

TITLE OF REPORT: Budget 2021/22 - Revenue Savings Proposals

REPORT OF: Sheena Ramsey, Chief Executive
Corporate Management Team

Purpose of the Report

1. To seek Cabinet approval for consultation on the draft budget revenue savings proposals for 2021/22 and direction of travel for future savings.

Background

2. The Council is operating in an ever-changing policy landscape, both nationally and locally. The levels of uncertainty and the impact of government decisions are significant e.g. Universal Credit, homelessness, mental health; together with the potential economic impact of Brexit and the Covid-19 pandemic. The challenging local context of austerity and increasing demand on council services, has compelled the Council to refocus on what matters most.
3. The Council has always been incredibly ambitious for the residents of Gateshead, working hard to ensure it is a great place to live, work and visit. Guided by our strategic approach *Making Gateshead a Place Where Everyone Thrives*, we are placing people and families at the heart of everything we do and strive to deliver person-centred, quality services in the borough. Our ultimate ambition is to address the inequalities that exist in Gateshead
4. Our strategic approach provides a framework which outlines how the Council will work and make decisions, and one that is policy and priority led. Underpinned by the Gateshead Health and Wellbeing Strategy - our approach is aligned to the Council's Medium-Term Financial Strategy (MTFS).
5. The Council recognises that there are huge financial pressures on not just council resources, but those of partners, local businesses and our residents. To deliver on the strategic approach over the next five years, the Council will need to be resolute in its determination to create the conditions to allow everyone to *Thrive*.
6. On 20 October 2020 the updated MTFS was reported to Cabinet outlining an estimated financial gap of £58.4m over the five-year period (2021/22 to 2025/26) with £18.6m in the first year of 2021/22.
7. The scale of the financial challenge we're facing cannot be underestimated, and we recognise the impact of taking a further £58.4m out of the Council will have on both the health and resilience of Gateshead. At the same time, the global pandemic is having a negative impact on the economic outlook and will present a

series of further challenges for the nation. The outlook for local government finance remains unclear and will be guided by any emerging national policy changes.

8. Given the heightened risk that public service funding will be restricted into the future, this may necessitate the Council to identify and deliver significant additional savings on top of the gap identified in the medium to long term. As we move forward, we will need to consider how best the Council remains financially resilient.
9. In addition to this the longer-term consequences of the pandemic, any recession, exit from the EU and impacts on the local economy from unemployment are yet to be ascertained. A delicate balance is needed between meeting the needs of the most vulnerable and strong financial management to make sure the Council can balance its books.
10. Prior to the pandemic, the Council was already addressing the challenge of cumulative annual cuts to its budget, alongside spending pressures and an increasing demand for its services. Between 2010 and 2020 the Council has made over £170m of cuts to its budget resulting in over 2000 fewer employees working for the organisation.
11. We continue to review all that we do, work hard to generate income and ensure the organisation continues to support the most vulnerable in our communities.
12. We remain confident that we can continue to work through the challenging times that are ahead. We will build on our strong collaborative approach, working with our partners, to steer a way forward, and deliver on our promises to create the right conditions to allow local people to *Thrive*. Our commitment to work collaboratively and fight for a better future for Gateshead remains resolute.
13. As a Council, taking all of these factors into account, we can no longer afford to do everything for all residents, and there is a need to focus and target the limited resources at our disposal on priority areas which will help us realise the biggest impact in the borough, and achieve the best possible outcomes for residents in Gateshead.
14. A series of budget proposals have been identified to allow for redirection of remaining budget to help achieve the right outcome for those people and families who require more support than others. The draft budget proposals are attached at Appendix 2.

Proposal

15. Unlike in previous years, consultation on proposed expenditure and potential savings will be ongoing throughout the 2021/22 financial year. At this stage the full impact of any changes identified in the budget have not been assessed in detail. Further consultation and engagement will be undertaken in specific areas and reported to Cabinet for a decision as necessary throughout 2021, to reflect the continuous and longer-term approach to reach a financially sustainable position based on the Council's priorities.
16. It is proposed that the Council consults on the first phase of budget proposals

from 19 January 2021 The first phase consultation will close on 9 February 2021 to enable evaluation of the responses to inform the Council's Budget 2021/22, which will be presented to Cabinet on 23 February 2021.

