Summary of Savings Proposals

Annex D

The table below provides a summary of the savings proposals for 2016-17 and 2017-18. Over the two-year period the savings proposals total £73m, which is not sufficient to meet the overall budget gap, which is currently forecast as £80.6m. Paragraphs 1-57 provide more information on each of the savings proposals and the risks associated with them.

Savings Reference		**Directorate**	**Savings Proposals 2016-17**	**Savings Proposals 2017-18**	**TOTAL 2016-18**
	Transformation Programmes:		**£'m**	**£'m**	**£'m**
A	Health and Social Care Integration (HASCI)	ACS		5.9	5.9
B	Supporting Lives Connecting Communities (SLCC)	ACS	6.0	6.0	12.0
C	Making Every Intervention Count (MEIC)	CYP	0.5	1.4	1.9
D	Travel	CYP/RM	2.2	1.3	3.5
E	Public Protection Organisational Design	PH & P	0.6	1.2	1.8
F	Highways & Infrastructure	RM	1.5	2.1	3.6
G	Waste	RM	1.0	1.0	2.0
H	Support Services	RM	2.2	3.5	5.7
	Total Savings from Transformation Programmes		**14.0**	**22.4**	**36.4**
	Other Savings:				
I	Adult Care: Voluntary Sector Grants	ACS	0.13	0.53	0.7
J	Housing Related Support	ACS		2.4	2.4
K	Library Service & Archives	ACS	0.35	0.35	0.7
L	Culture, Heritage and Sport Services	ACS	0.10	0.13	0.23
M	Relationship with Schools	CYP	0.30	0.20	0.50
N	Skills	CYP	0.1	0.1	0.2
O	Public Health	PH & P	1.0		1.0
P	Strategic Development	RM	0.1	0.3	0.4
Q	Property	RM		1.0	1.0
R	Reduce Capital Financing & Corporate Budgets	Corporate	11.5	3.5	15.0
S	Reduce Councillor Locality Budgets	Corporate	0.15	0.02	0.17
T	Returns from wholly owned and joint venture companies	Corporate	0.25	0.35	0.6
U	Savings from Contracts	ALL	5.0	5.0	10.0
V	Further savings from Staff	ALL	1.5	2.2	3.7
	Total Other Savings		**20.5**	**16.1**	**36.6**
	TOTAL SAVINGS PROPOSALS		**34.4**	**38.5**	**73.0**

(A) Health and Social Care Integration (HASCI) - £5.9m savings

1. The Council has joined with the three Clinical Commissioning Groups (CCG's) in Suffolk to create a £50m budget pool as part of the Government's Better Care Fund initiative. This is designed to foster over time a more joined up approach in how health and care services are designed and operated in Suffolk. The £5.9m saving is intended to be delivered by a funding transfer through the Better Care Fund from the CCG's to ACS as a result of savings made in the health sector both through efficiencies and service transformation, with the latter being the most significant element. To achieve the latter, a significant element of NHS resources currently committed to acute hospital care would need to be shifted into community based solutions, including where appropriate adult social care. This is based on clinical evidence which shows that between a quarter and a third of beds in the acute sector are occupied by people, who are primarily elderly and community based care would be more cost effective and better for the individual. The £5.9m would be in addition to the £4.1m transfer already built into the ACS budget for 2015-16. At present no more than £1.5m is forecast to be delivered in 2015-16 and at this stage the CCG's have not committed to repeat that level of saving moving forward. The ability for the health sector to make significant savings is limited in the current financial climate for both CCG's and NHS providers and makes the delivery of this level of saving extremely high risk without the significant structural transformation of services referred to above. Local government and the NHS commissioners will need the committed support of local government leaders to achieve these often controversial changes and bring local people with them. Devolution and new forms of joint governance and joint commissioning is one tool to help achieve this strategic shift.

