



## Corporate Issues Overview and Scrutiny Committee

**Date** Tuesday 26 January 2016  
**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.**

1. Apologies for Absence.
2. Substitute Members.
3. Minutes of the meeting held 17 November 2016. (Pages 1 - 10)
4. Declarations of Interest, if any.
5. Report on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 - Quarter 3 2015/16 (Pages 11 - 14)  
Report of the Head of Legal and Democratic Services.
6. Medium Term Financial Plan (6) 2016/17-2019/20 and 2016/17 Budget Update (Pages 15 - 70)  
Report of the Corporate Director Resources.
7. Quarter 2 2015/16 Performance Management Report (Pages 71 - 88)  
Report of the Assistant Chief Executive.
8. Review of the Council Plan and Service Plans (Pages 89 - 98)  
Report of the Assistant Chief Executive
9. Customer Feedback : Complaints Compliments and Suggestions 2015/16 - Quarter 2 (Pages 99 - 114)  
Report of the Corporate Director Neighbourhood Services

10. Quarter 2 Revenue and Capital Outturn 2015/16 (Pages 115 - 128)
  - (i) Report of the Corporate Director Resources.
  - (ii) Report of the Assistant Chief Executive
  
11. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.

**Colette Longbottom**  
Head of Legal and Democratic Services

County Hall  
Durham  
18 January 2016

To: **The Members of the Corporate Issues Overview and Scrutiny Committee**

Councillor J Lethbridge (Chairman)  
Councillor K Henig (Vice-Chairman)

Councillors J Alvey, B Armstrong, J Armstrong, L Armstrong, H Bennett, G Bleasdale, J Carr, P Crathorne, J Hillary, E Huntington, N Martin, J Rowlandson, A Shield, P Stradling, L Taylor, A Turner, M Wilkes, S Wilson and R Young

**Other Attendees:**

Councillors E Adam, A Batey, R Bell, D Boyes, R Crute, S Forster, B Graham, A Hopgood, M Nicholls T Nearney, C Potts, J Robinson, J Shuttleworth and W Stelling.

---

**Contact: Lucy Gladders**

**Tel: 03000 269712**

---

**DURHAM COUNTY COUNCIL**

**CORPORATE ISSUES OVERVIEW AND SCRUTINY COMMITTEE**

At a Meeting of **Corporate Issues Overview and Scrutiny Committee** held in Committee Room 2, County Hall, Durham on **Tuesday 17 November 2015 at 9.30 am**

**Present:**

**Councillor J Lethbridge (Chairman)**

**Members of the Committee:**

Councillors G Bleasdale, J Carr, P Crathorne, K Henig (Vice-Chairman), J Hillary, E Huntington, N Martin, J Rowlandson, A Shield, P Stradling, L Taylor, M Wilkes, S Wilson and R Young

**1 Apologies.**

Apologies for absence were received from Councillors B Armstrong, J Armstrong, L Armstrong and H Bennett.

**2 Substitute Members.**

There were no substitute Members.

**3 Minutes of the meeting held 28 September 2015**

The minutes of the meeting held on 28 September 2015 were confirmed as a correct record and signed by the Chairman.

Matters Arising

The Head of Planning and Performance referred to the matters arising from the previous meeting and in particular, paragraph 1 and the point raised by Councillor L Armstrong, regarding child poverty statistics. It was noted that this information had now been provided.

Moving on to paragraph 3 it was reported that Councillor Shield had now met with the Corporate Improvement and Scrutiny Manager regarding the presentation of graphs. Councillor Shield added that he was not satisfied with the response however would accept that he would agree to differ.

The Head of Planning and Performance referred to Item 7, relating to Quarter 1 Performance and in particular paragraph 1, of page 6. She advised that Councillor Martin had now spoken to the Revenues and Benefits Manager and the query on Discretionary Housing Payment figures had been resolved.

In addition issues raised by Councillor Wilkes and J Hillary in paragraphs 3 and 4 of page 6, had been addressed and would be discussed under Item 6 of the agenda. In addition the Head of ICT Services was in attendance to answer any ICT related issues.

With regard to Item 8, paragraphs 4 and 5 of page 7, it was reported that the Finance Manager had now provided detail to Councillor Wilkes regarding the re-profiling of capital budgets. In addition details regarding ICT overspends had now been provided to Councillor Hillary.

#### **4 Declarations of Interest, if any.**

There were no declarations of interest.

#### **5 Report on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 - Quarter 2 - 2015/16**

The Committee received a report of the Head of Legal and Democratic Services which informed members of the Council's use of powers under the Regulation and Investigatory Powers Act 2000 ('RIPA') during the period 1 July 2015 until 30 September 2015 (Quarter 2) to ensure that it was being used consistently with the Council's policy and that the policy remained fit for purpose.

#### **Resolved:**

That the content of the report be noted.

#### **6 Customer First Task and Finish Group Review - Update on progress against recommendations**

The Committee received a joint report and presentation of the Corporate Director Neighbourhood Services and Assistant Chief Executive which provided an update on progress made against recommendations from the Customer First Task and Finish Group Review (for copy of report and slides of presentation see file of minutes).

The Head of Projects and Business Services provided a presentation which provided an update on the following:

- Telephony
- Digital: Website, Digital Durham, E-Store and Information Durham
- Social Media
- CRM & planning.

With regard to telephony it was reported that the council had in recognising that there were too many numbers in the public domain, conducted a review and had reduced the councils published numbers by 90. In addition any 0845 numbers previously used by the council had now been switched over to 03000 to harmonise contact numbers across the authority. In addition a number of services had been transitioned to ACD (Automatic Call Distribution) and to date this had proved very successful across the following schemes:-

- Blue Badges
- Sustainable transport

- Sundry Debt
- Housing Solutions.

It was reported that the council's new website had now been launched creating a more efficient layout which made it easier for residents to access council services. It was further reported that data showed that more visits to the website were now being made by mobiles and tablets.

The Head of Projects and Business Services then went on to provide an update on Digital Durham and its successes to date. A query was raised regarding the abbreviation THP and The Head of ICT Services advised that this stood for Total Households Passed and included both business and residential properties.

Moving on an update was provided in respect of channel shift and it was reported that 78% of sign ups and payment was completely automated. This showed that there was an appetite for automated payment lines.

Further details were provided regarding ongoing work to introduce an E-store within the council's website which would take card payments for a transportable basket style checkout, allowing the customer to pay for more than one service at a time, similar to that used by Amazon. The facility would also allow for customers to store their details for returning transactions and provide customers with a payment history and access to copy receipts.

In addition to the above, it was reported that the service had carried out a full review of Customer Service Access Point provision following which, Information Durham, a consistent identification of information and self-serve opportunities had been introduced.

With regard to social media it was recognised that this was a growing customer contact channel which was now filtered through Customer Services and addressed by the relevant service.

As a larger piece of work the council had conducted a review of CRM (Customer Relationship Management). Phase 1 of the review saw developments being made to various aspects including; introducing 115 new webforms, 13 new web payments and a review of all business processes. The Head of Projects and Business Services advised that Phase1 would see a huge improvement to back office services and it was planned that this phase would be completed by April 2016. It was further reported that Phases 2&3 were progressing very quickly and it was anticipated that this would be completed by April 2017. Other service features would also be incorporated into the system further down the line including Culture and Sport.

The presentation further gave an illustrative example regarding the cashable benefits to the authority and it was noted that any savings made as a result of such would either be filtered back into the service or identified as savings revenue. With regard to non-cashable benefits it was noted that the key aim would be to provide better services and improve customer satisfaction.

Further progress updates would be provided quarterly as outlined in the action plan along with providing an annual update to Cabinet.

Councillor Martin raised a query regarding Superfast Broadband commenting that although Fibre had been installed at Neville's Cross, properties in the areas surrounding the Cock of North site were receiving worse service now than prior to its installation. In referencing page 84 (iii) of the report he further commented that every effort should be made to encourage central government to change current planning legislation to ensure that all new homes allowed for the inclusion of broadband/digital connectivity.

In addition Councillor Martin raised a query regarding the App 'Looking Local' which linked into the CRM system and asked whether this would still continue to be in use once the updates to CRM and website were complete. In addition he felt that councillors should be able to access CRM data in order to better assess local issues and asked whether this would be possible in the future.

In response The Head of Projects and Business Services advised that the new system would have this feature fully integrated and with such there would be no requirement for the existing 3<sup>rd</sup> party app. It was further noted that work with elected members would be ongoing to ensure that the new system met those needs and requirements as identified. The Head of Planning and Performance advised that it was the intention to establish a task and finish group specifically looking at how CRM can support councillors and nomination from interested members was sought.

At this point the Head of ICT Services advised that the laying of fibre for new developments was a continuous problem as BT were reluctant to use other fibre, however it had been suggested that housing providers simply provide ducting to allow the process to be completed more efficiently. He further commented that by next year 98% of properties in County Durham would have access to superfast broadband, equal to 82,000 properties.

Councillor Hillary made reference to paragraph 122 and asked what the main reasons were for the significant decrease in footfall at CAPs. In response the Customer Relations, Policy and Performance Manager advised that there was a reduction in those visiting and this could be partly attributed to less repeat visits and taking less cash for services.

Councillor Wilkes commented that in previous meetings he had requested a full list to be provided of all services offered online by other councils. This could be compared against what DCC were offering online along with an explanation as to what DCC were planning to do to either introduce these features or reasons as to why they were not required or feasible. In response the Head of Projects and Business Services advised that this information could be provided to a future meeting.

In conclusion the Head of Planning and Performance reminded members that nominations were sought from those wishing to take part in the CRM Task and Finish group.

**Resolved:**

That the content of the report be noted.

## **7 Q1 2015/16 Customer Feedback: Complaints, Compliments and Suggestions (including LGO reporting)**

The Committee received a report of the Corporate Director Neighbourhood Services which presented the Customer Feedback; Complaints, Compliments and Suggestions for Quarter 1 2015/16 (for copy see file of minutes).

The Customer Relations, Policy & Performance Manager advised that between 1 April and 30 June 2015, 721 stage 1 corporate complaints, 256 compliments and 91 suggestions were received by the council. 57 of those complaints were escalated to stage 2. This represented a 17% increase in complaints received during the quarter against the comparable period last year. It was reported that there had been some changes to the complaints process following agreed changes at Cabinet in July 2015 and that it was likely that a shift in figures would start to be seen in the coming months. It was noted that the increase could be partly attributed to the introduction of the garden waste scheme during its period of bedding in.

Moving on, details were reported in respect of each service grouping highlighting complaints, compliments and comments for the quarter. With regard to Local Government Ombudsman (LGO) Activity it was reported that during Q1 the LGO made initial enquiries / initiated investigations into 33 matters. Decisions were delivered on 22 investigations and another 18 were ongoing.

The Customer Relations, Policy & Performance Manager in conclusion advised that reporting would continue on a quarterly basis and further details would be reported in future reports regarding learning outcomes.

Councillor Wilkes in referring to bin complaints commented that some were in fact quite serious and could impact upon elderly or vulnerable people. In addition he made reference to parking issues at Abbey Road in Pity Me and commented that it was likely that further complaints regarding this issue would be forthcoming.

Councillor Wilkes in referencing paragraph 61 of the report further asked whether it was possible to have details of any financial settlements made so that members were aware of the outcome. In response the Customer Relations, Policy & Performance Manager advised that this detail would be included in the new style reporting following the policy review.

Councillor Martin asked for clarification regarding the publication of ombudsman decisions and whether the council had a duty to publish this information on the council's website. It was noted that the council's website did include a link to the LGO site where decisions were published, however Councillor Martin's comments were noted and would be fed back to the Monitoring Officer.

Councillor Martin further made reference to page 100 of the report and in particular the issue of contaminated waste. He commented that it would be useful for residents if the council's website incorporated a chart outlining which numbers (which were displayed on all plastic items) could be recycled and those which could not. In addition he commented that he found many pages of the council's website quite flat and did not provide adequate information in order for the resident to resolve their query, without the need for direct contact.

The Customer Relations, Policy & Performance Manager advised that the Strategic Waste team would be made aware of the suggestions and detail could be reported back at a future date. With regard to online content it was noted that the review of the CRM system would see the introduction of a number of new webforms which would reduce the number of calls related to issues such as pest control etc.

Councillor Wilkes further commented that the search function on the council's website did not recognise Councillor names. It was noted that this issue had been recognised and was being picked up via the Website Working Group.

Councillor J Carr on a separate point commented that when issues were raised and answers could not be provided at the meeting, that responses were not just directed to the councillor who posed the question, but to all members and that the response be recorded accurately.

**Resolved:**

That the content of the report be noted.

## **8 Children and Adults Services Annual Statutory Representations 2014/15**

The Committee received a report of the Corporate Director Children and Adult Services which provided a summary of statutory representations relating to children's and adults social care services during the period 1 April 2014 – 31 March 2015 (for copy see file of minutes).

The Complaints Officer CAS began by providing some background to complaints and the process by which they were managed. She advised that the main message from the Annual Report for 2014-15 was that statutory complaints fell by 23.1% from the previous year, as detailed within the report. It was further reported that 176 complaints were received, in comparison with 229 in the previous year 70% of which related to children's social care services and were resolved within the statutory timescale of up to 20 working days from receipt. This showed an improvement from the previous year's figure of 58.7%. Of the total number of complaints received 44.9% were not upheld.

Further detail was reported regarding the predominant 3 categories of complaints as detailed within the report and it was interesting to note that Lack of Communication/ Information featured as an element in 24.4% of all CAS complaints.

The service continually strived to mitigate against complaints in the top 3 categories, and details of those actions were detailed on pages 131 and 138 of the report.

The Complaints Officer CAS advised that a benchmarking exercise had been undertaken with other Local Authorities in the North East region. The information received was summarised in the tables on pages 107-108 of the covering report, which showed that of the 10 authorities in the region which provided the requested information:-

- Durham had the second lowest rate of children's Stage 1 complaints (0.876) per 1000 population aged 0-19 years.



- Durham had the second lowest percentage (5%) of children's complaints progressing to Stage 2. This is an improvement on 2013/14 when Durham had the fourth lowest rate.
- Durham had the fourth lowest rate of adult complaints (0.183) per 1000 population aged 18 and over. This is an improvement on 2013/14 when Durham had the fifth lowest rate.

It was noted that the data presented was anonymised and it was explained that this was due to the information being provided by colleagues in regional authorities on a reciprocal information sharing basis, prior to the information being published. It was further acknowledged that Members had in previous years, raised queries regarding why comparisons were not shown in relation to statistical rather than regional neighbours, and it was reported that the team did not have similar arrangements with statistical neighbours for sharing unpublished information and therefore it had only been possible to gather any *published* comparator information, which referred to the *previous* reporting year 2013-14.

It was noted that as the information was not relevant to the 2014-15 period which the representation report related to, it was not included within the main report. It was reported however that in 2013/14, in relation to the County's 10 statistical neighbours in the children's demographic, 7 local authorities had published the relevant information. Of those, Durham had received the fewest complaints per 1000, 0-19 population, and also had the second lowest percentage of stage 1 complaints taken to stage 2.

In relation to the 15 statistical neighbours in the adult's demographic, 12 local authorities had published the relevant information. Of these, Durham had received the second fewest complaints per 1000 - 18+ population, with a rate of 0.216 complaints per person.

With regard to representations in the form of compliments about social care services, it was noted that they had increased by 23.9% in 2014/15 compared with the previous year, from 451 compliments to 559.

It was further reported that complaints which had been upheld or partially upheld, wherever possible were given actions and were identified for service improvement. The system thereby 'closes the circle' in relation to the journey of a complaint. Some examples of learning outcomes following investigation were detailed at points 24 and 25, of pages 109 - 110 of the report.

In summary the Complaints Officer advised that during the period 2007-2012, there was an overall upward trend for complaints, followed by a reduction from the 2012 level in 2013/14. In 2014/15, the reduction in complaints continued, and total compliments increased. Members were further asked to note the content of the Annual report, provide any feedback and endorse the publication to key stakeholders of the Service.

Councillor Wilkes queried whether Corporate Issues was the most appropriate Committee to receive this report and felt that CYPS would be better equipped to receive this information. It was noted that complaints came under the remit of Corporate Issues and had been a previous function of the standards committee who had passed responsibility to CIOSC.

Councillor Martin made reference to the data presented regarding benchmarking, and added that he felt that the rank position was irrelevant and it was more important for the committee to receive information regarding the rate of complaints as this year had improved, although the rank position had not changed. Further discussion took place regarding this issue and it was agreed that the numbers were more important although it was still useful to display the ranking in the report.

**Resolved:**

That the content of the report be noted.

**9 Corporate Issues Overview and Scrutiny Committee - Attendance Management Working Group Review**

The Committee received a report of the Assistant Chief Executive which presented the Attendance Management Working Group review report and recommendations (for copy see file of minutes).

The Principal Overview and Scrutiny Officer advised that the review group was set up following consideration of a performance management report where reference had been made to performance in respect of sickness absence targets not being met within Durham County Council.

The review group over the course of 5 meetings considered attendance management issues including sickness absence and it was agreed to:-

- Receive an overview of current policies and procedures including the role of Occupational Health;
- Examine statistics relating to attendance management across the council including profiling;
- Consider research and examples of best practice re attendance management;
- Receive information from staff, trade unions and managers on sickness policy and management.

It was reported that the review group had produced 9 recommendations as detailed on pages 162-163 of the report and in addition Key Findings and conclusions were detailed on pages 160 – 162 of the report and included a summary of those issues identified.

A summary of the recommendations were as follows:-

- The Council to target long term sickness absence;
- Compulsory training to all managers on the new Attendance Management Policy, including the identification of links with other associated policies and procedures including stress awareness, workstation assessment and appraisals;
- Proposed amendments to Sickness absence trigger alerts to managers and the establishment of a corporate target for referral into OH;
- A more comprehensive Council wide staff survey to be undertaken;
- The review of the Council's approach to Better health at work, and
- The engagement of Trade Unions, staff and managers in the proposals recommended by this review.

The Principal Overview and Scrutiny Officer advised that the review report concluded by recommending that following implementation of the Attendance Management policy and in the event that it does not deliver improved attendance performance, a review of all trigger points within the policy be undertaken. This had been raised with Management and a commitment had been made by the service to monitor the impact of recommendations once implemented and report via scrutiny quarterly performance. The review report was to be submitted for consideration by Cabinet at its meeting on 16 December 2015.

Councillor Wilson commented whether there were any details as to the types of illness by service area. The Principal Overview and Scrutiny Officer referred to paragraph 56 of the report which provided a breakdown by directorate.

Councillor Martin commented that he had noted that stress and mental health were main contributors to long term illness in CAS, however he added that long term absence may not always be attributed to work-related stress/illness and in these cases there was little that the authority could do to prevent this.

Councillor Shield complimented the Principal Overview and Scrutiny Officer on the report, however added that the fact could not be ignored that sickness absence had increased over the last 5 months. He therefore asked whether it was known what the cost of this absence was to the organisation and its viability, as he felt that the authority was obliged to address any misuse and abuse of the policy.

The Head of Planning and Performance advised that as staff within the service often covered duties of those on sick leave it was extremely difficult for HR to quantify the cost to the authority. She further commented it was important that the well-being of any staff picking up additional duties was monitored to ensure that any early indicators of stress were identified.

Councillor Hillary commented that regardless of whether staff were picking up additional duties to cover sick leave, the council were still issuing sick pay and this should be easily identifiable via the payroll system.

Further discussion took place regarding long term absences and the undue pressure that some employees may face about returning to work early if faced with information about how much their absence was costing the authority. Councillor Shield commented that it was not his intention upon suggesting this course of action to target those individuals with genuine reasons as to why they were unfit for work.

Councillor Stradling then asked whether each of the recommendations could be taken in turn and commented upon where appropriate. Councillor Wilkes submitted detail of amendments in respect of recommendations 3, 5 & 7 and were considered and discussed accordingly. Recommendations were agreed as follows:-

- 1 Agreed
- 2 Agreed
- 3 To add a final sentence, to read *"That the percentage of managers trained be reported to Scrutiny at appropriate intervals"*.
- 4 Agreed

- 5 To read *“The Working Group recommends that a review of the current OHS referral process be undertaken to include establishing a target for referral into the OHS service of 30 calendar days; an analysis of the impact upon OHS of implementing this target and an immediate referral into OHS for those employees whose absence has been due to mental wellbeing”*.
- 6 Agreed
- 7 To add a final sentence to read *“With councillors having direct input into the content of the questions via Scrutiny”*.
- 8 Agreed
- 9 Agreed

## **Resolved**

That the content of the review report be agreed with the above amendments to recommendations 3, 5 and 7 and that the report be forward to Cabinet for consideration at its meeting schedule to be held on 16 December 2015.

**Corporate Issues Overview and Scrutiny  
Committee**

**26 January 2016**

**Report on the Council's use of powers  
under the Regulation of Investigatory  
Powers Act 2000 – Quarter 3 - 2015/16**



---

**Report of Colette Longbottom, Head of Legal and Democratic  
Services**

---

**Purpose of the Report**

1. To inform members about the Council's use of powers under the Regulation of Investigatory Powers Act 2000 ('RIPA') during the period 1 October 2015 until 31 December 2015 (Quarter 3) to ensure that it is being used consistently with the Council's policy and that the policy remains fit for purpose.

**Background**

2. As members are aware, the Regulation of Investigatory Powers Act 2000 (RIPA) enables local authorities to carry out certain types of surveillance activity provided that specified procedures are followed. The Local Authority is able to rely upon the information obtained from those surveillance activities within court proceedings.
3. This report gives details of RIPA applications that have been authorised during the period 1 October 2015 until 31 December 2015 and the outcomes following surveillance.

**Quarter 3 Activity**

4. During Quarter 3 there were 6 new RIPA Directed Surveillance authorisations which related to operations conducted by Trading Standards regarding online sales of counterfeit goods, sales of illicit tobacco from a residential premises and test purchases at premises where complaints had been received regarding underage sales of alcohol and tobacco.

5. There were 3 new Covert Human Intelligence Source (CHIS) authorisations which related to operations conducted by Trading Standards regarding online sales of counterfeit goods and where a Directed Surveillance authorisation was also in force.
6. During the reporting quarter there has been 2 Communications Data application, which related to investigations conducted by Trading Standards for subscriber information for telephone and e-mail addresses.
7. All authorisations were approved the Magistrate and there were no difficulties or issues raised by the Magistrate in approving the applications.
8. The Council's Senior Responsible Officer is satisfied that the Council's use of its powers under RIPA during Quarter 3 is consistent with the Council's policy and that the policy remains fit for purpose.

#### **Outcomes following surveillance**

9. Investigations remain ongoing in relation to a number of operations relating to the sale of counterfeit goods. Licence reviews are to be undertaken in relation to premises which failed the test purchases and sellers have received fixed penalty notices from the police.

#### **Recommendations and Reasons**

10. It is recommended that members receive the quarterly report on the Council's use of RIPA for the period 1 October 2015 to 31 December 2015 and resolve that it is being used consistently with the Council's policy and that the policy remains fit for purpose.

#### **Background Papers**

None

---

**Contact: Clare Burrows**

**Tel: 03000 260548**

---

---

## **Appendix 1: Implications**

---

**Finance:** None

**Staffing:** None

**Equality and Diversity:** None

**Accommodation:** None

**Crime and Disorder:** The appropriate use of an oversight of RIPA powers will enable the Council to provide evidence to support appropriate prosecutions and tackle crime.

**Human Rights:** None

**Consultation:** None

**Procurement:** None

**Disability Discrimination Act:** None

**Legal Implications:** None

**This page is intentionally left blank**



**Corporate Issues  
Overview and Scrutiny Committee**

**26<sup>th</sup> January 2016**



**Medium Term Financial Plan Reports**

---

**Report of Lorraine O'Donnell, Assistant Chief Executive**

---

**Purpose of the Report**

- 1 To provide Members of the Corporate Issues Overview and Scrutiny Committee (CIOSC) with a summary of two recent Cabinet reports relating to the Medium Term Financial Plan (MTFP) that will be presented at the Committee's meeting by Jeff Garfoot, Head of Finance.

**Background**

- 2 In 2015, Overview and Scrutiny Management Board (OSMB) requested that CIOSC take the lead in scrutinising MTFP proposals, with members of OSMB i.e. Chairs and Vice-chairs and minority party leaders invited to attend. Initial discussions were held at the OSMB and CIOSC meetings in September 2015 on the initial MTFP report.
- 3 The next report, 'Medium Term Financial Plan (6) 2016/17-2019/20 and 2016/17 Budget Update' (attached at Appendix 2), was presented to Cabinet on 16<sup>th</sup> December 2015, and a subsequent report, Medium Term Financial Plan 2016/17 to 2019/20 and 2016/17 Budget (attached at Appendix 3) was presented to Cabinet on 13<sup>th</sup> January 2016.
- 4 In summary, the December Cabinet report provided information on:
  - the Government's Spending Review published on 25 November 2015
  - Council Tax and Business Rate arrangements
  - the Better Care Fund, Public Health Grant and New Homes Bonus
  - Schools and Education
  - Apprentice Levy
  - 2016/17 Budget update
  - Savings Proposals 2016/17 and 2017/18
  - Budget Consultation Process
  - Equality Impact Assessments
- 5 The January Cabinet report provided information on:
  - the provisional Local Government Finance settlement ( the actual settlement will be published in late January/early February)
  - impact on the 2016/17 Budget
  - Fairness of the Settlement
  - Medium Term Financial Plan
  - Business Rate Retention
  - Council Budget Consultation

- 6 Within both reports an Executive Summary highlights the current financial challenges faced by the Council and the Head of Corporate Finance will be in attendance to present and respond to Member questions.

### **Recommendation**

- 7 Members are asked to note the content of the Cabinet reports and provide comments to formulate an Overview and Scrutiny Committee response to Cabinet.

---

**Contact: Jenny Haworth Tel. 03000 268071**  
**Email: [Jenny.haworth@durham.gov.uk](mailto:Jenny.haworth@durham.gov.uk)**

---

---

## **Appendix 1: Implications**

---

### **Finance**

Financial implications are identified within Appendix 1 of both Cabinet reports (16<sup>th</sup> December 2015 and 13<sup>th</sup> January 2016).

### **Staffing**

Staffing implications are identified within Appendix 1 of both of the Cabinet reports.

### **Risk**

Risk implications are identified within Appendix 1 of Cabinet reports.

### **Equality and Diversity / Public Sector Equality Duty**

Equality considerations are built into the approach to developing MTFP(6) as a key element of the process.

### **Accommodation**

None

### **Crime and Disorder**

None

### **Human Rights**

Any Human Rights issues will be considered for any detailed MTFP(6) and Council Plan proposals as they are developed and decisions made to take these forward.

### **Consultation**

The reports include information on the consultation process.

### **Procurement**

None

### **Disability Issues**

All requirements will be considered as part of the equality process followed as part of MTFP(6) planning.

### **Legal Implications**

Legal implications are identified within Appendix 1 of both Cabinet reports.

