

**Joint Special Corporate Issues Overview  
and Scrutiny Committee/Overview and  
Scrutiny Management Board**



**27 January 2014**

**Cabinet**

**22 January 2014**

**Medium Term Financial Plan 2014/15 to  
2016/17 (MTFP (4)) and 2014/15 Budget**

**Key Decision Number Corp/R/13/02**

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**Report of Corporate Management Team**

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

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**Purpose of the Report**

- 1 To provide Cabinet with an update on Medium Term Financial Plan MTFP (4) 2014/15 to 2016/17 and 2014/15 Budget following the Government's Local Government Finance Settlement announcement on 18 December and feedback from the budget consultation process that ended on 7 December 2013.

**Executive Summary**

- 2 MTFP (1) – (3) and reports to date on the development of MTFP (4) track the impact of continuing austerity on Durham County Council. The Council is on track to have delivered spending reductions of £113.9m since 2011/12 by the end of this financial year. This level of Government funding reduction is unprecedented.
- 3 Despite reducing spending so significantly, a similar target remains to be delivered over the next 3 years. Prior to receiving the settlement, the Council forecast that total savings would reach £223 million by 2017.
- 4 The financial settlement was received on 18 December and details of this are presented within the report. The main points are:
  - (i) the settlement confirms that there will be significant reductions in Government funding which are broadly in line with the funding reductions forecast by the Council;
  - (ii) although there has been a positive response to the Council and local government's response to the consultation on New Homes Bonus,

overall the settlement does not contain changes requested by the sector;

- (iii) it is still apparent that deprived areas will continue to see higher levels of funding reductions for both 2014/15 and 2015/16;
- (iv) there remains, even at this late stage in the process, information that is needed to finalise and set the council's budget. For example details on specific grants and information relating to the Council Tax Referendum Limits are still awaited at the time of writing. The council needs to complete the development of MTFP (4) with the risk that this information could mean late changes are required.

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

6 The key findings of the consultation were:

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

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

- (i) the Council has decided to extend the current Local Council Tax Support Scheme for a further year into 2014/15. This will continue to protect 33,557 Working Age Council Tax Claimants that would otherwise have to start paying a proportion of their council tax due to the Government's abolition of the national Council Tax Benefit scheme in April 2013
- (ii) prudential borrowing of £2m per annum is included in MTFP (4) to supplement our forecasts of capital grant and capital receipts. This investment will provide the capacity to maintain a significant

programme of investments in capital schemes in line with the Council's priority of regeneration, economic development and job creation. Schemes include highways infrastructure, investment in school buildings and investment in town centres. Full details of the Council's capital programme will be provided in the Cabinet report on 12 February 2014;

- (iii) a £1.3m increase in the Winter Maintenance Budget is included in 2014/15. This will provide increased financial resilience in order to keep our highways and other roads open during inclement weather conditions;
  - (iv) protection is afforded to the Benefits Service which has faced a further Government grant cut of £0.5m. This will enable the Council to continue paying the 65,000 housing and Council Tax Support Scheme claimants their entitlements to benefit promptly.
- 8 The council's strategy of the past 3 years has been to protect frontline services as far as possible and the proposals for 2014/15 and beyond are in line with that strategy, though it will become increasingly difficult to maintain this over time. This report summarises the main proposals at this stage, how these are in line with the overall strategy and have been shaped by residents' views with an initial high level analysis of the equality impacts.
- 9 Unlike in previous years it has not been possible to establish high level proposals for the entire period covered by the MTFP. This is because the scale of savings required, coming on top of those already delivered and proposed for 2014/15, presents a much greater challenge than before. It is also the case that there is greater uncertainty over the medium term. The government's spending round covered the period to 2015/16 only, in advance of the general election in 2015. There is also much uncertainty about public health and social care funding in the medium term. It is anticipated that clarity on these major issues will emerge over the course of the next financial year and shape the development of MTFP (5).
- 10 The council's original estimate of 1,950 reductions to posts by the end of 2014/15 is still expected to be accurate. Further work will be carried out during the development of MTFP (5) to estimate a revised figure up to 2016/17.
- 11 Clearly the late receipt of the financial settlement means that we have a short timeframe in which to complete the required next steps:
- (i) implications of the specific grants and Council Tax Referendum Limits which we are still waiting to receive confirmation of;
  - (ii) to finalise the equality impact assessments for the 2014/15 proposals;
  - (iii) to consult our strategic partners on the proposals presented in Appendix 4 to supplement the public consultation process;
  - (iv) to receive comment and consider recommendations from Overview and Scrutiny.

## **Background**

- 12 The MTFP(4) update report to Cabinet on 18 December 2013 identified the council faced £223m of savings across the period 2011 to 2017. Although the council would have delivered £113.9m of the required savings by the end of 2013/14, there was still £63.6m of savings to be identified to balance MTFP(4).
- 13 The Local Government Finance Settlement was awaited at that time. It was hoped that the Government would have responded to the significant concerns raised by many local authorities during the settlement consultation process in relation to the unfair distribution of funding reductions.
- 14 It was reported that an additional report would be brought to Cabinet on 22 January which would provide a full analysis of the MTFP(4) consultation process and a full list of the 2014/15 savings.

### **Provisional Local Government Finance Settlement**

- 15 The provisional Local Government Finance Settlement was published on 18 December 2013. The final position will be confirmed on 15 January 2014. The settlement included provisional figures for both 2014/15 and 2015/16.
- 16 The Government has made some concessions in 2014/15 by reducing the New Homes Bonus top slice by £100m, but has not made any changes in response to our consultation feedback to reduce the scale of other unnecessary holdbacks in 2014/15 and recognise our view that the distribution of government grant cuts is unfair. The Government is pressing ahead with their funding system that Durham County Council believes is fundamentally flawed because it fails to fairly distribute grant approved by parliament to meet the cost pressures of providing statutory services and significantly disadvantages the most deprived areas of the country.
- 17 In relation to the Council Tax Referendum limits for 2014/15, the Government has delayed making an announcement until after 15 January 2014 and has indicated that it will listen to representation on setting the threshold at a limit lower than the current 2%. In addition, the Government has announced that any Council Tax freeze grant for 2014/15 and 2015/16 will be built into base budgets in 2016/17 and beyond allaying any concerns that this funding would be lost in the future.