17. Comments on the budget proposals can be made via email to Budgetconsultation@gateshead.gov.uk
18. Whilst trade unions and employees will be invited to comment on the proposals at this stage, any formal statutory redundancy consultations and associated workforce integrated impact assessments, will be carried out separately once Cabinet makes a final decision on its budget recommendations to Council and any actions it proposes at its meeting on 23 February 2021.

Recommendations

19. Cabinet is asked to agree:
 - i) That consultation commences on the budget proposals for the period 2021/22 contained within this report;
 - ii) That the findings of the consultation, together with a proposed budget for 2021/22 be considered at its meeting on 23 February 2021, ahead of recommending this to Council; and
 - iii) To receive further budget related reports throughout the financial year, including the outcome of specific consultation and engagement on individual proposals.

for the following reason(s)

- to contribute to the good financial management practice of the Council;
- to assist the financial sustainability of the Council over the medium to long term.

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Policy Context

1. Making Gateshead a Place Where Everyone Thrives sets the policy direction for the Council, redressing the imbalance of inequality, championing fairness and social justice. This approach determines future budget proposals and the development of business planning for each of the Council's Services.
2. Full Council is responsible for approving the Council's annual budget following recommendation from Cabinet, in line with the budget and policy framework outlined within Gateshead Council's constitution.

Background

3. Financial sustainability requires all stakeholders in the Borough to understand that resources available to the Council are scarce. As a Council we can no longer afford to do everything for all residents, and there is a need to focus the limited resources at our disposal on priority areas which will help us realise the biggest impact and achieve the best possible outcomes for residents in Gateshead. Important decisions need to be made about both the relative priority of different services and the balance between what we can afford to deliver against the income raised through local taxation. Investment in these priorities will need to be funded by redirecting resources currently directed at areas of lower priority. The Council needs to challenge not only how services are delivered but also what is being delivered. Critically, these decisions need to be taken in the context of ensuring that they meet our strategic approach, making Gateshead a place where everyone thrives, but also with a clear understanding of the statutory requirements of local government.
4. Local authorities are legally obliged to set a balanced budget each year and to ensure they have enough reserves to cover any unexpected events. Therefore, to legally balance the budget the Council must make spending plans affordable by matching it to the estimated funding available over that time.
5. The Council will ensure that reducing resources are used to maximum effect and allow the Council to continue to deliver new and better ways of working and invest to improve the efficiency of services provided. It is evident however the continuing reductions in funding and increases in demand alongside the financial challenges arising from a world pandemic will have an inevitable impact on both the nature and scope of services that the Council is able to deliver. The council will aim to manage the process of change to its services effectively.
6. The Council has identified five key areas for driving forward progress in achieving thrive outcomes to narrow the inequalities which exist in Gateshead. These priority areas will be supported by targeted interventions to accelerate the pace of delivery:

- i. Economy - This means achieving strong business growth with good quality jobs at all levels that are accessible to local people and delivery of key developments, such as Gateshead Quays, attracting visitors and business to Gateshead.
 - ii. Health and Housing - Good quality housing with a mix of tenures and affordable options that meet the needs of local people including families and older people enabling them to live healthy lives as well as enabling people to make healthy choices and prevent ill health.
 - iii. Poverty and Inequality – Helping to ensure that everyone gets the opportunities and support they need to thrive.
 - iv. Climate Change – environmentally sustainable policies and approach across council activities to reduce carbon and harmful emissions across Gateshead, reducing waste and securing a better future.
 - v. Transport – A transport system that supports the economy, reduces emissions and encourages more sustainable forms of travel including cycling and public transport.
7. The approach will identify the interventions required in each key area over the next 3 -5 years and invest resources in these to help enable all residents of the borough to prosper, be successful and to thrive, focusing service delivery to secure the best outcomes for local people. It is recognised that investment in these key areas may need to flex, evolve and change over time.
 8. There will be a corporate, targeted approach to the agreement of budget option proposals and consideration of existing areas council operations that need to transform or change. The pandemic has brought sharply into focus that as an organisation what we do is about people and their lives, and not about how the Council organises itself into services and silos. It is important to make best use of the resources available to us and adapt and change the delivery of our services accordingly.