(B) Supporting Lives, Connecting Communities (SLCC) - £12.0m savings

2. The Supporting Lives Connecting Communities transformation programme has been running for three years and has been successful in controlling care purchasing spend despite the demographic pressures. Over that time ACS has worked to design an approach to social care that is local, preventative and looking to maximise independence for people, personalised around individual's goals, delivered in partnership and building on peoples' and communities' strengths. This approach is consistent with the principles of the Care Act. The overall SLCC saving is based on the assumption that demand management and procurement strategies can outpace the overall increase in demand that an ageing population and increasing complex care needs of working age adults will bring. Up to now the delivery of SLCC savings have been supported by increasing health sector contributions through section 256 funding. These increases are no longer available and so SLCC needs to go further than it has before over the next two years to keep on track. There are four main strands to the SLCC saving, as follows:

   a) Deliver £6m of savings by 2018 through procurement & cost down savings in care purchasing and associated budgets. This will involve working with providers to maximise the efficiency and effectiveness of the £187m spent on contracts for care services whilst still meeting the needs of customers. This work will include the continuation of a cost down initiative already underway in supported housing services, but extending this further and to other areas. It is also planned to increase the efficiency of the Homefirst reablement service by reducing unit costs and increasing productivity without loss of service. ACS will also seek to re-tender for services where that is in the best interest of its customers and the Council. The Council will need to exercise its judgement in securing savings in the context of a fragile care market as providers have been challenged by the reductions in the local government funding over the last few years and the Council has new requirements for market sustainability within the Care Act.

b) Deliver £4.8m of savings by 2018 through implementing strategies to keep demand for long term care to a minimum and to enable more cost effective community alternatives compared to expensive residential settings. This will include focussing on how the Council continues to optimise SLCC for customers with Learning Disabilities, extending using the SLCC approach for existing customers as they are reviewed, improving the effectiveness of the Homefirst reablement service by increasing levels of full and partial reablement, developing an approach with partner organisations to test the provision of alternative options for reviewing customers, increasing capacity in social work services and potentially offer a cost effective way of carrying out reviews. Also to utilise local area co-ordinators to provide improved low cost care alternatives, and working with Health to ensure the correct care pathway between social care and continuing healthcare. This continues to be an ambitious programme and is now in place across all social work teams.

c) Through business process re-engineering and transformation of working practices as a result of investment in IT it is expected that £1m of savings can be achieved by 2018. The ACS IT and Digital strategy supports personalisation, allowing self-service for customers. Improving the digital offer to customers will allow people to view their own records and budgets as well as view and access community support services. In addition, by using £7.7m capital and revenue investment to implement a robust IT transformation programme savings will be made in the social work teams. The IT transformation programme will see mobile working for all front line staff, the implementation of paperless offices by automating processes and the implementation of a new social care recording system that uses the NHS number as the unique identifier and allows health and social care workers to view and record on a shared digital record. Automation and business process re-engineering will lead to these savings.

d) Savings of £0.2m in Workforce Development through a combination of a re-design of both the way that workforce development is delivered and the team structure that supports the delivery, income generation through charging, grants and where possible applications for external funding, by reducing and, in some cases, stopping some workforce development activity.

(C) Making Every Intervention Count (MEIC) - £1.9m savings

3. Making Every Intervention Count (MEIC) is a 3 year programme of work that is re-shaping Children and Young People's Services alongside partner agencies and voluntary and community organisations to deliver the vision of safer, happier children and to enable families to create sustainable change for themselves.

4. The programme has already delivered savings of £5.1m in 2015-16 under the key principles of:

   a) Children, young people and families are at the heart of what we do
   b) Suffolk Signs of Safety and Wellbeing at the heart of how we practice
   c) Effective early help and, where needed, intervention
   d) One Family, One Plan, One Lead Worker
   e) Making the best use of community assets and universal services
   f) A strong local network of professionals
   g) Building resilient families and communities
   h) A skilled and confident workforce
   i) Building on what works

5. The changes made to service delivery from April 2015 include the integration of Health Visiting and Children's Centre teams, teams working with children of all ages across 13 locality areas, merging of Fostering and Adoption, creation of an Engagement Hub and Intelligence Hub to merge expertise, and investing in IT systems and mobile working to help practitioners spend more time with families.