### **2014/15 Settlement**

- 18 The settlement included details of core grants e.g. Revenue Support Grant and Business Rates 'Top Up' Grant. In addition confirmation was received in relation to revenue and capital specific grants. Table 1 overleaf provides details of our core grants for 2014/15 which shows a slightly better off position when compared to forecasts by £82k:

**Table 1: Core grants for 2014/15**

Grant Stream	2013/14 Allocation £m	2014/15 Allocation £m	Variance £m	MTFP (4) Model £m	Variance £m
Revenue Support Grant	167.162	138.617	(28.545)	(32.031)	3.486
2013/14 Council Tax Freeze Grant	2.033	0.000	(2.033)	0.000	(2.033)
Business Rate RPI Increase (set at 2% rather than 3.2%)	52.985	54.045	1.060	1.700	(0.640)
Business Rates Top Up Grant (set at 2% rather than 3.2%)	58.223	59.357	1.134	1.900	(0.766)
Settlement Funding Assessment Adjustment – grant in lieu of lost income from RPI business rates increase	0.000	1.204	1.204	0.000	1.204
New Homes Bonus (NHB)	4.799	6.783	1.984	1.850	0.134
NHB Top Slice Reimbursement	0.943	0.390	(0.553)	0.750	(1.303)
<b>Total Core Funding</b>	<b>286.145</b>	<b>260.396</b>	<b>(25.749)</b>	<b>(25.831)</b>	<b>0.082</b>

19 The main issues to note are as follows:

- after including the 2014/15 increase in the New Homes Bonus (NHB), core grants have reduced by £25.749m;
- the 2013/14 Council Tax Freeze grant of £2.033m has been absorbed into RSG which is a positive outcome;
- the top slice from the national RSG quantum to finance the NHB has been reduced by £100m. This is reflected in the reduction in the NHB Top Slice reimbursement grant of £0.553m when compared to our allocation last year. We were forecasting an increase of £0.75m to £1.693m so we are £1.3m worse off when compared to forecast;
- the Government's changes to the 2013/14 Council Tax Freeze Grant and the NHB have resulted in a £28.545m reduction in RSG which is £3.486m lower than our forecasted cut of £32.031m;
- Business Rates payable by all business ratepayers will increase by 2% in 2014/15 whilst the Business Rates Top Up Grant has also increased by 2% rather than the 3.2% forecast. The increase should have been 3.2% in line with retail price index inflation as at September 2013; however the government has capped the increase to 2% as a concession to business rate payers. This has resulted in a reduction in our funding forecast of £1.406m;
- to compensate local authorities for the loss of business rates income due to the Government's decision to cap the 2014/15 increase in business rates to 2%, a new 'Settlement Funding Assessment Adjustment' funding stream of £1.204m has been introduced;
- overall the actual reduction in core funding for 2014/15 is £82k better than forecast.

- 20 Specific grants confirmed at this stage are detailed in Appendix 2. The main issues of note are detailed below:
- The Public Health Grant has increased by £1.247m to £45.78m in line with our forecasts, which has been built into our base budget forecasts for 2014/15;
  - NHS Funding has increased by £2.834m to £12.936m in line with our forecasts;
  - The Housing Benefit Administration Grant has reduced by £0.506m. This reduction is included in the MTFP (4) Model as a base budget pressure in 2014/15.

### **2015/16 Provisional Settlement**

- 21 In the Local Government Finance Settlement consultation in July 2013, the Council, the Association of Association of North East Councils (ANEC) and the Special Interest Group of Municipal Authorities (SIGOMA) responded strongly in relation to the unfair nature of past and future settlements. Clear evidence was provided that demonstrated how deprived local authorities had faced greater funding reductions since 2011/12 when compared to more affluent areas and were to continue to do so until at least 2015/16. Although it was always unlikely that the 2014/15 settlement would be changed it was hoped that the Government would acknowledge the feedback and amend the methodology for the 2015/16 settlement figures. The recommendation from ANEC and SIGOMA was that the Government should use their own spending power calculations but with every local authority receiving the same percentage reduction.
- 22 Unfortunately the Government has chosen not to adjust the 2015/16 settlement and to highlight the impact on a range of local authorities, Tables 2 and 3 overleaf provides a comparison of both Revenue Support Grant and Spending Power reductions for 2014/15 and 2015/16. Spending Power includes RSG, NHB, Council Tax Freeze Grants, Public Health Grant and NHS Funding, even though a high proportion of the NHS funding will be the responsibility of the Clinical Commissioning Groups and not the Council. Unfortunately, some specific grants such as Housing Benefit Administration Grant which is also being reduced are excluded, which masks the real reduction in funding.

**Table 2: Revenue Support Grant Reduction Variations 2014/15 and 2015/16**

	Revenue Support Grant				
	2013/14	2014/15	2015/16	Reductions	
	£m	£m	£m	£m	%
National Average	15,175	12,672	9,233	5,942	39.2
Durham	167.162	138.677	98.665	68.497	41.0
ANEC	921.615	765.351	548.512	373.103	40.5
Surrey	151.169	133.435	108.976	42.193	27.9
Buckinghamshire	58.443	52.622	41.494	16.949	29.0
Wokingham	18.543	15.648	12.448	6.095	32.9

**Table 3: Spending Power Variations - 2014/15 and 2015/16**

	2014/15	2015/16	Cumulative
	%	%	%
National Average	-2.9	-1.8	-4.7
Durham	-3.7	-2.6	-6.3
ANEC	-4.1	-3.4	-7.5
Surrey	+0.2	+2.8	+3.0
Buckinghamshire	+0.1	+2.4	+2.5
Wokingham	+0.3	+3.0	+3.3

23 Tables 2 and 3 above highlight the marked difference between individual local authorities. These variations also mirror the position for the period 2011/12 to 2013/14. The RSG reductions for Durham and ANEC are higher than the national average and significantly higher than areas such as Surrey. The cumulative Spending Power reduction for Durham for 2014/15 and 2015/16 is **6.3%** which is **1.6%** higher than the national average with the ANEC average reduction being **7.5%**. These reductions are stark when compared with the increase in Spending Power for more affluent areas such as Surrey **+3.0%** and Buckinghamshire **+2.5%**.

