

UPDATED: revised version for Cabinet (4 December) and Council (13 December)

Hastings Borough Council draft Budget Savings Proposals 2024/25 onwards

The council sets its budget for the following year each February. In previous years savings proposals have been published for consultation in mid-January and are agreed by the Budget Council in mid-February, approximately 6 weeks before the start of the new financial year.

This year, because of the seriousness of the budget position, proposals for addressing the funding gap have been brought forward. This will enable us to start work on implementing the changes agreed well before the start of the new financial year and will have more impact on our ability to achieve savings in the timescale required.

Summary:

Current estimates are that £4m savings are required to cover the council's budget deficit in 2024/25. This deficit has been largely created by cuts in local government funding over the past decade and more recently exacerbated by the housing and homelessness crisis in Hastings. The council has a statutory duty to house those who meet the legal criteria. The lack of affordable housing in both the private or social sector means we are having to house large numbers of people and families in very expensive temporary accommodation (TA), whilst they seek a permanent, affordable home in a very challenging environment. The budget figures show that were it not for the higher costs associated with temporary accommodation, inflation and increased energy costs, the council would be operating its other services at a £1m surplus.

A whole-council effort is underway to tackle and reduce the costs of temporary accommodation and to prevent homelessness happening in the first place, and further proposals are being developed that will have an even greater impact, however these will take time to implement.

In the meantime, the council's overall expenditure must be reduced to ensure it can balance its budget and avoid the need for the Chief Finance Officer to issue a Section 114 notice.

The council is legally required to demonstrate it can balance its budget, and this requires Councillors to make difficult choices.

The proposals set out below are based on the current 'worst case scenario' and do not assume any assistance from government in the council's 'financial settlement' which we will not receive until late December 2023. The proposals below will also need to be reviewed if the measures taken to reduce the cost of temporary accommodation cannot keep pace with a further increase in demand or increasing costs of temporary accommodation.

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The proposals set out assume that rather than use the general reserve to balance the budget, the council significantly reduces service costs and aims not to use the general reserve to balance the budget in future years in order to be financially sustainable. The new reserves policy (to be agreed at Full Council in November 2023) recommends a general reserve of £4m is maintained. These reserves are essential to enable the council to cope with any unforeseen large expenditure and should not be used to fund on-going expenditure.

A further option open to the council is to consider raising council tax above the current cap of 2.99% which is set by government. This option would require a local referendum to take place which would cost c.£100k. Any increases would be built into the council tax base moving forward. **The council is not proposing to take this course of action for 2024/25.**

Whilst there will very soon become a point where we cannot cut any further and still meet core statutory responsibilities, or earn any more income, the council has been advised that any government support will be predicated on demonstrating that we have taken all possible steps to reduce non-essential spending.

The definition of essential spend is subjective in a town like Hastings which has significant need due to the deep-rooted, intergenerational deprivation that exists in our community. The demand and costs of council services are higher here because of these needs, but the funding available to meet these costs is also significantly lower because of a low council tax base, high development costs, low job density, low inwards investment, high unemployment and health related challenges etc.

In defining what is essential spend, the council must:

- Continue to deliver its statutory duties to at least a minimum level with the infrastructure that supports these activities being as lean as it can possibly be.

In addition, ensure it has capacity to continue to:

- deliver the cross-council activity that will reduce the costs of homelessness and temporary accommodation and support the quicker move on of those to whom we owe a duty to house into permanent affordable housing.
- manage its assets to keep them safe and functioning, as well as continuing to generate income.
- support the regeneration programmes (which need to be fully funded by government) the town needs to ensure a better quality of life for all.

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Once the size of the minimum legally required activity is determined, any additional funding over and above this is used to support activities that are essential for our town, albeit non-statutory activity. This includes addressing the wider causes of deprivation as well as addressing the climate emergency, culture, tourism, health inequalities, play, sports, leisure, and community engagement.

The challenge is to determine the absolute minimum size of the core team delivering statutory services. There is limited detail in legislation and guidance for most areas, and the council therefore must balance the ability of the organisation to meet its objectives with the risk of intervention by government if standards are deemed to be too low, and with meeting the needs and demands of local people.

The appropriate size of support services is also not easy to determine. The business process mapping of activities shows for services to be delivered effectively they need HR support (to manage staffing issues), legal advice, procurement processes to demonstrate best value, financial support to ensure proper budget management and best value and ICT support to provide and maintain the infrastructure and systems that enables the digital first models of service delivery we have embraced (e.g. where technology has replaced people undertaking front facing customer relationship tasks) etc.