**This page is intentionally left blank**

**Cabinet**

**16 December 2015**

**Medium Term Financial Plan (6) 2016/17-  
2019/20 and 2016/17 Budget Update**



**CORP/R/15/02**

---

**Report of Corporate Management Team**

**Don McLure, Corporate Director Resources**

**Lorraine O'Donnell, Assistant Chief Executive**

**Councillor Alan Napier, Cabinet Portfolio Holder for Finance**

**Councillor Simon Henig, Leader of the Council**

---

**Purpose of the Report**

- 1 To provide an update on the development of the 2016/17 budget and the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP(6)) that takes into account forecasts from the Chancellor of the Exchequer's Spending Review published on 25 November 2015.

**Executive Summary**

- 2 The MTFP (6) report to Cabinet on 15 July 2015 provided details of the Chancellor of the Exchequer's Summer Budget published on 8 July 2015. Although the size of funding reductions faced by local government were still severe, the pace of funding reductions appeared to be eased in 2016/17 with savings spread over a four year period to 2019/20.
- 3 Further clarity was expected in relation to the size of government funding reductions when the Spending Review was published on 25 November 2015 and when the Local Government Finance Settlement was received in December 2015.
- 4 It was forecast in July that the council would face funding reductions of £78m over the 2016/17 to 2019/20 period. When known budget pressures were taken into account at that time, savings targets for the three years 2016/17 to 2018/19 were forecast to be £103m bringing the total savings since 2011/12 to £256m.
- 5 The Chancellor of the Exchequer published the government's Spending Review on 25 November 2015. Our early analysis of the impact of the Review on local

government is that it will be far reaching in terms of future funding levels and the overall functions being provided by local government in the long run.

- 6 The Chancellor announced an improvement in the public finance forecasts, which has enabled the government to withdraw previously planned tax credit cuts, protect Police budgets and ease the pressure on the majority of unprotected government departments. Unfortunately this protection has not been afforded to local government and in cash terms the average reduction in budgets for unprotected departments over the 2016/17 to 2019/20 period is circa 6% whereas the cash reduction for local government over the same period is circa 53%.
- 7 Our initial interpretation of the Spending Review implications show the amount of funding reductions for the four year period 2016/17 to 2019/20 could be less than the £78m reported to Cabinet in July 2015 at circa £70m but could also be as high as circa £85m. The position will become clearer when the council receives its actual finance settlement in mid-December 2015, but at this point it is prudent to forecast a reduction in Revenue Support Grant (RSG) across the four year period of £85m in total, with a £25m reduction anticipated in 2016/17 compared to a £15m reduction that we were forecasting in July.
- 8 The Spending Review also announced further changes to local government grants which will have a detrimental impact on service provision. Reductions of 3.9% per annum in real terms were announced in Public Health grant whilst the remainder of the NHS budget is to annual receive real terms increases. In addition, the government announced a 60% reduction in the Education Services Grant (ESG) on the back of a review of all statutory duties provided by local authorities to schools. The council presently receives ESG of £6m and a significant proportion of this grant could be at risk, but the position is not clear at this stage.
- 9 In recognition of unitary and upper tier local authorities experiencing financial pressures in their adult social care services, the Spending Review has given them powers to increase council tax by a further 2% over the current 2% council tax referendum level to invest specifically in Adult Social Care.
- 10 It would appear that the offer of ongoing 'council tax freeze' grants are to be abolished as part of the 2016/17 financial settlement.
- 11 In addition, the government also announced that an extra £1.5bn will be available to local government over the 2017/18 to 2019/20 period from the Better Care Fund to invest in social care. This funding is welcome, but at this stage there is no detail on how this new funding is to be financed, on allocations for local authorities or on any conditions which may be associated with this allocation. More detail is expected to be received over the coming weeks.

- 12 The production of DCLG Department Expenditure Limits (DEL) control totals for the period to 2019/20 has enabled the council to develop a four year MTFP. It is forecast at this stage that 2019/20 should be the last year DCLG budgets will be cut and as such local government budgets should cease to face further funding reductions. It is also helpful to have a four year plan as the full scope of savings requirements can now be considered as part of MTFP (6)
- 13 Based on an estimated £85m RSG reduction over this period and still using an assumed Council Tax increase of 2% in each of the next four years at this stage in line with previous Cabinet decisions, the savings required to balance the budget over the period 2016/17 to 2019/20 are forecast to be £134.7m.
- 14 The January 2016 MTFP (6) Cabinet report will be based upon the actual Local Government Finance settlement and will provide final clarity for 2016/17 and greater certainty for the whole MTFP (6) period.
- 15 The Council is continuing its medium term financial strategy to protect frontline services as far as possible and to engage the public and partners in developing and implementing savings. The first phase of consultation is complete and is summarised within the report. The second stage will involve further consultation through Area Action Partnership events to discuss the details of the 2016/17 savings proposals contained in Appendix 3 and described within the report. An outline approach to developing 2017/18 proposals is also described. As in previous MTFP reports, equality impact assessments are also summarised to inform the consultation and subsequent decision-making. Workforce implications arising from proposals for 16/17 savings have been analysed and the projections for the number of posts to be removed as a consequence of austerity have been increased by an estimated 400 posts.

**Background**

- 16 The 15 July 2015 report to Cabinet provided an update on the 2016/17 Budget and MTFP (6) and identified the savings targets as detailed below:

Year	Savings Requirement £m
2016/17	30.488
2017/18	37.970
2018/19	34.417
<b>Total</b>	<b>102.875</b>

- 17 At that time, the additional £102.875m of savings would have resulted in total savings across the 2011/12 to 2018/19 period of £256m. It was recognised that the achievement of savings in the future would become ever more challenging and in recognition of this, the creation of a £30m Budget Support Reserve was approved by Cabinet on 18 November 2015 to provide the council with additional

flexibility when developing savings plans in order to protect front line services for as long as possible.

- 18 This report provides an updated position in relation to the 2016/17 Budget and MTFP (6) whilst also providing an update on the development of savings plans. The report also provides details on the outcome of the MTFP consultation process and on the development of Equality Impact Assessments in support of savings plans.

## **2015 Spending Review**

- 19 The Spending Review on 25 November 2015 provided updated details of the government's long term economic plan. Details were expected on which unprotected government departments would be required to achieve the government's £20bn of required savings and how their commitment to £12bn of welfare savings would be achieved.
- 20 Prior to the Spending Review, all unprotected government departments were asked to identify how savings of between 25% and 40% could be achieved to contribute to the required £20bn fiscal consolidation.
- 21 Although the Spending Review provides extensive detail on the country's finances and changes to government policy, the full detail will only become fully apparent for local government in the coming weeks and months as the details of policies are announced and consultations carried out. At this stage the following issues are worthy of consideration.

## **Departmental Expenditure Limits (DEL)**

- 22 The Spending Review provided Office of Budget Responsibility details of a forecasted improvement in public finances of £27bn since the July summer budget. The two main elements generating this improvement were:
- (i) Improvement in forecast tax receipts, especially VAT over the next four years of circa £16bn;
  - (ii) Reduction in forecast of debt repayments of £11bn due to lower than forecast interest rates.
- 23 This improvement in public finance forecasts has enabled the government to reduce the savings requirements for most unprotected government departments and to increase capital investment. The major adjustments in this regard are as follows:
- (i) Police were expected to face 10% funding reductions but will now receive real terms increases over the next four years;



- (ii) The planned £4bn savings from Tax Credit cuts have been withdrawn. The government has identified however that the £4bn will still be saved from Welfare but over a four year period with the introduction of Universal Credit. Tax credits are one of the welfare benefits that will be subsumed within Universal Credit.
- (iii) Ahead of the Spending Review, unprotected government departments were asked to find savings of between 25% and 40%. The actual Spending Review announcement shows how, excluding local government, unprotected government departments have only been asked to find cash savings on average of circa 6% in terms of cuts to central government funding between 2016/17 and 2019/20. The cash reduction for central government support to local government over the same period is circa 53%.

24 In relation to local government, the Department for Communities and Local Government (DCLG) presently has a budget of £11.5bn. The core element of this budget is RSG of £9.5bn. The majority of the remainder of the DCLG budget is the top slice for the New Homes Bonus (NHB). Over the next four years the Government's forecasts show that the DCLG budget will be reduced as follows

Year	DCLG Budget	Reduction	
		£bn	%
2015/16	11.5	-	-
2016/17	9.6	1.9	16.5
2017/18	7.4	2.2	19.1
2018/19	6.1	1.3	11.3
2019/20	5.4	0.7	6.1
<b>Total Reduction</b>	<b>-</b>	<b>6.1</b>	<b>53.0</b>

25 It is expected that the £6.1bn reduction detailed above will be deducted from RSG which in 2015/16 amounts to £9.5bn, therefore on a straight line basis this would result in a 65% reduction in RSG over the four year period.

26 The council's RSG is presently £100.2m, therefore a 65% reduction would amount to £65m less grant. The government however also top slices RSG on an annual basis for the following:

- (i) Additional annual New Homes Bonus;
- (ii) Inflationary uplift in Business Rates and Top Up Grant;
- (iii) To finance the business rate safety net.

- 27 At this stage, it is not possible to accurately forecast what the value of the top slices will be. Similarly there is no clarity on the breakdown of the £5.4bn DCLG DEL total in 2019/20. At this stage it is forecast that the RSG funding cut the Council will face over the 2016/17 to 2019/20 period will be between £70m and £85m. At this stage for modelling purposes the most prudent scenario of a £85m cut is being utilised in this report. The January 2016 MTFP (6) report to Cabinet will provide details of the local government finance settlement which should provide more accurate and greater certainty in relation to the funding reductions faced by the council.
- 28 The table below highlights the amount forecast of RSG funding reductions over the next four years compared with the figures reported to Cabinet in July 2015:

Year	July Cabinet	Spending Review	Difference
	£m	£m	£m
2016/17	15.0	25.0	+10.0
2017/18	30.0	30.0	0
2018/19	25.0	20.0	-5.0
2019/20	8.0	10.0	+2.0
<b>Total</b>	<b>78.0</b>	<b>85.0</b>	<b>+7.0</b>

- 29 The main issue of note from the table above is that the council is forecasting a £10m higher RSG reduction in 2016/17 than reported to Cabinet in July. The majority of unprotected government departments do not face a significant funding reduction in 2016/17 as reported in the Chancellor of the Exchequer's Summer Budget but the Spending Review would indicate that RSG will be reduced by £1.9bn (20%) in 2016/17.

### Council Tax

- 30 The Spending Review has recognised the financial pressures facing single tier local authorities providing social care services and has created the option to charge a social care council tax precept to raise additional income to spend exclusively on adult social care. The precept will work by giving local authorities the flexibility to raise council tax in their area by up to 2% above the existing 2% council tax referendum threshold. An additional 2% council tax per annum for the Council could raise additional income of £3.5m per annum. For financial modelling purposes we are still using an assumed Council Tax increase of 2% in each of the next four years at this stage in line with previous Cabinet decisions, until a final decision is taken on the option to increase by a further 2% to help pay for social care pressures,
- 31 It is expected that additional detail on the requirement to invest any funding in adult social care will be received as part of the financial settlement. If the Council were to agree to exercise this new flexibility to increase council tax by a further

2%, we do not foresee any government compliance issues as the council is currently investing at least an additional £4m per annum in relation to demographic pressures, price inflation and to finance the impact of the National Living Wage for adult services over the next four years.

32 Although the flexibility to increase council tax by a further 2% can raise additional income there will be varying impacts across the country due to the disparate size of council tax bases for different local authorities and therefore the amount of council tax they can raise. Authorities in affluent areas have larger council tax bases due to the value of properties being higher in these areas and as such are much less reliant upon government grant. Authorities in less affluent areas like County Durham have lower council tax bases and are therefore much more reliant on government grants. This is the main reason why authorities from less affluent areas have faced significantly higher government grant reductions since 2011/12.

33 The table below provides an analysis of the increase in Spending Power a range of local authorities would receive by increasing council tax by an additional 2%.

Local Authority	Increase in Spending Power
	%
Wokingham	1.31
Surrey	1.26
Buckinghamshire	1.25
North Yorkshire	1.11
Northumberland	0.90
<b>Durham</b>	<b>0.70</b>
Newcastle	0.58
Sunderland	0.55

34 Although the Council will receive a lower increase in Spending Power from a 2% increase in council tax the Council actually faces significantly higher demand for Social Care Services than more affluent areas. For example, In 2014/15 the Council provided long term care to 2,776 clients per 100,000 population. On a similar basis, Surrey County Council only provided services to 1,785 clients per 100,000 population.

### Better Care Fund

35 From April 2017 the Spending Review makes available social care funds for local government, rising nationally to £1.5 billion by 2019-20, to be included in an improved Better Care Fund. At this stage no additional detail is provided in this regard and on this basis, no additional funding is assumed from the Better Care Fund in our financial modelling at this stage. It is expected that additional detail will be received during 2016.

## Public Health Grant

- 36 Public Health was formerly funded within the NHS ring-fence. Public Health transferred into local government in 2013/14 with the council receiving a ring fenced specific grant of £45m. This grant increased with the transfer of responsibility for public health for 0 to 5 year olds from October 2015 to a forecast £55.6m for 2016/17. The government announced in the July Summer budget, that the 2015/16 Public Health grant would be reduced in year. The council has now received confirmation that the reduction in funding in 2015/16 is £3.1m.
- 37 Although the NHS budget is to receive real terms increases in funding over the next four years, the Spending Review has announced that there will be average real-terms annual reductions of 3.9% over the next five years for Public Health funding. Initial information would indicate that the cash reductions over the next four years, in addition to the £3.1m in 2015/16 will be as follows:

Year	£m	%
2016/17	1.153	2.2
2017/18	1.311	2.5
2018/19	1.363	2.6
2019/20	1.363	2.6

- 38 In total this will amount to a total Public Health grant reduction of £8.327m (15%). In addition however the government has also announced that the formula for how the Public Health grant is apportioned is also being reviewed. The move to the proposed new formula could result in the council losing £19m (38%) of the Public Health grant in addition to any reduction resulting from the 3.9% real terms annual funding cut. Any reduction of this scale would have a massive impact on public health investment in the county. At this stage for financial modelling purposes, we are using the lower forecasted £8.327m figure over the four year period.

## Schools and Education

- 39 Core schools budgets are to be protected in real terms, enabling the per pupil rate for the Dedicated Schools Grant (DSG) to be protected in cash terms, including £390m of additional funding given to the least fairly funded areas in 2015/16. The pupil premium will also be protected at current rates. The Council currently receives DSG funding per pupil (primary and secondary funding) of £4,640.88, compared to a national average of £4,612.11. The current allocations take into account deprivation and area cost adjustments.
- 40 The Spending Review has also announced the government's aim of ending local authorities' role in running schools and their aim for all schools to become academies by the end of this Parliament. Savings of around £600 million will be

made on the Education Schools Grant (ESG), including phasing out altogether the additional funding the Council receives for schools through the ESG. The government's aim is to reduce the local authority role in running schools and remove a number of statutory duties. The government will consult on their policy and funding proposals in 2016.

### **Apprentice Levy**

- 41 The apprentice levy on larger employers announced in the Summer Budget will be introduced in April 2017. It will be set at a rate of 0.5% of an employer's paybill.
- 42 Each employer will receive an allowance of £15,000 to offset against their levy payment. This means that the levy will only be paid on any paybill in excess of £3m. The levy will be paid through 'Pay As You Earn' and this requirement will place an additional 'tax' on local authorities with the cost to the council being circa £1.2m in 2017 dependent upon the definition of 'paybill'.
- 43 The Local Government Association (LGA) has already pushed the government to remove local authorities from this proposed statutory requirement, but we await full details of this scheme to confirm how this will impact on the MTFP. At this stage we have built in a new budget pressure of £1.2m into 2017/18.

### **100% Business Rate Retention**

- 44 During 2016, the government will consult on changes to the local government finance system to pave the way for the implementation of 100% business rate retention rather than the current 50% by the end of the parliament.
- 45 The consultation will take into account the main resources currently available to councils, including council tax and business rates. As part of these reforms, the main local government grant being RSG will be phased out and additional responsibilities devolved to local authorities. For example, the government will consider transferring responsibility for funding the administration of Housing Benefit for pensioners and will also consult on options to transfer responsibility for funding public health. The government will consult on these and other additional responsibilities in 2016.
- 46 The introduction of 100% business rate retention will be significant providing additional incentive to the council to attract business but also transferring significant risk to local authorities in relation to business failure but particularly for business rate appeals. The transfer of additional responsibilities to local authorities will also require careful analysis and consideration, with statements being made about linking the 100% retention of business rates to new responsibilities around Public Health.

### **New Homes Bonus**

- 47 The government will be consulting on changes to the local government finance system to rebalance support including to those authorities with social care responsibilities by taking into account the main resources available to councils, including council tax and business rates. The consultation will include reforms to the New Homes Bonus (NHB), including means of sharpening the incentive to reward communities for increasing the numbers of available homes and reducing the length of payments from 6 years to 4 years. This will include a preferred option for savings of at least £800m, which could be used to support social care services via the Better Care Fund. Details of both reforms will be set out as part of the local government finance settlement consultation, which will include consideration of proposals to introduce a 'floor' to ensure that no authority loses out disproportionately.

### **Capital Receipts**

- 48 The government will allow local authorities to spend up to 100% of their fixed asset capital receipts on the revenue costs of approved "reform projects". The flexibility to use asset receipts for reform projects will be subject to a number of conditions, including limits on the years in which the flexibility will be offered and the qualifying criteria for reform projects.
- 49 The detail will be set out by DCLG alongside the Local Government settlement and at this stage it is not clear what flexibility will be offered to the council in this regard and therefore no utilisation of receipts to fund revenue costs are built into the updated MTFP at this stage.

### **2016/17 Budget Update**

- 50 Subsequent to the 15 July 2015 MTFP (6) Cabinet report, the following updates are required to the 2016/17 budget model as shown at Appendix 2 as a result of government announcements and updated financial information.

#### **(i) September Retail Price Inflation (RPI)**

The September RPI figure is utilised by the government to set the Business Rates multiplier uplift i.e. the amount by which Business Rate bills will increase the following year. The council had been forecasting that the September 2015 RPI figure would be 1%. The actual figure was 0.8% which is slightly lower than forecast. The 2016/17 forecast increase in both Business Rate income and 'Top Up' Grant will need to be reduced by £97k and £121k respectively.

#### **(ii) Council Tax**

For modelling purposes, at this stage it is assumed that council tax could be increased by 2% in each of the next four years at this stage in line with previous Cabinet decisions.

**(iii) New Homes Bonus**

The council should receive notification of the 2016/17 New Homes Bonus grant figure as part of the local government finance settlement. This additional sum is calculated based upon the council's forecasted Council Tax Base (CTB1) return to government which was submitted in October 2015. Based upon analysis of the CTB1 it is forecast that the council will receive £1.75m NHB which is a £0.5m increase over the July forecast. This assumption is based upon the methodology for calculating NHB remaining unchanged in 2016/17.

**(iv) Council Tax/Business Rate Tax Base**

The July MTFP (6) Cabinet report included a forecast of a net £4.14m increase in income from higher tax bases in relation to Council Tax and Business Rate. Although there has been an improvement in the tax base for Council Tax in the intervening period the forecast tax base for Business Rates has deteriorated significantly. This relates to the significant number of business rate appeals received by the Valuation Office late in 2015/16 and reported to the council during the summer. On this basis it is now forecast that the net tax base will increase by £3.4m, a £740k reduction when compared to the July forecast.

**(v) Corporate Risk Contingency Budget**

To provide additional assurance and budget protection, it was originally planned to reduce this budget by £3m in 2017/18. The 2016/17 position has now deteriorated and this budget reduction has been moved into 2016/17 to help the financial shortfall position in this year.

**(vi) Costs Associated with the National Living Wage**

The introduction of the National Living Wage will have a significant impact upon the council's budget. A rate of £7.20 per hour will be implemented in 2016/17 with the rate expected to increase to £9.35 per hour in 2019/20. There will be no additional costs in relation to the council's workforce in 2016/17 as the Durham Living Wage is higher than £7.20 per hour. In the following years however additional costs will manifest with additional costs of circa £1m per annum by 2019/20.

The Council will however face significant pressure from service providers to increase contract prices. In the short term this is especially

the case in relation to care providers. In July it was forecast that an additional £3m would be required to increase contract prices for care providers. Negotiations in this regard are ongoing but at this point it would be prudent to increase this sum to £4m in 2016/17 and maintain a further £4m per annum cost pressure in each of the following three years.

**(vii) Employee Increments**

The new grading structure implemented as part of the Single Status agreement in January 2013 included five increments in each grade. As part of the financial modelling for Single Status it was agreed that the cost of incremental movement up to 2015/16 would be financed corporately. After this point however it was forecast that normal levels of staff turnover would result in additional incremental costs being negated by new employees being employed on the bottom of the grade. Unfortunately the council is generally experiencing low levels of staff turnover with incremental movement therefore manifesting as a base budget pressure. On this basis the £2.5m cost of incremental movement has been introduced as a base budget pressure in 2016/17 with Service Groupings becoming responsible for any budget impact from 2017/18 where any additional costs will have to be met from within their own budget cash limit.

**(viii) Prudential Borrowing**

Initial MTFP (6) planning included additional capital financing budgets of £2m per annum. This budget enables the council to continue to replace the vehicle fleet and to prudentially borrow to finance new capital expenditure projects. The forecast of interest rates assumed when developing this budget in recent years has been between 4.5% and 5% and has been based upon agreed forecasts of Public Works Loans Board (PWLB) interest rates provided by the council's treasury management consultants. Against all expectation however interest rates are remaining at historically low levels which is one of the main reasons how the government itself has reported a £11bn saving on its debt payment budget.

Based upon current forecasts of borrowing costs it is estimated that the current capital financing budget could be reduced by £2m and on this basis the additional £2m budget for 2016/17 will not be required and has been withdrawn from the budget model.

51 The July MTFP (6) report to Cabinet identified a 2016/17 savings requirement of £27.188m in addition to the forecast £3.1m saving in Public Health. Over the intervening period, Service Groupings have been finalising savings plans.



Savings for 2016/17 have been identified of £28.169m and are detailed in Appendix 3. This level of saving is not sufficient to cover the full forecasted budget shortfall however of £40.567m. At this stage it is therefore forecast that £8.108m of the Budget Support Reserve established by Cabinet on 18 November 2015 will be utilised to cover the shortfall with a corresponding increase to the savings target for 2017/18 by the same £8.108m.

- 52 The £4.3m forecast saving in Public Health in 2016/17 is an estimate at this stage and is based upon the in year cut experienced of £3.1m in 2015/16 and the 2.2% cash reduction for 2016/17. It is expected that further detail on Public Health allocations will be received as part of the local government finance settlement. The table below sets out the savings position for 2016/17 and the forecast utilisation of the Budget Support Reserve:

<b>2016/17 Budget Savings Forecast</b>	<b>£m</b>
Variance in Resource Base	15.599
Base Budget Pressures	24.968
<b>Savings Required</b>	<b>40.567</b>
Savings Plans in place	28.169
Public Health Savings	4.290
Utilisation of Budget Support Reserve	8.108
<b>Savings and BSR Utilisation</b>	<b>40.567</b>

### **Saving Proposals for 2016/17 and 2017/18**

- 53 A list of the detailed saving proposals for 2016/17 is presented at Appendix 3. These are summarised for each service grouping in the next section of the report. Also included within Appendix 3 are outline proposals for savings in 2017/18. These proposals however are at an early stage of planning and further work is underway to scope out the full detail.
- 54 The strong programme management approach to the delivery of the savings and the continued focus on delivering early wherever possible means that many of the proposals planned for 2016/17 that affect frontline services are already or have been subject to detailed consultation in order to shape how the savings can be delivered. These include:
- (i) Home to School Transport
  - (ii) Care Connect
  - (iii) Refuse and Recycling Collections
  - (iv) Day Care

### **2016/17 Savings**

## **Assistant Chief Executive**

- 55 To date spending reductions of just over £4m have been achieved over the course of MTFP (1) – (5). In 2016/17 a further £0.8m is required and in 2017/18 £1m bringing the total amount of savings since 2011 to nearly £6m.
- 56 The service grouping continues to identify opportunities to work more efficiently whilst providing support to the Council through a period of ongoing and considerable change as well as meeting increasing service demands arising for example from welfare reforms, co-ordinating our approach to migration, information management and freedom of information requests.
- 57 Since 2011 much of the service grouping's savings have been realised through reduction of management and support services. For 2016/17, whilst the majority of savings will come from these areas including the reduced salary for the new Chief Executive, we are proposing further reductions to AAP budgets of £20,000 to reduce allocations to £100,000 for each AAP and grants to community groups including Durham Community Action and Gay Advice in Durham and Darlington.
- 58 To mitigate these reductions we will be seeking to maximise other funding that is available to continue to support the priorities identified through the AAPs and those groups affected by the reduction in grants.
- 59 Even with these reductions these service areas have still had a lower percentage reduction than the overall reduction for the service grouping and the Council as a whole which is in line with the feedback received through the several public consultations undertaken on the MTFP.
- 60 For 2017/18 a full review of the service grouping is proposed in order to identify the savings required. All service areas will be considered including front line areas such as AAPs.

## **Children and Adults Services**

- 61 Spending reductions of over £71m have been achieved over the course of MTFP (1) – (5). In 2016/17 additional savings of £17.7m are required together with £24.3m in 2017/18 which will bring the total savings requirement since 2011 up to circa £113m.
- 62 The service continues to be faced with a significant amount of change both internally and externally include the continuing demographic changes, ongoing NHS changes, social care reforms and changes in funding for schools and inspection frameworks.
- 63 In 2016/17 efficiency savings will be made through a restructure of Adult Care Services to meet the requirements of the Care Act, the delivery of the Looked

after Children Reduction Strategy reducing the need for residential care, further improvements to the commissioning of services including transport, reviewing the fostering service and reviewing support services.

- 64 In addition the service will be looking to increase the income received across a number of areas including secure services welfare and step down beds, surplus adoptive or foster care places, through the provision of learning and skills to young people and a review of the adult social care charging policy.
- 65 Some of the 2016/17 proposals that affect frontline services are savings arising from policy changes made in previous years, such as changes to day care provision, plus the continued focus on a consistent and effective use of the existing eligibility criteria. A major transformation programme is currently underway in the Children's Service to reduce the cost and incidence of children being looked after and taken into care.
- 66 In 2017/18 savings proposals being considered include building on the improvements already made to commissioning by developing a more integrated approach, further savings from efficiencies in the provision of children's care and continued savings from the consistent application of eligibility criteria for social care services to adults. A review of the in-house County Durham Care and Support is also being considered for 2017/18.
- 67 Whilst it is clear that savings proposals in this area affect vulnerable people, all efforts continue to be made to minimise the impact as far as possible in line with the views expressed by the public. This involves reviewing and changing operating models and working practices alongside the development of opportunities to work in a more integrated way with external partners.

