



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** on.
Wednesday 22 January 2014.

The decisions will come into force and may be implemented from **MONDAY 3 FEBRUARY 2014** unless the Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Medium Term Financial Plan 2014/15 to 2016/17 (MTFP (4)) and 2014/15 Budget [Key Decision: Corp/R/13/02]

Summary

The Cabinet considered a joint report of the Corporate Director, Resources and the Assistant Chief Executive updating on the Medium Term Financial Plan MTFP (4) 2014/15 to 2016/17 and 2014/15 Budget, following the Government's Local Government Finance Settlement announcement on 18 December and feedback from the budget consultation process that ended on 7 December 2013.

MTFP (1) – (3) and reports to date on the development of MTFP (4) track the impact of continuing austerity on Durham County Council. The Council is on track to have delivered spending reductions of £113.9m since 2011/12 by the end of this financial year. This level of Government funding reduction is unprecedented.

Despite reducing spending so significantly, a similar target remains to be delivered over the next 3 years. Prior to receiving the settlement, the Council forecast that total savings would reach £223 million by 2017.

The financial settlement was received on 18 December and details of this were presented within the report. The main points include:

- the settlement confirms that there will be significant reductions in Government funding which are broadly in line with the funding reductions forecast by the Council;
- although there has been a positive response to the Council and local government's response to the consultation on New Homes Bonus, overall the settlement does not contain changes requested by the sector;
- it is still apparent that deprived areas will continue to see higher levels of funding reductions for both 2014/15 and 2015/16;

- there remains, even at this late stage in the process, information that is needed to finalise and set the council's budget. For example details on specific grants and information relating to the Council Tax Referendum Limits are still awaited at the time of writing. The council needs to complete the development of MTFP (4) with the risk that this information could mean late changes are required.

The council undertook innovative and wide ranging consultation on the MTFP throughout October to early December. Building on expertise on participatory budgeting (PB), all 14 Area Action Partnerships (AAPs) conducted a PB event (or events in the case of Mid Durham). Over ten thousand people voted at the PB events with more than 3,000 giving the council their views on the MTFP and 1,300 taking part in a board game based exercise designed to glean spending priorities through group discussion.

The key findings of the consultation were:

- members of the public found it hard to identify the required level of savings that the council needs to deliver;
- across all of the different methodologies, there was little consensus on which services to 'protect' in relative terms;
- there was considerable consensus on the services from which to take more savings. However, on their own, these would not be sufficient to meet the level of savings required;
- there was a rich level of intelligence from the group exercise work;
- there was support from the focus groups for a council tax rise of up to 2% but very little support for a rise in excess of this level.

Despite the difficulties posed by these unprecedented funding reductions on top of unavoidable budget pressures such as inflation pressures, the budget proposals for 2014/15 include a number significant investments, aligned to the core priorities of the Council and the outcome of the public and stakeholder consultation:

- the Council has decided to extend the current Local Council Tax Support Scheme for a further year into 2014/15. This will continue to protect 33,557 Working Age Council Tax Claimants that would otherwise have to start paying a proportion of their council tax due to the Government's abolition of the national Council Tax Benefit scheme in April 2013
- prudential borrowing of £2m per annum is included in MTFP (4) to supplement forecasts of capital grant and capital receipts. This investment will provide the capacity to maintain a significant programme of investments in capital schemes in line with the Council's priority of regeneration, economic development and job creation. Schemes include highways infrastructure, investment in school buildings and investment in town centres. Full details of the Council's capital programme will be provided in the Cabinet report on 12 February 2014;

- a £1.3m increase in the Winter Maintenance Budget is included in 2014/15. This will provide increased financial resilience in order to keep our highways and other roads open during inclement weather conditions;
- protection is afforded to the Benefits Service which has faced a further Government grant cut of £0.5m. This will enable the Council to continue paying the 65,000 housing and Council Tax Support Scheme claimants their entitlements to benefit promptly.

The council's strategy of the past 3 years has been to protect frontline services as far as possible and the proposals for 2014/15 and beyond are in line with that strategy, though it will become increasingly difficult to maintain this over time. This report summarises the main proposals at this stage, how these are in line with the overall strategy and have been shaped by residents' views with an initial high level analysis of the equality impacts.

Unlike in previous years it has not been possible to establish high level proposals for the entire period covered by the MTFP. This is because the scale of savings required, coming on top of those already delivered and proposed for 2014/15, presents a much greater challenge than before. It is also the case that there is greater uncertainty over the medium term. The government's spending round covered the period to 2015/16 only, in advance of the general election in 2015. There is also much uncertainty about public health and social care funding in the medium term. It is anticipated that clarity on these major issues will emerge over the course of the next financial year and shape the development of MTFP (5).

