

Cabinet

5 June 2013



**Update on the delivery of the
Medium Term Financial Plan 2**

Report of Corporate Management Team

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Purpose of the Report

- 1 This report provides an update on the progress made at the end of March 2013 on the delivery of the 2012/13 to 2015/16 Medium Term Financial Plan (MTFP 2), and provides a summary over the past two years of the MTFP savings made.

Background

- 2 Cabinet has received regular updates on the progress made by the Council in delivering the financial targets within MTFP 1 which covered the period 2011/12 to 2014/15 and within MTFP 2 which covers the period 2012/13 to 2015/16. These updates have also outlined the approach being taken to ensure the Council has a rigorous programme management framework in place to make certain we meet our duties under the Equalities Act, we comply with our duties as an employer and we consult on and communicate the changes being made.
- 3 MTFP 3 has now been agreed by Council and takes the overall savings target for the period from 2011/12 to 2016/17 to over £188m.

Progress to date

- 4 Although clearly very challenging for the Council, we have continued to meet the savings targets agreed and the target for 2012/13 has now been fully delivered with a total of £26.4m being saved during this period. Together with the savings made in 2011/12 of £66.4m this makes a total of nearly £93m saved in the first two years of the MTFP.
- 5 During the last quarter of 2012/13 the amount of savings required were delivered through initiatives which had already been introduced previously including income from reviews undertaken on social care charges, road safety

services and pest control, on-going internal restructures, changes to home to school transport and the on-going management of vacancies.

- 6 Looking at the overall progress on the delivery of MTFP savings, the amount delivered to date and the amounts still required over the coming few years are shown in the graph below;

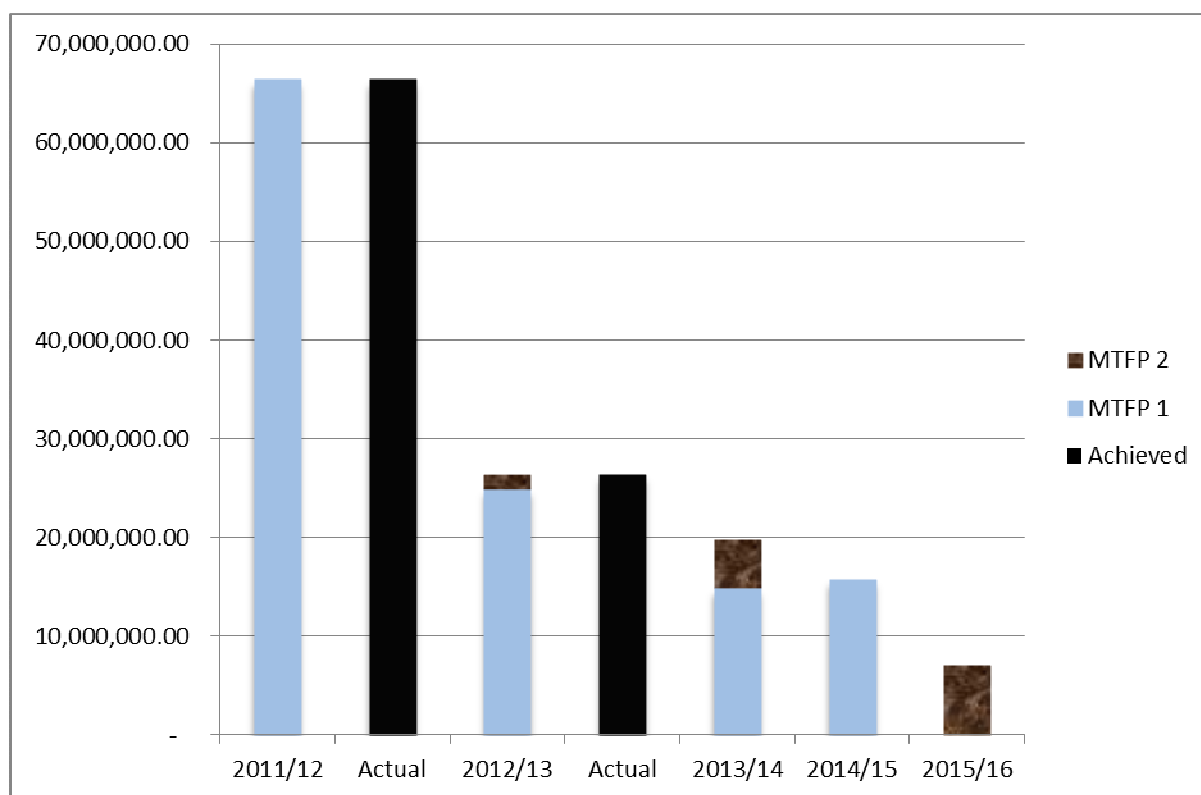


Figure1. MTFP 1 and 2 savings targets and achievements

- 7 During the last two years there have been over 250 individual projects identified during the planning for MTFP savings.
- 8 As mentioned in the background to this report the MTFP programme is carefully monitored through the use of robust programme management. This ensures that savings are being delivered on time, are being made through sustainable changes and also to ensure that our statutory requirements of consultation, communication and equalities are adhered to.
- 9 Throughout the first two years of the MTFP a range of mitigating actions have been introduced where circumstances have changed resulting in the original proposal either being delayed or revised. These mitigating actions ensure the overall savings target is still delivered. However as can be seen on the following chart the vast majority of what was originally identified has been delivered.