### **Neighbourhood Services**

- 68 Spending reductions of £25.3m have been achieved over the course of MTFP (1) - (5) with a further £3.5m required in 2016/17 and £2.9m in 2017/18. Since 2011 the total amount saved by 2017 will be £31.7m.
- 69 Throughout the previous MTFP's, Neighbourhood Services has focused on delivering its savings through more efficient delivery of services and whilst it is continuing to focus on this strategy it is becoming increasingly difficult to avoid changes to front line services that will not result in some impact in local communities.
- 70 Areas where further efficiency reviews will be carried out in 2016/17 include Fleet Management, Technical Services and Environmental Health. In addition there are further savings associated with rationalising office accommodation and from recycling credits.

- 71 Proposals for 2016/17 are also included which will affect both Leisure Centres and Libraries but the changes proposed will ensure there are no closures of each. In addition the Council is continuing to promote the Durham Ask to explore the potential for services such as Libraries to continue to be provided through the involvement of local organisations and groups, securing their long term future.
- 72 Areas where there will be changes in services currently offered include relocating the DLI collection, changes to the collection of refuse and recycling, a review of street wardens and reviewing customer services. However all of these areas are about changes to how the service is delivered rather than removing the service, for example whilst the number of street wardens is going to reduce the service will continue to be provided seven days a week.
- 73 For 2017/18 areas being considered include further efficiency reviews and additional savings from the street lighting energy reduction programme.

### **Regeneration and Economic Development**

- 74 Spending reductions of £20.4m have been achieved over the course of MTFP (1) – (5). In 2016/17 additional savings of £1.1m are required together with £2.2m in 2017/18 resulting in a total reduction since 2011 of £23.7m.
- 75 During 2015 the in-house housing provider Durham City Homes together with the two ALMOs Dale and Valley Homes and East Durham Homes were transferred to a new social housing company County Durham Housing. This afforded further opportunities to deliver efficiencies within the existing RED structure. In addition, contract and price renegotiations with transport providers have provided further reductions in costs. Further future opportunities for savings will materialise with the conclusion of the County Durham Plan.
- 76 This, together with further staffing reductions through vacancy management and restructuring activity alongside a further reduction in supplies and services will provide the majority of savings for both 2016/17 and 2017/18.
- 77 However some front line service areas will be affected for example the Care Connect team who provide a 24 hour service for vulnerable residents. Whilst the emergency on call service provision will still be provided the costs and nature of the service is being reviewed.
- 78 Consultations held previously have consistently identified job prospects as a priority and whilst there has been a significant reduction in the Government funding available for this activity, the service grouping continues to support this area as far as possible by working with a range of interested parties. In 2015 a number of successful capital schemes were established to delivery employment growth. The service works in conjunction with others including the AAPs to support local residents into employment and training.

## Resources

- 79 In line with the views of the public the Council has consistently prioritised higher savings targets from Resources, which has resulted in savings since 2011 of £11.8m. In 2016/17 a further £1.5m is required together with £3.2m in 2017/18. This will mean from 2011 to 2017 reductions totalling £16.5m will have been made.
- 80 The service grouping are also managing a range of additional savings for 2016/17 from corporate areas and changes in financial policies including a review of business support functions, additional dividends and reductions in fees and charges. These proposals will deliver a further £3.5m of savings for MTFP (6).
- 81 All areas of the service grouping will be undergoing further reviews and restructuring during 2016/17 and 2017/18 in order to deliver the savings required in these areas.
- 82 In addition in 2017/18 it is proposed that the front facing revenues and benefits service be reviewed to identify efficiency savings. Impact on customers in terms of benefit processing times, invoice payment performance and recovery rates will be carefully balanced and mitigated as far as possible.

## MTFP (6) 2016/17 to 2019/20 Update

- 83 The production of DCLG Department Expenditure Limits (DEL) control totals for the period to 2019/20 has enabled the council to develop a four year MTFP. It is forecast at this stage that 2019/20 should be the last year DCLG budgets will be cut and as such local government budgets should cease to face further funding reductions. It is useful therefore to have a four year plan as the full scope of savings requirements can be considered as part of MTFP (6).
- 84 In addition to the inclusion of a fourth year into MTFP (6) the model at Appendix 2 has been amended for the following:

### (i) Retail Price Inflation (RPI)

The forecast uplift in Business Rates and Top Up grant in 2017/18 had been forecast to be 2% based upon September 2016 RPI. At the present time RPI is at 1% and it is felt prudent at this stage to reduce the forecast of RPI uplift from 2% to 1.5% in 2017/18.

### (ii) Council Tax

For forecasting purposes our financial model at Appendix 2 is still predicated on the same 2% council tax increase that was included in the July 2015 Cabinet report.

**(iii) Apprentices Levy**

The forecast additional cost of the levy in 2017/18 of £1.2m is included as a base budget pressure.

- 85 In addition to finalising plans for 2016/17 savings, service groupings have also been developing plans for 2017/18. These plans are yet to be finalised but at this stage high level plans for achieving £33.7m of savings have been developed. These are detailed in Appendix 3. This level of saving would not be sufficient to cover the budget shortfall and at this stage it is forecast that £17.029m of the Budget Support Reserve would need to be utilised should the outline plans be firming up and delivered. This would result in £25.137m of the £30m Budget Support Reserve having to be utilised by the end of 2017/18.
- 86 After taking into account required MTFP (6) adjustments and considering the savings plans developed by service groupings, including the outline plans for 2017/18 which still need to be finalised, the table below provides a summary of the MTFP (6) position. Full detail in this regard is included in the MTFP (6) model in Appendix 2.

<b>MTFP(6) Plans</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	£m	£m	£m	£m	£m
Savings Plans	28.169	33.664	0	0	<b>61.833</b>
Savings to be Identified	0	0	46.226	18.380	<b>64.606</b>
Public Health Saving	4.290	1.311	1.363	1.363	<b>8.327</b>
Previous years shortfall	0	(8.108)	(17.029)	0	<b>(25.137)</b>
Utilisation of BSR	8.108	17.029	0	0	<b>25.137</b>
<b>Total</b>	<b>40.567</b>	<b>43.896</b>	<b>30.560</b>	<b>19.743</b>	<b>134.776</b>

- 87 The table above highlights the total savings required over the 2016/17 to 2019/20 period amount to £134.776m. It is recognised that this is a dynamic position could change significantly based upon the following:

- (i) Actual level of RSG reductions
- (ii) Actual level of Public Health grant reductions
- (iii) Actual level of ESG reductions
- (iv) Actual level of Benefit Admin grant reduction
- (v) Possible restrictions in utilisation of additional 2% council tax

- (vi) Opportunity from additional Better Care Fund allocations
- (vii) Opportunity from additional flexibility in relation to capital receipts
- (viii) Impact of any changes to New Homes Bonus funding
- (ix) Timing of and impact of introduction of 100% Business Rate retention

88 At this stage there are significant uncertainties in the short term. Some of these uncertainties will be resolved when the council receives the local government finance settlement in mid-December. The impact of this will be reported to Cabinet in January.

### **Budget Consultation Process**

- 89 The budget consultation for 2016/17 builds on the major MTFP consultation exercise carried out in 2013, which involved more than 4,000 people and provided a clear steer on which services should be prioritised for a standard, larger or smaller reduction.
- 90 The 2016/17 consultation is being carried out in two phases. Phase one of the consultations was completed in October 2015 and was primarily aimed at seeking views from the Area Action Partnerships on the service priorities identified in 2013 and whether they continued to be relevant.
- 91 An opportunity was also made available for individuals to comment online however, given the lack of clarity regarding the Council's budget position in advance of the Comprehensive Spending Review and the limitations that imposed on highlighting specific budget proposals, a high public response rate was not anticipated.
- 92 In addition to seeking views on service priorities, the consultation also sought views on what more the Council could do to encourage people to get involved in the Durham Ask.

### **Service Priorities**

- 93 None of the AAPs consulted suggested any changes to the service priorities identified by the 4,000 participants in the 2013 Consultation
- 94 However a number of suggestions were made by respondents for the Council to note when agreeing future budget reductions. These are set out below:
- (i) Future reductions must take account of partner agency budget proposals;

- (ii) Identify opportunities for collaboration, sharing and co-location of services with police, fire and other partners;
- (iii) Reviewing budgets in the public sector can offer opportunities for community and social enterprises;
- (iv) Continue to offer support to communities to build skills and encourage increased take-up of asset transfers.
- (v) Future reductions should take account of the impact of change on rural communities.

95 As expected, very few online responses were received to the consultation, however a majority of those who did respond highlighted that they had begun to notice changes to service provision since 2013. These included a broad range of services, a number of which had been subject to changes as a consequence of earlier MTFP budget decisions. There was very little consensus between respondents as to the areas of change and no single service was identified by more than two people.

### **Durham Ask**

- 96 When asked what would encourage take-up of the Durham Ask, to help maintain valued services as resources are reduced, respondents highlighted the following:
- (i) Increasing publicity and awareness about the Durham Ask, through case studies, sharing of good practice, explaining that this is about retaining valued services and highlighting the benefits;
  - (ii) Ensuring access to regular support during asset transfer, including financial assistance to assess feasibility and assisting with recruitment of volunteers, particularly management group members;
  - (iii) Ensuring clear information about the aims, how to apply, the support available and the roles and expectations for groups engaging in asset transfer;
  - (iv) Providing a list of potential buildings, land, services for asset transfer;
  - (v) Considering transfers that would achieve savings in the long term, if not immediately, and considering freehold transfers;
  - (vi) Providing clear advice on HR issues, including TUPE and dealing with redundancies;



(vii) Providing clear and realistic timescales.

97 Respondents also identified a range of organisations that could become more involved in asset transfer, either directly or in partnership. In particular, suggesting an increased role for the voluntary sector and Town and Parish Councils, with opportunities to generate additional funding. However, concerns were raised about reduced funding and a lack of resources. Discussions about the role of the private sector and conditions for their involvement also took place.

### **Next Steps**

98 The second phase of the consultation will commence on 16 December 2015 and continue until 12 January 2016. It will consist of three public events as detailed below, seeking views on the budget proposals set out in this report.

99 In addition to the three events, responses to the Council's budget proposals will be sought from the key partners that make up the wider County Durham Partnership, including local councils and members of the Partnership's thematic partnerships.

100 The three events are:

16 December – St John's RC School, Bishop Auckland, 6:00 p.m. – 7.30 p.m.

17 December – Shotton Hall, Peterlee, 1.00 p.m. – 2.30 p.m.

17 December – County Hall, 6:00 p.m – 7.30 p.m.

### **Council Plan and Service Plans**

101 A report to Cabinet on 18 November 2015 considered the approach to the refresh of the Council Plan this year, which is being done alongside the work on the MTFP. The high level approach agreed was that as the Council Plan and associated service plans are three year plans, they would be rolled forward this year to reflect agreed MTFP (6) changes and any other policy changes required. It was agreed that the six Altogether Better themes of the current plan be maintained, but with some limited adjustments to objectives and outcomes. A more fundamental review is to be conducted in 2016, linked to the refresh of the Sustainable Community Strategy. The draft Council Plan is scheduled to be submitted to the March 2016 Cabinet and April 2016 Council meeting for approval, following approval of MTFP (6).

### **Workforce Implications**

- 102 MTFP (1) which covered the period from 2011 to 2015 originally forecast a reduction in posts of 1,950 against a savings target of £123.5m. Since then the savings required to date have grown to over £153m yet through careful management of the workforce the impact on the workforce has remained around the same level as was originally predicted.
- 103 Looking ahead with the significant savings requirements over the next two years we are expecting to see further reductions in our workforce. For 2016/17 the forecast is a further reduction of around 400 posts including the deletion of an anticipated 60 vacant posts.
- 104 In 2017/18 as the savings plans are still in development at this stage there isn't a forecast available on the number of posts likely to be affected.
- 105 Management of change policies and HR support have ensured that this degree of change has been managed effectively since 2011 and these practices will continue including the use of a redeployment programme to minimise the number of redundancies.

### **Equality Impact Assessments**

- 106 Consideration of equality analysis and impacts is an essential element that members must consider in making the budget decisions at Appendix 3. This section updates members on the outcomes of the equality impact assessment of the MTFP (6) to date, and summarises the potential cumulative impact of the 2016/17 proposals.
- 107 Equality impact assessments are an essential part of decision-making, building them into the MTFP process supports decisions which are both fair and lawful. The aim of the assessments is to:
- (i) 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 and sexual orientation.
  - (ii) Identify any mitigating actions which can be taken to reduce negative impact where possible.
  - (iii) Ensure that we avoid unlawful discrimination as a result of MTFP decisions.
- 108 The Council is subject to the legal responsibilities of the Equality Act 2010 which, amongst other things, make discrimination unlawful in relation to the protected characteristics listed above and require us to make reasonable adjustments for

disabled people. In addition, as a public authority, we are subject to legal equality duties in relation to the protected characteristics.

- 109 The public sector equality duties require us to:-
- (i) Eliminate unlawful discrimination, harassment and victimisation.
  - (ii) Advance equality of opportunity.
  - (iii) Foster good relations between those who share a protected characteristic and those who do not.
- 110 The Equality and Human Rights Commission (EHRC) issued 'Using the equality duties to make fair financial decisions: a guide for decision makers' in September 2010. The guidance states that "equality duties do not prevent you from making difficult decisions such as reorganisations and relocations, redundancies and service reductions nor do they stop you making decisions which may affect one group more than another. What the equality duties do is enable you to demonstrate that you are making financial decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of your community."
- 111 A number of successful judicial reviews have reinforced the need for robust consideration of the public sector equality duties and the impact on protected characteristics in the decision making process. Members must take full account of the duties and accompanying evidence when considering the MTFP proposals.
- 112 In terms of the ongoing programme of budget decisions the Council has taken steps to ensure that impact assessments:
- (i) Are built in at the formative stages so that they form an integral part of developing proposals with sufficient time for completion ahead of decision-making.
  - (ii) Are based on relevant evidence, including consultation where appropriate, to provide a robust assessment.
  - (iii) Objectively consider any negative impacts and alternatives or mitigating actions so that they support fair and lawful decision making.
  - (iv) Are closely linked to the wider MTFP decision-making process.
  - (v) Build on previous assessments to provide an ongoing picture of cumulative impact.
- 113 The process for identifying and completing impact assessments in relation to the MTFP is consistent with previous years. Services, with support from corporate

equalities, were asked to consider all proposals to identify the level of assessment required – either ‘screening’ or ‘full’ depending on the extent of impact and the deadline for the final decision.

- 114 Where proposals are subject to further consultation and further decisions, the relevant impact assessments will be updated as further information becomes available. Final assessments will be considered in the decision making process.

**Impact Assessments for 2016/17 Savings Proposals**

- 115 A total of 35 assessments are available for Members to inform their decisions on individual proposals. Some are existing assessments from previous years where there is a residual saving or a continuation of a savings proposal. Some are new assessments and a number of proposals do not require an assessment, for example those involving use of cash limits or savings in supplies and services.

**Equality Impact Assessments by Service Grouping:**

<b>Service</b>	<b>EIAs</b>
ACE	3
CAS	15
Neighbourhoods	11
RED	1
Resources	4
Corporate	1
<b>Total</b>	<b>35</b>

- 116 The documentation has been made available for Members via the Member Support team ahead of this Cabinet meeting.

**Summary of Equality Impacts of 2016/17 MTFP Proposals**

- 117 Services were required to identify potential impacts likely to arise from implementing each savings proposal. The main equalities impacts in relation to new and continuing savings proposals are summarised below for each service grouping.
- 118 ACE proposals include a service review with a potential impact on staff, a proposed reduction in AAP revenue which will be attempted to be mitigated by third party funding, and reduction and withdrawal of grant funding. Specifically, this involves removal of residual budgets relating to community buildings grant, reduction in grant for Durham Community Action and removal of the remaining grant funding to Gay Advice in Durham and Darlington (GADD). At this stage, prior to consultation, none of these proposals are thought to have specific disproportionate impacts on groups with protected characteristics except the GADD reduction which has impacts in relation to sexual orientation, age and

gender including transgender. Proposals could be mitigated through third party funding.

119 CAS proposals include potential impacts on age, disability and gender:

- (i) Some savings relate to changes from previous years which continue to produce savings in 2016/17. These include consistent and effective use of existing eligibility criteria and changes to management of in house social care provision, which have potential to impact on service users who are older people, women and disabled people. Further efficiencies in relation to management and support services are also proposed, which will impact primarily on staff.
- (ii) Some savings proposals have positive impacts for service users: vulnerable children will be better supported through secure services welfare and step down beds which will generate income, and our early help approach for families will allow income to be generated by other councils using our surplus foster care places. The increased use of the Intermediate Care Plus service will reduce costs for care through more service users regaining independence.
- (iii) A further review of in-house day care services is underway, with a potential impact on services users, many of whom are older and/or disabled. It is proposed that the in-house service refocuses provision to support service users with more complex needs. The needs of other users will be met through the independent sector and community based services. A proposed re-structure of Adult Care Services to meet the requirements of the Care Act will ensure service users continue to receive a high quality service, though there will be staff reductions and changes to job descriptions which would impact on staff. Staff changes would affect a predominantly female workforce but implications for other protected characteristics have been considered to ensure fair treatment of staff throughout this process.
- (iv) Review of our charging policy in respect of adult care provision has the potential to affect service users receiving a service disability premium (SPD) who could be required to pay up to £22.93 more per week for their social care provision. As well as having some form of disability, this group of service users is more likely to be female and older. This brings the Council's policy in-line with other local authorities and complies with the Government's Care Act Guidance which ensures no-one is asked to pay more than they can afford. This saving is subject to further consultation. The equality impacts of

this policy change will be considered as part of this decision making process.

- (v) The delivery of a new youth support strategy will impact mainly on young people with a key objective to increase the proportion of youth service spend on targeted support and achieve a more equitable balance between universal provision delivered through open access evening youth provision and targeted youth support. This saving will be subject to further decision making and consultation in early 2016.
- (vi) A review of non-assessed services is proposing changes to charging for Care Connect, the council's community alarm and telecare/healthcare provider which has impacts on older people, particularly women and those with a disability. The review also proposes de-commissioning some Prevention Services for over 50s which has potential impacts for women, older people, those with a disability and LGBT people; however some of the current demand will be met by Wellbeing for Life and other statutory or VCS provision. The needs of older people will be considered in any future commissioning of preventative services.
- (vii) Consultation is underway on proposed changes to non-statutory home to school or college transport which have the potential to affect some children and young people including those aged 16-19 with a medical condition. These changes will apply to new applicants and measures will be put in place to mitigate against the negative impacts.
- (viii) The cost of Children's Care will be reduced through the delivery of the Looked After Children Reduction Strategy reducing the need for residential care, which is a positive impact for children. It is also proposed that a small number of young people with a disability access alternative support or provision for short term activity breaks.

120 Neighbourhood Services proposals include potential impacts across all characteristics in relation to staffing whilst there are potential service impacts on age, gender and disability. Specific impacts of savings proposals include;

- (i) Staffing reviews are proposed in a number of services including Fleet Management and Grounds Maintenance. These proposals are not thought to have impacts on service delivery. Fair treatment of staff will be ensured through agreed corporate HR procedures contained within the Change Management Toolkit.
- (ii) Staffing reviews in other services have various potential service impacts though mitigating actions are also being proposed to lessen the

negative effects. For example proposed changes in technical services (to share a Road Safety Manager with Hartlepool BC and remove direct funding for Child Pedestrian Training could have impacts on children and families, but to mitigate the impacts funding will be sought from alternative sources. A review of refuse and recycling collection rounds may lead to a change in collection days for some households. While the impact of these changes are largely on the workforce, there may also be impacts for householders with a disability. Proposed changes to Environmental Health and Consumer Protection will reduce the number of staff and change some responsibilities, any potential impacts will be mitigated through wherever possible by better use of resources.

- (iii) A structural review of Customer Relations and Performance and Planning teams will impact on staff in terms of an overall reduction in numbers and changes to responsibilities. While there are potential impacts to service delivery in these areas the review aims to improve resource planning and provide a better mix of frontline staff.
- (iv) Proposed changes to Neighbourhood Protection have the potential to affect groups with protected characteristics, particularly young people. This is due to reducing the number of street wardens, but the service will aim to maintain a seven day-a-week service.
- (v) Changes to the DLI collection arrangements, whilst removing the current base, have the potential for positive impacts for visitors, especially those who are elderly and/or with young families because of better public transport access. Other changes include reviewing the contributions made to museums and theatres. The reductions are not thought to have specific disproportional impact on groups with protected characteristics.
- (vi) Proposals to reduce the book fund will reduce the number of titles across all categories. This has the potential to impact older and disabled library users who may rely more than other groups on public services provision of special formats such as larger print sizes. However, the mix of future book purchasing will be driven by user demand so no specific library user group should be disproportionately affected by this change.

121 RED, Resources and Corporate proposals relate to further staffing restructures, residual savings as a result of previous staffing restructures and efficiencies from supplies and services. These changes are not thought to impact on service users. Fair treatment of staff will be ensured through agreed corporate HR procedures contained within the Change Management Toolkit.

## **Impacts of Previous Proposed Savings and Cumulative Impacts of 2016/17 Proposals**

- 122 Carrying out equality impact assessments on MTFP proposals helps us to understand the cumulative impact across a range of savings proposals. Throughout the last five years of austerity, the approach of the Council has been to keep the impact of savings on front line services to a minimum, and this has greatly reduced equalities impacts on those with a protected characteristic. For example our successful transfer to local community groups of leisure centres and community facilities, the ongoing work on the Durham Ask, positive shifts to preventative work in our children's services and increases in income generated are all ways in which Durham County Council is reducing equalities impacts of Government budget cuts. Where service reductions have been unavoidable, impacts in relation to previous proposals generally related to loss of, or reduced access to, a particular service or venue, travel to alternative provision, increased costs or charges and service re-modelling including reductions in staff. These changes had the potential to affect all protected characteristics however because it is more likely to affect those on low income, people without access to personal transport and those reliant on others for support there were particular potential impacts in relation to people with a disability, age and gender.
- 123 Generally, changes to universal services such as street lighting or bin collection are less likely to have a disproportionate impact on any one group. However, there are exceptions such as reductions in contracted public bus services, changes to libraries' opening hours and changes to leisure centres. Dedicated services such as social care, day care and home to school transport sometimes have disproportionate impacts for particular groups such as people with a disability and women, particularly those with a caring responsibility, and we have taken steps to monitor the impact and mitigate it where possible.
- 124 While the specific list of proposed savings in the 2016/17 MTFP are different from previous years the impacts are similar. There are potential impacts for older people, particularly those with a disability receiving social care, although some savings are the result of more older and disabled people living independently which is a positive outcome. Older social care users are also more likely to be female. Children and young people, including some with a disability are potentially affected through changes to home to school transport policy and through a new youth support strategy.
- 125 There are also potential impacts for community groups with a proposed reduction in grant funding, with a specific impacts this year for LBGT groups. However, generally there are limited impacts identified in relation to race, religion or belief and no specific impacts on transgender status or sexual orientation, although there is also less data and evidence available to show potential impact on these groups.
- 126 Mitigating actions are considered where the assessments have identified negative impacts on protected groups. These generally include ensuring service



users can make informed choices or find alternatives (including finding funding from other sources), implementing new or improved ways of working, working with partners and providing transition or more flexible arrangements to reduce the initial impact.

- 127 There are a number of 2016/17 proposals relating to staffing restructures and changes, the impacts are comparable to those reported in previous years. Services are required to follow corporate HR procedures to ensure fair and consistent treatment, for example, by making reasonable adjustments for disabled employees. In many cases negative impact can be minimised by progressing requests for early retirement, voluntary redundancy and through redeployment.
- 128 In summary the potential impacts on staff can relate to any of the protected characteristics. In terms of age, employees over 55 may feel at greater risk of redundancy or younger staff who may be more likely to have significant financial burdens in terms of mortgages or young families. There are potential gender impacts on both men and women, for example where reviews relate to senior posts or particular technical roles they are more likely to affect male employees whilst a number of proposals relate to areas with more female employees.
- 129 Overall, the staffing profile still shows significantly more women employed across the council so women are inevitably more likely to be affected by change. There are some disabled staff and staff from black or ethnic minority backgrounds included in the reviews and restructures but the overall numbers of those affected are low which reflects the broader workforce profile data. Data on the religion or belief and sexual orientation of staff is collected through Resourcelink but the reporting rates are still very low so this information is not routinely included in equality impact assessments in order that people cannot be identified. Transgender status is not currently monitored.

### **High Level Summary of Equality Impact of 2017/18 Proposals**

- 130 A list of proposals contributing savings to the 2017/18 MTFP is included as Appendix 3. It is likely that the key service user impacts will relate to age, gender and disability, as for previous years. Many savings areas represent continuing savings from 2017/18, including the ACE service review, CAS application of eligibility criteria, review of care connect charging and review of home to school transport. The equalities impacts are already summarised at paragraphs 83 and 84 and supported by impact assessments. Other proposals are at an earlier stage. As these proposals are developed, services, with support from the corporate equalities team, will be asked to identify the level of equalities assessment required. This will mean either a 'screening' or 'full' equality impact assessment will be developed depending on the extent of impact to support the decision making process.

- 131 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 assessments will be considered in the decision making process.

### **Key Findings and Next Steps**

- 132 The equality impact assessments are vital in order to understand potential outcomes for protected groups and mitigate these where possible. Details of the impacts identified at this stage will be updated for the final Cabinet and Council decision-making meetings.
- 133 The main equalities impacts of the 2016/17 MTFP proposals relate to age, disability and gender. 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.

### **Recommendations and Reasons**

- 134 Cabinet is asked to:
- (i) Note the impact of the Spending Review detailed in the report.
  - (ii) Note that at this stage there is significant uncertainty in relation to the impact on the Council. Further clarity will be received when the Council receives the local government financial settlement in mid-December and receives details of all specific grants.
  - (iii) Note the adjustments to the 2016/17 Budget model and the revised savings target of £40.567m.
  - (iv) Note the revised savings target for the 2016/17 to 2019/20 period of £134.7m.
  - (v) Note the forecast utilisation of £25.1m of Budget Support Reserve.
  - (vi) Note the savings detailed in Appendix 3 to achieve £61.833m of savings in 2016/17 and 2017/18.
  - (vii) Consider the equality impacts identified and mitigating actions both in the report and in the individual equality impact assessments which have been made available in the Members' Resource Centre.

- (viii) Note the programme of future work to ensure full impact assessments are available, where appropriate, at the point of decision-making, once all necessary consultations have been completed.
- (ix) Note the ongoing work to assess cumulative impacts over the MTFP period which is regularly reported to Cabinet.
- (x) Agree to consult on the savings proposals in Appendix 3.

