



Corporate Overview and Scrutiny Management Board

Date Monday 29 January 2018
Time 9.30 am
Venue Committee Room 2, County Hall, Durham

Business

Part A

Items during which the Press and Public are welcome to attend. Members of the Public can ask questions with the Chairman's agreement.

5. Medium Term Financial Plan (8), Council Plan, Service Plans 2018/19-2021/22 - Joint Report of the Director of Transformation and Partnerships and Corporate Director of Resources (Pages 3 - 20)

Helen Lynch

Head of Legal and Democratic Services

County Hall
Durham
19 January 2018

To: **The Members of the Corporate Overview and Scrutiny Management Board**

Councillor R Crute (Chairman)
Councillor A Patterson (Vice-Chairman)

Councillors E Adam, A Batey, R Bell, D Boyes, J Chaplow, M Clarke, K Hawley, P Jopling, H Liddle, L Maddison, J Makepeace, C Martin, O Milburn, P Oliver, C Potts, L Pounder, J Robinson, J Rowlandson, M Simmons, H Smith, F Tinsley, J Turnbull, M Wilkes and A Willis

Faith Communities Representatives:

Mrs M Elliott

Parent Governor Representatives:

Mr R Patel

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**Corporate and Overview Scrutiny
Management Board**

29 January 2018



**Medium Term Financial Plan (8) 2018/19 -
2021/22 and 2018/19 Budget Update**

**Report of John Hewitt, Corporate Director of Resources and
Lorraine O'Donnell, Director of Transformation and Partnerships**

Purpose of the Report

- 1 To provide an update on the development of the 2018/19 budget and the Medium Term Financial Plan (MTFP(8)) reflecting upon the content of the Chancellor of the Exchequer's Autumn Budget published on 22 November 2017 and the provisional Local Government Finance settlement published on 19 December 2017.
- 2 The report also sets out the outcomes from the Budget consultation exercises undertaken during Autumn 2017.

Executive Summary

- 3 The MTFP(8) report to Cabinet on 18 October 2017 provided updated details in relation to the 2018/19 budget and financial planning across the MTFP(8) period 2018/19 to 2021/22. At that time it was forecast that additional savings of £37 million would be required to balance the budget over the 2018/19 to 2021/22 period. To aid planning and consultation the 18 October 2017 Cabinet report included details of £14.8 million of proposed 2018/19 savings, which also delivered £3.8 million of savings across 2019/20 and 2020/21. If these savings were subsequently approved, £0.5 million of the Budget Support Reserve (BSR) was forecast as being required to balance the 2018/19 budget.
- 4 The 18 October 2017 Cabinet report also detailed the significant uncertainty facing local government in terms of financial planning. There was significant uncertainty over the introduction of 100% Business Rate Retention, the likely impact of the ongoing Fair Funding Review, the timing and impact of the Social Care Review, the level of government funding beyond the current four year settlement which ends in 2019/20 and the continued uncertainty in relation to council tax referendum limits.
- 5 The Chancellor of the Exchequer's first Autumn Budget was published on 22 November 2017. The Chancellor of the Exchequer announced that government borrowing over the period 2017/18 to 2021/22 would be higher than was forecast at the March 2017 Budget. The major factor in this further deterioration in the national finances was due to lower growth forecasts for the

economy. Previously the national economy was forecast to grow by an average of 2% over the next five years. This has now been reduced to a forecast 1.5% average increase over the next five years.