Consultation

9. Unlike in previous years, consultation on proposed expenditure and potential savings will be ongoing throughout the 2021/22 financial year. At this stage the full impact of any changes identified in the budget have not been assessed in detail. The Council's budget decision will identify the areas of spending upon which it proposes to concentrate including the potential areas in which savings may be made. Cabinet retain discretion over the detail of how such savings are made (subject to the outcome of the consultations envisaged). Since this different approach is being taken to consultation in 2021/22, Cabinet should
 - note, in respect of statutory or common law duties to consult arising from a changes in services including under the Public Sector Equality Duty and other service specific consultation obligations, that the duty to consult will arise when identifiable changes to services and spending on them are proposed; and

- note (as referred to in Appendix 2) that in relation to redundancy consultation, it is proposed that 45-day consultation periods are applied following approval of the Council's budget. This period may be extended should a Service Director, in consultation with HR, agree it is necessary to enable meaningful consultation

Alternative Options

10. Local authorities are legally obliged to set a balanced budget each year and to ensure they have enough reserves to cover any unexpected events. Therefore, to legally balance the budget the Council must make spending plans affordable by matching it to the estimated funding available over that time.
11. Other options to close the budget gap will also be considered when the budget is set alongside potential increases in Council Tax.

Implications of Recommended Option

12. Resources:

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms the Council will deliver a balanced budget consistent with legislation that is driven by council policy and which achieves priority outcomes. To achieve this, the Council must close an estimated financial gap of £18.6m for 2021/22 that was identified within the Medium-Term Financial Strategy.

In an effort to suppress the gap, certain cost and demand pressures assumed in the MTFS have not been factored into the base budget position. This requires services to manage a stand still budget in those areas.

Following the provisional financial settlement in December and a review of cost pressures within MTFS assumptions the revised estimates show a requirement to find budget savings of approximately £6.5m.

Alongside the savings position the Council will continue to seek to close the financial gap through consideration of other funding options including growth in council tax and business rates funding and consideration of a council tax increase as well as the optimum deployment of available reserves.

The Council's final financial settlement will not be known until the final settlement is announced in January 2021 at which point assumptions around Council funding levels for 2021/22 will be clarified.

The funding estimated to be received from Government and from council tax and business rate payers over the next five years is not enough to cover current level of spend plus new budget pressures. Although there exists a great deal of uncertainty overall it is estimated that the Council will need to close a funding gap of £58.4m over the five financial years. This represents an extremely challenging position for the Council and in order to strengthen our financial stability the Council will have to

continue to prioritise additional ways to generate income and be self-sufficient including changes in local taxation, fees and charges and trading activities as well as prioritising and supporting economic growth within the borough.

- b) **Human Resources Implications** – The anticipated human resource implications are outlined in Appendix 2 to this report.
 - c) **Property Implications** – The Council will continue to implement its Asset Management Strategy and seek to reduce the costs associated with buildings and property. These will be brought forward in future Cabinet reports for consideration.
13. **Risk Management Implication** – The risk management implications of each draft proposal will be assessed as part of future reports.
 14. **Equality and Diversity Implications** – During the period of consultation, draft integrated impact assessments will be prepared to identify potential significant impact against the protected characteristics, as identified in the Equality Act 2010. This impact will be assessed to inform the Budget and Council Tax Level 2021/22 report that is prepared for Cabinet in February 2021.
 15. **Crime and Disorder Implications** – The Council has a legal duty under Section 17 of the Crime and Disorder Act 1998 to carry out all its various functions with “due regard to the need to prevent crime and disorder in its area”. Individual proposals will be assessed as to their impact on crime and disorder and should any specific impact be identified these will be highlighted in the report to Cabinet in February 2021.
 16. **Health Implications** – There are several draft proposals that could impact on the Council’s ability to improve the health and wellbeing of Gateshead’s residents. This impact will be assessed to inform the Budget and Council Tax Level 2021/2022 report that is prepared for Cabinet in February 2021.
 17. **Climate Change and Sustainability Implications** - The draft proposals put forward could impact on activities that support operational and financial sustainability. There is a need to balance short term budgetary requirements with the achievement of medium-term financial sustainability. Addressing Climate Change remains a priority of the Council and this is considered as part of the approach to budget setting.
 18. **Human Rights Implications** – The implications of the Human Rights Act must be considered in any decision that involves a change of policy or function, or a service change that arises from the choices. These will be identified, where necessary, within integrated impact assessments.
 19. **Area and Ward Implications** - The budget proposals apply to all areas and wards.

