400	(400)	-	3,000
Staffing Impact:					
Employees (FTE)	TBC	25	-6	-	19

Proposal Summary

Staffing - There was a service redesign in 2016, resulting in a growth bid of £1.597 million to realign the children's Social Care (CSC) staffing budget. Following the Ofsted inspection rating of 'inadequate' in early 2017, an improvement plan was developed that secured £4.7m one-off investment over two and a half years. The service has undergone major changes and improvements to successfully achieve a good rating in the 2019 inspection. To continue this standard of service delivery, CSC require an additional investment of £1.6m to increase its frontline social work establishment by 25 posts. These 25 posts were funded through the Ofsted improvement budget. This bid is requesting maintaining the current staffing levels, which have delivered the significant improvements seen over the past two years and endorsed by Ofsted

Placements - The placement budget is currently £15.8m with a projected overspend of £1.8m. The sufficiency strategy has had an impact on the numbers of older young people reducing within the high cost placements and younger children placements increasing. It should be noted that overall the 0-5 weekly unit cost has increased from £15.2k in 2017 to £46.5k in 2019 due to the mother and baby placements. These additional costs have therefore not produced an overall cost reduction for the service. Initial benchmarking data and exercises indicate that our current unit spend on children's social care sits towards the bottom of our statistical neighbours. We are currently ranked 11 out of 16 in terms of funding. Therefore, in terms of unit cost, many of our comparator local authorities now spend more on children's social care than we do in Tower Hamlets. .CSC has proposed a growth bid of £1.8m to realign its placement budget.

CSC will continue to implement previously agreed efficiency savings to offset some of the increased costs identified above. For example, we have already identified £1m of savings against the Social Work Academy and associated recruitment activity. These savings will come from turning current agency staff into permanent positions, through the recruitment, support and retention of newly qualified social workers, (and through the recruitment of experienced social workers over a three year period. This has previously been identified against the medium term financial strategy savings.

Budgeted Outcomes / Accountability (focus on improved performance):

The ability to maintain the existing staff numbers (through the retention and funding of the 25 FTE) will allow for caseloads to remain at the current rates, which are instrumental in delivering the quality of work that was highlighted within the Ofsted inspection.

Our current rate of children in care remains low and with good outcomes for young people and good levels of placement stability. The additional funding will ensure that the current level of service to these children is maintained and our most vulnerable children remain in safe, good quality placements.

Risks and Implications:

- Not agreeing this growth bid would result in needing to reduce the current 'looked after' population by between 50-60 young people to eliminate the current £1.8m pressure against this budget. This would mean raising thresholds to obtain these savings within the next 9-12 months. Ensuring that we only accommodated the number of young people provided for by the current budget would eradicate the current £1.8m pressure/overspend.
- A decision not to fund the 25 FTE additional social worker posts would lead to a rise in caseloads, which would impact on quality of practice and our ability to recruit permanent staff.

Value for Money and Efficiency:

While the council has invested heavily in CSC over recent years, the unit cost of the base budget is lower than most of our statistical neighbours. In 2018, bench-marking for CSC showed that the council ranked seventh out of our 16 statistical neighbours. This year, our unit cost ranking has fallen to eleventh out of 16, suggesting the service achieves good value for money despite growing demand.

GROWTH PROPOSAL

Proposal Title:	Children's social care – looked after children	Growth Type:	Budget Pressure
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Directorate:	Children & Culture	Reference:	GRO / CHI 002 / 20-21
Service Area:	Children's social care	Strategic Priority Outcome:	2. Children and young people are protected so they can realise their potential
Lead Member & Title:	Cllr Danny Hassell, Cabinet Member for Children, Schools and Young People	Lead Officer & Job Title:	Richard Baldwin, Divisional Director Children Social Care

Financial Impact:	Current Budget	Growth Breakdown by Financial Year			
	Budget 19-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Employee Costs	-	-	-	-	-
Other Costs	15,369.2	1,262	-	-	1,262
Income	-	-	-	-	-
Total	15,369.2	1,262	-	-	1,262
Staffing Impact:					
Employees (FTE)	-	-	-	-	-

Proposal Summary

There is significant pressure on the looked after children (LAC) placement budget resulting from the increasing demand in placements due to demographic and population growth. Despite these increasing demographic pressures, the bench-marking of Children's Services against statistical neighbours show that the unit cost for Children's Services is considerably lower when these comparisons are made. When compared against 16 statistical neighbouring local authorities we rank 11 out of 16 for unit cost.