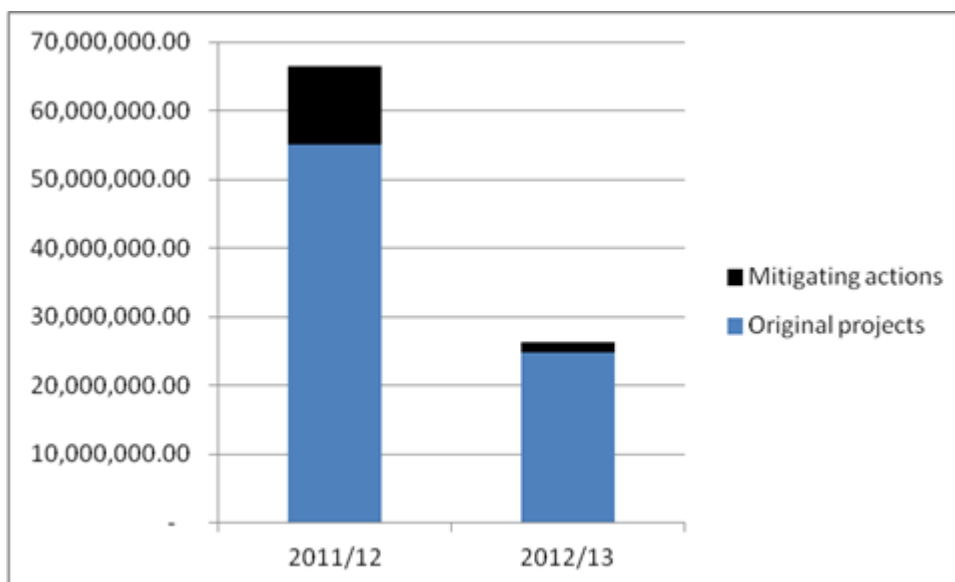


Figure 2. MTFP savings achieved through original proposals and mitigating actions.

- 10 Where it has not been possible to deliver the savings a number of options have been identified in order to meet the overall savings target. These include bringing forward future year's savings, the use of additional savings achieved from other initiatives where the savings exceed the required amount and the occasional use of cash limits where it is appropriate to delay the delivery of the savings for a short period.
- 11 The programme management approach mentioned above ensures where this happens the revised timetable is programmed into the overall plan, and the required savings monitored through this so they are not missed.

Consultation

- 12 As a result of the progress already made during 2012/13 the level of public consultation activity has been low, although a number of staff consultations have been undertaken.
- 13 Over the two years of the MTFP we have undertaken a number of public consultations from which we have revised our proposals to take into account the feedback received. These include leisure centres where we transferred several into local ownership, libraries where we used the consultation to determine the revised opening hours which help avoid closures and household waste recycling centres where the final recommendation was to close only two instead of the six proposed initially.
- 14 Consultations have also, in some cases, endorsed the Council's proposals and helped plan the way forward; for example the consultation on the Community Building Strategy where the feedback helped develop a framework of support for community buildings over the next few years.
- 15 However given the need to make challenging budget reductions, it has not always been possible to act upon the consultation findings particularly where no alternative proposals were identified that could deliver savings. Even in these

areas consultation showed that decisions were made on a detailed understanding of their potential impact.

- 16 We have also undertaken much wider consultations on the overall approach being taken in delivering the MTFP savings and to identify areas the public would prefer savings to be made from and those they would prefer were protected.
- 17 Members will be aware that the consultation in 2010 helped to develop the proposals for MTFP1. The overall approach agreed was to reduce spending by making savings across management and support services, implementing efficiency measures and reviewing fees and charges to minimise the impact on rationalising services. This principle has been maintained throughout the subsequent MTFPs.
- 18 This approach was further endorsed with a recent consultation on the approach being taken by the Council to deliver the savings. This identified that the Council had managed the process so far well given the difficult circumstances and the tough decisions necessary, but reinforced that the involvement of local people remains central to the process.
- 19 The response to the consultation identified overwhelming support to continuing to engage the public in our decision making process.
- 20 Later this year it is intended to undertake a further comprehensive public consultation during the planning for MTFP4.

HR implications

- 21 The number of staff whose application for ER/VR was accepted during the period 2012/13 totalled 190 with a further 125 vacant posts being deleted. In addition unfortunately there were 113 compulsory redundancies.
- 22 Members will be aware that in 2011 it was anticipated that approximately 1,600 staff posts would be lost plus a further 350 vacant posts deleted over the period of MTFP1.
- 23 In total over the first two years of the MTFP a total of 805 ER/VR applications have been accepted, 286 vacant posts deleted and 325 compulsory redundancies made.
- 24 Against the initial figures identified this represents approximately 70% of the 1,950, which is broadly in line with the percentage of savings delivered to date against the original MTFP. Therefore the overall figure of 1,950 remains in line with expectations.
- 25 The Council has continued to support staff affected by the MTFP we have found a number of staff alternative employment through the Council's redeployment process.