Background Information:

- Budget Approach 2020/21 - 19 November 2019
- Budget and Council Tax Level 2020/21 – 25 February 2020

- Gateshead Health and Wellbeing Strategy – 25 February 2020
- Gateshead Council's response to COVID-19 – Financial update, wider implications and steps towards recovery – 23 June 2020
- Gateshead Council's response to COVID-19 – steps towards recovery – 14 July 2020
- Medium Term Financial Context 2021/22 – 2025/26 – 20 October 2020
- Budget – Approach to Recovery 2021/22 – 15 December 2020

Budget Proposals 2021/2022

Introduction

1. This report and its appendices explain the context the Council is working in, our strategic approach, and our budget consultation proposals for 2021/22.

Budget setting process

2. Gateshead Council sets a budget each year and must decide how to assign money to the wide range of vital services it provides to the people of Gateshead. Increasingly the budget setting process involves some very difficult decisions as we look to balance demand and needs, together with the wants and aspirations of our communities.
3. The Council, along with all local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review in 2010. In addition, service pressures and increasing demand for services, particularly from the most vulnerable, has meant that the Council has had to make significant budget savings in response to the Government's austerity measures.

Local context

4. Between 2010 and 2020 the Council has made over £170m of cuts to its budget, and now has over 2000 less employees working for the organisation. We continuously review all that we do, work hard to generate income and ensure that the organisation continues to support the most vulnerable in our communities.
5. We remain confident that we can continue to work through the challenging times that are ahead. We will build on our strong collaborative approach, working with our partners, to steer a way forward, and deliver on our promises to create the right conditions to allow local people to *Thrive*. Our commitment to work collaboratively and fight for a better future for Gateshead remains resolute.
6. As a Council, taking all of these factors into account, we can no longer afford to do everything for all residents, and there is a need to focus and target the limited resources at our disposal on priority areas which will help us realise the biggest impact in the borough and achieve the best possible outcomes for residents in Gateshead.
7. A series of budget proposals have therefore been identified to allow for redirection of remaining budget to help achieve the right outcome for those people and families who require more support than others. The draft budget proposals follow.

Our strategic approach – *Making Gateshead a Place Where Everyone Thrives*

8. Gateshead Council wants the best possible outcomes for the people of Gateshead. We want to make sure we listen and understand what matters most to local people, whilst always supporting the most vulnerable and those in need.
9. We want Gateshead to be a place where everyone thrives. If we are to achieve this, we need to redirect and reprioritise our available resources, and review the way we work with partner organisations, businesses and how we work with our communities.
10. Making Gateshead a Place Where Everyone Thrives sets the major policy directions for

the Council, redressing the imbalance of inequality, championing fairness and social justice. To help us achieve this we have five pledges to help and guide us when we make decisions. We pledge to:

- Put people and families at the heart of everything we do
- Tackle inequality so people have a fair chance
- Support our communities to support themselves and each other
- Invest in our economy to provide sustainable opportunities for employment, innovation and growth across the borough
- Work together and fight for a better future for Gateshead

11. We recognise there are huge financial pressures on not just council resources, but partners, local businesses and residents. To deliver on the strategic approach over the next five years, the Council will need to be resolute in its determination to make Gateshead a place where everyone thrives. This means the Council's decision-making will be policy and priority led and driven.
12. Partner organisations appreciate that the issues the Council faces are shared issues and are keen to work with us to improve outcomes for local people and reduce inequality. The co-developed and co-owned **Gateshead Health and Wellbeing Strategy** is further evidence of the recognised need to work as a 'system' to best address the public health and wellbeing in Gateshead.
13. Staying the same is not an option. The Council is required to change to deliver its priority outcomes within the limited funding available. The Council response to the challenging financial context is to focus on delivery of the five-year financial strategy with a focus on achieving long term financial stability.
14. The Council has always been incredibly ambitious for the residents of Gateshead, working hard to ensure it is a great place to live, work and visit. Our ultimate ambition is to address the inequalities that exist in Gateshead.

Demand

15. The cumulative impact of continuing significant reductions in funding and increases in demand will have an inevitable impact on both the nature and scope of services that the Council is able to deliver into the future. The Council and its partners remain committed to "*Working together and fight for a better future for Gateshead*".
16. Nationally and locally, the demand for services that support the most vulnerable in our communities, continues to increase exponentially.
17. Service delivery across social care, despite the challenging operating environment, has continued throughout the course of the pandemic. However, the impact of Covid-19 has further stretched this sector of local government, and has contributed to the high numbers of children in need, children requiring protection and being subject of child protection plans and the increased number of children being looked after. It is without doubt that this has created financial pressures which will increase without continued and further financial investment by central government.
18. It is also recognised that the funding arrangements for adult social care require significant change. Moving forward, we anticipate this position will worsen, especially

in respect of the impact of Covid-19, which has brought significant challenges for the people who require adult social care support; increased isolation, frailty, mental ill health, loneliness and a widening inequalities gap. Social care services have responded admirably to the challenge of supporting more and more people to be discharged home from hospital, but without radical transformation of adult social care funding by central government, these challenges will continue to increase.