As the council has had to shrink its staff team over the last 13 years due to reducing government grant support, the total staff team has reduced by 194 full time equivalent posts during this time. All service areas have reduced in size either by cutting activity or by making changes and efficiencies to processes (digitalisation and centralisation etc), increasing income generation or simply deleting posts and re-allocating work.

At the same time, a number of previously externalised services have been bought back in-house, bringing in a new cohort of 55 front-line operational staff (new total from Nov 2023). It should however be noted that the size of the support services has not increased proportionately.

The following proposals set out how the council intends to change its service delivery models and staffing spend over the next 3 years. Whilst these changes are driven by financial necessity, opportunities will be explored in a constructive way to capture the benefits of more collaborative working with others in the public, private, not for profit and voluntary and community sector. These opportunities have arisen due to the challenges we all face in terms of capacity, recruitment and retention of staff and should enable continued and improved service delivery for local people. We have already had positive discussions with potential partners.

It must be recognised that despite the efforts that will be made to re-design services and reduce costs, implementing significant further staffing and cost reductions will have a direct impact on service delivery levels and quality. The council will likely be less responsive and will have very little capacity for any activity which is not funded by an external source, is a priority Health and Safety activity or a core statutory duty.

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The following proposals are subject to consultation and comments are invited from residents, partners, staff and stakeholders. The consultation feedback will be reported to the Cabinet on 4th December and the Full Council on 13th December will be asked to agree the proposals.

Savings proposals	Further details	Savings		
		2024/25	2025/26	2026/27
1. On-going programme to review and reduce service costs and staffing expenditure	<p>The council is continuing the programme of service reviews that were commenced last year.</p> <p>The savings proposed for 2024/25 include deletion of the Full Time Equivalent (FTE) posts following either a service review, restructure or by reviewing posts that have become vacant:</p> <p>a) Net savings from phase 2 of restructure Completed a review of management and staff structures following deletion of Marketing and Major Projects Manager post.</p> <p>A leaner service and management structure is in place that focuses on provision of essential services covering coastal, tourism, civic, event support, cultural, economic development and leisure services. There is now a reduction in capacity currently around non statutory, non-grant funded and non-income generating activity. This area however retains the ability to grow dependent on income generation and external grant funding levels.</p>	£160,000	£160,000	£160,000
	<p>b) Vacant posts</p> <ul style="list-style-type: none"> • Customer Services Officer (CCC) 1 FTE • Vacant business support officer post 1 FTE • Vacant planning administration officer post 1 FTE • Vacant Warden post 1 FTE • Delay recruitment to vacant Planning Policy technical officer for 1year 0.6 FTE 	£167,000	£167,000	£167,000