---

<b>Contact:</b>	<b>Jeff Garfoot</b>	<b>Tel:</b>	<b>03000 261946</b>
	<b>Gordon Elliott</b>		<b>03000 263605</b>
	<b>Jenny Haworth</b>		<b>03000 268071</b>

---

---

## Appendix 1: Implications

---

**Finance** – The content of the Spending Review has been analysed. At this stage reduction in RSG as forecast to be between £70m and £85m. For modelling purposes at this stage the reduction is assumed to be £85m. Based upon the revised analysis the savings target for 2016/17 is £40.567m and the four year forecast savings target for 2016/17 to 2019/20 to £134.7m.

**Staffing** – The savings proposals in MTFP (6) will impact upon employees. HR processes will be followed at all times.

**Risk** – In terms of planning at this stage there are significant risk as there is significant uncertainty in relation to funding allocation across the MTFP (6) period. The uncertainty will reduce as government departments provide medium term settlement allocations. In terms of service provision the Council will face significant risk in achieving savings of the magnitude requested.

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

**Accommodation** – None specific within this report.

**Crime and Disorder** – None specific within this report.

**Human Rights** – Any human rights issues will be considered for any detailed MTFP (6) and Council Plan proposals as they are developed and decisions made to take these forward.

**Consultation** – The approach to consultation on MTFP (6) is detailed in the report.

**Procurement** – None specific within this report.

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

**Legal Implications** – 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.

Statutory guidance states that any discretionary rate relief or local discount scheme must be in the interests of the wider council taxpayer.

The proposals set out in this report only seek to amend/extend current policy arrangements to take account of changes in Government policy/funding arrangements. The amendments have been actioned under a delegated decision by the Corporate Director of Resources, in consultation with the Deputy Leader and Cabinet Portfolio Holder for Finance but requires Cabinet approval.

## Appendix 2 Medium Term Financial Plan - MTFP (6) 2016/17 - 2018/19 Model

	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
<b>Government Funding</b>				
Government RSG Funding Reduction	25,000	30,000	20,000	10,000
Reduction in Public Health Grant *	4,290	1,311	1,363	1,363
Reduction in Education Services Grant (Presently £6m)	0	0	0	0
Reduction in Benefit Admin Grant (Presently £3.7m)	0	0	0	0
Town and Parish Council RSG Adjustment	-131	-190	-173	-90
Business Rates - RPI increase (0.8%/1.5%/2%)	-438	-820	-1,110	-1,130
Top Up Grant - RPI increase (0.8%/1.5%/2%)	-484	-930	-1,270	-1,300
<b>Other Funding Sources</b>				
Council Tax Increase (2% per annum) **	-3,556	-3,675	-3,800	-3,900
New Homes Bonus ***	-1,750	0	0	0
Council Tax/Business Rate Tax Base net increase	-3,400	-750	0	0
Bus. Rates 2014/15 Collection Fund Surplus - Adjustment	500	0	0	0
Better Care Fund ****	0	0	0	0
NHS Funding - Social Care Transformation	-4,432	0	0	0
<b>Estimated Variance in Resource Base</b>	<b>15,599</b>	<b>24,946</b>	<b>15,010</b>	<b>4,943</b>
Pay inflation (1.5% - 1.5% - 1.5%)	3,300	3,200	3,100	3,000
Price Inflation (1.5% - 1.5% - 1.5%)	2,500	2,400	2,300	2,200
Corporate Risk Contingency Budget	-3,000	0	0	0
<b>Base Budget Pressures</b>				
Employer Nat. Insurance increase - State Pension changes	4,700	0	0	0
Costs Associated with National Living Wage	4,000	5,000	5,000	5,000
Single Status Implementation	4,537	0	0	0
Additional Employer Pension Contributions	900	3,000	1,000	1,000
Employee Increments	2,581	0	0	0
Energy Price Increases	0	500	500	500
Concessionary Fares	0	100	100	100
Pension Fund Auto Enrolment	100	550	550	0
Climate Change Levy - Impact upon Landfill income	200	0	0	0
Apprentice Levy	0	1,200	0	0
CAS Demographic and Hyper Inflationary Pressures	1,000	1,000	1,000	1,000
Use of Earmarked Reserve in CAS	4,150	0	0	0
Prudential Borrowing to fund new Capital Projects	0	2,000	2,000	2,000
<b>TOTAL PRESSURES</b>	<b>24,968</b>	<b>18,950</b>	<b>15,550</b>	<b>14,800</b>
<b>SUM REQUIRED TO BALANCE BUDGET</b>	<b>40,567</b>	<b>43,896</b>	<b>30,560</b>	<b>19,743</b>
<b>Savings Plans</b>				
Savings to be Identified	-28,169	-33,664	0	0
Public Health Savings	0	0	-46,226	-18,380
Public Health Savings	-4,290	-1,311	-1,363	-1,363
Previous Years Shortfall	0	8,108	17,029	0
Utilisation of Budget Support Reserve	-8,108	-17,029	0	0
<b>TOTAL SAVINGS REQUIRED</b>	<b>-40,567</b>	<b>-43,896</b>	<b>-30,560</b>	<b>-19,743</b>

\* - Subject to further information being received with the settlement

\*\* - For forecasting purposes, our financial model is still predicated on the same 2% increase that was included in the July 2015 Cabinet report.

\*\*\* - Subject to further information being received with the settlement

\*\*\*\* - Subject to further information being received with the settlement

**MTFP (6) SAVINGS OPTIONS**

<b>Service Grouping</b>	<b>2016/17</b>	<b>2017/18</b>
ACE Total Savings	832,314	979,393
CAS Total Savings	17,658,887	24,289,826
NS Total Savings	3,488,000	2,897,400
RED Total Savings	1,118,176	2,282,202
RES Total Savings	1,493,281	3,215,861
COR Total Savings	3,578,352	0
<b>TOTAL</b>	<b>28,169,010</b>	<b>33,664,682</b>

**Assistant Chief Executive's Savings**

<b>REF</b>	<b>Description</b>	<b>2016/17</b>
		<b>£</b>
ACE 21	AAP revenue reduction	280,000
ACE 22	ACE service review	381,314
ACE 23	Review of grants to external bodies	171,000
	<b>ACE Total Savings</b>	<b>832,314</b>

<b>REF</b>	<b>Description</b>	<b>2017/18</b>
		<b>£</b>
ACE 22	ACE service review	979,393
	<b>ACE Total Savings</b>	<b>979,393</b>

## Children and Adult Services Savings

REF	Description	2016/17
		£
CAS01.03	Review of County Durham Care and Support in-house services	235,000
CAS02.01	Eligibility Criteria – Continuation of previous changes to improve effective use of eligibility criteria	3,000,000
CAS03.01	Increased charging income in respect of adult care provision	500,000
CAS05.01	Service review of Policy, Planning & Performance	737,691
CAS05.03	Day Care Review	1,590,000
CAS05.07	Service review within Children's Services	382,712
CAS05.08	Increased use of Intermediate Care Services	725,000
CAS05.15	Review of youth support	250,000
CAS05.16	Review of Education Services	406,472
CAS05.18	Review of County Durham Youth Offending Service	60,000
CAS05.19	Transformational change in Adult Care	1,540,000
CAS05.21	Increased Income Generation	1,170,000
CAS05.22	Transformational change in Children's Services	950,000
CAS05.23	Re-negotiation of contributions to Children's Services providers	250,000
CAS06.01	Review of non-assessed services – including community alarms, commissioning and service level agreements	3,816,996
CAS09.03	Children's Care Efficiencies; Payment for Skills Review	300,000
CAS09.04	Children's Care Efficiencies: LAC Reduction Strategy	1,505,016
CAS10.0	Review Home to School / College Transport Policies	427,000
CAS11.0	Repayment of Cash Limit Reserve	-187,000
<b>CAS Total Savings</b>		<b>17,658,887</b>

REF	Description	2017/18
		£
CAS1	Review of social care provision	6,000,000
CAS2	Eligibility Criteria - Consistent and effective use of existing criteria and reablement	4,575,000
CAS3	Increased charging income in respect of adult care provision	500,000
CAS5	Management and Support Services, staffing structures and service reviews/rationalisation service reviews/rationalisation	7,100,826
CAS6	Review of non-assessed services	1,500,000
CAS9	Review of Children's Care Services	3,500,000
CAS10	Review Home to School / College Transport Policies	295,000
CAS11	Cash Limit	819,000
<b>CAS Total Savings</b>		<b>24,289,826</b>



## Neighbourhood Services Savings

REF	Description	2016/17
		£
NS01.17	Review of support areas for Leisure Centres	325,000
NS03.74	Review of the Fleet Service	400,000
NS03.75	Efficiencies with the catering service	33,000
NS03.87	Review of recycling credits	61,000
NS04.04	Review of support for Grounds Maintenance	150,000
NS05.17	Review of refuse and recycling collections	225,000
NS07.03	Rationalisation of Office Accommodation	723,000
NS11.16	Review of Technical Services	183,000
NS17.11	Increased Income from Building and Design Services	100,000
NS24.06	Review of Museum & Theatre service,	402,000
NS25.05	Review of Library Book Fund	150,000
NS32.01	Review of Customer Relations, Policy and Performance	251,000
NS33.03	Review of EHCP	225,000
NS35.01	Review of Neighbourhood Protection	340,000
NS29.02	Adjustment for previous years use of Cash Limit	-80,000
<b>NS Total Savings</b>		<b>3,488,000</b>

REF	Description	2017/18
		£
NS3	Structural reviews and more efficient ways of working	718,400
NS11	Street Lighting Energy Savings	400,000
NS25	Service Reviews with Neighbourhood Services	1,779,000
<b>NS Total Savings</b>		<b>2,897,400</b>

## Regeneration and Economic Development Savings

REF	Description	2016/17
		£
RED01	RED service review	400,000
RED12	Review of Contracted Bus Services	400,000
RED14	Review of supplies and services across RED	318,176
<b>RED Total Savings</b>		<b>1,118,176</b>

REF	Description	2017/18
		£
RED01	RED service review	1,800,000
RED14	Review of supplies and services across RED	482,202
<b>RED Total Savings</b>		<b>2,282,202</b>

## Resources Savings

REF	Description	2016/17
		£
RES07	Review of Human Resources	289,627
RES13	Review of Legal and Democratic Services	289,971
RES15	Review of Finance	407,561
RES16	Review of ICT	413,036
RES21	Review of Internal Audit and Risk	93,086
<b>RES Total Savings</b>		<b>1,493,281</b>

REF	Description	2017/18
		£
RES07	Review of Human Resources	648,422
RES13	Review of Legal and Democratic Services	565,774
RES16	Review of ICT	698,342
RES19	Review of Revenues and Benefits	1,138,708
RES21	Review of Internal Audit and Risk	164,615
<b>RES Total Savings</b>		<b>3,215,861</b>

## Corporate Savings

REF	Description	2016/17
		£
COR19	Review of Back Office Functions	1,050,352
COR21	Fleet Review Savings	478,000
COR22	Freemans Reach Rental Income	250,000
COR23	DVLR Dividend	100,000
COR24	Capital Receipts – Income from Sales below £10k	50,000
COR25	Self Financing Capital Schemes	1,130,000
COR26	External Audit Fees	70,000
COR27	Bank Charges	50,000
COR28	Carbon Reduction Commitment	150,000
COR29	Concessionary Fares	250,000
	<b>Corporate Total Savings</b>	<b>3,578,352</b>

**This page is intentionally left blank**

**Cabinet****13 January 2016****Medium Term Financial Plan 2016/17 to 2019/20 (MTFP6) and 2016/17 Budget****Key Decision CORP/R/15/02**


---

**Report of Corporate Management Team**  
**Don McLure, Corporate Director Resources**  
**Lorraine O'Donnell, Assistant Chief Executive**  
**Councillor Alan Napier, Cabinet Portfolio Holder Finance**  
**Councillor Simon Henig, Leader of the Council**

---

**Purpose of the Report**

- 1 To provide Cabinet with an update on the Medium Term Financial Plan (MTFP(6)) 2016/17 to 2019/20 and the 2016/17 Budget following the Government's Local Government Finance Settlement announcement on 17 December 2015, whilst also providing initial feedback from the budget consultation process.

**Executive Summary**

- 2 The financial outlook for the Council continues to be extremely challenging. The Chancellor of the Exchequer's November 2015 Spending Review confirmed that funding cuts to local government would continue until 2019/20. The majority of unprotected government departments will face government grant reductions of 6% over this period whilst local government would see a cash reduction of circa 53% (real term reduction of 56%).
- 3 The Spending Review indicated that the grant reduction for local government in 2016/17 would be higher than forecast, with the total reduction in Revenue Support Grant (RSG) for the council between 2016/17 and 2019/20 forecast to be £85m. Overall it was forecast that savings of circa £135m would be required between 2016/17 and 2019/20 bringing the total savings required since the beginning of austerity in 2011/12 to almost £290m.
- 4 The Spending Review indicated that the council tax referendum limit for 2016/17 would be 2% with no indication of the offer of a Council Tax Freeze Grant. The Spending Review also announced however that local authorities providing adult social care services would be able to raise an additional 2% above the referendum limit on the understanding that the sum raised would be invested in adult social care through an adult social care precept.
- 5 The provisional local government financial settlement was received on 17 December 2015 and details are included within this report. The main points are as follows:

- (i) In 2016/17 RSG will reduce by £23.1m to £77.1m. This is in line with previous Council forecasts.
- (ii) After taking into account the transfer of specific grants into RSG the reduction in RSG between 2016/17 and 2019/20 will be circa £75m as compared to our original forecast of £85m.
- (iii) Although the core RSG allocations have been announced the council is still awaiting a range of specific grant allocations particularly in relation to Public Health.
- (iv) The government confirmed provisional allocations for an increased Better Care Fund (BCF). The initial allocation of £2.4m will be received in 2017/18 increasing to a forecast £23.1m in 2019/20. The increased BCF will be part funded by a reduction in the New Homes Bonus (NHB). The government has announced a three month consultation on changes to the NHB Scheme. At this stage therefore it is not clear what reduction the council will face in NHB to part finance the increase in BCF.
- (v) It is apparent that the council will face a slightly higher forecast reduction in Core Spending Power than the national average. The government however has taken steps to attempt to ensure the financial settlement is “fairer” than was the case in the period 2011/12 to 2015/16.

6 Overall the settlement is slightly better than was forecast and reported to Cabinet in December 2015. Total clarity will not be available until all specific grant allocations are received, but it is clear that the council will face significant challenges in achieving savings over the next four years which are still expected to be in excess of £100m.

## **Background**

- 7 The MTFP(6) update report to Cabinet on 16 December 2015 identified the Council faced a forecast £288m of savings across the period 2011 to 2020. Although the Council would have delivered £153m of savings by the end of 2015/16, there was still £135m of savings required to balance MTFP(6).
- 8 It was reported that an additional report would be brought to Cabinet on 13 January 2016 which would provide details of the provisional settlement and provide an analysis of the MTFP(6) consultation process.
- 9 The draft Council Plan and Service Plans for 2016/17 to 2018/19 continue to be developed within the context of the financial settlement and budget planning, and will be presented to Cabinet in March once the budget has been set.

## **Provisional Local Government Finance Settlement**

- 10 The provisional Local Government Finance Settlement was published on 17 December 2015. The final settlement will be confirmed in late January/ early February 2016. The settlement has confirmed provisional RSG allocations for 2016/17. In addition however, provisional RSG allocations have also been provided for the following three years. The government has confirmed that they will offer any council that wishes to take up a four year funding settlement the opportunity to do so. To receive a four year settlement the government has identified that local

authorities will be required to publish an 'Efficiency Plan'. At this stage, no detail has been provided on the expected content of such a plan, but a four year settlement would be seen as potentially beneficial for the council so developments in the coming weeks will be closely monitored.

- 11 The Council Tax Referendum Limit is confirmed at 2% for 2016/17. The Government has also confirmed that there will be no offer of a Council Tax Freeze Grant in 2016/17. Additional details of the requirements associated with the adult social care 2% precept were included in the settlement including:
- (i) In the first instance an authority's Section 151 officer must indicate to the Department for Communities and Local Government (DCLG) 'whether their authority is minded to take up the 2% flexibility by 5 pm on 15 January 2016'.
  - (ii) Section 151 officers will be required to provide an annual statement to the government confirming that any additional income raised from the adult social care precept would be invested in adult social care. In identifying the funding available to local government over the next four years all government forecasts have assumed that every local authority will utilise the additional 2% council tax flexibility in each of the four years.
- 12 To provide flexibility, the council will inform the DCLG by the set deadline advising that the council is minded to take up the 2% adult social care council tax precept increase subject to a Full Council decision.
- 13 Meanwhile, the council has been consulting upon the option of raising an additional 2% adult social care precept as part of the MTFP(6) Budget consultation process. Feedback on the consultation is included later in this report. At this stage, a 2016/17 council tax increase of 2% only (in line with previous forecasts) is included for modelling purposes.
- 14 The settlement includes details of core grants e.g. Revenue Support Grant (RSG) and Business Rates 'Top Up' Grant. In addition, confirmation was received for a small number of specific grants. The table below highlights the 2016/17 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.

Funding Stream	2015/16	2016/17	Variance	
	£m	£m	£m	%
Revenue Support Grant	100.240	77.140	(23.100)	(23.0)
Business Rates	55.050	55.500	0.450	0.8
Top Up Grant	60.491	61.000	0.509	0.8
<b>SFA</b>	<b>215.781</b>	<b>193.640</b>	<b>(22.141)</b>	<b>(10.3)</b>

- 15 The table above highlights that the SFA has reduced by 10.3% in 2016/17 although of more importance is the reduction in RSG. The government has also announced that specific grants in relation to both the Care Act and Local Lead Flood Authorities have been transferred into RSG. In 2015/16 the council received £2.770m and £0.047m respectively in relation to these funding streams. After taking these transfers into account the actual reduction in RSG in 2016/17 is therefore £25.9m or 25.8%.

- 16 The council has received confirmation of 2016/17 allocations for a small number of specific grants. A significant number of specific grant allocations are expected to be confirmed during January. The major confirmations awaited are in relation to the Public Health Grant and the current Better Care Fund.
- 17 Of the allocations of specific grant received to date, a reduction of £595k (10%) has been confirmed in relation to the Education Services Grant. The 10% reduction in the Education Services Grant (ESG) for 2016/17 is likely to be followed by additional reductions in future years. The government has confirmed that there will be a consultation during 2016 in relation to local authority statutory duties in relation to Education. If there is a reduction in duties in this regard there will also be significant cuts in future years in the ESG.
- 18 In addition to the receipt of the local government finance settlement there are a number of further adjustments required to the budget assumptions included in the December 2015 MTFP(6) Cabinet report as detailed below:
- (i) The final allocation in relation to 2016/17 New Homes Bonus have been received. The final allocation of £1.86m is £0.11m higher than the previous £1.75m forecast.
  - (ii) Detailed base budget building for 2016/17 has enabled an accurate calculation to be finalised in relation to the impact of National Insurance contribution changes resulting from the Government's move to a Single State Pension. The actual base budget pressure has been calculated at £4.5m, £0.2m less than the previous forecast.
  - (iii) Two new base budget pressures have been introduced in relation to the specific grant income which has transferred into RSG. A sum of £1m has been introduced in relation to Care Act responsibilities and £0.047m in relation to Local Lead Flood Authority responsibilities.
  - (iv) The forecast 2016/17 savings have been increased by £0.45m to £28.619m. The additional savings identified are detailed below:
    - £0.200m - lower than expected energy prices for 2016/17
    - £0.200m - savings realised due to the reduction in fuel prices
    - £0.050m - additional savings realised from contract negotiation in relation to Concessionary Fares

### **Impact upon 2016/17 Budget**

- 19 The December 2015 Cabinet MTFP(6) report forecast that £8.1m of the Budget Support Reserve (BSR) would need to be utilised to balance the budget in 2016/17. Having taken into account all of the variances in this report in relation to government funding, base budget pressures and additional savings it is now forecast that the council will need to utilise £7m of the BSR to balance the 2016/17 budget. It is recognised that this requirement could still change as confirmation is received in relation to Specific Grant allocations. An updated MTFP(6) model is attached at Appendix 2 which provides additional detail on the 2016/17 budget.



## Fairness of Settlement

- 20 A significant amount of evidence has been published in the past in relation to the higher Spending Power cuts faced by deprived areas between 2011/12 and 2015/16 compared to more affluent areas. The council along with the Association of North East Councils (ANEC) and the Special Interest Group of Municipal Authorities (SIGOMA) have campaigned extensively for this approach to change.
- 21 To an extent the government has taken these views into account as part of this settlement and has adjusted the methodology for applying local government funding reductions. To aid this process the government has simplified the calculation of 'Spending Power'. The main change in this regard is that Public Health Grant and the original BCF allocations have been excluded. However, this masks the true Spending Power position for each local authority due to the expected reduction in the Public Health Grant.
- 22 The Government's revised 'Core Spending Power' calculation includes the following:
- (i) The Settlement Funding Assessment (SFA) for the council. This includes assumed retained Business Rates, the Top Up Grant and RSG.
  - (ii) The council tax requirement. This includes the following assumptions:
    - Annual growth in the council tax base, utilising the average growth between 2013/14 and 2015/16
    - An average 1.75% annual increase in council tax.
  - (iii) The potential additional council tax income available from the adult social care council tax precept flexibility. It has been assumed in published figures that this flexibility is utilised in each year up to 2019/20.
  - (iv) The additional funding available from the BCF.
  - (v) New Homes Bonus. The government has forecast how much this funding stream may reduce in future years to finance the increase in the Better Care Fund.
- 23 In the future, to ensure local authorities providing the same services experience similar overall funding reductions, the RSG cut will be based upon total Core Spending Power rather than just the value of RSG. This change is welcomed and will ensure a fairer allocation of funding cuts whilst austerity continues.
- 24 In addition, the additional BCF funding will not be allocated based upon the current BCF methodology.
- 25 To calculate the BCF allocation, the government has taken into account the following:
- (i) Identifying the total additional sum available nationally over the next four years for adult social care from the 2% council tax precept flexibility and from the additional BCF

- (ii) Calculating how much each local authority providing adult social care should receive based upon their individual proportion of the 2013/14 adult social care Relative Needs Formula (RNF).
  - (iii) Calculating how much each local authority could generate from the additional 2% adult social care council tax precept flexibility.
  - (iv) Calculating for each local authority the additional BCF allocation by deducting the sum which could be generated from the 2% adult social care council tax precept increase from the RNF.
- 26 This approach is much fairer to areas such as Durham and naturally has resulted in the council receiving a higher than average provisional BCF allocation.
- 27 In terms of the calculation of the council's Core Spending Power the table below details the provisional position published by the government for the period up to 2019/20. It is important to note that the government has assumed that the council will utilise the flexibility to increase council tax annually by 2% to invest in adult social care. The government has also forecast the impact of reducing the sum available nationally for NHB.

	2015/15 Adjusted	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Settlement Funding	219.2	193.6	174.8	164.2	153.8
Council Tax Requirement	174.1	178.0	182.8	187.9	193.4
2% Council Tax Social Care Precept Flexibility	0	3.5	7.3	11.3	15.7
Improved Better Care Fund	0	0	2.4	13.4	23.1
New Homes Bonus	8.7	10.5	10.5	6.6	6.3
<b>TOTAL</b>	<b>402.1</b>	<b>385.6</b>	<b>377.7</b>	<b>383.4</b>	<b>392.3</b>

**Note** – Forecast reduction in Core Spending Power **-2.4%**

- 28 It is important to note the following in relation to the above:
- (i) The government has assumed a 3% average increase every year in Business Rate income and Top Up Grant.
  - (ii) The government is forecasting an additional 1% per annum increase in council tax base.
  - (iii) The New Homes Bonus figures are estimates at this stage.
  - (iv) No account is taken of the £73m of base budget pressures faced by the council over the next four years. One of the major pressures the council will face over the next four years in this regard is an estimated £19m pressure related to the introduction of the Government's National Living Wage.
- 29 Although the Core Spending Power reduction figure for the council of 2.4% is in excess of the national average of 0.5%, this variance is a result of the assumptions built into the Core Spending Power calculation in relation to Council Tax Base and New Homes Bonus.
- 30 Overall it is reasonable to say that the settlement is fairer than has been the case during the last five years.

## MTFP(6) 2016/17 to 2019/20

31 At this stage, the position in relation to the 2017/18 to 2019/20 period is still uncertain. Although provisional figures have been provided in relation to RSG and the additional BCF allocations there is significant uncertainty in relation to the following:

- (i) Public Health Grant
- (ii) Original Better Care Fund allocation of £43m
- (iii) Education Services Grant
- (iv) Benefit Administration Grant
- (v) New Homes Bonus

32 At this stage therefore, the only amendment included in the MTFP(6) model detailed in Appendix 2 is the RSG adjustments for the period 2017/18 to 2019/20. The RSG reductions compared to those included in the December 2015 MTFP Cabinet report are detailed below. The 2016/17 RSG reduction has been adjusted to take into account the transfer of Care Act and Local Lead Flood Authority grants into RSG.

Year	December Cabinet	Provisional Settlement	Difference
	£m	£m	£m
2016/17	25.000	25.918	0.918
2017/18	30.000	21.140	(8.860)
2018/19	20.000	14.140	(5.860)
2019/20	10.000	14.240	4.240
<b>TOTAL</b>	<b>85.000</b>	<b>75.438</b>	<b>(9.562)</b>

33 The table above highlights the slightly higher forecast RSG reduction in 2016/17, but lower than forecast reductions in 2017/18 and 2018/19. The 2019/20 reduction in RSG is £4.24m higher than forecast.

34 After taking these adjustments into account the MTFP(6) model detailed in Appendix 2 can be summarised as follows:

MTFP(6) Plans	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m
Savings Plans	28.619	33.664	0	0	62.283
Savings to be Identified	0	0	30.468	22.620	53.088
Public Health Savings	4.290	1.311	1.363	1.363	8.327
Previous Years Shortfall	0	(7.070)	(7.131)	0	(14.201)
Utilisation of Budget Support Reserve	7.070	7.131	0	0	14.201
<b>TOTAL</b>	<b>39.979</b>	<b>35.036</b>	<b>24.700</b>	<b>23.983</b>	<b>123.698</b>

35 The table highlights that it is presently forecast that £123.7m of savings will be required between 2016/17 and 2019/20. This would result in £277m of total cumulative savings between 2011/12 and 2019/20.

36 The table also indicates that £14.2m of the BSR would need to be utilised during 2016/17 and 2017/18 to delay the impact of cuts upon frontline services.

## **100% Business Rate Retention**

- 37 The finance settlement confirmed the government's intention for local authorities to retain 100% of all business rates collected locally by the end of the current parliament in 2020. It is expected that there will be a consultation process in this regard during 2016.
- 38 The transfer of 100% of business rate income would result in local government as a whole receiving more income than would be required. On this basis, the government has confirmed that additional service responsibilities would need to be transferred to local government. Although the transfer of service responsibilities will be consulted upon, the government have indicated at this stage that they would favour transferring Public Health funding and Attendance Allowance payments (currently administered by the Department of Works and Pensions) into the Business Rate Retention Scheme.