- 6 Rather than creating a national budget surplus in 2019/20 as forecast in previous Budgets the national finances will still be have a deficit of over £20 billion in 2021/22. This raises the possibility that austerity for public services could continue beyond 2021/22 leading to an uncertain financial position for local government.
- 7 In relation to local government it was disappointing that there was no announcement in terms of additional funding for social care. Local government is facing extreme demand pressures for both adult and children social care and it was hoped that the Chancellor of the Exchequer would look to address this in some way. The approved increase of 33 pence per hour (4.4%) in the National Living Wage continues to increase forecast budget pressures faced by the Council but other than that there were no announcements which would significantly influence MTFP(8) planning.
- 8 The Provisional Local Government Finance Settlement confirmed a £14.1 million reduction in Revenue Support Grant (RSG) for the Council in 2018/19. This reduction is in line with the four year settlement the Council secured by submitting an Efficiency Plan to government. The four year settlement confirmed an additional RSG reduction in 2019/20 of £14.2 million.
- 9 In addition to the reductions in Revenue Support Grant, the Council will face additional reductions over the MTFP(8) period in specific grants of £5.5 million in relation to New Homes Bonus, Public Health, Education Services and Benefit Administration. The settlement did little to resolve the broad range of uncertainties facing local government. The implementation date for any change to the Business Rate Retention process is now forecast to be 2020/21 in line with the implention of the Fair Funding Review with the retention level being increased from 50% to 75% rather than the original 100% forecast. There was no announcement in relation to funding levels for local government beyond 2019/20.
- 10 Unfortunately there was no announcement of additional funding for adult or children's social care nor for the local government pay award which if accepted is likely to result in 2.5% increases in the Council paybill for 2018/19 and 2019/20. These areas are placing extreme pressure upon local authority budgets at a time when significant reductions in core funding are continuing.
- 11 The government did announce that the council tax referendum limit would be increased from 2% to 3% in 2018/19 and 2019/20 to recognise the cost pressures being faced by local authorities. This continues the recent trend of local authority cost pressures being financed via local taxation rather than national taxation
- 12 The budget consultation ran from 18 October to 1 December 2017 and sought views on the 2018/19 approach and the individual savings proposals. In total, the council engaged over 3,300 people and received 1,175 responses. Overall

78.1% of respondents stated the approach to making future savings is a reasonable way to go forward in 2018/19.

- 13 Further analysis has also been carried out into all elements of the MTFP(8) model. This has resulted in the total savings required over the 2018/19 to 2021/22 period increasing from the previously reported £37 million to £48.1 million. The modelling at this stage assumes a council tax increases of 3.99% in 2018/19 and 2019/20 in line with the October Cabinet report. The increase in the savings target has occurred due to continuing budget pressures in social care but also due to the forecast impact of the pay award for which the council has received no additional funding. The total savings required by the Council across the period 2011/12 to 2021/22 is now forecast to be circa £257 million.
- 14 At this stage it is forecast that the contribution required from the BSR in 2018/19 will need to increase from the previously reported £0.5 million to £2.5 million.

Background

- 15 The 18 October 2017 report to Cabinet provided an update on the 2018/19 Budget and MTFP(8). Significant additional savings of £37 million were required to balance the budget across the 2018/19 to 2021/22 period.
- 16 Since that time the Chancellor of the Exchequer has published the Autumn Budget on 22 November 2017 and the provisional Local Government Finance Settlement was published on 19 December 2017. This report analyses the likely impact upon local government and the Council resulting from these announcements whilst also updating MTFP(8) planning resulting from the outcome of the Budget Consultation process and from updates in a broad range of budget assumptions.
- 17 These findings have resulted in amendments to both the 2018/19 budget but also to savings requirements across the MTFP(8) period 2018/19 to 2021/22.

Autumn Statement

- 18 The Chancellor of the Exchequer's Autumn Statement published on 22 November 2017 did not contain any specific announcements in relation to local government finance. No new funding reductions in Revenue Support Grant were announced which was very much in line with the Government's December 2015 offer of a four year finance settlement for local government. The Chancellor of the Exchequer did however announce a significant deterioration in the national finances which could result in austerity stretching well into the next Parliament.
- 19 It was hoped that after significant lobbying from the LGa and the whole of local government that additional funding would be announced for social care. Unfortunately no such announcement was forthcoming. The following Autumn Statement announcements however are of particular note:

National Budget Deficit

- 20 The previous Chancellor of the Exchequer had forecast that the national finances were on a firm footing and that increased taxation income and significant public sector funding reductions would result in the national budget being in surplus by 2019/20. The current Chancellor of the Exchequer however has announced that there is still forecast to be a deficit of over £20 billion in 2021/22. This could result in austerity continuing well into the next Parliament.
- 21 This continuing deterioration in the national finances is resulting from lower than previously forecast growth in the national economy, very much linked to the continuing uncertainty resulting from the Brexit process. This continues to place local government in a very difficult position in terms of financial planning for the future compounded by other uncertainties detailed later in this report.
- 22 The government's Efficiency Review announced in the March 2016 Budget which was to identify £3.5 billion of further savings would appear to have disappeared from government's plans with no reference to the £3.5 billion saving in the budget documentation.