6. Savings identified over the next 2 years focus on specific areas of service delivery, as the directorate continue to develop a whole system model with partners, which will ensure that all agencies work in an even more integrated and joined up way that is better for children and families and that makes best use of our joint resources. The savings proposed include:

   a) **The implementation of changes to payments made to internal foster carers already agreed by Cabinet in June 2015**, **(£1m).** The new payment scheme is intended to attract new carers able to provide for young people in priority placement need, and so increase the local placement choice for children close to their home area and minimise disruption to their education. This will enable a reduction in reliance and spend on more expensive agency foster carers for the most vulnerable of children. The level of savings realised will depend on the level of success in recruiting new carers and being able to maintain the overall number of Looked After Children (LAC) in Suffolk at current levels.

   b) **Reduce spend on legal costs, (£0.2m).** These are a cost of our statutory duties, and if the numbers of children coming into care rises, then the opportunity for making savings are limited. However, due to a reduction in the cost of court fees, and reducing the use of expert witnesses during proceedings, savings should be possible without compromising the quality of service.

c) **Reduce spend on Workforce Development**, **(£0.6m).** Over two years, the activity of this team will move towards that of providing a recruitment, retention, development and support programme for social worker activity, and some other activity will be reduced or stopped. The voluntary sector who have previously been supported by reduced cost training will need to cover the full cost of any other training provided. This will necessitate staff restructuring and a planned cessation of activity in order to deliver savings.

d) **The non-statutory work of the Engagement Hub will be reviewed and appropriate change in support and activity working with young people and families will be identified, (£0.1m).** However, external regulators and central government increasingly and quite correctly expect a large amount of engagement with service users including involvement in service design and evaluation therefore reducing this resource may prove very challenging.

(D) Travel - £3.5m (£2m from RM, £1.5m from CYP)

7. The travel transformation programme is seeking to reshape transport services to provide a more efficient way for people to move around the County that makes sense to them. The savings in 2016 -18 impact on the budgets of both the Passenger Transport team in Resource Management, and the Home to School Budgets held by CYP. Savings of £3.5m are planned over the two year period, profiled as £2.2m in 2016-17 and a further £1.3m in 2017-18.

8. Over the two year period savings of £1.25m stem from inflation savings from school transport (£0.75m) and public transport budgets (£0.5m). The principle is that whilst transport operators may experience inflationary pressures from fuel prices or staffing costs, they will not receive funding for those pressures, and will have to absorb them from their existing budgets.

9. Savings of £0.4m stem from the Cabinet decisions on the findings of the Home to School Policy Development Panel to only provide discretionary transport to the nearest 6th form/post-16 institution or where specialist courses are available and to increase the charge for spare seats on home to school buses. A small saving will also be made from work with Pupil Referral Units (PRUs) through the more consistent application of existing policy guidelines.

10. During 2015-16 a project was launched to provide travel training to SEN students, focusing on giving students the skills and confidence to use public transport instead of depending on taxis to travel to school. This project has already generated savings of £40k in 2015-16 and is predicted to make further savings of £80k in 2016-17. In addition, the Safe Routes to School project will improve the safety of selected routes that have been subject to appeal, which will enable pupils to walk to school rather than receiving a free bus pass.

11. In October 2015 Cabinet approved a new model for the provision of rural transport across Suffolk. The model will bring together the existing rural transport services which

are currently funded by the Council and encourage community transport, bus and taxi companies to work together. The proposed approach should lead to improved services for customers, with less reliance on Council funding. This should achieve savings of £0.2m in 2016-17 and a further £0.1m in 2017-18.

12. The Council currently make an annual contribution of £0.7m to the running of the Ipswich Park and Ride service. Passenger numbers are falling, and the subsidy per passenger is currently £3.27. This is not financially sustainable so the Council will be working with the current service provider to find savings during 2016-17, with the intention of the service being self-funding by 2017-18. If the service is not able to become self-financing then the Council will consider closing the entire operation in order to achieve the required savings.

13. General savings of £0.25m will be made in each of the next two years from the passenger transport budget. These efficiencies will be achieved through a combination of activities including working with Bus operators to commercialise routes which may currently be sponsored and making better use of IT to provide real time passenger information and place less reliance on printed timetables.

(E) Public Protection Organisation Design - £1.8m

14. On the 10th November 2015 Cabinet agreed to start the consultation on the Fire Authority's draft Integrated Risk Management Plan (IRMP) 2015-18. The plan includes a series of proposals and the consultation ends in February 2016. The proposals are to:

    a) Close Wrentham fire station
    b) Remove the third fire engine from Lowestoft South fire station
    c) Remove the third fire engine from Bury St Edmunds fire station
    d) Remove the third fire engine from Ipswich East and the second and third fire engines from Princes Street fire stations in Ipswich
    e) Replace the second fire engine at Sudbury with a rapid response fire engine

15. In addition to the above proposals, further changes are planned for the service's management arrangements and support functions. These relate to the review of posts in Technical Support, Property and Engineering Workshops and the removal of an Assistant Chief Fire Officer post. The Council will also continue to target savings from the Private Finance Initiative (PFI) contract that was put in place for the construction and running of 11 fire stations.