24 The provisional settlement figures for 2015/16 as follows:

**Table 4: Provisional Settlement Figures**

Funding Stream	2014/15 Allocation £m	2015/16 Allocation £m	Variance £m	MTEP (4) Model £m	Variance £m
Revenue Support Grant	138.617	98.605	(40.012)	(39.713)	(0.299)
Business Rates	54.045	55.545	1.500	1.500	-
Business Rates Top Up Grant	59.357	60.995	1.638	1.700	(0.062)
<b>Total</b>	<b>252.019</b>	<b>215.145</b>	<b>(36.874)</b>	<b>(36.513)</b>	<b>(0.361)</b>

25 The main issues to note are as follows:

- Government funding is forecast to reduce by £36.874m.
- The increase in Business Rates income and Business Rates Top Up Grant relates to the forecast level of the Retail Price Index (RPI) of 2.8%.
- The provisional settlement is slightly worse than forecast. The loss of funding is £0.361m greater than forecast.

26 Provisional specific grant allocations are detailed in Appendix 2. The main issues of note are as follows:

- The Government has withdrawn funding in relation to Local Welfare provision. The funding of £1.9m was introduced to replace the Social Fund which was previously administered by the Department for Works and Pensions (DWP). The funding is utilised for crisis loans and for providing financial support for vulnerable people in need.
- The Government has withdrawn the Local Council Tax Support Scheme New Burdens Grant (£0.267m). This withdrawal was expected.

27 Overall, the reductions in the Council's Settlement Funding Assessment (SFA) for 2014/15 and 2015/16 compared to 2013/14 are detailed below:

**Table 5: Settlement Funding Assessment**

Funding Stream	2013/14	2014/15		2015/16		Cumulative Variance	
	£m	£m	Variance	£m	Variance	£m	%
Revenue Support Grant	167.162	138.617	(28.545)	98.605	(40.012)	(68.557)	(41.0)
Business Rates	52.985	54.045	1.060	55.545	1.500	2.560	4.8
Business Rates Top Up Grant	58.223	59.357	1.134	60.995	1.638	2.772	4.8
<b>SFA</b>	<b>278.370</b>	<b>252.019</b>	<b>26.351</b>	<b>215.145</b>	<b>36.874</b>	<b>63.225</b>	<b>(22.7)</b>

28 The main issues to note are as follows:

- RSG will reduce by 41% across 2014/15 and 2015/16;
- these reductions in RSG are partially offset by the inflationary increases (RPI) in Business Rates and Business Rates Top Up Grant;
- overall, the SFA will reduce by 22.7% between 2013/14 and 2015/16.



## 2014/15 Budget

- 29 The previous MTFP(4) report to Cabinet on 18 December 2013 indicated a balanced budget position for 2014/15 with a £63.6m savings shortfall in 2015/16 to 2016/17.
- 30 Over the 2011 to 2017 period, total forecasted savings of £223m would need to be delivered. Since the December report, the following adjustments have been made to the 2014/15 budget as detailed overleaf:

(i) **Provisional Local Government Finance Settlement**

A number of variations in Government Grant from the previous forecasts have been announced. This report has detailed that overall the position is **£82k** better than previously forecast.

(ii) **Winter Highways and Footpaths Maintenance**

In light of the recent year's expenditure on winter maintenance and the continued support from the public to protect this budget, an analysis has been completed to determine the budget required for a 'normal' winter. This exercise has highlighted that the budget would need to be increased by £1.3m to ensure there is sufficient budget provision. With this in mind, it is recommended that the budget be increased by **£1.3m**.

(iii) **Pension Fund**

The Triennial Review of the Pension Fund is being finalised with the latest indication being that the deficit on the Pension Fund has reduced from £418m to £333m since 2010. At the same time, however, the actuary is recommending that the employer's contribution rate for each employee in the pension fund should increase in 2014/15 from 13.1% of pay to 13.8% of pay. Taking these two variables together, the annual contribution to the Pension Fund will reduce in 2014/15 by £0.7m when compared to 2013/14. The current figure in the MTFP (4) model for 2014/15 is a £0.3m increase resulting in an overall £1.0m benefit in the model when compared to the previous model in the Cabinet Report of 18 December 2013.

(iv) **NHS Social Care Funding**

A re-assessment of funding available from the updated health funding position has identified that an additional £0.25m is available to support the 2014/15 budget.

(v) **Charging for Garden Waste**

The 2014/15 saving plans, originally included the introduction of charging for Garden Waste collections from April 2014. After further consideration, it is now felt to be more practical that implementation should be in April 2015 subject to the consideration of consultation findings. This has required a reduction of the forecast saving in 2014/15 of £0.933m with a corresponding increase in the saving for

2015/16. General Reserves of £0.933m will be utilised on a one off basis to balance the 2014/15 budget.

- 31 A major facet of the budget strategy is to utilise cash limit reserves and earmarked reserves to delay the impact of budget pressures or to smooth the pace at which savings are implemented. At the present time, the forecast for the utilisation of reserves to support the 2014/15 is as detailed below:

**Table 6: Utilisation of Reserves**

<b>Reserve</b>	<b>Utilisation</b>	<b>Amount £m</b>
Demographic Reserve	Delay impact of budget pressure within Adult Social Care	3.150
Equal Pay Reserve	Delay the impact of budget pressure in relation to the cost of the implementation of Single Status	3.475
Cash Limit Reserve	Enable the delay in the implementation of MTFP savings	1.828
General Reserve	Enable the implementation of Green Waste charging to begin in April 2015	0.933
Procurement Reserve	To smooth the achieving target savings from Procurement review	0.104
<b>TOTAL</b>		<b>9.490</b>

- 32 Having taken all of these amendments into account there is a balanced budget position for 2014/15. This balanced budget is predicated upon the following:

- (i) A Council Tax increase of 2%; and
- (ii) savings being agreed of £23.025m as outlined in Appendix 4.

**Medium Term Financial Plan 2014/15 to 2016/17 - MTFP (4)**

- 33 Having updated the MTFP (4) model (attached at Appendix 3) especially in relation to the provisional finance settlement for 2015/16, the savings shortfall for the MTFP (4) period is currently as follows:

**Table 7: Savings Shortfall**

	<b>Savings Shortfall £m</b>
2014/15	0
2015/16	16.396
2016/17	47.712
<b>Total</b>	<b>64.108</b>

- 34 Taking into account all of the amendments in MTFP (4), the forecasted savings target for the period 2011 to 2017 is now £224m.