Health Funding

- 23 Significant additional funding has been announced for the NHS. In addition to the previously announced £8 billion increase for the NHS an additional recurrent £2.8 billion of revenue funding was announced for the NHS to be paid in tranches over the next three years.
- 24 In addition the Chancellor also announced an additional £3.5 billion of capital for the NHS. It is hugely disappointing that the government has recognised the pressures in the NHS but has not recognised the social care pressures in local government where the Local Government Association has identified a £5.8 billion funding shortfall over the next two years.

Business Rates

- 25 The government has had plans in place to move from Retail Price Index (RPI) being the inflation uplift factor for business rates to the Consumer Price Index (CPI). This change was due to be implemented from 2020/21 with CPI normally being lower than RPI.
- 26 The Chancellor has announced however that this change is to be accelerated to 2018/19. This will result in the forecast increase in business rates in 2018/19 reducing from 3.9% to 3%. The government has confirmed however that local government will not be worse off because of this change. The council will receive the lost business rate income as an increase in the Section 31 grant. This will also be the case for the forecast increase in the Top Up grant which also increases annually by RPI.

- 27 The Chancellor also announced that business rate revaluations in the future will be every 3 years rather than the current 5 years which should result in reduced volatility.

National Living Wage (NLW)

- 28 The NLW for 2017/18 is £7.50 per hour with the aspiration that the NLW would move towards a target of 60% of median wages by 2020. Originally this was forecast to be £9.35 per hour. Since that time wages have increased more slowly than forecast resulting in lower increases in the NLW than forecast in 2015.
- 29 The Low Pay Commission published a report in November 2017 which has updated forecasts for the NLW. These forecasts have been impacted by the continuing expectation of a stagnation in wage levels, especially over the next three to four years resulting from the depressed levels of economic growth due to Brexit. This has resulted in the Low Pay Commission recommending a 33 pence per hour increase in NLW for 2018/19 with a forecast 26 pence to 39 pence increase for the period up to 2021/22.
- 30 The impact upon the budget of the NLW have been revised in MTFP(8) to reflect the forecast NLW increases. This has added an additional growth pressure of £0.9 million when compared to the position included in the 18 October 2017 Cabinet report. The revised forecast budget pressures in MTFP(8) relating to NLW are now as follows:

	£
2018/19	2,900,000
2019/20	3,250,000
2020/21	4,000,000
2021/22	2,500,000

Provisional Local Government Finance Settlement

- 31 The provisional Local Government Provisional Finance Settlement was published on 19 December 2017, the latest ever date for publication. The provisional settlement includes RSG and forecast Top Up grant allocations for the period 2018/19 to 2019/20. The Final Local Government Finance Settlement is forecast to be published in early February 2018.
- 32 The Council Tax Referendum Limit for 2018/19 and 2019/20 has been increased from 2% to 3% to take account current high levels of inflation and budget pressures in local government. The Government also previously confirmed the option to increase Council tax by an additional 6% for an adult social care precept over the period 2017/18 to 2019/20, subject to a cap of no more than 3% to be applied in any one year. The Council agreed on 22 February 2017 to plan on the basis of utilising this flexibility at 2% per annum across each of the three years, whereas many other Councils chose to apply this as 3% increases in 2017/18 and in 2018/19.

- 33 The provisional settlement includes details of core grants including RSG and Business Rates 'Top Up' Grant. The table below highlights the 2018/19 reduction in the Settlement Funding Assessment (SFA). It is important to note that the Business Rates figure below is a 'notional' figure published by the Government.