## **Council Budget Consultation – 2% Council Tax Social Care Precept**

- 39 Public consultation meetings were held in December 2015 to share information on the council's budget proposals and identify views on three key areas, including the council's approach to managing the reduction to date, the proposals for 2016-17 and the potential introduction of the 2% social care precept.
- 40 At this early stage, we can provide some initial responses in relation to the social care precept. The full consultation results will be provided in the February Cabinet report. This will take account of individual and partner responses which were still open for comments until 12 January 2016.
- 41 139 people participated in three public events, involving 20 facilitated group discussions.
- 42 In relation to the Social Care Precept, 18 groups indicated that they would support the introduction of the 2% precept. Two of these groups would have supported a 4% or higher Social Care Precept if this was possible. One group disagreed with the introduction of an additional precept on the basis that it would not have significant impact in their view and one group could not reach an agreement.
- 43 When asked how the Social Care Precept could be used, a range of responses were received, however the following areas were most frequently mentioned:
- Services to keep older people in their own homes, including support for carers and families (12 groups);
  - Services for those with Dementia/Alzheimer (5 groups);
  - Services to enable efficient transition from hospital to home (5 groups).
- 44 Other comments about the introduction of the Social Care Precept focused on the need for efficiency, smarter working arrangements and effective links between NHS and council services.

## **Recommendations and Reasons**

- 45 Cabinet is asked to:-

- (i) Note the 2016/17 Budget and Medium Term Plan update in relation to the Local Government Finance Settlement announced on 17 December 2015.
- (ii) Note the requirement for the council to submit an 'Efficiency Plan' should it wish to secure a four year settlement 2016/17 to 2019/20.
- (iii) Agree the intention for the Council to contact the DCLG by the 15 January 2016 deadline to advise that the 2% council tax social care precept flexibility will be taken up subject to a Full Council decision.
- (iv) Note the current 2016/17 savings requirement of £39.979m which is forecast to be offset by the utilisation of £7m of the Budget Support Reserve.
- (v) Note the forecast savings requirement over the 2016/17 to 2019/20 period of £123.7m.
- (vi) Note the fairer process adopted in the provisional finance settlement for both Revenue Support Grant and the additional Better Care Fund allocation.
- (vii) Note the initial feedback from the MTFP(6) budget consultation process.

## **Background papers**

---

**Contact:    Jeff Garfoot    03000 261946**  
**Gordon Elliott    03000 263605**

---

---

## Appendix 1: Implications

---

**Finance** – The report highlights that the Local Government Finance Settlement is broadly in line with forecasts. A savings target of £39.979m is required for 2016/17 with a forecast £7m of the Budget Support Reserve required to balance the budget at this stage.

**Staffing** – The savings proposals in MTFP(6) could impact upon employees. HR processes will be followed at all times.

**Risk** - Risk will be continually assessed throughout the budget-setting process especially in relation to funding reduction assumptions and risk assessment of savings plans.

**Equality and Diversity/Public Sector Equality Duty** – Equality considerations are built into the proposed approach to developing MTFP(6) as a key element of the process.

**Accommodation** – None.

**Crime and Disorder** – None.

**Human Rights** – Any human rights issues will be considered for any detailed MTFP(6) and Council Plan proposals as they are developed and decisions made to take these forward.

**Consultation** – The consultation outputs to date are detailed in the report.

**Procurement** – None.

**Disability Issues** – All requirements will be considered as part of the equality process followed as part of MTFP(6) planning.

**Legal Implications** – None.

## Appendix 2 - Medium Term Financial Plan - MTFP (6) 2016/17 - 2018/19 Model

	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
<b>Government Funding</b>				
Government RSG Funding Reduction	23,100	21,140	14,140	14,240
Reduction in Public Health Grant	4,290	1,311	1,363	1,363
Reduction in Education Services Grant	595	0	0	0
Town and Parish Council RSG Adjustment	-131	-190	-173	-90
Business Rates - RPI increase (0.8%/1.5%/2%)	-438	-820	-1,110	-1,130
Top Up Grant - RPI increase (0.8%/1.5%/2%)	-504	-930	-1,270	-1,300
<b>Other Funding Sources</b>				
Council Tax Increase (2% per annum)	-3,556	-3,675	-3,800	-3,900
New Homes Bonus	-1,860	0	0	0
Council Tax/Business Rate Tax Base net increase	-3,400	-750	0	0
Bus. Rates 2014/15 Collection Fund Surplus - Adjustment	500	0	0	0
NHS Funding - Social Care Transformation	-4,432	0	0	0
<b>Estimated Variance in Resource Base</b>	<b>14,164</b>	<b>16,086</b>	<b>9,150</b>	<b>9,183</b>
Pay inflation (1.5% - 1.5% - 1.5%)	3,300	3,200	3,100	3,000
Price Inflation (1.5% - 1.5% - 1.5%)	2,500	2,400	2,300	2,200
Corporate Risk Contingency Budget	-3,000	0	0	0
<b>Base Budget Pressures</b>				
Employer Nat. Insurance increase - State Pension changes	4,500	0	0	0
Costs Associated with National Living Wage	4,000	5,000	5,000	5,000
Single Status Implementation	4,537	0	0	0
Additional Employer Pension Contributions	900	3,000	1,000	1,000
Employee Increments	2,581	0	0	0
Energy Price Increases	0	500	500	500
Concessionary Fares	0	100	100	100
Pension Fund Auto Enrolment	100	550	550	0
Climate Change Levy - Impact upon Landfill income	200	0	0	0
Apprentice Levy	0	1,200	0	0
Care Act Grant - Transferred into RSG	1,000	0	0	0
Local Lead Flood Grant - Transferred into RSG	47	0	0	0
CAS Demographic and Hyper Inflationary Pressures	1,000	1,000	1,000	1,000
Use of Earmarked Reserve in CAS	4,150	0	0	0
Prudential Borrowing to fund new Capital Projects	0	2,000	2,000	2,000
<b>TOTAL PRESSURES</b>	<b>25,815</b>	<b>18,950</b>	<b>15,550</b>	<b>14,800</b>
<b>SUM REQUIRED TO BALANCE BUDGET</b>	<b>39,979</b>	<b>35,036</b>	<b>24,700</b>	<b>23,983</b>
<b>Savings Plans</b>	-28,619	-33,664	0	0
<b>Savings to be Identified</b>	0	0	-30,468	-22,620
<b>Public Health Savings</b>	-4,290	-1,311	-1,363	-1,363
<b>Previous Years Shortfall</b>	0	7,070	7,131	0
<b>Utilisation of Budget Support Reserve</b>	-7,070	-7,131	0	0
<b>TOTAL SAVINGS REQUIRED</b>	<b>-39,979</b>	<b>-35,036</b>	<b>-24,700</b>	<b>-23,983</b>

**This page is intentionally left blank**



**Corporate Issues  
Overview and Scrutiny Committee**

**26 January 2016**



**Quarter Two 2015/16  
Performance Management Report**

---

**Report of Corporate Management Team  
Lorraine O'Donnell, Assistant Chief Executive  
Councillor Simon Henig, Leader**

---

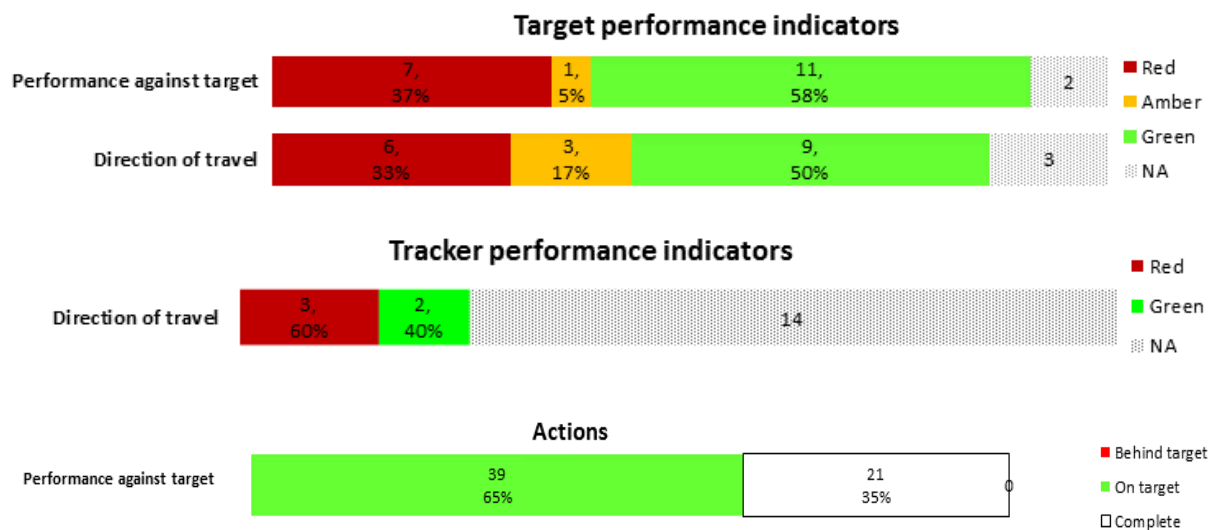
**Purpose of the Report**

1. To present progress against the council's corporate basket of performance indicators (PIs), Council Plan and service plan actions and report other performance issues for the second quarter of the 2015/16 financial year, covering the period July to September 2015.

**Background**

2. The report sets out an overview of performance and progress for the Altogether Better Council priority theme. Key performance indicator progress is reported against two indicator types which comprise of:
  - a. Key target indicators – targets are set for indicators where improvements can be measured regularly and where improvement can be actively influenced by the council and its partners (see Appendix 3, table 1); and
  - b. Key tracker indicators – performance will be tracked but no targets are set for indicators which are long-term and/or which the council and its partners only partially influence (see Appendix 3, table 2).
3. The report continues to incorporate a stronger focus on volume measures in our performance framework. This allows us to better quantify productivity and to monitor the effects of reductions in resources and changes in volume of activity. Charts detailing some of the key volume measures which form part of the council's corporate set of performance indicators are presented in Appendix 4.
4. The corporate performance indicator guide provides full details of indicator definitions and data sources for the 2015/16 corporate indicator set. This is available to view either internally from the intranet (at Councillors useful links) or can be requested from the Corporate Planning and Performance Team at [performance@durham.gov.uk](mailto:performance@durham.gov.uk).

## Altogether Better Council: Overview



## Council Performance

### 5. Key achievements this quarter include:

- a. During the 12 months ending September 2015, 93% of the telephone calls were answered within three minutes, exceeding the target of 80% and improving by 1% on the same period last year (92%) and the previous quarter (92%) (Appendix 4, Chart 1). 6% of overall telephone calls were abandoned, better than the target of 12% and in line with the same period last year and the previous quarter.
- b. Footfall in our customer access points (CAPs) has been steadily falling for the past five quarters, from 263,689 during the 12 months ending June 2014 to 185,581 during the 12 months ending September 2015 (Appendix 4, Chart 2). The appointments system for benefits and council tax is reducing repeat visits as customers, at the time of booking the appointment, are informed of the documentation they need to bring with them. The current measure relating to the percentage of customers seen within 15 minutes at a CAP will continue to be reported until configuration work enables data to be provided regarding both the take up of appointments and the percentage of customers with an appointment seen on time. 99% of customers were seen within 15 minutes between July and September 2015.

The current data reported in relation to web contact captures the enquiries which are forwarded to the Customer Services Team via the contact us web enquiry form. An approach is currently being developed to enable the capture of wider online customer contact data in relation to using the web and self-service for information, payments and transactions. A fully revised measure(s) is expected to be reported as part of the year-end report. In the interim, data for quarters two and three will include the existing web forms which integrate into the Customer Relationship Management system. 15,035 of these were received between July and September 2015.

- c. During quarter two 2015/16, almost 84,000 supplier invoices were paid, 93.6% of which were paid within 30 days. Performance exceeded the 92% target, improved 4% on the same period last year (90%) and is in line with the previous quarter (93.7%). Performance exceeded the 92% target for nine of the last ten successive months.

English councils have been praised by the Forum of Private Business for paying suppliers promptly through the recession. Overall, during 2014/15 councils took an average of 16.7 days to settle bills, with 55% of suppliers paid within ten days and 92% within 30 days. Durham's year to date performance to 30 September 2015 compares favourably in both cases with 68% of suppliers paid within ten days and 94% of suppliers paid within 30 days.

Invoice payment performance is now available to all Business Intelligence users on desktops enabling each service area and individual budget holder to proactively monitor and manage it.

- d. Between April and September, 56.5% council tax was collected, exceeding the 56% target and improving by 1% from the same period last year (55.9%). Over the same period, 58.7% business rates were collected, exceeding the 58% target and improving by 1% from the same period last year (58%).
  - e. The employee appraisal rate was 88.2% in the 12 months to September 2015, an improvement on the previous quarter (84.5%) and from the same period last year (65.6%). The target, presently 87.5% was achieved for the first time. The recently sustained management effort, raised profile within management teams and automated prompts has contributed to this on target performance.
6. The key performance improvement issues for this theme are:
- a. Processing performance for housing benefit and council tax reduction claims has not achieved targets in quarter two.
    - i. New Housing Benefit (HB) claims were processed in 22.68 days on average, outside the 20.33 day target and 2.4 days slower than during quarter two 2014/15 (20.28 days). The volume of new HB claims processed decreased from 3,429 in quarter two 2014/15 to 3,056 this quarter (Appendix 4, Chart 3).
    - ii. New Council Tax Reduction (CTR) claims were processed in 23.47 days on average, outside the 20.33 day target and 3.16 days slower than during quarter two 2014/15 (20.31 days). The volume of new CTR claims processed decreased from 3,798 in quarter two 2014/15 to 3,385 this quarter (Appendix 4, Chart 4).
    - iii. Changes to HB were processed in 10.09 days on average, outside the 8.33 day target and 0.85 days slower than during quarter two 2014/15 (9.24 days). 27,126 change of circumstances for HB claims were processed this quarter (Appendix 4, Chart 5).
    - iv. Changes to CTR were processed in 9.66 days on average, outside the 8.33 day target and 0.23 days slower than during quarter two 2014/15

(9.43 days). 30,439 change of circumstances for CTR claims were processed this quarter (Appendix 4, Chart 6).

The processing performance in quarter two was impacted by officers being diverted to the administration of the welfare assistance scheme, preparations for the introduction of universal credit and processing over 400 reviews on behalf of the Department of Work and Pensions each month. However, with seven new members of staff now fully trained as assessment officers (operational from October) and with the implementation of further automation to processing, we are confident that the overall target will be achieved in year.

- b. The council continues to be challenged by sickness absence levels despite significant council-wide efforts to ensure fair and consistent application of the agreed policy by managers, and proactive support to get employees back to work as soon as possible. Improving the management of attendance and reducing sickness absence continues to be a priority.
  - i. The average days lost to sickness absence per full time equivalent (FTE) employee (including school based employees) for the rolling year to September 2015 was 9.85 days. The sickness levels remain higher than acceptable and outside the target of 8.5 days. The average days lost to sickness absence per FTE increased by 9.2% from the same period last year (9.02 days) but decreased by 1.2% on the previous quarter (9.97 days).
  - ii. The average number of days lost to sickness absence per FTE (when excluding schools based employees) for the rolling year to September 2015 was 12.35 days. The current levels are outside the target of 11.5 days and remain in line with the previous quarter (12.3 days). The 0.05% difference can be accounted for by a definition change to allow real time reporting which uses the number of FTE staff at the end of the reporting period, rather than those at the beginning and end of the reporting period. The number of days lost to sickness increased from the same period last year (11.97 days).
  - iii. During the rolling year to September 2015, 45.2% of posts (excluding school based employees) had no sickness absence. Performance deteriorated by 3% from the same period last year (46.6%) and by 4.8% on the previous quarter (47.5%).
  - iv. The percentage time lost to sickness absence (excluding schools) was 4.9% for the rolling year to September 2015. Performance deteriorated by 4.3% from the same period last year (4.7%) and remains in line with the previous quarter (4.9%).

The Corporate Issues Overview and Scrutiny Committee has recently completed its Attendance Management Review which examined council policies and procedures for managing attendance, including the role of Occupational Health as well as key statistical information identifying trends and opportunities for improvement. The review report sets out the key findings and makes a series of recommendations aimed at delivering improved performance in terms of attendance and staff wellbeing. The report was considered by Cabinet on 16 December 2015.

- c. The percentage of Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests responded to within 20 days was 82% this quarter, an improvement of 11 percentage points from the previous quarter (71%) and three percentage points from the same period last year (79%). Performance remains below the national target of 85%. The number of FOI/EIR requests was 322 this quarter, an increase from 283 in the previous quarter and from 313 in quarter two 2014/15 (see Appendix 4, Chart 7).
  - d. There are no key Council Plan actions which have not achieved target in this theme.
7. The key risks to successfully delivering the objectives of this theme are:
- a. If there was to be slippage in the delivery of the agreed Medium Term Financial Plan (MTFP) savings projects, this will require further savings to be made from other areas, which may result in further service reductions and job losses. Management consider it possible that this risk could occur, which will result in a funding shortfall, damaged reputation and reduced levels of service delivery. To mitigate the risk, a programme management approach for key projects has been established and embedded across the council. Monitoring by Corporate Management Team and Cabinet provides assurance over the implementation of the agreed MTFP savings projects. It should be recognised that this will be a significant risk for at least the next four years.
  - b. Ongoing Government funding cuts which now extend to at least 2019/20 will continue to have an increasing major impact on all council services. Management consider it highly probable that this risk could occur, and to mitigate the risk, sound financial forecasting is in place based on thorough examination of the Government's "red book" plans. This will also be a significant risk for at least the next four years.
  - c. If we were to fail to comply with Central Government's Public Services Network Code of Connection criteria for our computer applications, this would put some of our core business processes at risk, such as revenues and benefits, which rely on secure transfer of personal data. The Government set criteria for the Public Services Network Code of Connection compliance has changed again, one of the requirements being the need to submit a risk register. A meeting has been arranged between the Risk Officer and ICT to commence work on compiling the register to comply with the Public Services Network Code of Connection format.

## **Recommendations and Reasons**

- 8. That the Corporate Issues Overview and Scrutiny Committee receive the report and consider any performance issues arising there from.

---

**Contact:** Jenny Haworth, Head of Planning and Performance  
**Tel:** 03000 268071 **E-Mail** [jenny.haworth@durham.gov.uk](mailto:jenny.haworth@durham.gov.uk)

---

---

## Appendix 1: Implications

---

**Finance** - Latest performance information is being used to inform corporate, service and financial planning.

**Staffing** - Performance against a number of relevant corporate health Performance Indicators (PIs) has been included to monitor staffing issues.

**Risk** - Reporting of significant risks and their interaction with performance is integrated into the quarterly monitoring report.

**Equality and Diversity / Public Sector Equality Duty** - Corporate health PIs are monitored as part of the performance monitoring process.

**Accommodation** - Not applicable

**Crime and Disorder** - A number of PIs and key actions relating to crime and disorder are continually monitored in partnership with Durham Constabulary.

**Human Rights** - Not applicable

**Consultation** - Not applicable

**Procurement** - Not applicable

**Disability Issues** - Employees with a disability are monitored as part of the performance monitoring process.

**Legal Implications** - Not applicable

---

## Appendix 2: Key to symbols used within the report

---

Where icons appear in this report, they have been applied to the most recently available information.

### Performance Indicators:

#### Direction of travel

Latest reported data have improved from comparable period

**GREEN**

Latest reported data remain in line with comparable period

**AMBER**

Latest reported data have deteriorated from comparable period

**RED**

#### Performance against target

Performance better than target

Getting there - performance approaching target (within 2%)

Performance >2% behind target

### Actions:

**WHITE**

Complete (action achieved by deadline/achieved ahead of deadline)

**GREEN**

Action on track to be achieved by the deadline

**RED**

Action not achieved by the deadline/unlikely to be achieved by the deadline

### Benchmarking:

**GREEN**

Performance better than other authorities based on latest benchmarking information available

**AMBER**

Performance in line with other authorities based on latest benchmarking information available

**RED**

Performance worse than other authorities based on latest benchmarking information available

### Nearest Neighbour Benchmarking:

The nearest neighbour model was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA), one of the professional accountancy bodies in the UK. CIPFA has produced a list of 15 local authorities which Durham is statistically close to when you look at a number of characteristics. The 15 authorities that are in the nearest statistical neighbours group for Durham using the CIPFA model are: Barnsley, Wakefield, Doncaster, Rotherham, Wigan, Kirklees, St Helens, Calderdale, Dudley, Northumberland, Tameside, Sheffield, Gateshead, Stockton-on-Tees and Stoke-on-Trent.

We also use other neighbour groups to compare our performance. More detail of these can be requested from the Corporate Planning and Performance Team at [performance@durham.gov.uk](mailto:performance@durham.gov.uk).

## Appendix 3: Summary of Key Performance Indicators

Page 76  
Table 1: Key Target Indicators

Ref	PI ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
<b>Altogether Better Council</b>											
56	NS20	Percentage of abandoned calls	6	Oct 2014 - Sep 2015	12	GREEN	6	AMBER			
57	NS22	Percentage of telephone calls answered within three minutes	93	Oct 2014 - Sep 2015	80	GREEN	92	GREEN			
58	NS24	Percentage of customers seen within 15 minutes at a customer access point	99	Jul - Sep 2015	95	GREEN	NA	NA			
59	NS25	Percentage of customers with an appointment at a customer access point who are seen on time	Indicator under development	NA	95	NA	NA	NA			
60	RES/038	Percentage all ICT service desk incidents resolved on time	94	Jul - Sep 2015	90	GREEN	94	AMBER			
61	RES/NI/181a1	Average time taken to process new housing benefit claims (days)	22.68	Jul - Sep 2015	20.33	RED	20.28	RED	24.00 Not comparable	26** Not comparable	Apr - Jun 2015
62	RES/NI/181a2	Average time taken to process new council tax reduction claims (days)	23.47	Jul - Sep 2015	20.33	RED	20.31	RED			
63	RES/NI/181b1	Average time taken to process change of circumstances for housing benefit claims (days)	10.09	Jul - Sep 2015	8.33	RED	9.24	RED	9.00 Not comparable	10** Not comparable	Apr - Jun 2015



Ref	PI ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
64	RES/NI/18 1b2	Average time taken to process change of circumstances for council tax reduction claims (days)	9.66	Jul - Sep 2015	8.33	RED	9.43	RED			
65	RES/001	Savings delivered against the Medium Term Financial Plan (MTFP) (£m)	14.1	As at Sep 2015	16.3	<u>Not comparable</u> [5]	18.9	NA			
66	RES/002	Percentage of council tax collected in-year	56.47	Apr - Sep 2015	56.00	GREEN	55.91	GREEN	97.00 Not comparable	95.89* Not comparable	2014/15
67	RES/003	Percentage of business rates collected in-year	58.65	Apr - Sep 2015	58.00	GREEN	58.00	GREEN	98.11 Not comparable	98* Not comparable	2014/15
68	RES/129	Percentage of council tax recovered for all years excluding the current year	99.02	Jul - Sep 2015	98.50	GREEN	99.02	AMBER			
69	RES/130	Percentage of business rates recovered for all years excluding the current year	99.45	Jul - Sep 2015	98.50	GREEN	99.15	GREEN			
70	REDPI49b	Total of income and savings from solar installations on council owned buildings (£)	261,210	2014/15	242,000	GREEN	214,000	GREEN			
71	REDPI68	Average asset rating of Display Energy Certificates in county council buildings	98.0	Jul - Sep 2015	97.0	AMBER	99.4	GREEN			
72	RES/LPI/0 10	Percentage of undisputed invoices paid within 30 days to our suppliers	93.6	Jul - Sep 2015	92.0	GREEN	90.0	GREEN			

Ref	PI ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
73	ACE006	Percentage of Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests responded to within statutory deadlines	82	Jul - Sep 2015	85	RED	79	GREEN			
74	RES/LPI/012	Days / shifts lost to sickness absence – all services including school staff	9.85	Oct 2014 - Sep 2015	8.50	RED	9.02	RED			
75	RES/LPI/012a	Days / shifts lost to sickness absence – all services excluding school staff	12.35	Oct 2014 - Sep 2015	11.50	RED	11.97	RED			
76	RES/011	Percentage of performance appraisals completed in current post in rolling year period (excluding schools)	88.16	Oct 2014 - Sep 2015	87.50	GREEN	65.64	GREEN			

[\[5\] Annual target](#)

**Table 2: Key Tracker Indicators**

Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
<b>Altogether Better Council</b>											
172	NS43a	Number of customer contacts - face to face	185,581	Oct 2014 - Sep 2015	202,511	Not comparable [1]	250,583	Not comparable [1]			
173	NS43b	Number of customer contacts -telephone	1,004,186	Oct 2014 - Sep 2015	1,004,109	NA	976,609	NA			
174	NS43c	Number of customer contacts - web forms	17,213	Jul 2014 - Jun 2015	16,886	NA	18,274	NA			
175	NS43d	Number of customer contacts - emails	27,127	Apr - Sep 2015	15,775	NA [1]	NA	NA [1]			
176	RES/013	Staff aged under 25 as a percentage of post count	5.06	As at Sep 2015	5.54	NA	5.63	NA			
177	RES/014	Staff aged over 50 as a percentage of post count	40.16	As at Sep 2015	39.27	NA	38.16	NA			
178	RES/LPI/011a	Women in the top five percent of earners	52.72	As at Sep 2015	52.36	NA	52.30	NA			
179	RES/LPI/011bi	Black and minority ethnic (BME) as a percentage of post count	1.54	As at Sep 2015	1.53	NA	1.53	NA			
180	RES/LPI/011ci	Staff with a recorded disability as a percentage of post count	2.82	As at Sep 2015	2.97	NA	2.75	NA			
Page 81	RES028	Discretionary Housing Payments - value (£) for customers affected by social sector size criteria	286,199.40	Apr - Sep 2015	123,019.79	NA	628,656.36	NA			
		Discretionary Housing Payments - value (£) for	75,008.48	Apr - Sep 2015	38,091.06	NA	84,430.00	NA			