## **Consultation**

- 35 The Council has a strong track record of involving the public in setting its budget. A major prioritisation exercise was conducted in late 2010 which identified the areas of spend that the public most wanted to see protected from cuts and those which the public prioritised for cuts. This strongly influenced the MTFP for the period 2011 to the present. For example, the public's number one priority of winter maintenance was protected completely from any budget reductions. The council took a lesser percentage cut from adult social care and increased spending on child protection. At the other extreme, proportionally more savings have so far been delivered from management and support services in line with the public's wishes.
- 36 The Council asked the public to vote on a scale of one to ten on how we had managed the spending reductions at the end of 2012. Overall the most common score was eight for people involved in AAPs (where ten is the best score) whilst it was seven for the general public. This suggests that the council has been successful in taking the public with us to date. In addition to the overall budget strategy, AAPs and partners have been widely consulted on individual budget savings on changes such as to refuse collection and library opening hours.
- 37 Recognising that Participatory Budgeting (PB) events attract a wide range of people including families, children and young people as well as older people, the council decided to use PB events to consult on the next phase of savings. Whilst the first public consultation on the budget in 2010 covered the original £123m savings to be delivered over the four years to March 2015, as set out earlier in this report, we now face further substantial savings to March 2017. It is therefore timely to ask the public their priorities once again.
- 38 The 2013 consultation built on our experience to ensure we developed a better understanding of residents' views about the financial pressures we face over the coming years. The council's task was to create and implement an engagement process that reflects the debates and the difficult decisions that need to be taken by this council.
- 39 Because of the scale of savings required and the complex range of services the council delivers, the primary means of consultation was designed to comprise deliberative focus groups held at the 14 AAP PB events.
- 40 10,693 people cast their votes for local projects in our most recent PB exercise held as part of the autumn AAP forum events. Almost 1,300 of forum event attendees also took part in one of the 270 budget consultation sessions that took place there.
- 41 Since not everyone has time to attend specific local events, there was also the opportunity for residents to take part through either paper based, or an on-line self-completion questionnaire. Paper based surveys were handed out to people attending the forum events and resulted in 2,074 responses. The online questionnaire was promoted through the council's consultation webpages and received 517 responses.

- 42 The emphasis on a more qualitative approach was developed by reviewing the council's previous experience of budget consultation. More quantitative exercises, such as surveys, can provide a more effective means of involving larger numbers of residents but are limited in the scope of complexity that can be presented and the council's budget is complex. Table 8 lists some of the strengths and weaknesses of a qualitative approach. Overall, the group exercises were intended to give residents an opportunity to take part in an open, meaningful debate reflecting the financial challenges the council faces over the next few years.

**Table 8: Strengths and Weaknesses of a qualitative approach**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Better reflects budget decision making process.</li> <li>• Encourages consensus building through debate and negotiation of individual's preferences.</li> <li>• Can involve deeper discussion of more complex issues and ideas can be discussed.</li> <li>• Facilitator can ensure participants understand exercise and answer any queries.</li> <li>• Anyone can take part that wants to (i.e. doesn't require a statistically accurate random sample of residents)</li> </ul>	<ul style="list-style-type: none"> <li>• Results which may not be representative of wider public.</li> <li>• Can exclude those not able to attend AAP events</li> </ul>

- 43 The activity itself was designed to be a simplified version of the budget setting process. The council's £400m net expenditure budget was set out in 32 discrete service sectors presented around an activity board. The 32 services varied in size ranging from Residential and Nursing Care for Adults, with a budget of around £58m, to Welfare Rights and Advice, with a budget of around £1m. Participants were provided with plain English service descriptions as well as information on the potential impacts removing funding from a service would have.
- 44 Group activities typically took up to eight residents around 30-40 minutes to complete. Participants were challenged to reduce service budgets saving a total £100m of spend to achieve a balanced budget. The exercise was divided into two stages: participants were asked to apply red and green dots to services to indicate their individual preferences for larger and smaller

reductions. After this initial phase, staff from the council's finance section aggregated participants' individual preferences and calculated how much savings have been suggested. At this point the vast majority of groups (92%) had not achieved £100m savings. The average saving for all groups at this stage was £93.4m.

- 45 The second stage enabled groups to discuss and negotiate their individual preferences with the aim of achieving the target savings. As the debate progressed the group were updated on their progress towards making the £100m target to encourage the development and evaluation of priorities. At the end of the session 59% (160 out of 270 groups) had achieved the target savings (or at least £97m worth of savings). The total average savings for all groups at the end of the session was £96.8m. Following these discussions all participants were also offered the choice of increasing Council Tax to meet any deficit in their budget. It should be noted for comparison that the few people who completed the paper based survey managed to achieve the target level of savings required.
- 46 Feedback about the groups was very positive. The activity has proved popular with residents with 97% of participants feeling that this is a good way to involve local people in decision making. Very high proportions of respondents felt this activity was clear and easy to understand (98%) and easy to use (99%). Almost everyone felt their views had been listened to (97%) and the vast majority of people who took part (92%) felt they had enough time to complete the activity. Around 14% of respondents would have liked more information about the services involved to help their decision making but this does not appear to have affected the high levels of satisfaction reported by participants. Facilitators at the events noted that many participants recognised this was a difficult and challenging task faced by councils in making these funding reductions.
- 47 In order to provide further evidence for Members the consultation process included analysis of responses by equality characteristic and further targeted work with some equality groups. Response rates to the formal consultation show that:
- Gender – overall more females (57.7%) than males (42.3%) took part, though more males (53.3%) than females (46.7%) completed the online version.
  - Age – overall most responses were received from those aged 35 – 74 with the highest number of responses (19.4%) from those aged 55-64 years.
  - Disability – the breakdown of response rates across all three consultation methods was similar with around 10-12% from disabled people and 88-90% from non-disabled people.
  - Race – 1.3% of responses were Black and ethnic minority people.
  - Religion – the majority of response came from Christians (72.1%) with 26.1% from those with no religion or belief and 1.8% from other religions and beliefs.
  - Sexual orientation – almost 3% of responses were from lesbian, gay or bisexual people.

48 Using PB ensured that large numbers of residents were involved in local decision making but this did not, however, provide complete coverage. In order to ensure further participation in the process other groups were engaged through specific targeted events. The Disability Partnership were encouraged to take part in the consultation and targeted sessions were held with school children, older people and people with learning disabilities through the Pathways service. All results have been taken into account in developing the following key messages and commentary about this consultation.