Table 1 – 2018/19 Settlement Funding Assessment

Funding Stream	2016/17	2017/18	Variance	
	£m	£m	£m	%
Revenue Support Grant	56.000	41.860	(14.140)	(25.2%)
Business Rates	51.256	52.479	1.223	2.4%
Top Up Grant	67.626	69.975	2.349	3.5%
SFA	174.882	164.314	(10.568)	(6.0%)

- 34 The table above highlights that the SFA has reduced by 6% in 2018/19 although of more significance is the reduction in RSG where there has been a further reduction of £14.14 million (25.2%) for next year.
- 35 The actual Top Up grant figure for 2018/19 will be £70.284 million rather than the £69.975 million detailed in the table above. The Council will receive an additional one off payment of £0.309 million which relates to an adjustment linked to the 2017/18 business rate revaluation process.
- 36 In addition to the above 'core' grants, the Council continues to face reductions in Specific Grants. The government previously advised that the Education Services grant would be reduced in 2017/18 and 2018/19, mainly as a result of the removal of statutory responsibilities for Education from local authorities. Although the government has subsequently confirmed that there will be no reduction in statutory responsibilities, the reduction in the Education Services grant will still go ahead. In 2018/19 the grant will reduce to zero from the current level of £1.5 million. This £1.5 million reduction will be offset by additional income of £0.3 million in the School Improvement Grant. Overall however, this is still a net £1.2 million reduction in funding with no reduction in responsibilities.
- 37 The Council still awaits confirmation of the 2018/19 allocations for a number of specific grants. The table below provides details of the more significant allocations confirmed to date

Table 2 – Reduction in 2018/19 Specific Grants

Specific Grant	2017/18	2018/19	Variance	
	£m	£m	£m	%
Education Services Grant	1.500	0	(1.500)	(100)
Public Health Grant	49.983	48.698	(1.285)	(3)
Housing Benefit Admin Grant	2.267	2.005	(0.262)	(11)

- 38 In addition to the details in relation to grant settlement the following information was also included alongside the local government finance settlement
- (a) there will be a business rate baseline reset in 2020/21 and, from 2020/21 business rate retention will be at 75%. It is expected at this time that RSG and Public Health grant will be incorporated into Business Rate Retention (BRR);
 - (b) the government published a consultation paper 'Fair Funding review: a review of relative needs and resources', a technical consultation on relative need. The result of this review will be introduced in 2020/21 alongside the move to 75% BRR;
 - (c) in response to pressures within local authorities there will be an increase in the Council tax referendum limit from 2% to 3% for 2018/19 and 2019/20;
 - (d) an additional ten authorities were approved as 100% business rate pilots. In the main these were County Councils;
 - (e) the Rural Services Delivery grant was increased from £50 million to £65 million;
 - (f) there will be a consultation in spring 2018 regarding negative RSG.
- 39 The Fair Funding review and movement to 75% BRR could have a significant impact upon the sustainability and future prospects for many local authorities for the following decade and beyond. There is likely to be a major shift of funding between local authorities. The current major push to prioritise rurality issues and high cost factors for the south and south east rather than issues such as deprivation and ability to pay for services is a significant concern for the Council.
- 40 In terms of the Rural Services Delivery Grant the payments made are on top of the additional RSG payable to these authorities due to the 'sparsity' factors built into the Relative Needs Formulae. Authorities benefit if they are in the super sparsity upper quartile. The Council does not qualify for any funding on this basis sitting at the 33% point in terms of the super sparsity indicator.

2018/19 Budget

- 41 Subsequent to the 18 October 2017 MTFP(8) Cabinet report a number of updates are required to the 2018/19 budget model as a result of updated financial information. These adjustments are in addition to the amendments relating to the National Living Wage detailed earlier in the report. The main amendments are detailed below. The revised MTFP(8) model has been attached at Appendix 2.

(a) **Council Tax / Business Rate Tax Base Increase**

The ability to forecast tax base movement continues to crystallise as the financial year progresses. The 18 October 2017 Cabinet report forecast a £2 million increase in the council tax base and a £1.5 million increase in the business rate taxbase. Work has been finalised in relation to the setting of the taxbase for 2018/19 with the final position being £3 million for council tax and £1.6 million for business rates i.e. a total of £4.6 million, a £1.1 million increase in the previous forecast.

(b) **Pay Inflation**

The current forecast for pay awards included in the MTFP has been for a 1.5% annual increase. The National Employers body however have made an offer to the Trade Unions for a two year period as detailed below.

- (i) a standard 2% increase in 2018/19;
- (ii) higher increases for up to Scale Point 19 in 2018/19 of between 3.7% and 9%. This would result in the lowest hourly rate being £8.50;
- (iii) a remodelling of the whole grading structure in 2019/20 which will result in the lowest hourly rate being £9 per hour impacting upon all current Scale points up to point 23;
- (iv) all Scale points above point 23 to receive 2%.