16. The key statutory responsibility for the fire authority is to provide a fire service that meets all 'normal requirements' and that this takes sufficient account of all 'foreseeable risks' that impact on the fire and rescue service across Suffolk.

17. The fire service manages risk through a balanced approach of Prevention, Protection and Emergency Response services and these are set out in the Authority's draft IRMP. These risks are currently being managed against the backdrop of significant reduction in 999 calls in Suffolk over the last 5 years; a trend that has been mirrored nationally. The Authority considers that whilst the IRMP consultation includes a challenging set of proposals,

they do enable the Service to continue to meet its statutory requirements and deliver a good fire and rescue service across the county.

18. The proposals have been developed against a range of risk management themes which include; the impact on the speed of response of fire engines; the overall resilience of the fire service in the event of a reduction in the number of fire engines; large fires or other incidents; and, simultaneous incidents across the county.

19. The IRMP consultation does not conclude until February 2016 and on that basis no decisions will be taken about the proposals until such time that Cabinet can consider the outcome of the consultation at a future Cabinet meeting.

20. The savings are profiled to be made incrementally through to the end of 2017-18. The back office and managerial posts will be realised as vacancies arise - these have already presented in some areas and are profiled to happen in 2016-17.

21. Under the Public Protection Organisation Design programme savings are also expected in Trading Standards and Community Safety through managing staff vacancies. This is expected to impact on capacity in those teams.

(F) Highways & Infrastructure - £3.6m

22. The Highways Transformation Programme is currently being amended to reflect five priority areas for change:

    a) Contract management - to ensure the highways services contract focuses on delivering strategic outcomes;

    b) Integration – fully to instil a one team approach under the branding ‘Suffolk Highways – your roads, our business’;

    c) Programme management - to bring greater certainty to works delivery timescales and a long-term approach;

    d) Finance - to ensure ordering/payment mechanisms are streamlined;

    e) Asset management - taking a whole county approach rather than ill-defined area apportionment.

23. This revised Transformation Programme will provide greater certainty of delivering planned savings and the Highway Infrastructure Asset Management Policy and Strategy report to the Cabinet on 10 November 2015 set this out in broad terms. The development over the next 12 months of an overarching Highway Infrastructure Asset Management Plan will include lifecycle planning. This involves an assessment of the impact of various investment scenarios better to determine the long-term implications of varying investment approaches. Irrespectively, migration to cross-county prioritisation of works and preventative maintenance, instead of the current, more costly contract-driven reactive maintenance approach will significantly increase the potential to realise the current proposed levels of savings for highways, as well as identify further potential areas for savings.

24. Alongside the above, savings are also expected from the second year of a two year invest to save programme of LED street lights. In 2015-16 savings of £0.25m will be made and a further £0.25m is expected in 2016-17. The service is also looking to extend the use of external

income generated through Driver Awareness Courses to fund road safety activities.

(G) Waste - £2m

25. The Waste Transformation Programme is aiming to deliver savings of £1m in both 2016-17 and 2017-18. This will mean that between 2014 and 2018 the Waste Service will have reduced the waste disposal budget by a total of £12.2m. At the same time, the council will have improved waste management through ending the use of landfill and delivering improved services for residents and businesses by, for example, changing the opening hours of Household Waste Recycling Centres in response to customer feedback.

26. The programme aims to reduce the cost of disposing of Suffolk's household waste between 2016 and 2018 primarily through:

    a) Achieving £0.3m of further savings in 2016-17 from refinancing the capital cost of the Energy from Waste facility. This is on top of £0.7m that was removed from the budget in 2015-16. This saving requires approval from DEFRA which is in progress but not yet confirmed.

    b) Making £0.3m annual savings planned for 2016-17 from charging for rubble and plasterboard at Household Waste and Recycling Centres

    c) Working with the Suffolk Waste Partnership to reduce the costs of organic waste collection and treatment, cutting the county council's cost by £0.3m a year from 2016-17 and a further estimated £0.7m in 2017-18. These savings are dependent on decisions to be made by district and borough councils and transitional costs are expected which could affect the profiling of this saving.