### Key Messages

- AAP forum events were held between October and December and proved very popular with residents. Over ten thousand people attended in total making this the largest public engagement exercise ever held in County Durham. Almost 1,300 of event attendees took part in one of the 270 budget consultation sessions that took place across the 14 AAPs.
- This year there was a greater emphasis on a more qualitative approach intended to give residents more of an opportunity to take part in an open, meaningful debate reflecting the financial challenges the council faces over the next few years.
- Over half (59%) achieved the £100m savings target (based on those that achieved at least £97m in savings). Despite failing to achieve the target savings, the remaining 110 groups tended to prioritise similar services for both protection and larger reductions. The key difference in determining whether the savings target was met seemed to be the difference in the extent to which groups were prepared to protect services. For example 83% of groups that **did not achieve** the target savings prioritised social work and protecting vulnerable children and adults by applying lower reductions. The equivalent percentage for those groups that did achieve the savings was lower at 62%. This pattern was similar across all services prioritised for lower reductions within the group exercises.
- Through the course of the discussion priorities changed. After initial discussions more than a third of all choices were lower reductions protecting budgets. (At this stage, for those groups that achieved the target savings at the end of the exercise, the average savings was £90.3m.) However, by the end of the sessions this proportion fell and the proportion of higher reductions increased by an equivalent amount. The proportion of standard choices stayed the same. This shift in prioritisation enabled these groups to achieve the required savings. In other words, people who initially wanted to protect certain services, when faced with the levels of saving targets somewhat reluctantly changed their priorities.
- Anecdotally, staff who facilitated the focus groups noted that groups took the exercise seriously and found it very challenging to actually reach the required

savings. The most frequent comments from participants, throughout the whole consultation exercise reflected the views that services for vulnerable people should be protected and savings should be sought from 'back office' and other non-essential services. These views are in part reflected in how residents prioritised services.

- Overall, results across the three methods, focus groups, online and paper based, showed some consistencies but also key differences. In both the online and the paper based methods no services were prioritised for lower reductions by a majority of respondents (i.e. more than 50%), whereas the focus group method prioritised seven services for smaller reductions using the same majority threshold. There was much more agreement about services that should be prioritised for larger reductions.
- There was a high degree of consensus about which services should be prioritised for larger reductions. The following services were the only four most frequently prioritised for larger reductions across all three methods of engagement:
  - **Finance, Legal, IT & Human Resources**
  - **Performance management, policy & communications**
  - **Democratic Support - decisions & elections**
  - **Subsidised bus travel**
- Even if it were possible to eliminate these services entirely the savings achieved would only be just over half the required amount (£54m) and some level of back office service is of course required to allow the authority to function.
- Four other services were very close to having a majority across all three methods:
  - **Grass cutting, trees and flower beds**
  - **Maintenance of council buildings**
  - **Planning services**
  - **Borrowing for New Developments**
- However, only the group exercises provided a large enough consensus to protect services by applying a smaller reduction. The following services were prioritised for smaller reductions, by a majority of focus groups:
  - **Job creation**
  - **Social work and protecting vulnerable children and adults**
  - **Support for adults in their homes**
  - **School support and education services**
  - **Support for community projects, centres, partnerships & groups**

- **Gritting & snow clearance**
  - **Children's Centres & support for families**
- There was little support for an increase in Council Tax of more than 2%. However, around two thirds of the group exercise felt that an increase of up to 2% would be acceptable.

### Discussion of findings

- 49 This year's budget consultation provided a challenge for residents as well as an opportunity to share their views about how to prioritise our services. The challenge for residents was to tell us about their priorities whilst balancing the council's budget achieving around £100m of savings.
- 50 Overall, results across the three methods, focus groups, online and paper based, showed some consistencies but also key differences. In both the online and the paper based methods no services were prioritised for lower reductions by a majority of respondents (i.e. more than 50%), whereas the focus group method prioritised seven services.
- 51 There was much more agreement about services that should be prioritised for larger reductions. Finance, Legal, IT and Human Resources was most frequently chosen for larger cuts regardless of method of engagement (84% of group exercises, 72% of paper based respondents and 69% of online respondents). Three other services were prioritised for larger reductions by more than 50% of groups or respondents across all three methods. These were; Performance management, policy & communications, Democratic Support - decisions & elections and Subsidised bus travel. Table 9 provides a breakdown of participants' priorities across all three methods of engagement. Services in bold were prioritised across all three methods.

**Table 9: Most frequently prioritised services across different methods**

Method	Most frequently prioritised for smaller reductions (more than 50% of groups/respondents)	Most frequently prioritised for larger reductions (more than 50% groups/respondents)
<b>Group exercises</b>	<ul style="list-style-type: none"> <li>● Job creation</li> <li>● Social work and protecting vulnerable children and adults</li> <li>● Support for adults in their homes</li> <li>● School support and education services</li> <li>● Support for community projects, centres, partnerships &amp; groups</li> <li>● Gritting &amp; snow clearance</li> <li>● Children's Centres &amp; support for families</li> </ul>	<ul style="list-style-type: none"> <li>● <b>Finance, Legal, IT &amp; Human Resources</b></li> <li>● Planning Services</li> <li>● Maintenance of council buildings</li> <li>● Grass cutting, trees &amp; flower beds</li> <li>● <b>Subsidised bus travel</b></li> <li>● <b>Performance management, policy &amp; communications</b></li> <li>● <b>Democratic Support - decisions &amp; elections</b></li> <li>● Borrowing for new developments</li> </ul>



Method	Most frequently prioritised for smaller reductions (more than 50% of groups/respondents)	Most frequently prioritised for larger reductions (more than 50% groups/respondents)
		<ul style="list-style-type: none"> <li>• Collection, disposal &amp; recycling of waste</li> </ul>
Online		<ul style="list-style-type: none"> <li>• <b>Finance, Legal, IT &amp; Human Resources</b></li> <li>• <b>Performance management, policy &amp; communications</b></li> <li>• <b>Democratic Support - decisions &amp; elections</b></li> <li>• <b>Subsidised bus travel</b></li> <li>• Support for community projects, centres, partnerships &amp; groups</li> </ul>
Paper		<ul style="list-style-type: none"> <li>• <b>Finance, Legal, IT &amp; Human Resources</b></li> <li>• <b>Democratic Support - decisions &amp; elections</b></li> <li>• <b>Performance management, policy &amp; communications</b></li> <li>• Maintenance of council buildings</li> <li>• Planning Services</li> <li>• <b>Subsidised bus travel</b></li> </ul>

52 Over half (59%) of groups achieved the £100m savings target (based on those that achieved at least £97m in savings). Despite failing to achieve the target savings, the remaining 110 groups tended to prioritise similar services for both protection and larger reductions. The key difference in determining whether the savings target was met seemed to be the difference in the extent to which groups were prepared to protect services. For example 83% of groups that **did not achieve** the target savings prioritised Social work and protecting vulnerable children and adults by applying lower reductions. The equivalent percentage for those groups that did achieve the savings was lower at 62%. This pattern was similar across all services prioritised for lower reductions. A breakdown of all results from focus groups, paper based and online methods is available in Appendix 5.