This offer, if accepted will place additional pressure over the MTFP(8) period. It is forecast that the cost in 2018/19 and 2019/20 will be circa 2.5% on the paybill. As well as the 2.5% increases for 2018/19 and 2019/20 it is recommended that an assumed 2% pay award is also forecast for 2020/21 and 2021/22. Overall the increased base budget pressure across the MTFP(8) period is £5.8 million.

(c) **Price Inflation**

Although service groupings will be allowed a 1.5% base budget increase due to price inflation across the MTFP(8) period it is recognised that some of the council's major contracts, have long term contracts where inflation uplifts are linked to RPI/CPI. This has been recognised in the MTFP (8) model which has increased the base budget pressure by £1.8 million over the four years 2018/19 to 2021/22.

(d) **Adult Demographic**

Price negotiations are ongoing with social care residential care providers. These negotiations need to take into account not only increases in the NLW and general price inflation, but also take into

account the need to have a sustainable high quality care market / provision in the county in light of increases agreed by other Councils in the region. It is recognised that this will require additional increases in fees paid to private sector providers beyond the provision in the current MTFP(8) model. The adults demographic base budget pressure has been increased by £2 million to recognise this.

(e) **Children and Young People Services Base Budget Pressures**

Previous MTFP(8) budget and 2017/18 forecast of outturn reports have recognised the intense pressure currently being faced within Children's Social Care. The 18 October 2017 Cabinet report highlighted that additional 2018/19 base budget growth would be required to ensure sufficient budget was in place to cover the costs of Looked after Children. The aspiration at that point was that over the following three years the £2.9 million growth built into the budget for 2018/19 could be recovered by changing the placement mix for looked after children and thereby reducing the costs.

Since that report was presented work has continued to consider the medium term forecast for the costs of looked after children currently placed, to further develop the strategies to recruit and retain children's social workers and to develop capacity within more cost effective placement types. CYPS has revised the planning assumptions and the revised forecasts of the base budget increases required for this budget. The revised position is detailed below:

- (i) the base budget increases required for looked after children placements has increased from £2.9 million to £3.9 million. It is not expected that the full increase in additional costs could be fully recovered now across the MTFP(8) planning period. The reduction in looked after children placement costs is £0.5 million per annum across the period 2019/20 to 2021/22;
- (ii) a budget increase of £1.049 million is required to fund pressures in relation to Special Guardianship Orders, Child Arrangement Orders and Leaving Care Payments as a result of the increased LAC numbers. This was not previously recognised within the MTFP;
- (iii) a social work academy has been funded from cash limit reserves over the last two years, which has sought to aid recruitment of trainee social workers. The academy has been a success is to be continued, which requires £0.372 million of additional base budget increase.

42 Overall the amendments to the MTFP(8) Model have increased the savings requirement across the MTFP(8) period by £10.6 million.

2018/19 Savings

- 43 The 18 October 2017 MTFP(8) Cabinet report detailed that £15.3 million of savings were required in 2018/19 to balance the budget. At that time £14.8 million of 2018/19 savings were detailed to be part of the Budget Consultation process which would enable the realisation of a further £3.9 million of savings across 2019/20 and 2020/21.
- 44 The increase in base budget pressures detailed in this report has increased the requirement to utilise the BSR in 2018/19. The utilisation of the BSR will increase from the previously forecast £0.5 million to £2.5 million. The residual balance in the BSR will be as follows:

	£m
Current Balance	30.0
Less Utilisation 2018/19	(2.5)
Residual Balance	27.5

- 45 The residual balance of £27.5 million will be available to support the MTFP in future years.