- 26 Staff are also continuing to apply for ER/VR and to date we have over 170 expressions of interest which we are actively monitoring to try and support where we can.
- 27 During the last quarter of 2012/13 there were fewer than 10 compulsory redundancies, of these around 87% were male. Disability and ethnicity information was not available for all but where it was recorded 12% had a disability and all were white British. The profile of staff leaving through ER/VR was 50% male and female and, where information was recorded, 97% white. The majority of staff had not disclosed their disability status (81%) and the remainder were split equally between disabled and non-disabled.
- 28 Across the last two years of MTFP delivery the equality profile of staff leaving through redundancy or early retirement has varied each quarter. However the overall picture indicates that, where information was disclosed, the majority of staff were white British and typically less than five each quarter had recorded a disability. The gender profile varied across time though the proportion of male leavers was slightly higher in most quarters than the overall male workforce profile of 40%.

Equality Impact Assessments

- 29 There were no major MTFP equality impact assessments finalised in the last quarter of 2012/13 however the initial screenings for 2013/14 savings were completed and made available to Members ahead of the final budget decision.
- 30 Over the last two years we have ensured that proposals for savings have been subject to proportionate yet robust equality impact assessment. Each proposal is subject to an initial screening to identify the potential for a disproportionate impact on any of the protected equality characteristics. Those proposals which may have an impact proceed to a full detailed assessment.
- 31 Learning from challenges to other authorities has been shared across the authority to support improvement and reinforce the need for robust assessments. In general the legal challenges have focussed on lack of evidence that equal duties were considered and flawed consultation processes. Our impact assessment and consultation processes ensure that decision makers are aware of their legal duties, have sight of evidence and consider the views of relevant equality groups.
- 32 There have been a number of good practice examples from the last two years which clearly demonstrate due regard to our legal equality duties, including the savings proposals for leisure centres, libraries, school transport and bus subsidies. The evidence from assessments indicated potential impacts on gender, age and disability which generally reflect the county population and the nature of services provided. Consultation and statistical data were used to provide supporting analysis. As good practice the assessments also included linked or cumulative impacts wherever relevant, for example, the assessment of libraries and leisure centres considered information from the assessment of bus reductions.

Conclusions

- 33 The Council's approach of planning early and delivering the savings through robust programme management continues to be an important aspect in overcoming the significant challenge of delivering the MTFP.
- 34 The council has now delivered the savings for 2012/13 which amount to nearly £93m in savings made since 2011.
- 35 MTFP3 has now been agreed which brings the total level of savings for the period from 2011/12 to 2016/17 to over £188m.
- 36 The focus of the planning activity is now looking to the savings required in 2013/14, in order that the required savings can be achieved, and to ensure we have allowed the appropriate amount of time to undertake consultations with all those affected.

Recommendations

- 37 Members are recommended to note the contents of this report and the progress being made in delivering MTFP 1 and 2.

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Appendix 1: Implications

Finance – The delivery of the MTFP involves cumulative saving of approximately £188m over the period from 2011 to 2017 of which £66.4m was delivered in 2011/12 and £26.4m delivered during 2012/13.

Staffing – Where the proposals affect staff, full consultation is undertaken and the trade unions consulted. Wherever possible, staff reductions are done through voluntary means. In addition, there has been a proactive management of vacancies to lessen the impact on staff and the Council has a redeployment process which continues to find alternative employment for a number of staff

Risk – The delivery of the MTFP is highlighted as one of the Council's strategic risks and is monitored through the corporate risk management process. In addition, risks for individual proposals are being monitored through the work undertaken to deliver the proposal.

Equality and Diversity / Public Sector Equality Duty – An Equality Impact Assessment (EIA) was undertaken for the original 4 year MTFP plan and additional screening was undertaken for the 2012/13 proposals and any other changes made to the original plan. In addition, for each proposal an EIA is undertaken as part of the decision-making before the proposal is implemented.

Accommodation As proposals are planned the impact on accommodation is ascertained, with staff being consulted on any moves as part of the process. The anticipated loss of 1600 posts from the Authority will mean a requirement for less accommodation and the Office Accommodation Team has built this into the Office Accommodation Strategy.

Crime and Disorder – N/A

Human Rights – N/A

Consultation – A full consultation with a range of stakeholders was undertaken on the MTFP prior to its agreement. In addition, where appropriate for individual proposals, internal and external consultation plans are developed so that consultation informs the decision making process.

Procurement – A number of the proposals involve the changing of existing contracts and this work is being taken forward through the Council's agreed procurement processes.

Disability Issues – Any disability impacts are being picked up through the Equality Impact Assessments undertaken.

Legal Implications – The legal implications of any decisions required are being considered as part of the delivery of the proposals.