53 There were, however, a small number of services where the overall prioritisation outcome differed depending on whether the group achieved the savings target. For example almost two-thirds (62%) of groups that **did not achieve** the savings target prioritised Residential and Nursing Care for Adults for a smaller reduction. However those groups that achieved the savings target reached the opposite conclusion with almost half (46%) choosing a larger reduction (Table 10). This is an indication that participants' initial priorities were altered by the scale of the savings required.

**Table 10: Variation in Prioritisation of Residential and Nursing Care for Adults**

	<b>Larger Reduction</b>	<b>Standard 25% cut</b>	<b>Smaller Reduction</b>
Groups achieving <b>less than</b> £97m	9%	29%	<b>62%</b>
Groups achieving <b>more than</b> £97m	<b>46%</b>	33%	21%

- 54 Two further services, Fostering, Adoption and Children’s Homes and Day Centres and Support Activities for Adults, showed a similar, though less pronounced, difference.
- 55 Collectively, a clear majority of the groups that achieved at least £97m savings agreed to prioritise the following services for higher and lower reductions. It should be noted that there was more consensus about which services should be cut by more than 25% than those that should be cut by less. There were some differences in prioritisations across the different methods employed but there were many common aspects to the results. Below is a list of those services that were prioritised for larger and smaller reductions, along with an indication of the strength of feeling across different methods of engagement.
- 56 **Services with Larger Reductions** – where a majority of groups (more than 50%), that achieved the £100m savings target, said that a specific service should have a larger reduction.
- **Finance, Legal, IT & Human Resources** were the services prioritised for larger reductions most commonly (by 84% of groups). This view was supported online (69%) and paper based (72%) versions.
  - Slightly more than three quarters (74%) of groups felt **planning services** should take larger reductions. This view was supported by large numbers of respondents paper based (56%) exercise, though marginally not a majority, in the online method (49%).
  - Almost three quarters of groups (73%) said that the budget for the **maintenance of council buildings** should face a larger reduction. This view was supported by large numbers of respondents in the online (49%) and paper based (58%) versions.
  - **Grass cutting, trees and flower beds** was identified for larger cuts by more than seven out of ten groups (71%). This view was supported by large numbers of respondents to the online (49%) and paper (50%) based methods.
  - Almost two-thirds of groups (63%) said that **Subsidised bus travel** should face larger reductions. A view supported across other methods (62% online and 55% paper based).
  - Almost two-thirds of groups (63%) said that **Performance Management, Policy and Communications** should face larger reductions. A view similarly reflected across other methods (66% online and 60% paper based).

- **Democratic Support – decisions and elections** was prioritised for larger reductions by over half of all groups (63%) and a majority of online and paper (both 62%) respondents.
- **Borrowing for New Developments** was prioritised for larger reductions by over half of all groups (57%) a view similarly supported by online (46%) and paper (49%) methods.
- **Collection, disposal and recycling of waste** was prioritised for larger reductions by a narrow majority of all groups (51%). There was less support for this view amongst online (30%) and paper based (25%) respondents.

57 **Services with Smaller Reductions** – where a majority of groups (more than 50%), that achieved the £100m savings target, said that a specific service should have a smaller reduction

- **Job creation** was protected from larger cuts by almost two-thirds of groups (63%) but support for this view was less strong in online (38%) and paper based (31%) methods where a narrow majority of respondents favoured a standard reduction.
- **Social work and protecting vulnerable children and adults** was protected from larger reductions by the majority of groups at AAP events (62%). However, a majority of paper based respondents (56%) and online respondents (53%) said this service should have a standard reduction.
- Services that provide **support for adults in their homes** tended to be protected from larger budget reductions especially by those participating in the group exercises (61%). The proportion of groups targeting this service for higher reductions tended to be relatively low (8%). However, a majority of respondents to the online (51%) and paper based (54%) methods preferred a standard reduction for this service.
- **Gritting and snow clearance** was also protected by a majority of groups (56%) with some support for this point of view amongst online (34%) and paper based (32%).
- Over half of groups (61%) prioritised **school support and education services** for lower reductions with much less support for this view from respondents to the online (17%) and paper based (28%).
- Over half of groups (56%) prioritised **support for community projects, centres, partnerships & groups** for lower reductions but support was much lower amongst paper based (21%) and particularly online respondents where a majority (50%) favoured a larger cut. This particular result reflects the context within which the budget consultation events were held. Many people taking part in these sessions were there to support community projects through the participatory budgeting exercises.

- Just over half of groups (53%) prioritised **Children's Centres & support for families** for lower reductions. There was much less support for this view amongst online (12%) and paper based (18%) respondents, where the majority designated this service for a standard reduction. Both these methods indicated a preference for a standard reduction.

- 58 Generally, in terms of prioritising larger reductions, there was little geographic variation between exercises held in different parts of the county. Events at just three AAPs (Chester-le-Street, East Durham Rural and Teesdale) identified three additional service areas targeted for higher reductions: these were Residential Care for Adults, Collection and disposal of waste and recycling and Arts, Museums and Theatres. However priorities for smaller reductions showed much more variation. Six AAPs identified additional priorities. Most commonly these were Roads, footpaths, traffic & lighting and Sports, parks and play areas.
- 59 Generally there were many similarities in outcomes across the whole exercise; however groups' views were split about some services. For example, although 40% groups said Libraries should be protected from larger reductions, a sizeable minority of one in three groups (31%) said the opposite, that Libraries should be targeted for higher reductions. A further example of mixed views is Day Centres and support activities for adults. Less than half of groups 43% decided that this service should be cut by the standard 25%. However the remaining 57% of groups were split evenly amongst higher (29%) and lower (28%) reductions.
- 60 Targeted work with under-represented groups again shows similar trends but also some key differences. These sessions involved younger people, through events at four secondary schools and a youth forum, the council's Learning Disability Parliament and older people at a day centre in Spennymoor.
- 61 Overall these groups were much more likely to protect a relatively high proportion of services from larger cuts, meaning overall savings targets were not achieved by many. The specific services protected were similar to those identified through AAP group exercise (see Appendix 5) with only support for community projects, centres, partnerships & groups and support for adults in their homes not protected from the largest reductions.
- 62 Again these groups prioritised similar services for higher reductions including Democratic Support, Finance, Legal, IT and Human Resources, Performance Management, Policy and Communications and Subsidised Bus Travel (Appendix 5 ).