Supporting residents

19. Sustained year on year pressures upon resources have had a cumulative impact on society and their relationships with all public services. Many of those pulling heavily on services from the Council and other agencies will have exhibited earlier signals such as debt, loss of job, bereavement, mental health problems etc. Faced with stark choices, maintaining the capacity for statutory functions and interventions has seen the erosion of opportunities to respond to earlier signals of likely future need. This carries significant risks to citizens, communities and to services and is a situation in which many public services across the country have found themselves.
20. This creates a tension between short term budget savings and medium/long term approaches to reducing demand through achieving better outcomes by working with people and communities. This tension cannot be resolved solely through a particular application of the Council's budget as it requires collaboration with communities and other organisations. Unlike services, which become weaker and more strained as they are pulled upon more and more, communities and partnerships strengthen with use and involvement. Using our resources to enable others is critical to exploring the abundant potential of our relationships with people and partners and forms a key element of Gateshead's reformative approach.
21. Work is already underway with partners to understand more about those people with significant Council Tax debts and to work with them to address the underlying causes of the debts. Whilst addressing predictable issues around debt management, income maximisation and benefits claims, it also seeks to tackle mental health, loneliness and skills. By working with such partners as DWP, North-East Counselling and Citizen's Advice as if it were a single system of wellbeing, we have already demonstrated improved outcomes for people which have the potential to reduce future demand significantly. It is intended to expand this people-centred approach into working with the homeless and ultimately working with an entire community on this proactive basis.

Reviewing current service delivery

22. The Council is also working across a range of service areas to drive further efficiencies and savings. These include:

- Health and Wellbeing

We will be looking to review and redesign a new place-based health and wellbeing offer for the people of Gateshead in support of the **Gateshead Health and Wellbeing Strategy** and *Thrive*.

Work will include community engagement to assess need and developments will be proportionately targeted to 'vulnerable' and 'just coping' communities. We propose a

move away from dedicated building-based provision to the use of community and/or shared council facilities offering an 'integrated wellbeing offer' as part of the place-based working approach.

For leisure, we would expect the emphasis would then be on encouraging physical activity (including dance, walking and strength & balance training) in community facilities and our local environment rather than a primary focus on the use of our leisure centres. For libraries, we would expect a greater emphasis on learning, creativity and connecting.

The overall aim would be an integrated service which delivers wellbeing, is place-based and reaches communities most in need (proportionate universalism).

23. We also continue to:

- Implement our Digital strategy which cuts across all four themes of the MTFS to provide cheaper to deliver, but high-quality digital services to those that can access them, whilst improving the customer experience and helping us to reduce costs.
- Work to improve customer experience across the whole of the Council including customer contact, customer care and customer service
- Streamline processes and reducing bureaucracy across the whole of the council and making the best use of new technology.

The Council's draft budget proposals 2021/22

24. Considering the Council's strategic approach, and the financial challenge facing the Council in 2021/22, draft budget proposals are being put forward as a contribution towards closing the gap.

25. The budget proposals are a combination of efficiencies and cost reductions, income generation and proposals where the Council would like to work differently, with partners and others, to achieve the right outcomes for those people and families who require more support than others, to help them to thrive.

26. In accordance with our duties under the Equality Act, due regard will be taken to understand the potential impact of the proposals on groups of people who share a protected characteristic. Integrated impact assessments will be made available on the Council's website throughout the consultation period for both the draft budget and any specific consultations required relating to individual proposals. To access the impact assessments for the proposals please see our website www.gateshead.gov.uk/budget.

27. The Council recognises the potential negative health impact of policy changes, alongside reductions in spending and is committed to undertake a health impact assessment on all the budget proposals. This will help the Council to identify any risk and mitigation.

28. Consultation enables us to better understand and consider the needs and expectations of all residents in Gateshead. Consultation will be undertaken in relation to all proposals and will involve identification and ongoing assessment as to the impact, if any, of each proposal to inform decision making.