The council's original estimate of 1,950 reductions to posts by the end of 2014/15 is still expected to be accurate. Further work will be carried out during the development of MTFP (5) to estimate a revised figure up to 2016/17.

The late receipt of the financial settlement means that we have a short timeframe in which to complete the required next steps:

- to consider the implications of the specific grants and Council Tax Referendum Limits which we are still waiting to receive confirmation of;
- to finalise the equality impact assessments for the 2014/15 proposals;
- to consult our strategic partners on the proposals presented in Appendix 4 to supplement the public consultation process;
- to receive comment and consider recommendations from Overview and Scrutiny.

The next steps in completing MTFP (4) are:

- to consult with strategic partners on the proposals and approach outlined in this report;
- to invite comment and consultation from Overview and Scrutiny;

- to update the report as outstanding information required to set the budget is received by Government;
- to complete the EIAs.

Further consultation, to complement that undertaken with the public is proposed with strategic County Durham Partnership partners, local councils and the voluntary sector through the board and respective working groups.

Non-executive members are a key group who have been engaged in the development of this year's MTFP, through a series of scrutiny meetings and member seminars. Two further scrutiny sessions are planned for members to comment on the MTFP, consultation results and the 2014/15 savings proposals and linked equality impact assessments.

The council continues to plan effectively to ensure the delivery of the MTFP Planning processes continue to be supported by consultation on both the MTFP and on individual savings plans. This process ensures that the views of the public are taken into account when developing overarching savings strategies and also the delivery of individual savings.

This effective planning process is set against a background of late and delayed information being received from Government. The late receipt of settlement information causes significant difficulties in planning effectively with the late receipt of confirmation of the Council Tax Referendum Limit for 2014/15 (likely to be mid-February) being an example of the very difficult position faced by the council.

Notwithstanding the problems identified above, the council is able to develop a balanced budget for 2014/15 which enables investment in council priorities and a savings strategy which is in line with the public's MTFP consultation responses.

There can be no doubt however that the council will face greater challenges in the future with the need to identify additional savings of £64.1m in 2015/16 to 2016/17 and the likelihood of additional savings beyond this period.

Decision

The Cabinet:

- (a) noted the budget and medium term financial plan update in relation to the provisional Local Government Finance Settlement announced on 18 December 2013;
- (b) noted that the Government has not adjusted the methodology for applying funding reductions in the light of consultation responses;
- (c) agreed the savings proposals for 2014/15 as detailed in Appendix 4 of the report be finalised, including the finalisation of the equality impact assessments;
- (d) noted the estimated £64.1m savings shortfall for the period 2015/16 to 2016/17;

- (e) agreed to consult Overview and Scrutiny and strategic partners in the manner proposed in the report.

Revised Equality Policy and Approach

Summary

The Cabinet considered a report of the Assistant Chief Executive, providing information on the revised equality policy and the streamlined corporate approach to equality planning and performance management.

The Equality Act 2010 replaced previous equality legislation which contained a number of specific requirements for local authorities, these covered policies, action planning, equality impact assessment, monitoring and reporting processes. The Equality Act is now less prescriptive in relation to policies and procedures than the previous legislation. In response, equality policies have been reviewed together with the approach to equality planning in order to maintain commitment in a cost effective manner.

The aim of the review was to update the policy and provide a clear, concise message. The revised policy is a simplified and streamlined commitment to treating people fairly, with respect and dignity whilst complying with our legal responsibilities. The policy will apply to every elected member, employee, volunteer or organisation representing the authority through contractual or commissioning arrangements. There are a number of key commitments relating to service delivery, employment and working with others. These commitments are linked to and supported by the current equality objectives which are part of our public sector equality duty.

The equality aims and objectives, published in April 2012, were based on evidence from local and national statistics as well as previous consultation activities.

The three equality aims and nine underpinning objectives are:

Aim 1 – Provide high quality accessible services to all

- Understand the needs of County Durham's diverse communities
- Ensure equal access to council services
- Improve services to meet diverse customer needs

Aim 2 – Be a diverse organisation

- Provide strong leadership in relation to equality and diversity
- Recruit and retain a diverse workforce
- Promote equality and diversity through working practices

Aim 3 – Work with others to promote equality countywide

- Work effectively with underrepresented communities
- Work effectively with partners
- Integrate equality and diversity through commissioning and procurement

The equality objectives maintain the overarching focus whilst allowing Services to identify relevant and proportionate actions which are monitored and reported through the performance management framework. The equality actions have been built into the Council and Service plans which embeds the approach to equalities into the corporate processes.

Decision

The Cabinet approved the revised equality policy.

Colette Longbottom
Head of Legal and Democratic Services
24 January 2014