MTFP(8) 2018/19 to 2021/22 Update

- 46 MTFP(8) covers a four year period from 2018/19 to 2021/22. In terms of reductions in Revenue Support Grant (RSG) the council received a letter from the minister for Local Government on 16 November 2016, confirming that the Council had been successful in securing the four year settlement based upon the submission of an Efficiency Plan. The minister confirmed that 'barring exceptional circumstances and subject to the normal statutory consultation process for the local government finance settlement, the Government expects these to be the amounts presented to Parliament each year'. The financial year 2018/19 will be the third year of the current four year settlement with the assumptions in the MTFP(8) model still being based upon this settlement.
- 47 The MTFP(8) model has continued to be revised based upon changes to base budget assumptions and amendments to savings plans. The model also includes savings plans being delivered in 2019/20 and 2020/21 where decisions are to be made in 2018. The revised MTFP(8) model is attached at Appendix 2.
- 48 The additional savings required to balance the budget in addition to those already agreed to be delivered in 2018/19, 2019/20 and 2020/21 are detailed overleaf:

Year	£m
2019/20	11.9
2020/21	11.9
2021/22	5.7
TOTAL	29.5

49 Service Groupings will continue to work over the coming months to identify the savings required to meet the £29.5 million of savings required. It is expected that savings generated via the Transformation Programme will contribute to the £29.5 million savings shortfall.

Budget Consultation Process

50 The Council's 2018/19 budget consultation ran from 18 October to 1 December 2017 and sought comments from a wide range of stakeholders on our 2018/19 savings approach and proposals.

51 The main survey method was a questionnaire, supported by information about the proposals and how to participate. These were available at 85 meetings and events, as well as in libraries and customer access points. They were also available through the website, social media and newsletters.

52 Discussions were held with partner organisations and networks who were invited to submit comments, in particular, if any of the proposals would have an impact on their organisation's priorities, workload or groups they work with.

53 To capture the views of people unlikely to be reached by the questionnaire such as people with disabilities, group discussions were facilitated.

54 This approach enabled us to engage with over 3,300 people, of which 1,175 gave their views. The table below details participation figures.

Table 3 - Analysis of Consultation Participation

Meetings and Events	No of people participated	No of completed forms
Questionnaire		
14 AAP Board meetings	565	169
27 meetings with communities and partners	441	209
20 drop in sessions in key places across the county	560	305
18 Public events including Christmas Fayres	1620	243
7 Learning disability groups (inc 4 facilitated group discussions)	114	43
Posted/misc.	-	55
Libraries	13	13
TOTAL	-	1,037
Online responses	-	138
OVERALL TOTAL	3,313	1,175

Consultation Engagement and Participation via Social Media

- 55 Social media was used to increase awareness and encourage people to take part. Facebook posts were seen by 26,838 people. 9,964 people watched the video (with another 131 views on YouTube) and 94 people then clicked through to the consultation pages on the website.
- 56 On Twitter, multiple messages were sent out throughout the consultation, all linking to the website content and encouraging people to take part. These tweets were seen a total of 62,030 times with 207 people clicking through to the consultation page.

Key Consultation Outcomes

- 57 Over 1,000 residents engaged from across County Durham with a broad demographic coverage. With 78.1% indicating that they think our proposals are a reasonable approach;
- (a) The main themes include:
- (i) continue to find new ways of working and generating income including more effective commissioning of services, investing in changes that will reduce our future expenditure and focusing on priority service users;
 - (ii) continue to reduce management and back office posts, accommodation costs, supplies and services and review our working arrangements to achieve efficiencies.
- (b) Other re-occurring comments include:
- (i) the need to protect services for the most vulnerable such as older people and adults with a disability, particularly in relation to proposals affecting adult social care, but also including vulnerable children;
 - (ii) the need to ensure that increasing charges people are not priced out of much needed services;
 - (iii) continue and increase, the amount of savings brought about efficiency improvements and back office savings.
- (c) Regarding improving quality of life, participants indicated a wide range of ideas:
- (i) more community development infrastructure;
 - (ii) more visible policing;
 - (iii) clean communities;

- (iv) things for young people to do;
- (v) good local facilities;
- (vi) better public transport links.

Engagement with Key Partners

58 Seven partners responded, indicating general support for the proposals and an appreciation of the position the Council is in. They highlighted the importance of continued collaboration to avoid duplication and minimise the impact on frontline services. They also stressed the importance of prevention and early intervention to minimise costs. In addition they stressed support to the council in requesting a fairer settlement.

Engagement with Targeted Groups

59 **Young People.** A large majority (84%) of the children and young people participating in the survey, felt the proposals for savings for 2018/19 represented 'a reasonable approach'. They made limited comments on a wide variety of issues, rather than specific proposals. However, two clear themes did come though: six respondents felt that generally the council should protect services for children and young people and ten respondents felt that 'things to do for young people in their area' is something that would most improve their quality of life.