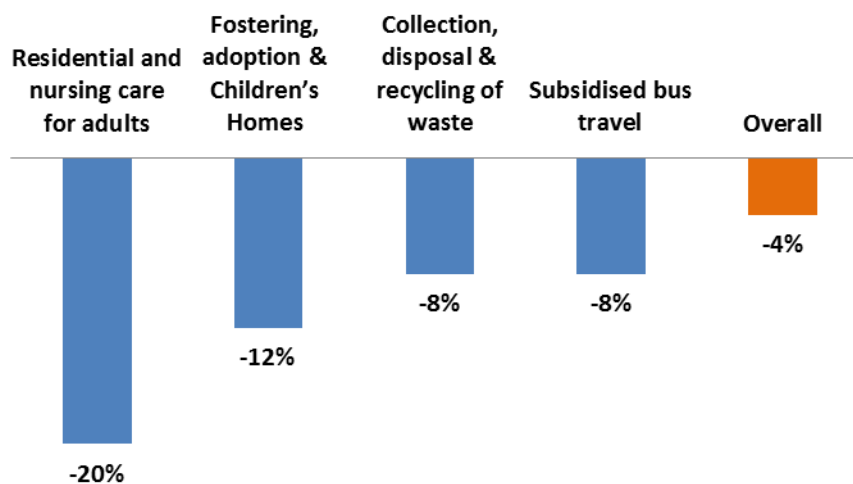
### **Reaching Decisions through Debate**

- 63 Within their discussions about priorities it is clear that participants have made some difficult choices. Of those groups that achieved the £100m target there was a small but measureable shift in how groups prioritised services over the course of the session. These 160 groups made over 4,300 choices in total, deciding whether each of the 32 services should have a higher, standard or lower reduction.

64 After initial discussions more than a third (34%) of all decisions were lower reductions protecting budgets. (At this stage the average saving amongst these groups was £90.3m.) However, by the end of the sessions this proportion fell to 30%. Conversely the proportion of higher reductions increased from 31% to 35% enabling these groups to achieve savings overall and the proportion of standard choices stayed the same at around 35%. This shift in prioritisation enabled these groups to achieve the required savings.

65 However for certain services this shift in prioritisation was much greater. For example, the largest shift was in how groups prioritised Residential and nursing care for adults. Initially almost half of these groups (41%) said this service should be protected from larger reductions with the majority of groups prioritising this for a lower reduction. However by the time priorities were finalised many groups' views had shifted to conclude that this service would not be protected with almost a quarter of groups shifting their lower reduction designation to a standard or higher reduction in even proportions. (Fig 1).

**Figure 1 Change in extent to which groups protected services between initial discussions and final decisions**



66 Part of the reason for this shift reflects the level of sophistication within the groups' decision making process. One of the most frequent comments from participants, throughout the whole consultation exercise was that services for vulnerable people should be protected and savings should be sought from 'back office' services. However, the group process acutely illustrated to participants that, if certain services are to be protected with smaller reductions the further savings made to 'back office' services will not be sufficient to balance the budget. This meant that groups had to re-evaluate their initial priorities to achieve the savings required.

67 For example, many groups felt initially that both Residential Care and Support for adults in their homes were key priorities, with many recognising the links between these services. Through the course of their deliberations, groups that achieved the savings target were more likely to retain the protection on Support for adults in their homes but re-prioritise Residential Care for either a standard or, in some cases a higher reduction.

- 68 Similar shifts in view, albeit less common were also found in the following: Fostering, Subsidised Bus Travel and Collection and disposal of waste and recycling. However, it should be noted that sizeable proportions of respondents wanted to retain protection for these services (including Residential Care) illustrating the difficulties in reaching a clear consensus and balancing a budget.
- 69 In addition to the priority results participants were also invited to provide comment about some of the reasons why they made their decisions. Many residents took this opportunity and took the time to explain what they felt was important and why. The themes discussed are similar to those communicated in previous budget consultation exercises. Table 11 has a breakdown of these comments.

**Table 11: Comments about decisions made**

<b>Broad Category of Comment</b>	<b>Number</b>	<b>%</b>
Protect basic needs and support services for vulnerable people	515	29%
Avoid waste and increase efficiency	470	26%
Reduce Councillor and staffing costs	324	18%
Work with the community	150	8%
Fairness	88	5%
Charges	78	4%
Other	181	10%
<b>Total Comments</b>	<b>1806</b>	<b>100%</b>

- 70 Overall there was a strong focus on the need to protect those services that provide support for basic needs and wellbeing. More than a quarter of all comments received (29%) reflected this sentiment. Responses also identified specific vulnerable groups including: elderly people, children, women affected by violence, people with disabilities and people with mental health and wellbeing needs. Furthermore some respondents also felt it was important to protect essential services in rural areas.
- 71 A similar proportion of comments (26%) reflected the views that savings should be sought by increasing efficiency and avoiding waste. Respondents felt this could be achieved through better monitoring of spending, cutting down on unnecessary expenditure.
- 72 Almost a fifth of comments (18%) reflected the view that greater savings should be targeted at back office services, but also felt that all services could be made to be more efficient by avoiding waste. A high proportion of commenters felt that senior staffing and councillor costs could be reduced.

### **Public views on setting Council Tax**

- 73 Following the budget consultation exercise participants were asked to consider increasing council tax to help offset the size of the savings required. Within the group exercises there was little support for a rise of over 2%. Less than one in seven participants (13%) actively voted for this option. The

majority of online and paper based respondents also shared this view preferring no rise of over 2% in Council Tax.