(H) Support Services - £5.7m

27. The aim of the Support Services transformation programme is to review and reshape the support services activities that are needed to deliver 'transformed council services' and the role of the Council in the future. The programme includes maximizing the use of technology and promoting self-service and exploring commercial opportunities and developing trading strategies where appropriate. This will include maximizing the financial return from two of the councils wholly owned companies, Concertus, who provide design and property consultancy services, and OPUS People Solutions who provide temporary staffing solutions.

28. Through an inflation hold strategy, an overall reduction in headcount as a result of implementing service and process change, and savings on third party contracts in IT, it is planned that £5.7m can be saved by 2018. The support services have responsibility for the effective delivery of a variety of statutory functions so reducing capacity does put the delivery of these at increased risk. Furthermore the organisation will need to prioritise how the reduced level of resources are used.

(I) Adult Care: Voluntary Sector Grants - £0.7m

29. This is a staged withdrawal of the ACS prevention grant funding for a number of voluntary and community sector organisations. The prevention grant does not include family carers grants or the significantly larger contract spend with the voluntary sector through the payment for

services. There is a significant risk to the capacity of some of these organisations to continue to deliver preventative community services without the grant.

30. The table below shows the current grants in 2015-16 and the proposed grants for 2016-17 and 2017-18

Adult Care: Voluntary Sector Grants (Savings Ref I)	2015-16 Grant	2016-17 Proposed Grant	2017-18 Proposed Grant
Age UK Suffolk	431,576	357,576	0
Alzheimer's society	51,707	41,507	0
Bangladeshi Support Centre	33,650	29,610	0
Eye SLA Volunteer Centre	4,472	3,932	0
Felixstowe SLA Volunteer Centre	3,123	2,748	0
Kesgrave SLA Volunteer Centre	4,181	3,681	0
Halesworth Volunteer Centre	8,189	7,209	0
Southwold Volunteer Centre	2,387	2,102	0
Disablement and Self Help (DASH)	3,650	3,205	0
Holiday Opportunity Play Scheme (HOPS)	5,960	5,245	0
Chinese Family Welfare	6,710	5,905	0
Disability Advice Service	120,000	93,000	93,000
Suffolk Coalition of Disabled People	75,000	75,000	0
TOTAL	750,605	630,720	93,000

(J) Adult Care: Housing Related Support - £2.4m

31. This is a preventative service which currently assists over 6,000 vulnerable people to live independently in supported accommodation and in their existing homes and works with people who have been previously homeless and/or those who are vulnerable, due to mental health issues, physical disabilities, substance misuse issues etc. Funding goes directly to providers including social landlords and district councils. This reduction of £2.4m expected in 2017-18 will be achieved via a major re-commissioning exercise that will change how services are delivered in future.

(K) Library Service & Archives – £0.7m

32. Discussions are underway with Suffolk Libraries IPS on how the Council can continue to maintain its statutory duty to provide a comprehensive and efficient service whilst still achieving the 11% level of savings required over 2 years. Various options will be explored within the framework of the Access model for libraries set out in the 2011 Review, which subsequently resulted in the creation of Suffolk Libraries IPS. The Access model described where libraries should be located, and the strategy for mobiles and community outreach longer term. The options potentially include reviewing how libraries serve rural areas through mobile libraries and other community outreach services, the opening hours of some libraries, and reducing the cost of the library stock. In order to get the views of stakeholders there is likely to be a series of local/county wide consultations aiming to mitigate any impact of the final delivery of the savings. A small element of the saving will be delivered through improved efficiency of the digitization programme and income generation of the archives service.

(L) Culture, Heritage and Sport Services - £0.23m

33. This proposal is a 31% reduction in the arts, museums and sports grants budget following an 8% reduction in 2015/16. The scale of the savings will only be achieved through a prioritised funding approach with the organisations, and by supporting them to develop their business models to secure further income generation. The risk to the Council

is a reduction in services that support the Council's priorities, the social and economic impact, and in some cases the potential for organisation closure. There is a risk to reductions in inward investment in Suffolk from national bodies such as the Arts Council England.