60 **People with learning and physical disabilities.** There was a 100% agreement across the groups that the proposals are reasonable. Comments included:

- (a) there is a need to protect adult and social care services, particularly those which allow people to stay in their own homes and communities and remain independent;
- (b) there was concern about criteria for adult and social care services changing. It was stressed that this could leave people without adequate support;
- (c) it is important that when considering alternative ways to provide services, that care is taken on who will provide them and costs.

Equality Considerations of Questionnaire Responses

61 The questionnaire included an optional equality section. Responses were broadly reflective of the community within County Durham.

62 There were slightly more responses from females (57%) compared to males (43%). Respondents tended to be older with almost two fifths (39%) of respondents aged in the 45-64 age group and around a fifth (22%) aged

under 35. 96% of respondents described their sexual orientation as heterosexual with 2% identifying as gay or lesbian and a further 2% identifying as bisexual.

- 63 In terms of religion or belief 70% of respondents described themselves as Christian and 28% reported they have no religion or belief, 2% reported another religion or belief. 98% of respondents identified their ethnicity as white with 2% identifying as a BAME group.
- 64 There were few differences in views between groups evident within the analysis. The main difference is illustrated below in Chart 1 where almost a quarter of respondents aged 35 - 64 said our approach was not reasonable compared to just one in ten in the 65+ age group.

Equality Analysis of Savings Proposals

- 65 Consideration of equality analysis and impacts is an essential element that Members must consider when deciding savings. The aim of this equality analysis is to:
- (a) identify any disproportionate impact on service users or staff based on the protected characteristics of age, gender (including pregnancy/maternity and transgender), disability, race, religion or belief, marriage and civil partnership and sexual orientation;
 - (b) identify any mitigating actions, which can be taken to reduce negative impact where possible;
 - (c) ensure that we avoid unlawful discrimination as a result of MTFP decisions;
 - (d) ensure the effective discharge of the Council's public sector equality duty.
- 66 Equality analysis is compiled by services through equality impact assessments as the savings proposals develop. This analysis, including any specific impacts and mitigations, will be summarised in decision making reports to ensure its implications can be considered alongside savings proposals.
- 67 Where savings are continuations of previous decisions these proposals have been supported by existing individual equality impact assessments. Other proposals are at an earlier stage and as these proposals are further developed, services, with support from the corporate equalities team, will be asked to identify the level of equalities assessment required, and subsequent analysis will be communicated to Members as part of the decision making process.

68 There will be continued focus on equalities issues as we move into future years of this MTFP, with equality impacts revisited and reviewed each year as appropriate. In many cases impact assessments are initial screenings with a full impact assessment to follow at the point of decision, once all necessary stakeholder consultation has been completed. Where proposals are subject to multi-stage decision making, or subject to consultation, the relevant impact assessments will be updated as further information becomes available. Final equality impact assessments will also be considered in the final decision making process for savings where appropriate.

Recommendations and Reasons

69 COSMB is asked to note and comment on:

- (a) the overview of the Chancellor of the Exchequer's Autumn Budget and the impact upon local government;
- (b) the impact of the provisional local government finance settlement upon the council;
- (c) the adjustments to the 2018/19 Budget mainly resulting from an increase in base budget pressures which will result in the requirement to utilise £2.5 million of the Budget Support Reserve;
- (d) the savings required across the 2011/12 to 2021/22 period will now be circa £257 million;
- (f) the council will need to identify and approve additional savings of a forecast £29.5 million across the 2019/20 to 2021/22 period to balance the budget;
- (g) the output from the MTFP(8) budget consultation process and utilise the information when considering budget setting across the MTFP(8) period;
- (h) the process to include equality analysis to ensure the effective discharge of the Council's public sector equality duty.

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Appendix 1: Implications

Finance – Analysis of the Autumn Statement would indicate that RSG reductions across the MTFP(8) period will remain in line with the current four year settlement. Savings plans of £14.8 million are recommended for 2018/19 which will result in the utilisation of £2.5 million of the BSR to balance the budget. Additional savings will be required of £29.5 million across 2019/20 to 2021/22.

Staffing – The savings required across the MTFP(8) period will have an impact upon employees. HR processes will be followed at all times to provide support wherever possible.