While unit costs are lower than other boroughs, the sufficiency strategy refresh conducted in January 2019 (looked after children detail 2018/19) demonstrated the increasing demand for LAC placements. From April 2018 to March 2019, an additional 27 LAC placements were required. A LAC placement has an average weekly cost of approximately £898.86. The increase in demand is expected to continue as the young population of the borough continues to grow.

In addition to these demographic pressures, the council will need to be accepting an increased number of un-accompanied asylum-seeking children (UASC). The percentage of UASCs to our child population will now be 0.8 per cent rather than 0.7 per cent due to continued pressures in the number of children entering the UK.

The council has also agreed to accommodate 10 'Dubs' children from refugee camps. All 10 children are now placed. The majority of these children will require considerable support and have additional needs. The estimated annual cost of these children is £545k. The Home Office funds each placement at £798 per week, therefore, we are expecting £414k in total. The shortfall that the council will have to fund for these 10 placements is £131k.

Budgeted Outcomes / Accountability (focus on improved performance):

The increase in budget allows the service to keep pace with projected increased demand due to the higher number of families living in the borough. This will ensure that we can continue to develop a range of placement options for the different needs of young people that require foster care.

Risks and Implications:

Without this growth, the demographic changes within our community may mean that increased demand for placements begins to outstrip our ability to recruit carers and to ensure that the support we offer to carers remains at an appropriate level. This support is crucial to keep the number of carers leaving our employment over the coming years to a minimum.

Value for Money and Efficiency:

The recruitment of 'in-house' foster carers is significantly better value for money than a reliance on agency placements. Funding that allow us to recruit and retain our pool of in house carers represents a more sustainable long-term strategy.

GROWTH PROPOSAL

Proposal Title:	SEND transport budget pressures and demographic growth	Growth Type:	Budget Pressure
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Directorate:	Children & Culture	Reference:	GRO / CHI 003 / 20-21
Service Area:	Education and partnership	Strategic Priority Outcome:	1. People access a range of education, training, and employment opportunities
Lead Member & Title:	Cllr Danny Hassell, Cabinet Member for Children, Schools and Young People	Lead Officer & Job Title:	Christine McInnes, Service Head Education & Partnership

Financial Impact:	Current Budget	Growth Breakdown by Financial Year			
	Budget 19-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Employee Costs	603	400	-	-	400
Other Costs	4,515	2,536	-	-	2,536
Income	(201)	-	-	-	-
Total	4,917	2,936	-	-	2,936
Staffing Impact:					
Employees (FTE)	19	8	-	-	8

Proposal Summary

This proposal should be read in conjunction with the corresponding savings proposal SAV-CHI-005 - 20-21 Transformation of SEND transport commissioning

In 2018-19, special educational needs and disabilities (SEND) transport provided journeys to 762 pupils. The council has a statutory duty to provide home to school transport for children with SEND. The service is delivered by the transport services unit (TSU) which is part of the Place Directorate and provides buses, drivers and escorts, and through externally commissioned taxi providers.

This area faces a number of pressures.

Between 2015-16 and 2018-19, the number of children with SEND requiring transport increased by 22 per cent (from 626 in 2015-16 to 762 in 2018-19). SEND transport is a demand-led service. However, the council has control over the administration and the cost of the provision of transport.

The table below shows that the budget for the last four years on SEND transport was not increased in line with increased demand:

Year	Internal transport	Budget	External transport	Budget	Total
2018-19	385	£2,898,500	377	£1,459,600	£4,358,100
2017-18	400	£1,898,500	321	£1,259,600	£3,158,100
2016-17	419	£1,812,500	263	£1,173,600	£2,986,100
2015-16:	418	£1,812,500	208	£1,173,600	£2,986,100

An analysis of the budget for SEND transport shows that the actual spend on internal and external transport was approximately 31 per cent higher than the agreed budget for the last four financial years (2015-16 to 2018-19).

For 2019-20, the service is forecasting expenditure of £6.9 million which is 40 per cent over its general fund budget. Although the service will be undertaking in-year actions to alleviate the current budget pressures, these are unlikely to fully resolve the pressures.

SEND transport demography

Based on 10 per cent demographic growth, the proposed budget for SEND transport services is £436K. The proposal will improve our ability to meet the projected increase in demand for transport services, arising because of the borough's growing population and the increase in the number of children with an education, health and care plan (EHCP). Any changes in legislation etc, alongside the projected population increase, are projected to lead to an increase in the number of EHCPs. This will, in turn, lead to more resources required to transport children with an EHCP.

SEND budget pressure (transport services)

For 2020-21, SEND transport is predicting an overspend of £2.5m (£1.5 m in historical pressures and the cessation of the 2019-20 £1m one-off growth funding).