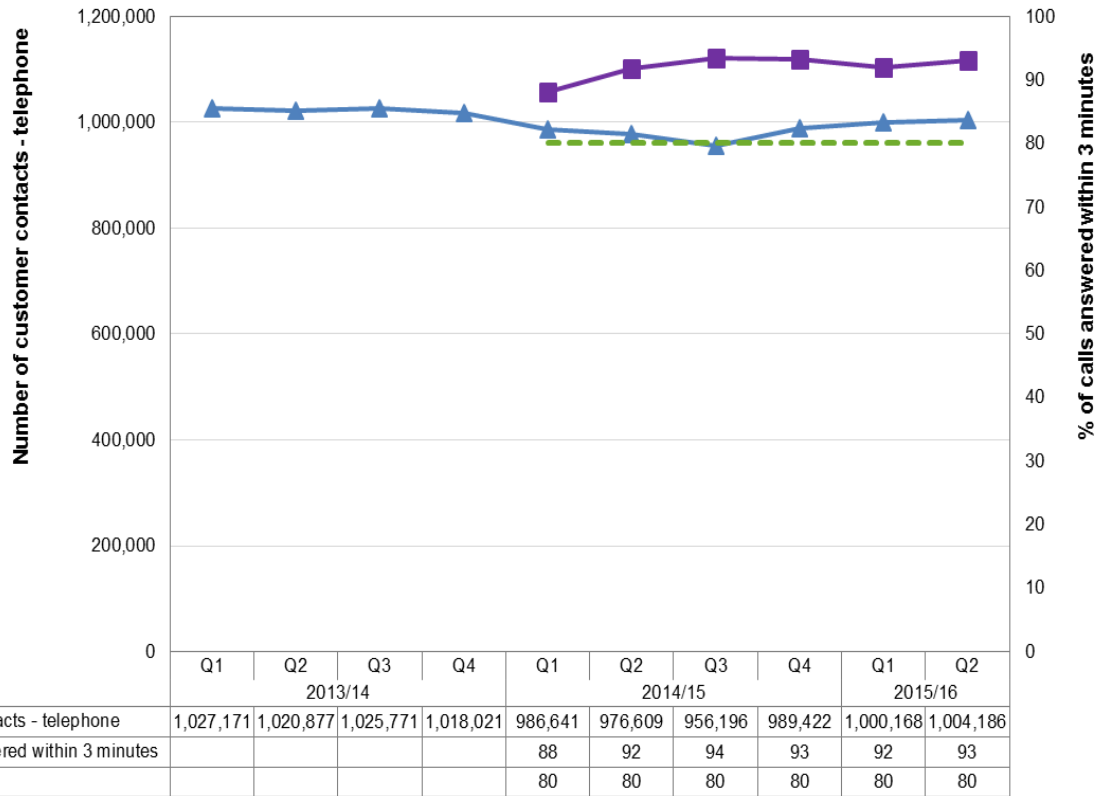
Page Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
		customers affected by local housing allowance reforms									
183	ACE016	Percentage of children in poverty (quarterly proxy measure) <b>(Also in Altogether Better for Children and Young People)</b>	22.5	As at May 2015	22.7	AMBER	23.3	GREEN	16.3	23.0*	As at May 2015
184	ACE017	Percentage of children in poverty (national annual measure) <b>(Also in Altogether Better for Children and Young People)</b>	22.5	2013	22.6	GREEN	22.6	GREEN	18.6	23.3*	2013
185	ACE019 a	Proportion of Households in Fuel Poverty (Low Income/High Cost rule)	11.5	2013	11.4	RED	11.4	RED	10.4	11.8*	2013
186	RES/034 b	Staff - total headcount (excluding schools)	8,569	As at Sep 2015	8,668	NA	9,033	NA			
187	RES/035 b	Staff - total full time equivalent (excluding schools)	7,086	As at Sep 2015	7,099	NA	7,518	NA			
188	RES/020	Percentage of time lost to sickness in rolling year (excluding schools)	4.88	Oct 2014 - Sep 2015	4.86	RED	4.73	RED			
189	RES/052	Percentage of posts with no absence in rolling year (excluding schools)	45.22	Oct 2014 - Sep 2015	47.51	RED	46.58	RED			

Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
190	RES/036	Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) incidents reported to the Health and Safety Executive (HSE)	5	Jul - Sep 2015	16	N/A	18	NA			

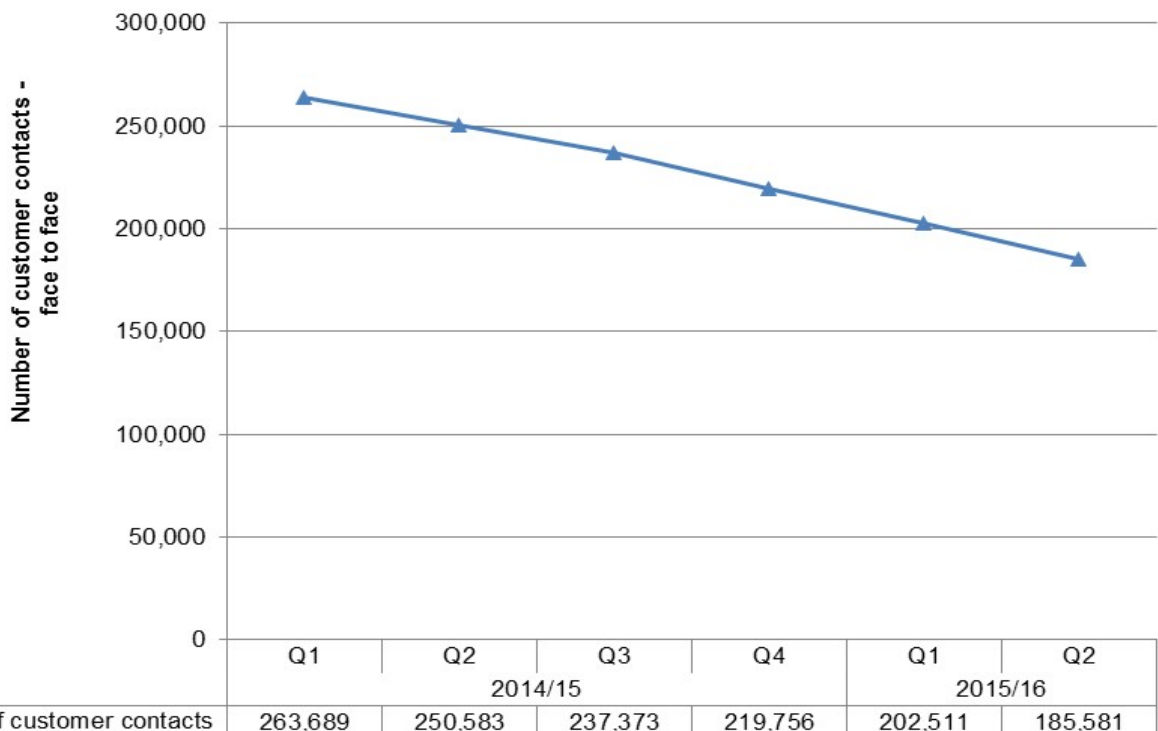
[\[1\] Due to changes to the definition data are not comparable/available](#)

## Appendix 4: Volume Measures

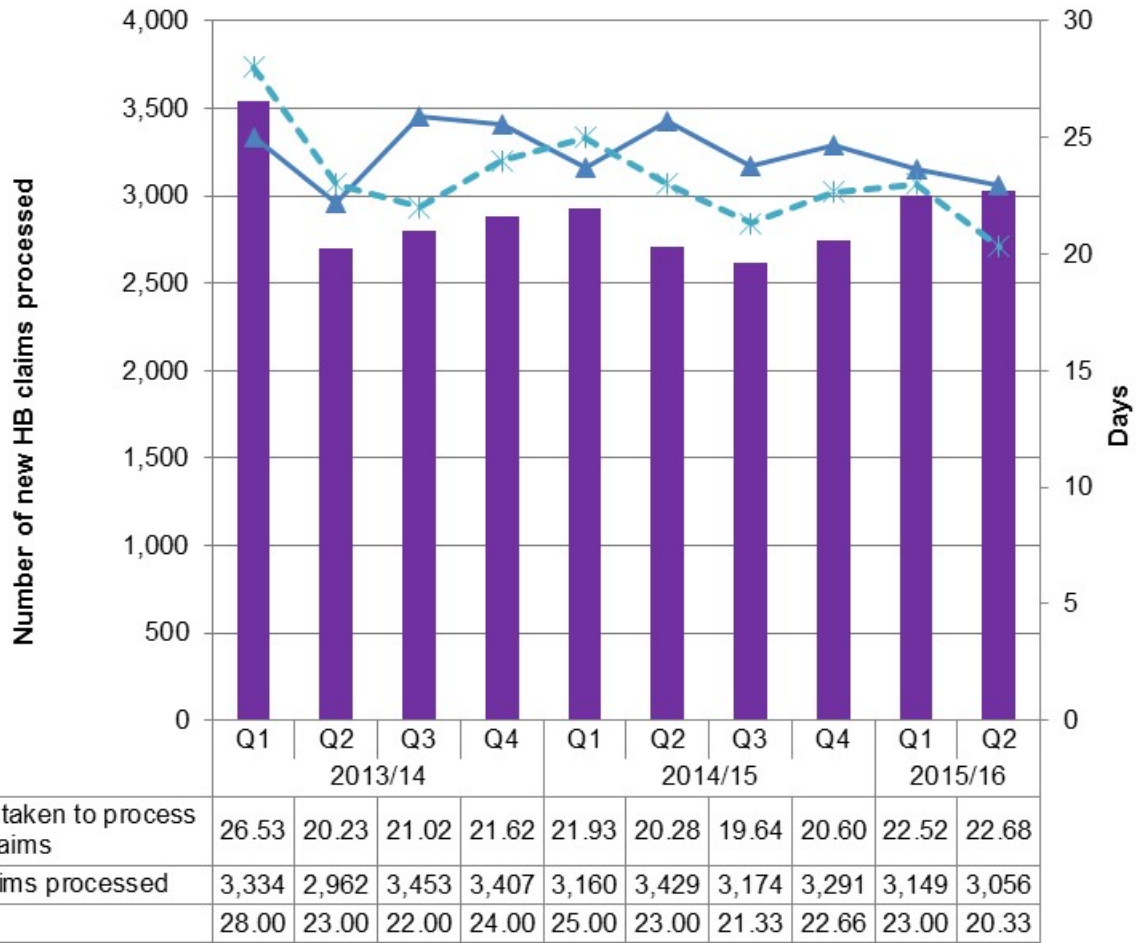
### Chart 1 - Telephone calls



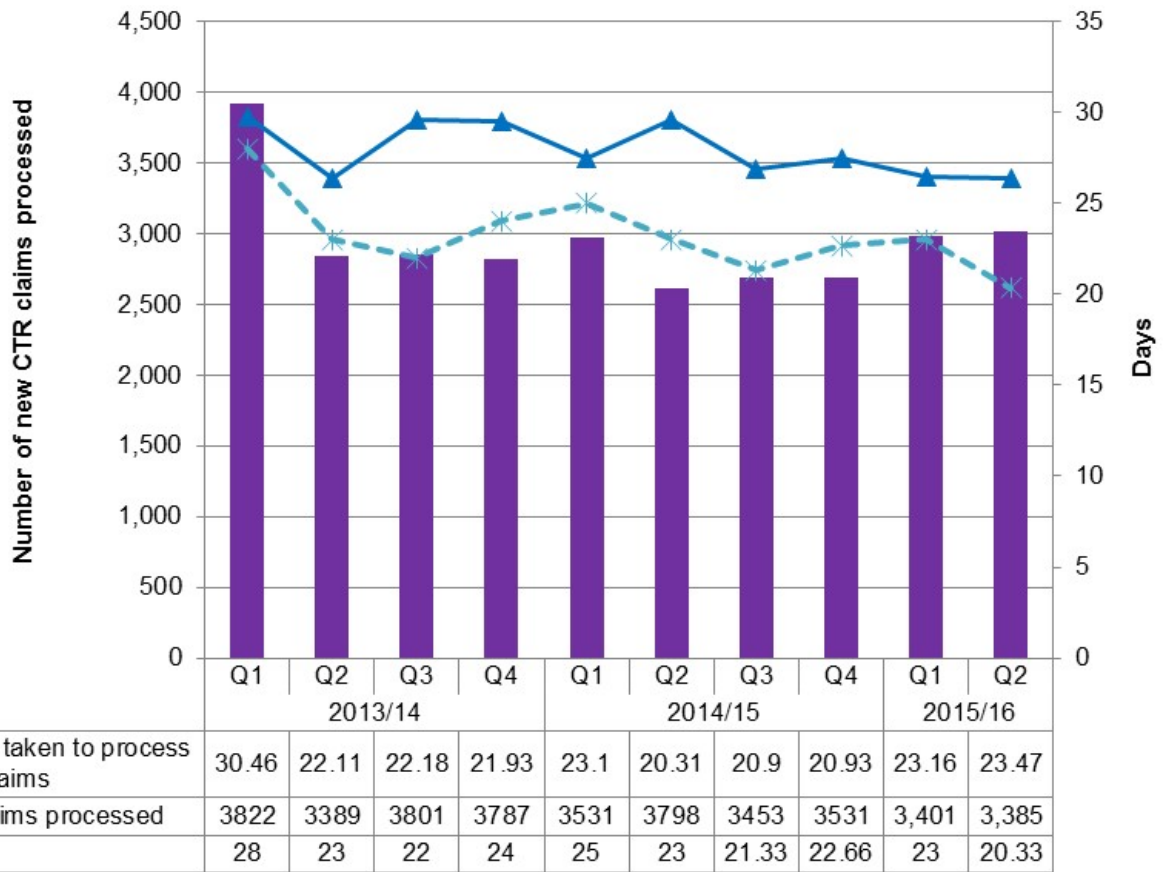
### Chart 2 – Face to face contacts



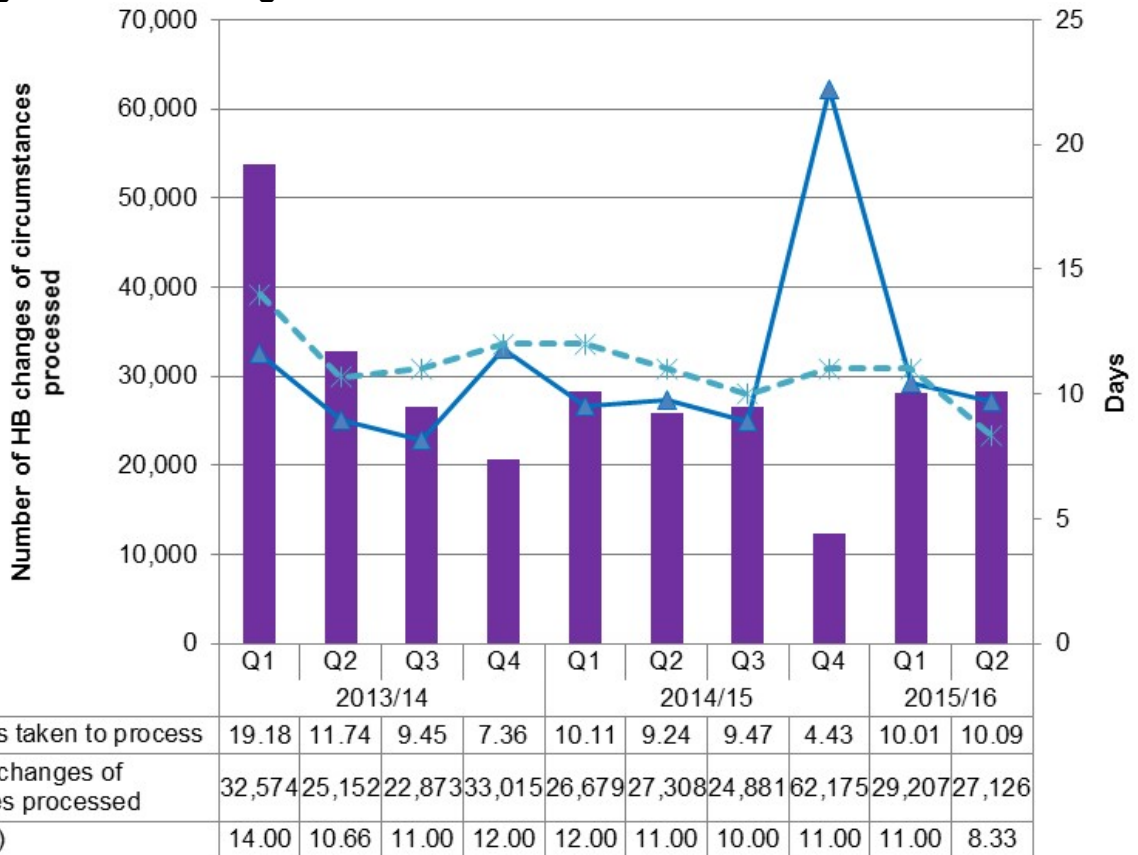
**Chart 3 – Housing Benefits – new claims**



**Chart 4 – Council Tax Reduction – new claims**



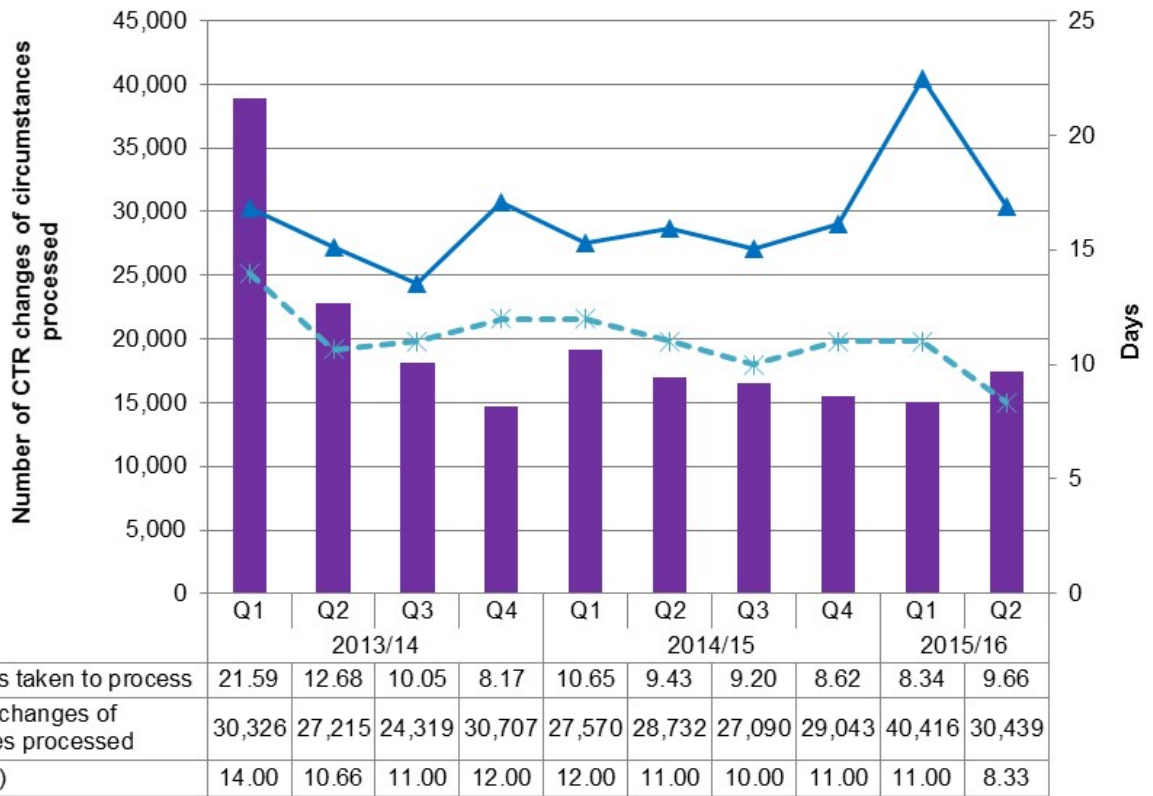
**Chart 5 – Housing Benefits – changes of circumstances**



The way in which the change of circumstance is processed changed in quarter one 2015/16, which means that some multi-changes are now counted more than once where previously it would have been counted as just one change. Volume data for 2015/16 is therefore not comparable with previous data.

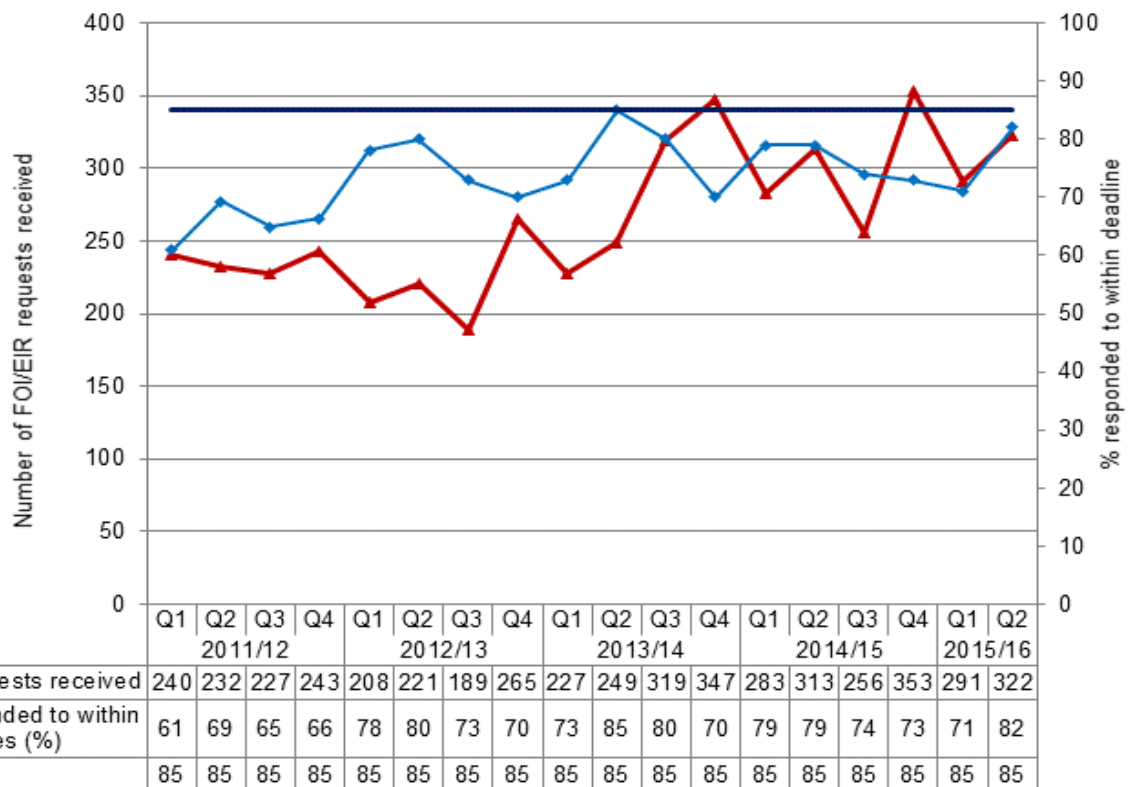
**Chart 6 – Council Tax Reduction – changes of circumstances**





The way in which the change of circumstance is processed changed in quarter one 2015/16, which means that some multi-changes are now counted more than once where previously it would have been counted as just one change. Volume data for 2015/16 is therefore not comparable with previous data.

**Chart 7 – Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests**





## **Corporate Issues Overview and Scrutiny Committee**



**26 January 2016**

## **Review of the Council Plan and Service Plans**

---

### **Report of Lorraine O'Donnell, Assistant Chief Executive**

---

#### **Purpose of the Report**

1. To update Scrutiny with progress on the development of the Altogether Better Council section of the Council Plan 2016-2019 including the draft aims and objectives contained within the Plan and the proposed performance indicator set to measure our success.

#### **Background**

2. The Council Plan details Durham County Council's contribution towards achieving the objectives set out in the Sustainable Community Strategy (SCS), together with its own improvement agenda. The Council Plan covers a three year timeframe in line with the council's Medium Term Financial Plan and sets out how we will deliver our corporate priorities and the key actions we will take to support the longer term goals set out in the SCS.
3. This year it is proposed that the existing three year Council Plan is updated and rolled forward a year, with a more fundamental review to take place next year, in line with a refresh of the Sustainable Community Strategy. This year it is proposed to produce a more visual and interactive version of the council plan, in addition to the word version. Early ideas are that it will be a shorter, more impactful plan with a greater use of visual material such as charts, infographics, diagrams and photographs.
4. The priorities set out in the current Council Plan reflect the results of an extensive consultation exercise carried out in 2013/14 on spending priorities and include an ongoing focus on protecting frontline services.

#### **Draft Objectives and Outcomes**

5. Overall it is proposed that the five key altogether better themes remain unchanged in line with the review of the Altogether Better Durham vision by the County Durham Partnership. It is also proposed that the altogether better council theme is retained giving six key themes.

- I. Altogether Wealthier
  - II. Altogether better for children and young people
  - III. Altogether healthier
  - IV. Altogether safer
  - V. Altogether greener
  - VI. Altogether better council
6. Sitting beneath each of these six themes are a series of objectives setting out the key goal(s) being pursued over the medium-term. The objectives layer is shared across the SCS and Council Plan. These were agreed by Council last year and are proposed to be retained as unchanged. The Altogether Better for Council objectives are shown below:
- I. Putting the customer first
  - II. Working with our communities
  - III. Effective use of resources
  - IV. Supporting our people through change
7. Whilst the SCS is a long-term plan, the Council Plan having a medium-term time horizon of three years is more detailed in nature. The Council Plan therefore contains an additional layer which is the council's outcomes. These are defined as the impacts on, or consequences for the community of the activities of the council. Outcomes reflect the intended results from our actions and provide the rationale for our interventions. These are subject to more frequent change than objectives.
8. The draft objectives and outcomes for the Altogether Better Council theme are set out in full in **Appendix 2**.
9. Services are currently reviewing the performance indicator set which is used to measure progress against the Plan, performance manage our services and report to Members quarterly. An early draft of the corporate indicator set is contained in **Appendix 3** including the Altogether Better Council theme, for detailed consideration by Corporate Issues Overview and Scrutiny Committee.
10. There are three indicators proposed for removal from the Altogether Better Council basket of indicators, with the reasons for removal in **Appendix 3**:
- I. Savings delivered against the MTFP (£m)
  - II. % calls answered within 3 minutes
  - III. % of customers seen within 15 minutes at a customer access point (CAP)
11. There is one new indicator in the Altogether Better Council basket of indicators, Average time taken to answer a telephone call, which is listed in **Appendix 3**.
12. In addition, new indicators are being considered in relation to attendance management to reflect positive attendance, and in relation to the Customer First Strategy to measure avoidable contact.

13. Further changes to our suite of indicators relating to welfare reform and poverty may be introduced following finalisation of the consultation on our poverty action plan that went to Cabinet in October 2015.

### Next steps

14. Next steps in the corporate timetable for production of the Council Plan and service plans are:

Cabinet considers Council Plan and service plans for 2016 - 2019	16 March 2016	Assistant Chief Executive
OSMB considers Cabinet report on Council Plan	22 March 2016	Assistant Chief Executive
Council approves Council Plan 2016- 2019	13 April 2016	Assistant Chief Executive

### Recommendations and reasons

15. Corporate Issues Overview and Scrutiny Committee is asked to:

- I. Note the updated position on the development of the Council Plan and development of the corporate performance indicator set.
- II. Note the draft objectives and outcomes framework set out in **Appendix 2**.
- III. Comment on the draft performance indicators proposed for 2016/17 for the Altogether Better Council priority theme contained within **Appendix 3**.
- IV. Comment on the current targets in **Appendix 3** and provide input into target setting for 2016/17 onwards.