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<p>2. Service Delivery Model Transformation Programme</p>	<p>The council implemented a digital transformation programme in 2015/16. This further transformation programme will build on that work and will explore opportunities to transform how we work to further reduce costs and to create more capacity and resilience by sharing resources, systems and skills with others.</p> <p>a) Back office operating model re-design The first workstream of this programme will begin in January 2024 and will aim to share resources, streamline functions and maximise capacity and transferable skills to meet demand peaks across all service areas, at a lower cost.</p> <ul style="list-style-type: none"> • A savings target for this project has been set to achieve a reduction of at least 2 full time equivalent posts, ideally through a process of voluntary severance from 1st April 2024. • In scoping the review, the functions of all administration posts across services, grades 10 – 6 will be considered. • By taking this project review approach individuals and teams will be at the heart of the re-design work and will be able to contribute to and consider proposals before final decisions are made. <p>b) Sharing services The second workstream which has already started is the work to capitalise on new opportunities to improve or sustain service delivery by working with others.</p> <ul style="list-style-type: none"> • A service delivery model transformation team will be established who will work with HBC and our partners throughout this process. • This team will be funded by ‘invest to save’ resources identified to support the project and achieve the targeted savings. 	<p>£55,000</p> <p>£386,000</p>	<p>£55,000</p> <p>£724,000</p>	<p>£55,000</p> <p>£965,000</p>
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	<ul style="list-style-type: none"> • External funding will also be sought to facilitate this work – this is being made available by various organisations because it is an approach many councils are taking to address their deficits. • The project will commence in early 2024. <p>This two-three-year programme will focus on opportunities for sharing back-office and essential services where others have the same statutory duty and/or savings can be made from management, administration, sharing and rationalising systems etc. or by providing the service for others.</p> <p>A key part of this work will be business process mapping. This will identify savings that can be achieved by implementing new ways of working even if services are not able to be shared at this time.</p> <p>Priorities for transformation and sharing depend on the opportunities available with other potential partner councils and public organisations, but over the lifetime of the project will include all services.</p> <p>Year 1 priorities for exploring potential for sharing are:</p> <ul style="list-style-type: none"> • Chief Executive’s division (SLT) • Accountancy and Exchequer services • Audit • Communications and graphic design • Environmental Health and Licensing • Estates and Building surveyors • Housing Management and administration • Human Resources • Information technology • Legal Services • Planning enforcement 			
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	<ul style="list-style-type: none"> • Planning services (development management and planning policy) • Programmes and compliance • Revenues and Benefits <p>The potential savings from this programme have been identified as follows:</p> <p style="padding-left: 40px;">Total staff cost of the areas listed above: £5.7m</p> <p style="padding-left: 40px;">Total Full Time Equivalent staff is: 139.9FTE</p> <p style="padding-left: 40px;">A range of savings targets have been considered: 10%, 15% and 20%.</p> <p>The target proposed: is to reduce the costs of these services by 15% i.e. 21 FTE posts, saving £865k, plus £100k of associated supplies and services costs = £965k</p> <p>The profile of the savings is based on recognition that these savings will take time to identify and implement and we need to work to the timescales of partner councils. For financial and strategic planning purposes we have assumed that we will achieve:</p> <p style="padding-left: 40px;">40% in 2024/25</p> <p style="padding-left: 40px;">75% in 2025/26</p> <p style="padding-left: 40px;">100% in 2026/27</p>			
<p>3. White Rock Theatre</p>	<p>The council has been successful in identifying a charitable organisation to lease and run the theatre over the medium term.</p>	<p>£25,000</p>	<p>£75,000</p>	<p>£75,000</p>
<p>4. Community safety</p>	<p>Rather than reducing this priority activity, the work funded by the council’s revenue grant to address community safety issues across the town will be funded from the community safety reserve for 3yrs.</p>	<p>£20,000</p>	<p>£20,000</p>	<p>£20,000</p>

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5. Events	Reduce the events budget by £15k. Seek an update by February 2024 from event organisers regarding their progress in becoming self-sufficient (as discussed during 2023/24)	£15,000	£15,000	£15,000
6. Regeneration activity budget	Major regeneration funding now is accompanied by capacity funding and therefore the levels of support needed from core budgets to develop schemes is reduced. These cost centres supported capacity for developing bids and supporting one of regeneration initiatives such as the Seafront Wi-Fi. 3 Year seafront Wi-Fi contract ceases in March 2024 – proposal to cease due to technology now making this obsolete.	£64,000	£64,000	£64,000
7. Anti-social behaviour pilot	Seek alternative external funding opportunities and therefore delay introduction of pilot to tackle Anti-Social Behaviour in urban and countryside parks (this was a growth item in the budget agreed in February 2023 to be in place from mid-way through 2024/25 part-year).	£10,500	£21,750	£21,750
8. Youth council	Cease subsidy from 24/25 and find more effective means of engaging with youth representatives at key strategic and operational decision-making meetings. E.g. invite youth members onto the Local Strategic Partnership and associated bodies, seek input from those engaged with youth projects and via learning through the Connected Futures research work, into how youth voice can be better heard by town leaders and decision-making bodies.	£12,000	£12,000	£12,000
9. Cashless operations	Introduce cashless services to save costs on cash collection contract.	£25,000	£25,000	£25,000
10. Food safety inspections	Bring food safety inspections work in-house and avoid costs of contractor – work will transfer to substantive Environmental Health team.	£18,000	£18,000	£18,000

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11. CCTV	Cost savings from new contract for transmission and maintenance costs following an upgrade to technology. No change to service delivery.	£20,000	£20,000	£20,000
12. Public Convenience Cleaning	Cleaning contract – actual cost of the new service is less than was budgeted.	£30,000	£30,000	£30,000
13. Stray dogs contract	Savings from re-tendered contract without impacting on service.	£7,000	£7,000	£7,000
14. Asset sales – details TBC	<p>The CIPFA asset management review recommendations will be bought forward by early 2024. Individual business cases will be developed for assets identified for disposal.</p> <p>The estimated savings will be achieved on the revenue budget from reduced interest payments and Minimum Revenue Provision if we use capital receipts instead of borrowing to fund the capital programme.</p> <p>A business case will be bought forward for selling a number of under-utilised ‘for hire’ beach huts for permanent or long-term lease (sale of 10 beach huts could produce c.£250k capital receipt).</p> <p>Further savings may be also be achieved through implementation of a new Strategic Asset Management plan and in line with transformed service delivery models (see 2 above).</p>	£500,000	£500,000	£500,000
15. Contingency	Instead of retaining budgets for ‘just in case’ contingency use, centralise budgets and determine strategic priorities.	£100,000	£100,000	£100,000
16. Renewals and Reserves changes	Change the way we fund repairs and renewals reserve. This will enable better oversight of whole costs of assets and planning for future maintenance programmes. All asset maintenance plans are being reviewed and spend will be limited to health and safety priorities or to preserve existing/generate new income.	£300,000	£300,000	£300,000