This growth bid requests funding of £2.5m in 2020-21. A separate SEND transport transformation review is being conducted to explore options for containing future overspends but these will not be resolved until the review and the subsequent action plan delivers a full set of outcomes. The plan aims to reduce the pressure by £0.5m in 2021-21 and a further £0.5m in 2022-23. A separate savings proposal has been submitted in conjunction with this growth bid for the £1m savings.

SEND budget pressure (staffing)

One-off growth of £0.4m was provided in 2017-18, funding additional posts to manage the increased workload of converting statements of special educational needs into EHCPs, following the change in law.

In addition to the budget pressure in SEND transport, there is also a corresponding budget pressure against the SEND staffing budget. EHCP rates have grown at approximately 14 per cent per year for the last three years and the temporary staff have remained in post to deal with the increase of EHCPs due to growth in client numbers. In addition to this, the council now has over 3,000 children and young people with EHCPs and these are all required to be reviewed on an annual basis. The staff who have remained have supported the work to ensure that 20 week statutory deadlines for assessment continue to improve and that guidance around annual reviews can be followed.

Budgeted Outcomes / Accountability (focus on improved performance):

A review is being undertaken to agree actions to deliver a transformed SEND transport offer. The action plan will propose changes to the arrangements for SEND transport policy, governance, financial monitoring, procedural redesigns and the introduction of a new approach to commissioning best value taxi routes.

It is anticipated that the action plan will support the reduction of the current budget pressures that apply to SEND transport and that they will drive down future cost pressures supporting effective demand management and ultimately achieve a balanced budget.

Risks and Implications:

If the budget pressure is not realised, SEND transport is at risk of failing to deliver its statutory obligations to transport children.
Continued expenditure against the SEND transport budget risks officers being non-compliant to local authority financial regulations.
Failure to regularise the SEND general fund will result in continued requests for further growth.

Failure to maintain the current staffing levels in SEND would risk a failure to comply with the SEND Code of Practice, which describes how the Children and Families Act 2014 should be implemented for children and young people with SEND. This will result in an increase in tribunals and a service that does not meet the needs of this vulnerable group.

Value for Money and Efficiency:

The growth bid is intended to reduce the current budget pressure. A separate savings proposal has been submitted in conjunction with this growth bid for the £1m savings, £0.5m in 2021-21 and a further £0.5m in 2022-23.

GROWTH PROPOSAL

Proposal Title:	In-sourcing of waste services (employee costs)	Growth Type:	Unavoidable Growth
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Directorate:	Place	Reference:	GRO / PLA 001 / 20-21
Service Area:	Public realm	Strategic Priority Outcome:	5. People live in a borough that is clean and green
Lead Member & Title:	Cllr David Edgar, Cabinet Member for Environment	Lead Officer & Job Title:	Mark Griffin, Waste Mobilisation Advisor

Financial Impact:	Current Budget	Growth Breakdown by Financial Year			
	Budget 19-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Employee Costs	-	1,300		-	1,300
Other Costs	19,509	-	-	-	-
Income	-	-	-	-	-
Total	19,509	1,300	-	-	1,300
Staffing Impact:					
Employees (FTE)	-	-	-	-	-

Proposal Summary:

This growth bid relates to potential employee costs arising from the in-sourcing of waste services and informed by the following:

- The contribution towards staff pension costs in the original projections was 15.6 per cent based on information provided. The latest advice is that the contribution level should be 19.9 per cent. This equates to an additional cost of approximately £500k.
- Recent salary increases approved by Veolia, post the Cabinet report, include a 4.5 per cent increase for contract staff in 2018/19. Given that the inflationary increases to the salary budget for the authority was set at 2 per cent, this creates a budget differential of approx. £200k.
- The projection for sickness cover estimate has been revised adding approximately £250k of cost to the current projection.
- The overtime rate for Sunday, bank holiday and night cover has been amended to reflect terms currently received by Veolia operatives. Additional approx. £150k
- The projection is based on the current Veolia establishment of approximately 330 employees.

The full implication of such costs will not be confirmed until later in the mobilisation programme. Officers are assessing the available information from Veolia to calculate the impact of the 2019/20 Veolia pay award for operatives and the consolidation of bonuses. A further analysis will be required after the Veolia managers pay award in January 2020. A budget contingency of £200k has also been factored into this bid.

Budgeted Outcomes / Accountability (focus on improved performance):

In-sourcing provides direct management of resources and a completely transparent service where operational performance can be clearly judged and influenced by actions taken by operational management in line with the council's strategic plans. The bid is a contingency to ensure that resources are available to fund the operational costs of the service.