29. Depending on the type of proposal under consideration consultation may involve some or all the following stakeholders: -
- individual service users and their families,
 - representative groups/community interest groups and other stakeholders
 - Gateshead Council partners
 - other statutory agencies
 - voluntary and community organisations
30. The nature of the consultation will be determined by, and proportionate to, the proposal under consideration and the form and scope may differ between proposals.
31. The initial proposals presented in this document are in many cases capable of being increased or decreased and decisions on this will be informed by the results of the consultation, and the overall requirement for savings that will be confirmed when the Council receives further funding information from government.
32. Comments on the draft budget proposals can be sent to the Council by email to BudgetConsultation@gateshead.gov.uk

DIFFERENT FORMATS

If you require this information in a different format – large print, Braille, on audio/CD/MP3 please contact Rachel Mason by telephone on 0191 433 2069 or email BudgetConsultation@gateshead.gov.uk

Implications of the draft budget proposals on employees

33. There are several proposals put forward for consultation that will, if agreed, have an impact on the Council's workforce. Where applicable these are expressed as FTEs (full-time equivalents). This means posts totalling this FTE figure would have to be deleted permanently from the Council's employee establishment to make the identified saving from staffing budgets.
34. In accordance with the statutory redundancy process as set out under section 188, Trade Union and Labour Relations (Consolidation) Act 1992, consultation must be undertaken with the appropriate trade union representatives of employees who may be affected by any of the proposals.
35. The statutory redundancy consultation period is either 30 days or 45 days if more than 100 redundancies are proposed. The Council's Redundancy Policy states that *where there is the potential for large-scale redundancies, the Council will endeavour to apply a 90-day consultation period*. Since in 2021/22, it is proposed that formal redundancy consultation commences **after** the Cabinet meeting on 23rd February, a 45-day consultation will be undertaken. This will allow for full and constructive consideration to be given to how redundancies might be avoided; how the number of redundancies might be reduced; and mitigating the consequences of any redundancies.
36. In order to minimise the number of compulsory redundancies, applications for voluntary redundancy will be considered in areas not at risk of redundancy. The Council has a modestly enhanced redundancy payment scheme which is applicable to both voluntary

and compulsory redundancies, and where an employee volunteers for redundancy to provide an employment opportunity for an employee otherwise at risk themselves (i.e. a 'bumped redundancy') or an efficiency saving.

37. Employees will also be encouraged to consider whether a reduction in hours might be appropriate for them, thereby enabling savings to be made from staffing budgets which are not dependent on redundancies.
38. Any voluntary redundancy application and applications for reduced hours will only be approved if they are in the best interests of the service, balanced against employees' preferences. Such applications will be considered constructively with a view to agreement if possible.
39. Where compulsory redundancies are implemented, all reasonable efforts will be made to secure alternative employment in accordance with the Council's Redeployment Policy.
40. A range of support measures are also in place to offer employees at risk, or on notice of redundancy, which are detailed in the Council's Redundancy Policy.

Reform of Local Government Exit Payments

41. The statutory provisions governing exit payments to public sector workers are in the process of reform.
42. A £95,000 exit cap came into effect on 4 November 2020. This applies to the total amount payable when someone exits employment. For Local Government Pension Scheme (LGPS) members the £95k cap applies to the sum of any severance/redundancy payment plus any pension strain cost. This will potentially impact on employees aged 55 and over who, under the current LGPS Regulations, are entitled to release of their unreduced pension benefits in addition to a redundancy payment.
43. In addition to the £95k cap, revised draft statutory provisions have been published which are currently subject to a national legal challenge. These provisions will affect workers with much smaller severance payments i.e. potentially all cases where pension is released with a redundancy payment. Proposed changes include:
 44. Preventing an employer making a discretionary redundancy payment in addition to a payment of the pension strain cost, except in very limited circumstances.
 45. Provisions to limit payments an employer can make into the LGPS (pension strain cost) where an employee receives a statutory redundancy payment (by reducing the strain cost payment by the amount of the statutory redundancy payment).
 46. Making the necessary changes to the Local Government Pension Scheme to cater for these changes, and the effects of the broader £95,000 cap.
 47. New Regulations were expected early in 2021, however, recent information from the LGA indicates that as there are several legal challenges to the Regulations, clarification on the final position may not be available until March or April 2021.

48. These changes and the uncertainty as to what the final outcome will be make it extremely difficult to manage a redundancy process at this time, as currently the Council is unable to advise employees on the specific implications in relation to their pension benefits and redundancy payments.

49. The budget proposals for 2021/22 now follow.