---

**Contact: Jenny Haworth, Head of Planning and Performance, 03000 268071**

---

---

## **Appendix 1: Implications**

---

### **Finance**

The Council Plan sets out the corporate priorities of the Council for the next 3 years. The Medium Term Financial Plan aligns revenue and capital investment to priorities within the Council Plan.

### **Staffing**

The Council's strategies are aligned to achievement of the corporate priorities contained within the Council Plan.

### **Risk**

Consideration of risk is a key element in the corporate and service planning framework with the Council Plan containing a section on risk.

### **Equality and diversity/Public Sector Equality Duty**

Individual equality impact assessments are prepared for all savings proposals within the Council Plan. The cumulative impact of all savings proposals will be presented to Council and will be updated as savings proposals are further developed. In addition a full impact assessment has previously been undertaken for the Council Plan. One of the outcomes within the proposed framework is that people are treated fairly and differences are respected. Actions contained within the Council Plan include specific issues relating to equality.

### **Accommodation**

The Council's Corporate Asset Management Plan is aligned to the corporate priorities contained within the Council Plan.

### **Crime and disorder**

The Altogether Safer section of the SCS and Council Plan sets out the Council's and partner's contributions to tackling crime and disorder.

### **Human rights**

None

### **Consultation**

Council priorities are influenced by our resource base and have been developed following extensive consultation on the council's budget. Results have been taken into account in developing our spending decisions.

### **Procurement**

None

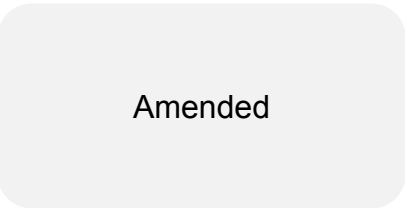
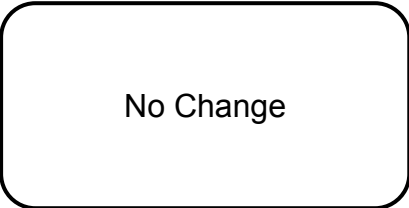
### **Disability Issues**

None

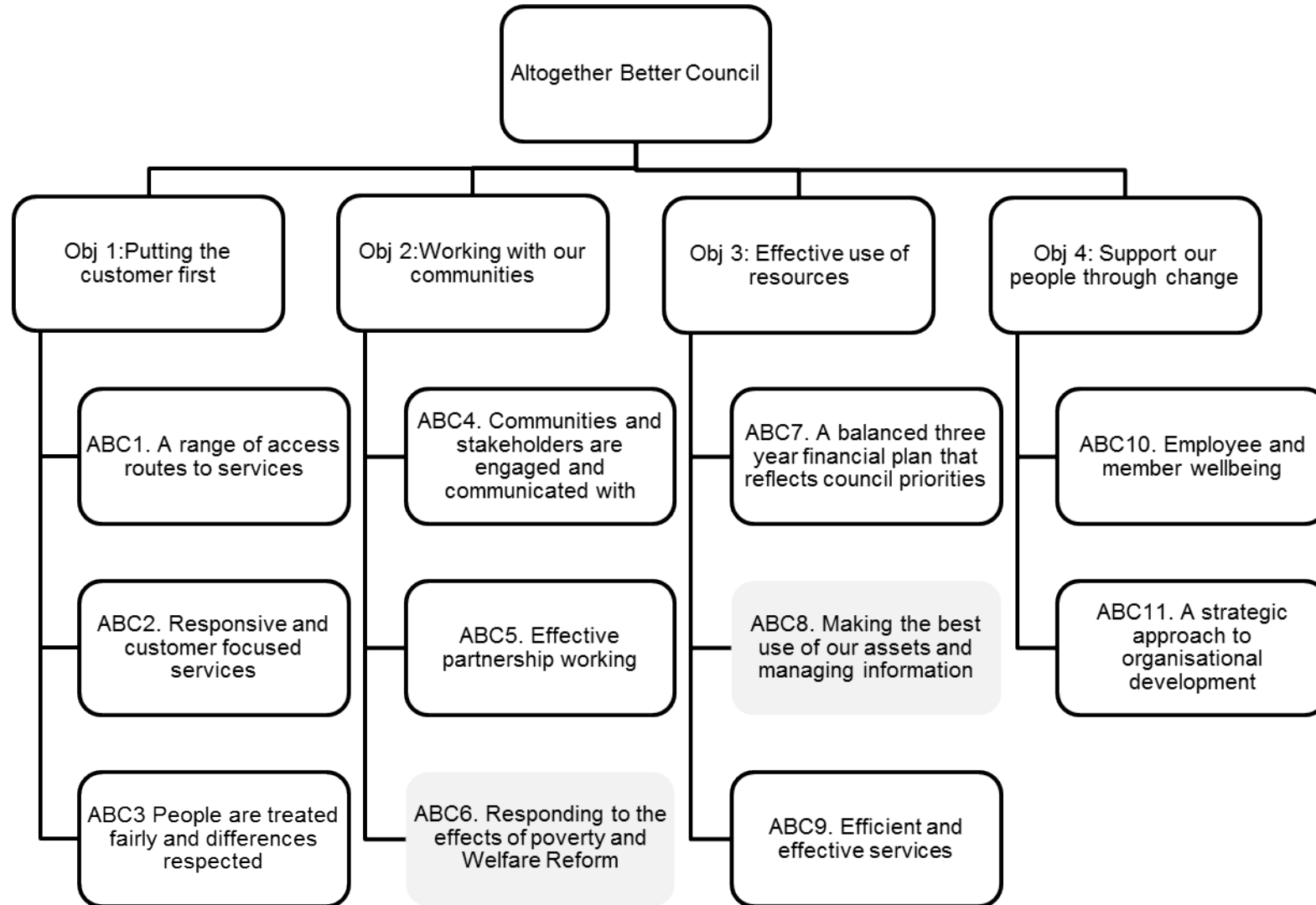
### **Legal Implications**

None

# KEY



## Appendix 2: Partnership and Council Draft Objectives and Outcomes Framework





### Appendix 3: Proposed Corporate Performance Indicator Set 2016/17

Indicator	Description	Current targets		
		2015/16	2016/17	2017/18
<b>Altogether Better Council</b>				
ACE006	Percentage of Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests responded to within statutory deadlines (20 working days)	85	85	85
ACE016	Percentage of children in poverty (quarterly proxy measure)	Tracker indicator		
ACE017	Percentage of children in poverty (national annual measure)	Tracker indicator		
ACE019a	Proportion of Households in Fuel Poverty (Low income/high costs rule)	Tracker indicator		
NS20	% of abandoned calls	12	12	12
NS21	Average time taken to answer a telephone call	Tracker indicator		
NS25	Percentage of customers with an appointment at a customer access point who are seen on time	95	95	95
NS43a	No of customer contact - face to face	Tracker indicator		
NS43b	No of customer contact - telephone	Tracker indicator		
NS43c	No of customer contact - web form	Tracker indicator		
NS43d	No of customer contact - emails	Tracker indicator		
NS43e	Number of customer contacts- social media	Tracker indicator		
REDPI49b	£ saved from solar installations on council owned buildings	242,000	242,000	242,000
REDPI68	Average asset rating of Display Energy Certificates in County Council buildings	97	96	95
RES/002	% of council tax collected in-year	96.2	96.4	96.6
RES/003	% of business rates collected in-year	96.7	96.9	97.1
RES/011	% performance appraisals completed - all services	90	90	90
RES/013	Staff aged under 25 as a (% of post count)	Tracker indicator		
RES/014	Staff aged over 50 as a (% of post count)	Tracker indicator		
RES/020	% of time lost to sickness in rolling year (exc. Schools)	Tracker indicator		
RES/028	Discretionary Housing Payments - number / (value) for customers affected by social sector size criteria	Tracker indicator		
RES/029	Discretionary Housing Payments - number / (value) for customers affected by Local Housing Allowance reforms	Tracker indicator		

### Appendix 3: Proposed Corporate Performance Indicator Set 2016/17

Indicator	Description	Current targets		
		2015/16	2016/17	2017/18
RES/034b	Staff - total headcount (excluding schools)	Tracker indicator		
RES/035b	Staff - total Full Time Equivalent (FTE) (excluding schools)	Tracker indicator		
RES/036	Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) incidents reported to the Health and Safety Executive (HSE)	Tracker indicator		
RES/038	Percentage all ICT service desk incidents resolved on time	90	90	90
RES/052	% posts with no absence (exc. SCHOOLS) (rolling year)	Tracker indicator		
RES/129	% council tax recovered for all years excluding the current year	98.5	98.5	98.5
RES/130	% business rates recovered for all years excluding the current year.	98.5	98.5	98.5
RES/LPI/010	Undisputed invoices paid within 30 days to our suppliers	92	93	93
RES/LPI/011a	Women in the top 5% of earners	Tracker indicator		
RES/LPI/011b(i)	BME as a % of postcount	Tracker indicator		
RES/LPI/011c(i)	Staff with disability (DDA definition) as a % of postcount	Tracker indicator		
RES/LPI/012	Days / shifts lost to sickness absence – all services including school staff	8.5	8.2	8
RES/LPI/012/a	Days / shifts lost to sickness absence – all services NOT including school staff	11.5	11.2	11
RES/NI/181a1	Time taken to process new housing benefit claims year to date and (discrete quarter)	22	21	Not set
RES/NI/181a2	Time taken to process new council tax reduction claims - year to date and (discrete quarter)	22	21	Not set
RES/NI/181b1	Time taken to process change of circumstances for housing benefit claims year to date and (discrete quarter)	10	10	Not set
RES/NI/181b2	Time taken to process change of circumstances for council tax reduction claims year to date and (discrete quarter)	10	10	Not set

## Appendix 3: Proposed Corporate Performance Indicator Set 2016/17

### Indicators proposed for removal (3)

Indicator	Description	Reason for removal
<b>Altogether Better Council</b>		
RES/001	Savings delivered against the MTFP (£m)	Updates provided to CMT and Cabinet in separate reports
NS22	% calls answered within 3 minutes	Over 90% of telephone calls are answered within three minutes. This indicator is proposed to be replaced by NS21, Average time taken to answer a telephone call.
NS24	% of customers seen within 15 minutes at a customer access point (CAP)	Almost all customers are seen within 15 minutes. This indicator is proposed to be replaced by NS25, customers with an appointment at a CAP who are seen on time

**This page is intentionally left blank**

**Corporate Issues Overview and  
Scrutiny Committee**



**26 January 2016**

**Customer Feedback : Complaints  
Compliments and Suggestions  
2015/16 – Quarter 2**

---

**Report of Terry Collins, Corporate Director for Neighbourhood  
Services**

---

**Purpose of the Report**

- 1 To present to Corporate Issues Overview and Scrutiny Committee (CIOSC) the Customer Feedback: Complaints, Compliments and Suggestions report for Quarter 2 2015/16 (Full report attached at Appendix 2).

**Background**

- 2 The report in relation to the Council's performance and key issues regarding complaints, compliments and suggestions is aligned to the performance reporting mechanisms, so the implications of this customer feedback can inform scrutiny of Council performance.

**Quarter 2 2015/16**

- 3 This quarter's report is in a new format, providing a stronger focus on high level strategic messages and learning outcomes.
- 4 The full report at appendix 2 provides details in relation to both the statutory and corporate complaints, compliments and suggestions received during the second quarter of 2015/16 and the learning outcomes which are built into service improvement as a result of the investigations into them.
- 5 The report also includes an overview of complaints made to the Local Government Ombudsman (LGO).

**Recommendations**

- 5 Members are asked to note the information in the report.

---

**Contact: Mary Readman Tel. 03000 268161**

---

---

**E-Mail: [mary.readman@durham.gov.uk](mailto:mary.readman@durham.gov.uk)**

---

---

**Appendix 1: Implications**

---

**Finance**

None

**Staffing**

None

**Risk**

None

**Equality and Diversity**

None

**Accommodation**

None

**Crime and Disorder**

None

**Human Rights**

None

**Consultation**

None

**Procurement**

None

**Disability Discrimination Act**

None

**Legal Implications**

None

**This page is intentionally left blank**



Putting our  
customers first

Customer Feedback Report

Complaints,  
compliments and  
suggestions.

Quarter 2  
2015/16

*Altogether better*

## Background information

1. Customer feedback is a valuable tool. It not only helps us understand what is important to service users and what we are doing well, it can also indicate widespread issues and offer us the opportunity to put things right and improve our services.
2. This report provides a breakdown of all complaints, compliments and suggestions received by the Council during quarter 2, 15/16 (1 July 2015 to 30 September 2015). It summarises the Council's performance in dealing with complaints, explores the themes across customer feedback and identifies the action we will take to not only put things right for an individual but to improve wider service provision. The report also includes an overview of complaints made to the Local Government Ombudsman (LGO).
3. Two types of complaint are included within this document. Statutory complaints which arise from our duties as a local social services authority and corporate complaints which cover all other complaints. As each complaint type is subject to its own processes and policy, they are reported separately

## Summary

4. The following key points should be noted as of particular interest for quarter 2:
  - 56 complaints were received in relation to our statutory services, 11 more (24% increase) than quarter 1 and 15 more than the same period last year (36% increase).
  - 716 corporate complaints were received, a 0.7% reduction on the previous quarter (5 fewer), a 20% decrease on the same period last year (182 fewer) and a continuation of the downward trend that has been experienced over the last 2 years.
  - Our customers' preferred channel for reporting complaints continues to be the telephone. However, we have seen a decrease from 50% of all complaints reported via the telephone to 43% during quarter 2. There was a corresponding increase in the use of web forms and email.
  - 2 statutory and 50 corporate complaints were escalated during quarter 2. Investigations into the 2 statutory complaints and 9 corporate complaints are continuing. Of the 41 corporate complaints fully investigated 9 were justified (22%) and 32 not justified (78%).
  - The Local Government Ombudsman delivered decisions into 36 matters. Of the 18 subject to full investigation, 7 were justified.

## Statutory Complaints and Compliments

5. During quarter 2, Children and Adult Services received 56 complaints and 97 compliments in relation to their statutory services.
6. With regard to the 56 statutory complaints, this was 11 more than quarter 1 (24% increase) and 15 more than the same period last year (36% increase). 61% of the complaints were about Children's Services and the remaining 39% about Adult Services.

## Children's Services

7. 34 statutory complaints were received by Children's Services during quarter 2, a 17% increase (5 more) compared to quarter 1 and a 62% increase (13 more) on the same period last year. 2 complaints progressed to Stage 2 and are in the process of being investigated. 79 compliments were received, 5 more than the previous quarter.
8. All 34 complaints were acknowledged within 2 working days of receipt and 65% were resolved during the quarter. Of the 22 resolved complaints, 15 were resolved within the prescribed timescale of 20 working days and 7 were not. Investigations into the remaining 12 complaints are continuing, although 6 are outside the agreed timescale.
9. Of the 22 resolved complaints, 18 (82%) were not justified, 2 were justified (9%) and 2 partially justified (9%).
10. 5 complaints were declined during quarter 2; two due to concurrent criminal proceedings against the complainants, one because it had occurred more than a year ago and had already been considered as part of court proceedings, one as the complainant did not have parental responsibility so the complaint could not be considered and one due to being based on opinion with no evidence to enable an investigation to be conducted.
11. A number of actions were taken in response to complaints, including;
  - Putting in place personalised contact arrangements to ensure social worker and service user maintain good communications.
  - Utilising the supervision and appraisal processes to remind staff of their professional responsibilities when engaging with families and young people.
  - Circulating more widely, via the recently reviewed introductory packs for families, information on how to make a complaint
  - Reminding staff of the importance of checking factual information with families before completing reports.

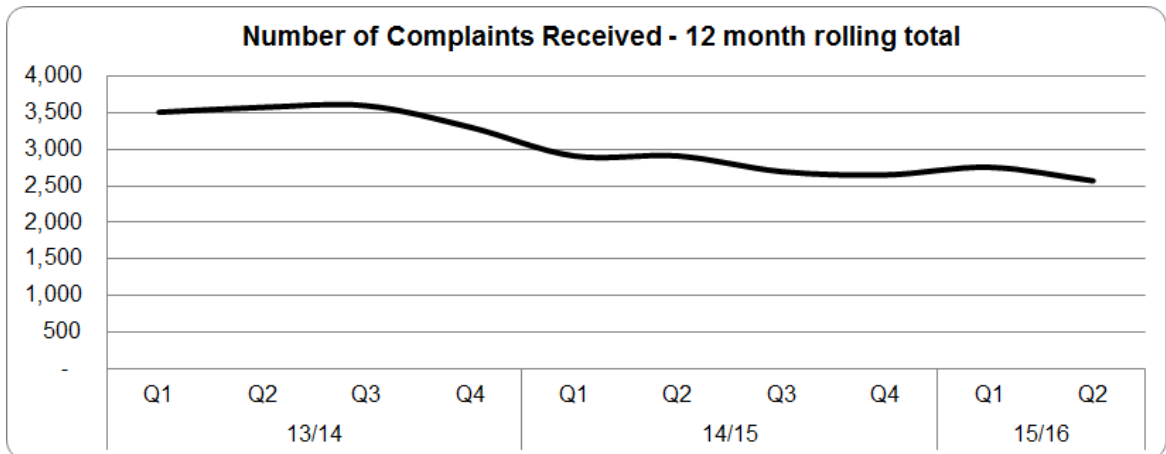
12. During quarter 2, the Local Government Ombudsman (LGO) delivered decisions in relation to 4 cases within children's social care services: three were closed for to a variety of reasons and one was referred back to the Council to deal with under our complaints procedure as it was reported prematurely to the LGO.

## Adult Care Services

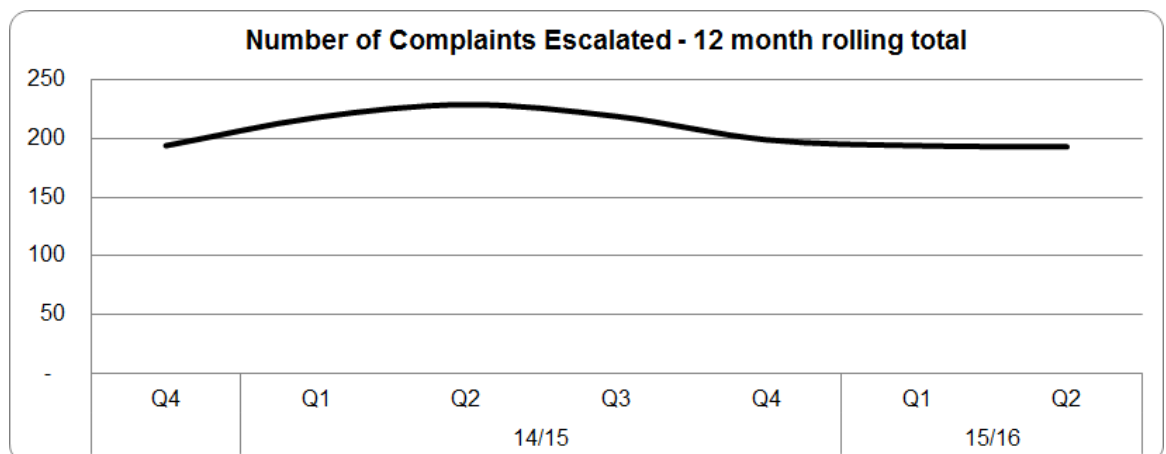
13. 22 statutory complaints were received by Adult Services during quarter 2, a 37% increase (6 more) compared to quarter 1 and a 10% increase (2 more) on the same period last year. 18 compliments were received, 8 fewer than the previous quarter.
14. All 22 complaints were acknowledged within 2 working days of receipt and 68% were resolved during the quarter. All of the 15 resolved complaints were resolved within the prescribed timescale. Investigations are continuing into the remaining 7 complaints.
15. Of the 15 resolved complaints, 5 (33%) were not justified, 5 were justified (33%) and 5 partially justified (33%).
16. 2 complaints were declined during quarter 2: one because it related directly to a care home and the contract between DCC and the care home states that the home must investigate the complaint in the first instance, and one on the basis that it was outside the one year timeframe.
17. A number of actions were taken in response to complaints received during quarter 2, including;
  - Reminding staff to clearly communicate the criteria for the Intermediate Care Plus Service, particularly when service users are admitted to hospital during the period of service provision, and ensuring that the service user and their family understand that the service is based on assessed need and is for *up to* 6 weeks.
  - The procedure for issuing invoices was reviewed to make it more robust.
18. During quarter 2, the Local Government Ombudsman (LGO) delivered decisions in relation to 7 cases within adult social care services. Maladministration and injustice was found in one case but the case was closed as the Council had remedied the injustice. Of the remaining 6 cases, the LGO found no evidence of fault in 2 cases, closed 3 cases and issued one premature notice thereby giving the Council the opportunity to complete its process (this complaint was found to be not justified following the subsequent investigation).

## Corporate Complaints, Compliments and Suggestions

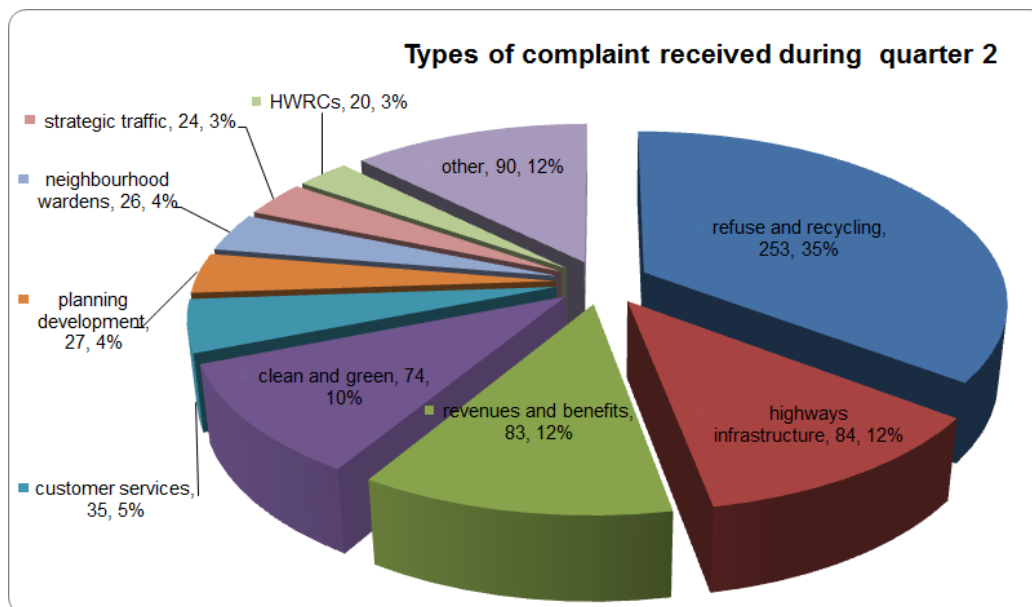
19. 716 corporate complaints, 379 compliments and 80 suggestions were received across DCC services during quarter 2.
20. In relation to complaints, this is a 0.7% reduction on the previous quarter, a 20% decrease on the same period last year and a continuation of the downward trend that has been experienced over the last 2 years.



21. Overall response times have also decreased and complaints are being concluded more swiftly. Whilst the initial acknowledgement is taking proportionately longer this has had no detrimental effect on the overall satisfaction. 54% of all acknowledgements are now completed by telephone which gives the customer confidence and the opportunity to discuss their complaints.
22. Investigations have been completed into 655 (91%) of the complaints received during quarter 2 and of these, 329 (approximately half) were justified (partly or fully).
23. 50 complaints were escalated to the next stage and of the 41 which have been fully investigated 22% (9) were justified.



24. Analysis of the 716 corporate complaints received during quarter 2 has highlighted 4 key topics which collectively make up 69% of all complaints received.



25. 35% (253) of all complaints were received by our **Refuse and Recycling Service**, a 33% reduction on the previous quarter and a 70% decrease on the same period last year, although 128 complaints were due to industrial action in July 2014.
26. 39 objections to the garden waste collection charge were submitted through the complaints system during quarter 2 last year, whereas none were received during quarter 2 this year. More than 64,000 residents signed up to the new garden waste scheme which began in March 2015 and during quarter 1 we received 200 complaints. Embedding the new collection rounds, eliminating those one off issues associated with the implementation of a new service and changing our processes and systems successfully reduced garden waste complaints by 62% between quarter 1 and quarter 2.
27. Almost all of the 253 complaints received by the refuse and recycling service related to household waste collection from the kerbside;
- 121 due to missed collections (48%),
  - 38 general objections to our policies and procedures (15%),
  - 26 staff behaviour issues (10%), and
  - 19 occasions whereby crews did not return containers to their initial collection point (7%).
- The remaining 17% arose from a variety of causes.
28. 121 complaints were received in relation to missed collections during quarter 2; 63 garden waste, 47 kerbside refuse and recycling and 11 bulky waste. This is fewer than quarter 1 and in line with the 123 received during the same period last year (excluding those relating to industrial action). When considering the volume of complaints it is important to take into account the size of service provision and during quarter 2, our

refuse and recycling crews completed more than 3.2 million refuse and recycling collections, 400,000 Garden Waste collections and 8,000 bulky collections.

29. There were, during quarter 2, 26 complaints about the behaviour of the refuse and recycling crews, 2 fewer than the previous quarter. Exactly half of the complaints related to staff being rude, abusive or swearing. The remaining 13 concerned crews dropping or not clearing up refuse / recycling from roads and pavements as they completed their collection rounds.
30. As we continue to make service changes, we continue to receive objections to our refuse and recycling policies through the complaints system. During quarter 2, 38 were received (9% of all refuse and recycling complaints);
- Side Waste: 4 residents complained that we do not collect residual waste put out next to full bins on collection day,
  - Contamination: 15 residents protested their recycling bins were not emptied due to contamination they did not cause,
  - Replacement Bin Charge: 16 residents objected to the £20 replacement bin charge mainly as they felt the loss of their bin was not their fault and so payment was unfair, and
  - Garden Waste Scheme: 3 residents were unhappy that this scheme only consists of 16 collections and feel that it should continue beyond October. In addition to these complaints, we also received 6 suggestions during quarter 2 and a further 100 when the scheme ended during October, requesting more collections. Following this feedback, it has been agreed that the 2016/17 scheme will be extended to 17 collections.
31. 7 complaints involving our Refuse and Recycling Service were escalated during quarter 2, less than half the number escalated at quarter 1 (19). 4 were in connection to repeated missed collections, 1 objected to our policy on side waste, 1 was in response to crews repeatedly leaving a resident's gate open and 1 suggested the Council is not doing enough to discourage people from leaving bins on the pavement. 6 complaints have been fully investigated and 3 were justified; 2 were with regard to non-collection of garden waste and one concerning crews not closing resident's gate following an assisted bin collection.
32. During quarter 2, 84 complaints (12% of all complaints received during quarter 2) were received in relation to our **highways infrastructure**. 57% (48 complaints) related to highway maintenance and 43% (36 complaints) to street lighting. This is an increase of 127% compared to quarter 1 (47 more) and occurred when ornate lamp posts were unintentionally replaced with standard lamp posts. Although the mistake was quickly rectified, some residents recorded their dissatisfaction through the complaints system. The replacement was part of the Street Lighting Energy Replacement Programme (SLERP) which to date has replaced / retrofitted almost 28,000 street lights across the County.