Risks and Implications:

The mobilisation of in-house waste services is a key corporate project with significant implications for the delivery of frontline operations. The bid aims to provide a contingency should pension and salary costs exceed current estimates and will be incorporated into the service budgets.

Value for Money and Efficiency:

The costs will be calculated in line with pension regulations and current contractual obligations arising from Veolia's current operations.

GROWTH PROPOSAL

Proposal Title:	Local Community Fund Mitigation	Growth Type:	Mayoral Priority
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Directorate:	Governance	Reference:	GRO / GOV 001 / 20-21
Service Area:	Strategy, Policy and Performance	Strategic Priority Outcome:	8. People feel they are part of a cohesive and vibrant community
Lead Member & Title:	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector	Lead Officer & Job Title:	Sharon Godman, Divisional Director Strategy, Policy and Performance

Financial Impact:	Current Budget	Growth Breakdown by Financial Year			
	Budget 19-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Employee Costs	-	-	330	-	330
Other Costs	-	-	-	-	-
Income	-	-	-	-	-
Total	-	-	330	-	330
Staffing Impact:					
Employees (FTE)	-	-	-	-	-

Proposal Summary:

Cabinet in July 2019 agreed a new funding programme for the voluntary and community sector called the Local Community Fund (LCF). Through this fund the Council has allocated £2.66m to organisations to deliver a range of services to local residents. The LCF Equality Analysis identified a range of mitigating actions that will need to be delivered to ensure the programme does not have adverse impact on particular equalities groups. This included young carers, young people with mental health issues, young people with disabilities, older people and the Somali community.

This proposal is to reverse saving proposal (reference SAV / ALL 006/ 19-20) agreed as part of 19-20 savings proposal to deliver the mitigations actions agreed by Cabinet in July 2019. The LCF mitigation will cost £330k per annum which is being costed through discussions with organisations. The majority of the mitigations have already been identified and set out in the report to Cabinet in July. Any additional funding above the growth bid will be delivered through reallocation of existing funding within the service.

Budgeted Outcomes / Accountability (focus on improved performance):

The proposal will support delivery of strategic priorities including reducing inequalities and building a more cohesive community. It supports the Council's commitment set out in the Voluntary and Community Sector Strategy to develop a vibrant local voluntary and community sector. It will ensure vulnerable people are supported to live healthy and independent lives and help deliver better outcomes.

Risks and Implications:

The Equality Analysis of LCF sets out the risks to vulnerable groups and through the delivery of the mitigating actions we will be able to address these. The Council has a legal duty under the Equality Act 2010 to address any inequality that may arise as a result of a decision and through the delivery of the mitigating actions we will be able to meet our duty.

Value for Money and Efficiency:

All mitigating actions will be costed and analysed to ensure they deliver value for money and build on the existing performance regime. This will be monitored and reported to Grants Determination Committee as appropriate.

GROWTH PROPOSAL

Proposal Title:	New Microsoft licenses for applications and servers	Growth Type:	Unavoidable Growth
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Directorate:	Resources	Reference:	GRO / RES 001 / 20-21
Service Area:	IT	Strategic Priority Outcome:	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
Lead Member & Title:	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector	Lead Officer & Job Title:	Adrian Gorst, Divisional Director IT

Financial Impact:	Current Budget	Growth Breakdown by Financial Year				
	Budget 19-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000	
Employee Costs	-	-	-	-	-	
Other Costs	526	905	-	-	905	
Income	-	-	-	-	-	
Total	526	905	-	-	905	
Staffing Impact:						
Employees (FTE)	-	-	-	-	-	

Proposal Summary

The council makes extensive use of Microsoft products and services including the Windows operating system, Word, Excel, PowerPoint, Exchange and Outlook for emails and our application servers. We anticipate significant cost increases when we renew our three year contract in 2020:

- A catch-up of price increases we've been protected from in the current contract
- A move from per computer to per user licencing
- Additional functionality to support new ways of working and maintain security
- An increasing number of people using IT with the implementation of new kit.

We continue to seek mitigations to offset these cost increases including working with Crown Commercial services to challenge the 55 per cent price rise if we retain any of our existing technology rather than upgrading and an improved process to ensure accounts are frozen and licences reused promptly when staff leave.

The proposal is to procure three year licences for Microsoft applications and servers with costs at minimum of £1.244 million to £1.431m per year, allowing 15 per cent contingency. The licences need to be renewed to deliver the council's IT services and move away from the old onsite data centre based infrastructure, to a modern cloud based service.