Risk – Risks will continue to be assessed at all stages of development of MTFP(8). It is recognised that for the future the outcome of the review into 100% Business Rate Retention and the Fair funding Review will need to be fully assessed in terms of impact upon the council.

Equality and Diversity/ Public Sector Equality Duty – The report details the process followed.

Accommodation – None

Crime and Disorder – None

Human Rights – Any human rights issues will be considered for any detailed MTFP (8) and Council Plan proposals as they are developed and decisions made to take these forward.

Consultation – The approach and output from the Budget consultation process are detailed in the report.

Procurement – None

Disability Issues – All requirements will be considered as part of the equalities considerations outlined in the main body of the report.

Legal Implications – The Council has a statutory responsibility to set a balanced budget for 2018/19. It also has a fiduciary duty not to waste public resources Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the provisions and criteria for awarding discretionary rate relief. The Localism Act 2011 amended Section 47 Clause 69, of the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer (not just those who can currently be granted discretionary relief), via a local discount scheme.

Appendix 2

Medium Term Financial Plan - MTFP (8) 2018/19 - 2021/22 Model

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Government Funding				
Government RSG Funding Reduction	14,140	14,240	0	0
Impact of 100% Business Rate Retention	0	0	0	0
Reduction in Public Health Grant	1,285	1,286	0	0
Reduction in Education Services Grant	1,200	0	0	0
Reduction in Benefit Admin Grant	350	300	300	0
Town and Parish Council RSG Adjustment	-16	-103	0	0
Adult Social Care Support Grant (2017/18 One Off)	2,830	0	0	0
Impact of Business Rate Revaluation	-882	308	0	0
Bus. Rates - CPI increase (3%/2%/1.75%/1.5%)	-1,500	-1,000	-900	-800
Top Up - CPI increase(3%/2%/1.75%/1.5%)	-2,000	-1,400	-1,200	-1,000
Section 31 Grant adjustment and inflation uplift (19/20 2.9% RPI)	-1,300	-1,300	-150	-100
Improved Better Care Fund	-19,000	-5,700	4,000	0
New Homes Bonus	2,650	450	800	250
Other Funding Sources				
Council Tax Increase (1.99% per annum)	-3,950	-4,150	-4,300	-4,400
Council Tax Adult Social Care Precept (2% increase)	-4,000	-4,200	0	0
Council Tax - Increase in Collection Rate to 99%	-1,000	0	0	0
Council Tax/Business Rate Tax Base increase	-4,600	-1,500	-1,500	-1,500
Estimated Variance in Resource Base	-15,793	-2,769	-2,950	-7,550
Pay inflation (2%+ - 2%+ - 2% - 2%)	4,800	5,000	4,300	4,400
Price Inflation (1.5% - 1.5% - 1.5% - 1.5%)	3,200	3,000	3,100	3,200
Reduction of Corporate Risk Contingency Budget	-1,000	0	0	0
Base Budget Pressures				
Costs Associated with National Living Wage	2,900	3,250	4,000	2,500
Additional Employer Pension Contributions	0	0	1,000	0
Energy Price Increases	500	250	250	250
Pension Fund Auto Enrolment - Employer Contributions	0	600	0	0
Microsoft Licencing / O365	1,200	0	0	0
SSID Replacement Licences	0	0	300	0
Adults Demographic Pressures	3,000	1,000	1,000	1,000
Adults - Winterbourne	142	535	372	0
Childrens - Demographics	500	500	500	500
Childrens - LAC Pressures	3,944	-500	-500	-500
Childrens - Special Guardianship / Child Arrangement Orders	1,049	0	0	0
Childrens - Social Worker Academy	372	0	0	0
Unfunded Superannuation	-100	-100	-100	-100
Prudential Borrowing to fund new Capital Projects	0	1,000	2,000	2,000
TOTAL PRESSURES	20,507	14,535	16,222	13,250
Use of One Off funds				
Adjustment for use of BSR in previous year	12,622	2,533	0	0
Savings				
Savings Assured	14,803	2,445	1,383	0
Utilisation of Budget Support Reserve (BSR)	2,533			
Savings Shortfall	0	11,854	11,889	5,700

TOTAL SAVINGS REQUIRED 48,074

SAVINGS SHORTFALL 29,443

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