34. The table below shows the current grants in 2015-16 and the proposed grants for 2016-17 and 2017-18

Culture, Heritage and Sports Services (Savings Ref L)	2015-16 Grant	2016-17 Proposed Grant	2017-18 Proposed Grant
Aldeburgh Music	5,000	0	0
DanceEast	61,000	54,290	42,000
Eastern Angles	30,000	26,700	20,989
New Wolsey Theatre	159,200	141,688	110,500
Smiths Row	20,000	0	0
Suffolk Artlink	66,430	66,430	62,000
Theatre Royal, Bury	130,000	125,000	97,000
Festivals	14,250	12,000	8,000
Amplifier	17,974	13,121	9,430
Gainsborough's House	36680	34000	28050
Leiston Long Shop	15956	15000	13550
Museum of East Anglian Life	110840	105500	100500
Association for Suffolk Museums	3689	3040	2000
TOTAL	671,019	596,769	494,019

(M) Relationship with Schools - £0.5m

35. The Education & Learning restructure took effect from September 2015, and maintained a strong focus on school improvement and inclusion. The transformation ensured that resources were used differently so that the service is fit for purpose going forward and that every child in Suffolk receives the highest quality of education and learning. The new service will focus on key areas of School performance and work alongside the wider "Raising the Bar" transformation programme to improve the educational attainment, aspirations and employment opportunities of children and young people across Suffolk. There are some options for limited further restructuring of teams and budgets to enable savings to be realised.

36. The two key objectives of Schools' Choice are to deliver a strong financial position, and support the Raising the Bar initiative. Trading conditions for this service are made more difficult with the increasing number of schools that are joining academy chains or multi academy trusts which provide their own back office support services. A profit share can be realised and Schools' Choice will look to achieve this by further expansion of their services beyond Suffolk.

(N) Skills: Income generation and cost down - £0.2m

37. The core budget for skills is currently £0.3 million. The savings proposal is to reduce this to £0.1 million over two years, by generating more external income and grant funding.

38. The risk is that these savings cannot be achieved unless a very different approach to offering the service is established, including greater collaboration with partners. There is also a risk around the capacity to deliver within the team if this income is not generated.

(O) Public Health - £1.0m

39. All current contracts are being reviewed and plans put in place to reduce where possible to do so. Where there are some potential implications for other directorates these will be worked through in conjunction with those directorates. If the ring fence remains on the Public Health grant then the Council will need to identify further areas of spend that can legitimately be funded from the Public Health Grant in order to deliver these savings.

(P) Strategic Development - £0.4m

40. It is proposed that £0.4m of savings can be made by 2018 in the Strategic Development function. The Strategic Development function covers Economic Development, Strategic Planning, Transport Strategy, Environment Strategy, Flooding and Coastal Protection, Natural Environment, Archaeology, and the Area of Outstanding Natural Beauty team, working closely with the Local Enterprise Partnerships, Chamber of Commerce, other local authorities and government agencies. The function is responsible for bringing multi-millions of pounds each year into the Council and into Suffolk to invest in: roads, river crossings, broadband and other infrastructure; business support, inward investment and innovation support; the protection, enhancement and leverage of Suffolk's environment and heritage. The £0.4m of savings identified will be realised through vacancy management, a reduction in management posts as a result of bringing the Natural Environment and Archaeology teams together, and extending the use of external income to fund some activities in this area.

(Q) Property - £1m

41. It is proposed that a further £1m of savings can be generated by 2018 from the council's property estate. This is income likely to result from the rental of space, at a market rate, where SCC requirements are reducing as a result of further consolidation in service areas.

42. This is an ambitious target and supports our approach to maximising our assets however it relies on not only creating the available space within the existing estate but also the demand for space from other public or private sector organisations.

(R) Reduce Capital Financing & Corporate Budgets - £15m

43. As a result of the Council's decision to limit the amount of new borrowing to finance the capital programme over the past few years it is proposed that the Capital Financing Budget can be reduced by £3m by 2018. However, the rate at which the budget can be reduced is dependent on the timing of any new borrowing required and reserve levels being maintained at an adequate level.

44. A corporate budget of £1m is currently held to enable the council to invest in projects and support change and development within the Council. It is proposed that this budget is removed. This will reduce the council's financial flexibility to invest in projects in the future but the Council still holds an earmarked reserve for investment in transformation projects.

45. The Council holds a contingency budget which exists to enable the Council to deal with uncertainty in future funding and any unexpected liabilities or emergencies. It is proposed that this is reduced by £2m per annum in

2016-17 and 2017-18. In future any contingency budget will be funded from non-recurring resources only.