The figures below show the current costs against the future figures. The 55 per cent discount on commercial price we currently enjoy is no longer available if we remain on our existing systems, so additional costs apply regardless of transformation.

2019-2020	2020-2021	Increase
£526,000	£1,431,000	£905,000

Budgeted Outcomes / Accountability (focus on improved performance):

The new licensing agreement with Microsoft will modernise and transform the council's IT infrastructure, enabling a reliant and effective IT service. It will also provide effective mobile and flexible working, as well as more homeworking, thereby reducing desk space requirements. Moreover, the new Microsoft contract and adding cloud based Office 365 will allow sharing and collaborative working in and outside of the workplace. Additional costs apply regardless as the discount on licencing our existing estate ends in 2020.

Risks and Implications:

It is imperative to renew - these licences run and operate the council's services that are reliant on IT. Moreover, cloud based IT services transformation would be at risk if the council does not move away from onsite IT infrastructure. The cloud services will also support the move to the new town hall. Furthermore, the costs of onsite licences are higher, with no discount available. We need to improve our joiners and leavers processes to ensure per-user licences are added and removed promptly.

Value for Money and Efficiency:

The cloud based IT infrastructure will provide more reliable, secure and effective IT services than the current onsite setup. It will be more cost effective in the long run, as suppliers like Microsoft are offering their cloud based services at a discounted rate to encourage take up, while all discounts are removed from existing on premise services. Moreover, it will provide employees flexibility and better collaborative working, which is not available under the current setup.

It will support staff to provide a more effective and efficient service to our residents.

GROWTH PROPOSAL

Proposal Title:	Budget management IT system improvement and necessary hosting	Growth Type:	Unavoidable Growth
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Directorate:	Resources	Reference:	GRO / RES 002 / 20-21
Service Area:	Finance	Strategic Priority Outcome:	11. The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement
Lead Member & Title:	CLlr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector	Lead Officer & Job Title:	Kevin Bartle, Divisional Director, Finance, Audit and Procurement

Financial Impact:	Current Budget	Growth Breakdown by Financial Year			
	Budget 19-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Employee Costs	-	-	-	-	-
Other Costs	320	80	-	-	80
Income	-	-	-	-	-
Total	320	80	-	-	80
Staffing Impact:					
Employees (FTE)	-	-	-	-	-

Proposal Summary:

The main objective of this proposal is to: upgrade the council's core finance system to the current release of the software; to host the solution with an appropriately skilled and experienced provider; and to secure appropriate support arrangements for both the upgrade and ongoing support of the solution.

The council's core finance solution will be fully supported by the software provider and securely hosted on an up to date platform with appropriate resilience/ business continuity arrangements / failover arrangements in place.

The current version of the software is no longer supported by the software provider and the current contract for hosting and support cannot be renewed beyond 31 March 2021. In July 2019, a major incident highlighted the limitations of, and risks around the current arrangements.

There are significant risks of operating the council's core financial system without the full support of the software provider. The existing technology platform is reaching the end of physical life and the existing contract cannot be further extended. The approach to seek new hosting and support provider(s) before the software upgrade is delivered ensures that the upgrade is delivered by a provider(s) who will have an ongoing interest in the success of the solution.

Costs are estimated at this stage and will not be fully validated until procurement process progresses further.

Budgeted Outcomes / Accountability (focus on improved performance):

This proposal will deliver a stable, up to date solution supported by expert provider(s). This proposal will position the council to move forward with effective financial processes and control which can be further enhanced or optimised through a process of continuous improvement rather than further major projects.

The solution will be more stable and screen response times should improve but measurement of this area is extremely subjective. The later versions of the software offer a more intuitive user interface and processes through user experience packs. Although it is unlikely that the requirement for user training will completely disappear, more intuitive software and processes will reduce this overhead significantly. System availability during core working hours would be expected to be 99.9 per cent or above.

Risks and Implications:

The current contract for support and hosting of the council's Unit4 Business World (previously known as Agresso) ends in March 2021. It has previously been extended and further extension is not viable. We could work with the current provider (Agilisys) to upgrade to the current release of Agresso but there would be a significant risk that the work would not be completed and fully embedded and stabilised before the procurement process has to begin to ensure a new contract / provision is safely in place before the end of the existing contract on 31 March 2021.

There are significant and obvious implications of any failure of the council's core finance solution including a lack of ability to pay suppliers, invoice customers and meet other financial obligations in a timely manner.

Value for Money and Efficiency:

A majority of the costs of this work are around achieving compliant and reliable solutions rather than efficiency / value for money but up to date and well managed software will ensure a sound base with improved response times from which the council can move forward on a continuous improvement basis.