33. 8 complaints were escalated to Stage 2 and these concerned the standard of work (2) drainage issues (2), objections to changes to the highway (1), staff attitude (1) and miscellaneous (2). All of these complaints have been fully investigated and none were justified.
34. The **Revenues and Benefits Services** received 83 complaints during quarter 2, accounting for 12% of all complaints. This is consistent with the 85 received during quarter 1 and represents a 20% reduction compared to the same period last year
35. 28 of these complaints (34%) were received by the Assessment Team which is responsible for the administration of Housing Benefit and Council Tax Reduction claims. 6 of the 28 complaints (21%) were deemed to be justified and these related to inappropriate data processing, payments being made directly to the customer rather than the landlord as requested and customers being provided with inaccurate telephone advice. The remaining complaints mainly related to dissatisfaction with benefit calculations; in these cases, employees had followed correct processes and procedures.
36. 31 complaints (37%) were received by the Awards Team which is responsible for administering Council Tax accounts. 6 of the 31 complaints (19%) were considered to be justified, four were due to employees failing to follow agreed processes or procedures and two due to identified delays in processing. The remaining complaints related to disputed Council tax liabilities, exemptions and discounts, including 3 complaints about the Council's policy to charge Council Tax on empty properties.
37. 21 complaints (25%) were received by the Collections Team who are responsible for the recovery of outstanding Council Tax, Business Rates, Housing Benefit overpayments and Sundry debt. 4 complaints (19%) were found to be justified. 3 related to the issuing of summons; investigations revealed that a summons should not have been issued as the customers had either made a payment or a review of their liability was still ongoing. In one case, a debt had been written-off as part of the Council's Debt Management Strategy but the customer had not been notified. The remaining complaints related to various aspects of recovery action. There were several instances where customers complained following receipt of a summons (after which the complainants set up a repayment arrangement). In all recovery cases, consideration is given to the Council's Debt Management Strategy and, where appropriate, customers are sign-posted to free support agencies.
38. 5 complaints received in response to our handling of council tax and housing benefit were escalated to Stage 2. 4 of these complaints have now been fully investigated and none have been justified.
39. Our **Clean and Green Service** received 74 complaints (accounting for 10% of all complaints) during quarter 2, which is slightly higher than the 66 received during quarter 1. Of these 74 complaints, 40 related to grounds maintenance, 16 to environmental



issues such as litter and dog fouling, 1 to street cleansing and the remainder (17) to a variety of causes.

40. There were 2 key themes linked to grounds maintenance complaints; overgrown vegetation and excessive / inappropriate use of weed killer. In those instances whereby we are responsible for the land, the overgrown vegetation was strimmed and weed killed as appropriate once we became aware of the problem. In some cases, e.g. a complaint related to a roadside verge where the overgrown vegetation was affecting traffic sight lines, processes were changed to ensure the verge was cut more frequently to prevent the problem reoccurring. Staff have also been reminded to take more care when applying weed killer.
41. The remaining 31% of complaints (222) relate to a wide variety of topics, including;
- 35 complaints (5%) were received from residents unhappy with **customer services**, with most claiming to have been given insufficient or incorrect information in relation to a variety of topics including benefits, council tax and collection dates. During this period, customer services received just over 161,000 telephone enquiries, 41,000 visits to CAPs, 4,500 web requests and 17,000 emails.
  - 4% of the complaints received (27) related to **planning development** mainly in connection to planning decisions and building control, 22% higher than the same period last year. 11 complaints escalated to Stage 2 and related to a variety of issues including granting of planning permission (6) and staff attitude (3). Seven of these complaints have been fully investigated and none were justified.
  - 26 complaints (4%) concerned our **Neighbourhood Warden Service**. However, most of the complaints related to outcomes of issues the service was involved with. For example, during quarter 2, seven complainants were unhappy that enforcement action is being taken against them (compared to one during the same period last year); there were six complaints citing lack of action (compared to two last year) and three residents thought their issue was poorly handled (compared to one last year). The majority of these cases (69%) were found to be not justified as staff had acted appropriately in line with procedures.
  - 24 complaints (3%) were received in relation to **Strategic Traffic**, mostly on the subject of residential parking and pathway matters, Although, only 3% higher than quarter 1, it is twice the number received in the same period last year.
  - 20 complaints (3%) concerned our **Household Waste Recycling Centres (HWRC)** and other strategic waste issues. This is broadly in line with the 19 received during quarter 1. The complaints are a combination of staff attitude and a result of tighter controls being put in place at the 13 HWRCs across the county (one mobile and 12 permanent). All of these complaints have been raised with the company which manages our HWRCs on our behalf.

## Complaints to the Local Government Ombudsman (LGO)

42. During quarter 2, the LGO delivered decisions in relation to 36 complaints, half of which had been subject to full investigation.
43. In relation to those 18 matters not subject to full investigation, conclusions were reached based on details supplied by complainants which were supplemented, in some instances, with contextual information from Council officers. The 18 investigations related to a number of service areas including planning, adult care, highways and benefits. 7 were found to be outside the LGO's jurisdiction, 6 were no fault by the council and 5 were reported prematurely to the LGO so were referred back to the council to deal with under our complaints procedure.
44. The LGO also delivered decisions on 18 matters which had been subject to full investigation. In 10 of these cases the LGO found no fault on the part of the Council, 1 case was closed on the basis that it was made to the LGO prematurely and 7 complaints were justified as detailed in the table below;

Service	Complaint	Decision	Action to be taken
Adult Care	Failure to deal with late father's move from one care home to another	Maladministration and Injustice	Council had already taken action to remedy the issues before the LGO's decision and to the LGO's satisfaction
Planning	Failure to pass an employee planning application to a planning committee for consideration	Maladministration and Injustice	Council had already taken action to remedy the issues before LGO's decision and to LGO's satisfaction
Highways	Fault by the Council in the way it dealt with a complaint about street lighting	Maladministration and Injustice	Financial remedy of £150 and a formal written apology
Council Tax	Failure by the Council to correctly transfer a council tax payment the complainant made on a previous property to current address	Maladministration and Injustice	Financial remedy of £75 in recognition of time and trouble
Planning	How the Council dealt with a planning application and construction work for a new school	Maladministration	No remedies recommended. Though some fault was identified, it has not caused the complainant any injustice
Benefits	Council at fault in omitting to check on a change of circumstances affecting the complainant's housing benefit claim	Maladministration	Council had already taken action to remedy the issues before the LGO's decision and to the LGO's satisfaction
Staff Conduct	Inaccurate information given to complainant about the process the Council would use for a staff conduct complaint	Maladministration	Council had already taken action to remedy the issues before the LGO's decision and to the LGO's satisfaction

## Review of the Complaints Policy and Process

45. The staggered approach to implementation has allowed each Service Area to receive the support and training to allow them to pick up the mantle of handling their own complaints. This, partnered with feedback, housekeeping exercises and focused side by side training has contributed to the overall success of this service provision realignment.
46. Service areas have embraced the new process and although customers are initially waiting a little longer for their acknowledgements they are receiving their responses quicker with 41% of responses now being delivered by telephone.
47. In terms of the overall customer journey there has been no detriment to the overall satisfaction results which has remained at 31%. 83% of customers are satisfied with the ease of making a complaint

## Compliments and Suggestions

48. We receive many positive comments about our staff and the services we provide, and we believe that understanding what is working well and appreciated is as important as knowing what is not working as well. Suggestions are essential to the ongoing development and improvement of the service, and all suggestions are carefully considered by the relevant service area.
49. During quarter 2, we received 379 compliments which recognised not only the motivation, dedication and hard-work of our staff but also the high standard and value of the services we provide, as well as 80 suggestions.
50. 31% (116) of all compliments received during quarter 2 related to the appearance of the local environment. More than half of these, equating to 17% of total compliments received, specifically related to the wildflower meadows we have planted on roundabouts and verges as part of our wildflower planting scheme. In addition to these 64 compliments, the wildflower meadows also drew attention on our social media sites. More than 170,000 people viewed our post highlighting the roadside wild floral displays with 4,038 likes and 1,027 comments.
51. 19 compliments were received in relation to the major improvement works recently undertaken at Sunderland Bridge and Milburngate Bridge. The severe delays expected throughout the seven weeks of major improvement works to Milburngate Bridge did not materialise due to a combination of our proactive approach, a hardworking and dedicated workforce and public support. In addition to the compliments recorded on the CRM, our post on social media reached nearly 53,000 people, attracting 640 likes and more than 80 comments. The majority of the comments congratulated us for finishing the job early.
52. 13 compliments were received thanking Area Action Partnerships (AAPs) for their support and for grants to help community projects.

**This page is intentionally left blank**

## Corporate Issues Overview and Scrutiny Committee

26 January 2016



### Resources – Quarter 2 September 2015: Forecast of Revenue and Capital Outturn 2015/16

---

## Report of Corporate Director Resources

---

### Purpose of the Report

1. To provide details of the forecast outturn budget position for the Resources service grouping highlighting major variances in comparison with the budget based on the position to the end of September 2015.

### Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget profiling between years. This report covers the financial position for the following major accounts maintained by the Resources service grouping:
  - *Revenue Budget - £17.295m (original £15.855m)*
  - *Capital Programme – £13.909m (original £13.422m)*
3. The original Resources General Fund budget has been revised in year to incorporate a number of budget adjustments as follows:
  - Funding for HR Recruitment Function from CAS - +£9k
  - ICT costs funded from New Burdens CAS grant - +£20k
  - Transfer to Corporate Contingency - Energy Costs - -£1k
  - Transfer from Corporate Contingency – Carbon Reduction Commitment - +£16k
  - Direct Revenue funding of ICT Capital Investment in year - -£270k
  - Transfer of Tribal Software from CAS - +£50k
  - Transfer of Adults Financial Services Team - +£1.348m
  - Corporate Saving Adjustment– Car Allowances - +£45k
  - Contribution from MTFP ER/VR Reserve - +£296k
  - Contribution from Cash Limit Reserve – E-Learning -+£25k
  - Contribution from Cash Limits Reserve – Revenues and Benefits - +£35k
  - Contribution from Welfare Rights Reserve - +£67k
  - Contribution from Oracle Development Reserve - +£205k
  - Contribution to Legal Services Reserve - -£154k
  - Contribution to Single Fraud Incentive Scheme Reserve - -£257k
  - Transfer from Neighbourhoods – Depot Storage - +£6

The revised General Fund Budget now stands at £17.295m.

4. The summary financial statements contained in the report cover the financial year 2015/16 and show: -
- The approved annual budget;
  - The actual income and expenditure as recorded in the Council's financial management system;
  - The variance between the annual budget and the forecast outturn;
  - For the Resources revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

## Revenue

5. The service is reporting a cash limit underbudget of **£990k** against a revised budget of **£17.295m**. This compares with an underbudget of £685k that was reported at Quarter 1.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

### Subjective Analysis (£000's)

Category	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	40,805	21,965	40,638	(168)	(100)	(268)
Premises	5,788	110	5,765	(22)	0	(22)
Transport	1,052	332	844	(209)	0	(209)
Supplies and Services	15,865	9,555	16,400	535	(26)	510
Agency & Contracted	19	0	19	0	0	0
Transfer Payments	0	491	491	491	(491)	0
Central Costs	9,574	77	9,575	2	0	2
<b>Gross Expenditure</b>	<b>73,102</b>	<b>32,531</b>	<b>73,732</b>	<b>630</b>	<b>(617)</b>	<b>13</b>
Income	(55,549)	(15,230)	(56,443)	(894)	(109)	(929)
<b>Net Expenditure</b>	<b>17,553</b>	<b>17,301</b>	<b>17,289</b>	<b>(264)</b>	<b>(726)</b>	<b>(990)</b>
HB Transfer payments	190,359	91,669	186,920	(3,439)	0	(3,439)
HB Central Costs	400	0	400	0	0	0
HB Income	(191,017)	(1,102)	(187,578)	3,439	0	3,439
<b>HB Net Expenditure</b>	<b>(258)</b>	<b>90,567</b>	<b>(258)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Net Expenditure</b>	<b>17,295</b>	<b>107,868</b>	<b>17,031</b>	<b>(264)</b>	<b>(726)</b>	<b>(990)</b>

## By Head of Service (£000's)

Head of Service	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Central Estab. Recharges	(15,471)	0	(15,471)	0	0	0
Corporate Finance	1,815	1,714	1,653	(162)	0	(162)
Financial Services	10,106	4,743	9,773	(334)	58	(276)
Human Resources	2,655	1,202	2,633	(22)	0	(22)
ICT Services	9,238	4,460	9,401	164	(167)	(3)
Internal Audit and Risk	1,349	668	1,257	(92)	(27)	(119)
Legal & Dem. Services	7,497	4,400	7,770	274	(590)	(316)
Service Management	364	113	272	(92)	0	(92)
<b>Net Expenditure Excl HB</b>	<b>17,553</b>	<b>17,301</b>	<b>17,289</b>	<b>(264)</b>	<b>(726)</b>	<b>(990)</b>
Housing Benefit	(258)	90,567	(258)	0	0	0
<b>NET EXPENDITURE</b>	<b>17,295</b>	<b>107,868</b>	<b>17,031</b>	<b>(264)</b>	<b>(726)</b>	<b>(990)</b>

7. The table below provides a brief commentary on the variances against the revised budget analysed by Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. redundancy costs) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Forecast (Under) / overbudget £000's	Forecast (Under) / overbudget £000's
Corporate Finance	Management	£35k underbudget against employees reflecting early achievement of 2016/17 MTFP savings	(35)	
	Financial Systems	£58k underbudget employees reflecting early achievement of 2016/17 MTFP savings £7k underbudget on supplies and services £2k underbudget on transport	(67)	
	Procurement	£3k underbudget on employees £2k overbudget on transport £15k underbudget on supplies and services £18 over achieved income	(34)	
	Strategic Finance	£26k underbudget on employees through the pro-active management of vacancies, maternity leave and redundancies	(26)	(162)
Financial Services	Management	£72k managed underbudget for employees and £18k supplies reflecting early achievement of 2016/17 MTFP savings	(90)	
	Operations & Data	£10k overbudget on employees £8k underbudget on supplies and services £4k overachieved income	(2)	
	Pensions	£14k overbudget on employees £5k overbudget on printing	19	
	Financial Services/ Assessments	£72k managed underbudget for employees £26k underbudget on transport £17k overbudget on supplies and services £35k over recovery of income	(116)	
	Financial Management	£18k underbudget on employees due to early achievement of 2016/17 MTFP Savings £2k underbudget on transport £12k underbudget on supplies and services £34k over recovery of SLA income	(66)	

Head of Service	Service Area	Description	Forecast (Under) / overbudget £000's	Forecast (Under) / overbudget £000's
	Revenues and Benefits	£66k underbudget on employees £85k underbudget on transport £117k overbudget on supplies and services £150k overbudget on agency work packages £137k overachieved income from government grant	(21)	(276)
Human Resources	Occupational Health	£11k overbudget on employees £1k overbudget on transport £10k underbudget on supplies and services £35k overachieved income	(33)	(22)
	Health and Safety	£29k overachieved income	(29)	
	Human Resources	£7k underbudget on employees £7k underbudget on supplies and services £54k underachieved income	40	
ICT	ICT Services	£76k overbudget on employees £3k underbudget on premises £70k underbudget on transport £66k underbudget on supplies and services £60k overbudget on the Digital Durham project	(3)	(3)
Internal Audit and Risk	Insurance and Risk	Minor variance	2	(119)
	Internal Audit	£82k underbudget on employees through close management and control of vacancies £5k overbudget on supplies and services £38k over recovery of income from DCLG Grant	(115)	
	Corporate Fraud	£6k underbudget on employees £2k underbudget on transport £2k overbudget on supplies and services	(6)	
Legal and Democratic Services	Corporate and Democratic Core	£72k underbudget on employees £5k over achieved income	(77)	(316)
	Democratic Services	£64k underspend on employees (future years MTFP savings) £16k overspend on election expenses £85k underachieved income	37	
	Legal Services	£218k underbudget on employees from restructure to meet future years MTFP savings £29k underbudget on supplies and services £29k overachieved income	(276)	
Service Management	Service Management	Unbudgeted income from SLAs with Northumberland and North East Combined Authority for HR support	(92)	(92)
Central Estab. Recharges	Central Establishment Recharges	No variance		0
<b>TOTAL</b>				<b>(990)</b>



8. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the net MTFP savings required in 2015/16 which amount to £1.646m and early achievement of a number of MTFP savings in 2016/17.

### Capital Programme

9. The Resources capital programme currently comprises 22 schemes, 20 of which are managed within ICT.
10. The original Resources capital programme was £13.422m and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £14.024m
11. Summary financial performance to the end of September 2015 is shown below.

Service	Original Annual Budget 2015/16 £'000	Revised Annual Budget 2015/16 £'000	Profiled Budget £'000	Actual Spend to 30 September £'000	Remaining Budget £'000
ICT	13,257	13,754	6,828	4,367	9,387
Legal and Democratic	100	100	50	0	100
Human Resources	65	170	85	75	95
<b>Total</b>	<b>13,422</b>	<b>14,024</b>	<b>6,963</b>	<b>4,442</b>	<b>9,582</b>

12. The revised Resources capital budget is £14.024m with a total expenditure to 30 September 2015 of £4.442m (32%). A full breakdown of schemes and actual expenditure to 30 September 2015 is given in Appendix 2.
13. At year end the actual outturn performance will be compared against the revised budgets and at that time service and project managers will need to account for any budget variance.

### Recommendations:

14. Corporate Issues Overview and Scrutiny Committee is requested to note the contents of this report.

---

**Contact: Azhar Rafiq, Finance Manager, Finance Manager RED/RES/ACE**  
**Tel: 03000 263 480 E-mail: azhar.rafiq@durham.gov.uk**

---

---

## **Appendix 1: Implications**

---

### **Finance**

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn.

### **Staffing**

None.

### **Risk**

None.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Accommodation**

None.

### **Crime and disorder**

None.

### **Human rights**

None.

### **Consultation**

None.

### **Procurement**

None.

### **Disability Issues**

None.

### **Legal Implications**

None.

## Appendix 2: Resources Capital Programme 2015/16

Scheme	Revised Budget 2015/16	Profiled Budget	Actuals to 30/09/15	Remaining Budget
	£'000	£'000	£'000	£'000
Councillor Replacement Of ICT Equipment	54	27	2	52
Dark Fibre Installation of Circuit/Microwave Upgrades	451	225	317	134
Desktop Mailing Solution	41	17	0	41
Digital Durham	10,119	5,018	3,429	6,690
Homeworking	200	100	57	143
ICT Vehicle Purchase	25	10	0	25
Infra Environment Monitoring	74	37	0	74
Langley Park Institute Internet Provision	1	0	0	1
Ongoing Server Replacement	201	100	10	191
Replacement Desktop	1,204	602	466	738
Big Data	150	75	0	150
Forensic Investigation - Hardware and Software Replacement	25	12	0	25
ICT Mobile/Field Workforce System	80	40	0	80
Payment Card Industry (PCI) Code Of Compliance	20	10	0	20
Sharepoint Upgrade	50	25	0	50
Upgrade of ISP Provision	85	43	0	85
Wireless Network Replacement	195	97	86	109
Tanfield Datacentre Core Switching Replace	64	32	0	64
Tanfield Datacentre LAN Switching Replace	465	233	0	465
Tanfield Power Upgrade	250	125	0	250
<b>ICT Total</b>	<b>13,754</b>	<b>6,828</b>	<b>4,367</b>	<b>9,387</b>
Electronic Voting Equipment	100	50	0	100
<b>Legal and Democratic Total</b>	<b>100</b>	<b>50</b>	<b>0</b>	<b>100</b>
Civica Pension Fund Administration System	170	85	75	95
<b>Corporate Finance Total</b>	<b>170</b>	<b>85</b>	<b>75</b>	<b>95</b>
<b>Resources Capital Programme Total</b>	<b>14,024</b>	<b>6,963</b>	<b>4,442</b>	<b>9,582</b>

**This page is intentionally left blank**

# Corporate Issues Overview and Scrutiny Committee

26 November 2015



## Assistant Chief Executives – Quarter 2 September 2015: Forecast of Revenue and Capital Outturn 2015/16

---

### Joint Report of Corporate Director Resources and Assistant Chief Executive

---

#### Purpose of the Report

1. To provide details of the forecast outturn budget position for the Assistant Chief Executive's (ACE) service grouping highlighting major variances in comparison with the budget based on the position to the end of September 2015.

#### Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the ACE service grouping:
  - ACE Revenue Budget - £9.430m (original £10.163m)
  - ACE Capital Programme – £5.354m (original £3.776m)
3. The original ACE General Fund budget has been revised to incorporate a number of budget adjustments as follows:
  - Energy Reduction -£1k
  - Car Mileage outside cash limit +£4k
  - Creation of Transformation Challenge Reserve -£1,123
  - Use of AAP Reserve +£342k
  - Use of Modern Ways of Working Reserve +£35k
  - Use of Customer Focus Reserve +£2k
  - Use of Disabled Go Reserve +£8k

The revised General Fund Budget now stands at £9.430m.

4. The summary financial statements contained in the report cover the financial year 2015/16 and show:-

- The approved annual budget;
- The actual income and expenditure as recorded in the Council's financial management system;
- The variance between the annual budget and the forecast outturn;
- For the ACE revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

## Revenue - General Fund Services

5. The service is reporting a cash limit underbudget of **£0.237m** against a revised budget of **£9.430m**. This compares to an underbudget of £0.152m reported at Quarter 1.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

### Subjective Analysis (£'000s)

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
<b>Employees</b>	6,629	3,483	6,586	-43	19	<b>-24</b>
<b>Premises</b>	232	76	260	28	-16	<b>12</b>
<b>Transport</b>	48	20	48	0	0	<b>0</b>
<b>Supplies and Services</b>	1,648	658	1,517	-131	-7	<b>-138</b>
<b>Agency and Contracted</b>	0	0	0	0	0	<b>0</b>
<b>Transfer Payments</b>	2,233	1,207	2,380	147	-147	<b>0</b>
<b>Central Costs</b>	2,239	58	2,239	0	0	<b>0</b>
<b>GROSS EXPENDITURE</b>	<b>13,029</b>	<b>5,502</b>	<b>13,030</b>	<b>1</b>	<b>-151</b>	<b>-150</b>
<b>INCOME</b>	<b>-3,599</b>	<b>-2,003</b>	<b>-3,774</b>	<b>-175</b>	<b>88</b>	<b>-87</b>
<b>NET EXPENDITURE</b>	<b>9,430</b>	<b>3,499</b>	<b>9,256</b>	<b>-174</b>	<b>-63</b>	<b>-237</b>

### Analysis by Head of Service (£'000s)

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Partnership and Community Engagement	6,961	2,630	7,072	111	-140	<b>-29</b>
Planning and Performance	1,504	757	1,482	-22	0	<b>-22</b>
Policy and Communications	1,541	112	1,278	-263	77	<b>-186</b>
Central	-576	0	-576	0	0	<b>0</b>
<b>NET EXPENDITURE</b>	<b>9,430</b>	<b>3,499</b>	<b>9,256</b>	<b>-174</b>	<b>-63</b>	<b>-237</b>

7. Attached in the table below is a brief commentary of the variances with the revised budget analysed into Head of Service groupings. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	(Under) / overbudget £'000s
Partnership and Community Engagement (PACE)	Area Action Partnerships, Community Buildings, PACE	£7k managed under budget on employees. £22k managed under budget on a range of supplies and services.	(29)
Planning and Performance	Planning, Performance, Overview and Scrutiny, County Records	£14k managed under budget on employees. £5k managed under budget on supplies and services. £3k over recovery of income.	(22)
Policy and Communications	Policy, Communications Public relations, CCU and Programme Office	£95k managed under budget on employees. £88k under budget on a range of supplies and services. £3k over recovery of income.	(186)
Central	Central Costs	No material variances.	0
<b>TOTAL</b>			<b>(237)</b>

8. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the MTFP savings required in 2015/16 which amount to £0.278m.

### Members Neighbourhoods Revenue Budget

9. Each elected member receives an annual allocation of £20k; £6k revenue and £14k capital. The revenue budget allocation for the current year is £0.756m. Previous years unspent allocations totalling £1.159m are held in an earmarked reserve. At present £0.743m of the total budget allocation of £1.915m has been either spent or committed.
10. The members Initiative Fund Element of this budget equates to £252k based on £2k per elected member. At this stage of the year it is expected that this will be fully expended.

### AAP Area Budgets

11. Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £120k; £96k revenue and £24k capital. The revenue budget allocation for the current year is £1.344m to develop projects to meet the agreed AAP priorities. Previous years unspent allocations totalling £2.417m are held in an earmarked

reserve. At this stage in the year a total of £1.971m has either been spent or committed.

## Capital Programme

12. The ACE capital programme comprises four main schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook.
13. The Assistant Chief Executive capital programme was revised at Outturn for budget rephased from 2014/15. This increased the 2015/16 budget to £3.776m. Further reports to the MOWG in 2015/16 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£5.354m**.
14. Summary financial performance to the end of September is shown below.

Service	Original Annual Budget 2015/16 £000	Revised Annual Budget 2015/16 £000	Actual Spend to 30 September £000	Remaining Budget £000
Assets in the Community	1,163	1,371	236	1,135
Area Action Partnership	336	420	137	283
Members Neighbourhoods	1,764	3,050	474	2,576
Community Facilities Crook	513	513	0	513
<b>Total</b>	<b>3,776</b>	<b>5,354</b>	<b>847</b>	<b>4,507</b>

15. Officers continue to carefully monitor capital expenditure on a monthly basis. £847k of actual expenditure has been incurred to date. This is 16% of the total estimated spend in the year.
16. At year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

## Recommendations:

17. The Corporate Issues Overview and Scrutiny Committee is requested to note the contents of this report.

---

**Contact: Azhar Rafiq, Finance Manager, Finance Manager – RED/RES/ACE**  
**Tel: 03000 263 480 E-mail: azhar.rafiq@durham.gov.uk**

---



---

## **Appendix 1: Implications**

---

### **Finance**

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position.

### **Staffing**

None.

### **Risk**

None.

### **Equality and Diversity / Public Sector Equality Duty**

None.

### **Accommodation**

None.

### **Crime and disorder**

None.

### **Human rights**

None.

### **Consultation**

None.

### **Procurement**

None.

### **Disability Issues**

None.

### **Legal Implications**

None

**This page is intentionally left blank**