46. Where the Council finances capital expenditure by borrowing, it must set aside resources in revenue to repay debt in later years. This provision is known as the Minimum Revenue Provision (MRP). The council is required to follow guidance on the calculation of MRP, the aim of this is to ensure debt is repaid over a period that is in line with that over which the capital expenditure provides benefits. If the council changes the method used to calculate this provision then the capital financing budget could be reduced by £7m. This change requires approval by the County Council in February as part of the Treasury Management Strategy. The councils external auditors will also need to agree this change.

(S) Reduce Councillor Locality Budgets - £0.17m

47. At present all County Councillors have a locality budget of £12,000 per annum, which is funded by £0.13m from reserves and a base budget of £0.77m. The reserve funding is due to continue until the end of 2016-17. The locality budget is available to support projects and services in councilors wards and has a significant impact within the communities that they serve. In many cases the grants given are used in conjunction with other sources of funding.

48. It is proposed that the allocation for each Councillor is reduced to £10,000 in 2016-17 and £8,000 in 2017-18. This will deliver a saving of £0.17m by 2018. This should enable councilors to continue to support projects in their local areas effectively.

(T) Returns from wholly owned and joint venture companies - £0.6m

49. On 10 November 2015 the Cabinet approved the creation of a Housing Development Company that will be jointly owned by Suffolk County Council (50% of shares), Forest Heath District Council (25% of shares) and St Edmundsbury Borough Council (25% of shares). The primary purpose of the company will be to generate capital and revenue income through the development of new housing (for rent and sale) in West Suffolk on a commercial basis. Some of this housing will be made available on an affordable basis in line with planning requirements. It is expected that by 2018 the council can expect to receive a return from the company.

50. The Council will also continue to target increased returns from Vertas, the facilities management company that was established by the council in 2011.

(U) Savings from Contracts - £10m

51. The Council currently has 2020 contracts with over 1200 suppliers. Contracts range from highways through to care, from waste treatment through to buildings maintenance.

52. The Council spends over half of its revenue budget on contracted goods, services and works which means that a more commercial approach is required to ensure value for money through managed contracts and relationships.

53. Revenue savings of £10m will be targeted from these budgets over the two year budget period. The savings will be identified across all directorates, in addition to those

already planned at a service level, and will be achieved through four main approaches:

a) **Minimising annual cost increases.** Suppliers will be required to absorb cost increases such as inflation and the living wage as part of their general efficiencies.
b) **Cost down.** The Council will put its considerable buying weight into cutting costs when extending contracts, and negotiating the best deals with new suppliers. More specifically, suppliers will be invited to reduce their prices, as the Council takes a harder-nosed approach to business negotiations which reflect the reality of the current business market.
c) **Re-design and re-procure services at a lower cost**. The Council will draw on the skills, knowledge and innovation of the market to codesign new service models, which can then be procured at a lower cost.
d) **Ending some contracts.** With a declining budget some contracts will no longer be affordable. These contracts will have to end.

54. It is clear that £10m of contract savings will be hard fought, and will require a change in approach from the Council. The Council will seek to behave in a more business-like way and increasingly adopt some of the positive culture and behaviours that are sometimes associated with commercial organisations. Contract management responsibilities and arrangements within the Council may have to be reconfigured to strike the right balance between service delivery and commercialism. New skills and expertise may need to be brought in, recognising that contract management needs to be treated as an investment and not merely a cost.

55. Delivery of the savings will be overseen by the Contract Management Board and will form part of the Commercialism Project within the Support Services transformation programme.

(V) Further savings from staff - £3.7m

56. Since April 2010 there has been a significant reduction in staff numbers across all directorates. Between April 2010 and December 2015 the workforce (by headcount) excluding schools has reduced from 10,456 to 5,507, a reduction of 47%.

57. At December 2015 the council employed 4,329 full time equivalent staff. Of this it is estimated that the cost of 1,100 staff is funded from grants, external funding or traded activity. A reduction in the number of staff funded by these external income sources would not result in a saving, therefore approximately 3,100 are in scope for savings proposals. It is expected that the proposals discussed in this report will result in a reduction in the number of staff. As well as this it is proposed that further savings from staff should be targeted. These would need to come from across the council.