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17. Capital projects costings	The council develops a 'true and whole cost' project / capital programme (buildings etc.) approach that is looking to maximise external funding opportunities and accounting treatment in relation to, but not exclusive to, staffing costs.	£100,000	£100,000	£100,000
18. IT reserve	Changing how spend is managed - an annual revenue budget to be agreed to cover known costs, then all additional spend will require a business case to be agreed. This also ensures that appropriate costs are reflected in the capital programme budget.	£75,000	£75,000	£75,000

New Income proposals		2024/25	2025/26	2026/27
19. Fees and charges	Following a review of fees and charges the council has reflected the increased costs of delivery in the fees for services (these are to be agreed at Cabinet on 4 th December)	+ £120,000	+ 300,000	+£300,000
20. Treasury investment	Aim to maximise investment returns and improve performance on the money the council has invested.	+ £400,000	+£400,000	+£400,000
21. New Homes Bonus	102 New Homes identified as part of external review and additional NHB grant expected as a result of the work.	+ £179,400	+£179,000	+£179,000

Total savings/income listed above		£2,788,900	£3,367,750	£3,608,750
Plus: housing savings not listed above in relation to revised targets based on current expectations re: Affordable Housing Supply (including Rough Sleeping Accommodation Programme purchases) and the Housing Acquisitions programme.		£1,175,820	£1,175,820	£1,175,820
Total		£3,964,720	£4,543,570	£4,784,570
Adjusted MTFS Budget gap		£4,006,000	£5,300,000	£6,100,000
Further savings to find		(£41,280)	£756,430	£1,315,430
NB If only 80% of savings are achieved then additional savings required of		(£834,224)	£1,665,144)	(£2,272,344)

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Other reviews underway/ to be completed that will identify cost savings, new income, cost avoidance or new ways of working over next 6-12 months
22. A Single person discount review to be undertaken to identify any potential changes which will bring in additional revenue to fund council services.
23. An Empty Homes review is being undertaken to ensure all homes that are eligible for a council tax charge are contributing to the cost of council services and fraudulent activity is reduced.
24. A business case is to be developed to introduce a more commercial approach to hiring of council venues and sites as demand for event space is increasing.
25. Commercialisation and new trading opportunities explored following creation of the new Operational Services team – street cleansing, grounds maintenance etc.
26. Undertake a wide-ranging review, to involve residents in 2024/25 of the costs of public conveniences to include options around charging. NB No changes will be made in 2024/2025.
27. Additional proposals to reduce the cost and usage of temporary accommodation costs (over and above what is already planned).
28. Invest to save debt collection business case proposal bought forward.
29. Review and where necessary re-tender contracts held across HBC facilities e.g. security, confidential waste, photocopiers, mobile phones etc.
30. In early 2024/25 implementation of a review of Housing Services – staff structure, use of external funding, options for sharing activities.
31. Review of parks service and staffing structure once new grounds maintenance service has been operational for 6 months.
32. Review of council tax reduction policy and second/holiday homes council tax (summer 2024)
33. Development of a business case for invest to save resources to explore a cultural trust model for sustainable future for cultural assets.
34. Review out of hours arrangements ensuring council has capacity to respond appropriately in emergencies and out of office hours.
35. Review evidence for further housing licensing scheme and depending on outcome develop a business case that is cost-neutral to HBC.

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36. Seek opportunities to expand the successful Active Hastings programme across neighbouring areas and via their role in addressing health inequalities within the levelling up programmes.

37. Develop proposals to use Levelling Up funding to invest in playgrounds and ensure they are not at risk of closure in future due to lack of funding for maintenance etc.

38. Pause applications for Green Flags for the town's Parks whilst we embed our new Grounds Maintenance team and review whether the standards are actually contrary to our climate emergency/ biodiversity net gain aspirations.