

Overview and Scrutiny Management Board

22nd November 2013



Cabinet

20th November 2013

Update on the delivery of the Medium Term Financial Plan 3

Report of Corporate Management Team

Lorraine O'Donnell, Assistant Chief Executive

Councillor Simon Henig, Leader of the Council

Purpose of the Report

- 1 This report provides an update on the progress made at the end of September 2013 on the delivery of the 2013/14 to 2016/17 Medium Term Financial Plan (MTFP3).

Background

- 2 Cabinet has received regular updates on the progress made by the Council in delivering the financial targets within MTFP1 which covered the period 2011/12 to 2014/15 and within MTFP2 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 MTFP3 agreed by Council in February 2013 takes the overall savings target for the period from 2011/12 to 2016/17 to over £188m.
- 4 However at Cabinet on 9th October 2013, Members were advised that the latest forecast has increased the total savings required for the period from 2011 to 2017 to £222m, based on the impact of the 2015/16 Spending Round and the 2014/15 and 2015/16 Local Government Finance Settlement Consultation.

Progress to date

- 5 Savings of this level continue to be a major challenge for the Council. However through detailed planning and robust decision making, we have continued to meet the savings targets agreed by members.

- 6 The Council continues to deliver well against the savings target. At the half year point (end of September) 82% of the 2013/14 total has been delivered (£17.17m against a target of £20.87m).
- 7 The significant progress made this year reflects the work undertaken already on delivering the previous MTFPs and the high level of savings this year that are from projects and changes implemented previously. Service restructures continue to be the main area where the additional savings achieved have been made. It is vital that the Council continues to deliver on time and if possible ahead of schedule in order to be in the best place possible to face continuing reduction in Government grant.

Consultation

- 8 A number of public consultations were initiated in quarter 2 for 2014/15 savings proposals including the withdrawal of lunch time cover of school crossing patrols and charging for garden waste collection.
- 9 Consultations in respect of the remaining savings for 2013/14 relate mainly to staffing restructures and are therefore being undertaken internally with staff and trade unions.
- 10 Members will also be aware of the work undertaken to develop a significant consultation proposal for residents to help identify how savings can be made in the future as part of MTFP4. This consultation is aimed at helping to identify how we can save a further £100m on top of our existing plans to meet the new target identified of £222m.
- 11 Development work was completed on time and the consultation has been successful launched through AAP events and on the Council's website. The last two editions of Durham County News also continued articles on this consultation alongside more general information on the budget savings required by the Council.
- 12 Early feedback from the AAP events on the budget consultation has been extremely positive and at the time of writing this report hundreds of residents had already provided feedback on how the savings should be made.

HR implications

- 13 The impact on the Council's workforce continues to be in line with the original MTFP estimates in 2011. At that time it was anticipated that approximately 1,600 staff posts would be removed from the establishment together with a further 350 vacant posts deleted over the period from 2011 to 2015.
- 14 During the first two quarters of this year 63 employees have left through redundancy or early retirement related to MTFP and 76.5 vacant posts have been deleted.
- 15 The Council has continued to support employees affected by the MTFP including offering staff affected alternative employment through the Council's redeployment process. The financial challenges facing the Council continue to be shared at staff roadshows, the latest being held in June and July and through direct communications with all staff.

- 16 Employees are also continuing to apply for ER/VR and to date we have over 200 expressions of interest which we are actively managing and expect to be able to facilitate as part of future savings proposals.
- 17 The impacts on staff are also considered as part of the equality impact assessment process. It should be noted that although the information below does not relate to MTFP decisions alone, the majority are the result of MTFP and this offers a useful indication of the impact on employees across the authority.
- 18 There was a close gender balance of those leaving through voluntary redundancy or early retirement during Quarter 2, 51% were female and 49% male. The majority had not disclosed whether or not they had a disability, around 8% had a disability and 20% were not disabled. All were white British except for 3 who had not disclosed their ethnicity. The majority (77%) were full-time workers. A small number of compulsory redundancies comprised of 80% female and 60% part-time workers. All were white British and none had disclosed a disability.

Equality Impact Assessments

- 19 All savings proposals were equality screened before approval of MTFP3 and the process is underway for MTFP4. The screenings are developed into full assessments where required and existing EIAs from previous years are updated where a further saving is proposed.
- 20 The following provide brief updates from some of the existing savings proposals:
- The move of adult day services into leisure centres has provided opportunities to offer 'Changing Place' facilities for other disabled people. 'Changing Places' are toilet facilities with extra space and specialist equipment intended to support independence for adults with multiple or complex disabilities. These new facilities are available for both day service users and members of the public.
 - All clients affected by the changes to stair lift maintenance arrangements from April 2014 have been contacted to remind them of the change and consult on their future preference. The majority of the responses received requested a financial assessment to determine their contribution; the remainder have either opted to pay the new charge without an assessment or have chosen to make their own maintenance arrangements.

Conclusions

- 21 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.
- 22 By the end of September we had delivered £17.17m of the 2013/14 MTFP target of £20.87m.

- 23 A major consultation exercise is now underway on how future savings for MTFP4 should be delivered.

Recommendations and Reasons

- 24 Members are recommended to note the contents of this report and the progress being made in delivering the £20.87m of savings for 2013/14 where 82% of the savings have been delivered by 30 September 2013.

Contact: Roger Goodes, Head of Policy & Communications

Tel: 03000 268050

Appendix 1: Implications

Finance – The delivery of the MTFP involves cumulative saving of approximately £222m over the period from 2011 to 2017 of which £66.4m was delivered in 2011/12 and £26.4m delivered during 2012/13. In the current year we have already delivered 82% of the target of £20.87m, which brings the total amount saved to date to over £110m.

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.