- 74 As part of the discussions within focus groups, a supplemental question was asked about whether participants would support an increase of less than 2%. A majority of these participants (66%) voted for an increase in Council Tax of less than 2%.

### **MTFP Strategy**

- 75 The strategy the council has deployed to date has been to seek savings from management, support services, efficiencies and increase income from fees and charges to minimise the impact of reductions on frontline services.
- 76 Throughout the period covered by the MTFP (1) through to MTFP (4), the amount of savings required has risen from £123 million to £224 million. It is clear that it will become increasingly difficult to protect frontline services.
- 77 To date the council has implemented the agreed strategy very effectively:
- £113.9m savings will have been delivered by the end of 2013/14.
  - Savings have been delivered on time, or in some areas ahead of time. This is critical since slippage would mean that the council would have to deliver higher savings over time;
  - 64% of savings to date have been from non-frontline services, exceeding our initial aspiration that at least half would be from non-frontline services;
  - By the midpoint of 2013/14, the number of employees earning over £40K had been reduced by 29%. This is to reduce management costs.
  - Proportionally more than 3 times as many manager posts have been removed than frontline staff;
  - Whilst income from fees and charges has been increased, this has not taken us to a position of having the highest levels of fees and charges in the region or nationally which is important given the socio-economic make-up of the county;
  - 1,520 posts have been removed to date which is in line with the original projections of 1,950 posts by the end of 2014/15. Our management of change policies and HR support have ensured that this degree of change has been managed effectively.
- 78 The importance of delivering savings early if practicable cannot be over emphasised. The generation of reserves in the form of cash limits has been essential in ensuring delivery of the savings enabling a 'smoothing' of implementation from year to year.
- 79 In general, the fact that the council has been highly accurate in forecasting the level of savings required, has developed strong plans and robustly managed implementation including high volumes of consultation and communication

has put us in as strong a position as possible to meet the continued and enhanced challenges.

80 The council's existing MTFP strategy accords well with the priorities identified by the public. For example:

- (a) Protecting basic needs and support service for vulnerable people: although the scale of Government spending reductions is such that all MTFPs including MTFP (4) have identified unavoidable impact on vulnerable people, the council works hard with partners to minimise this impact. In MTFP (4) support has been included to protect working age people on low incomes through council tax support scheme and the identification of other support to help mitigate the impact on vulnerable people. Work with health partners continues to help ensure that health and social care funds are maximised and every proposal with the potential to impact on vulnerable people is subject to an assessment to identify likely impacts and mitigate these as far as possible;
- (b) Avoid waste and increase efficiency: the council has a good track record of increasing efficiency since local government reorganisation. This includes rationalisation of council buildings, IT systems and changes such as the move to alternate weekly refuse collections. All employees have the ability to suggest ideas that could reduce waste and improve efficiency and several, value for money reviews have been successfully implemented. The council benchmarks itself against other organisations. The fact that 64% of savings to date have been from non-frontline services is testament to successes in increasing efficiency.
- (c) Reduce councillor and staffing costs: councillor costs were significantly reduced at LGR with associated support costs also reduced. The reduction in staffing of 1,950 posts by the end of 14/15 is a significant reduction in staffing costs. Proportionally more reductions have been made in management than frontline costs.
- (d) Work with the community: the council is a forerunner in asset transfer, having successfully transferred leisure centres and working towards the transfer of community buildings. The council has recognised the need for investment in resources to work with the community to achieve successful outcomes in this area and shares the public's view that there is scope to continue this in the future. The commitment to public consultation throughout the development of successive MTFPs is also evidence of strong desire to work with the public.
- (e) Fairness: the council continues to lobby the Government on the unfairness of the geographical distribution of Government cuts. There is more independent evidence that councils serving deprived areas have faced and are facing the largest cuts. The council is committed to carrying out impact assessment on its policy changes, including those arising from austerity, to identify how reductions can be made in a fair way.
- (f) Charges: the council has addressed some of its financial challenges through increasing charges. However it is also acknowledged that it



would not be appropriate to aim for the highest charges possible given the income levels of the majority of residents.

- 81 It is clear that austerity will continue over the lifetime of the three years of this medium term financial plan. Where the savings targets were declining year on year from the huge reduction of £66 million in 2011/12, we now face several years where the targets are growing year on year. Obviously, the fact that each year's reduction is on top of those of previous years leading to a cumulative £224m since 2011/12 up to 2016/17 means that we face a considerable financial challenge.
- 82 In addition, local government generally is facing more uncertainty about future funding and absorbing more risks from central government.
- 83 Increased risk arises from several sources:
- Under the Local Council Tax Reduction Scheme, national risk arising from any increased numbers of benefits claimants has been transferred in the case of council tax support to local authorities. The risk is greater for authorities like Durham that serve deprived areas and have weaker economic performance than the national average;
  - Business Rates Retention was introduced to incentivise local authorities to focus on economic regeneration. This has always been the top priority for the Council. Unfortunately, the changes again shift risk once managed nationally to local authorities if there is a downturn in the local economy and local business rate yield reduces;
  - Welfare reform carries increased financial risk to the Council in areas such as homelessness and housing. Similarly council tax may become more difficult to collect, creating increased financial pressure;
  - Ongoing Council Tax capping restrictions – the MTFP is predicated on a 2% Council Tax increase; any Government imposed percentage reduction in this cap will create a pressure of circa £800k per 0.5% reduction;
  - Forecasts for public health and social care allocations are not known for the period covered by MTFP4. Similarly, it is not known whether the national health formula review will have a knock on effect on health and social care budgets. The future of the Dilnot review is not yet clear but has financial implications for one of the Council's largest budgets;
  - Normal risks such as price and pay inflation beyond MTFP forecasts obviously still apply.
- 84 Since clarity is expected to emerge throughout 2015, outline savings plans have yet to be fully developed beyond 2014/15. As soon as MTFP (4) is completed, work will begin on MTFP (5).

### **Saving Proposals for 2014/15**

- 85 A list of the saving proposals for 2014/15 is presented at Appendix 4. These are summarised for each service grouping in the next sections of the report.

- 86 The strong focus on planning means that many of the proposals that affect frontline services are already subject to detailed consultation in order to shape how the savings can be delivered. These include:
- (i) Street lighting
  - (ii) Charging for garden waste
  - (iii) Residential care
  - (iv) Lunchtime school crossing patrols
  - (v) Care Connect
  - (vi) Customer Access Points

#### **Assistant Chief Executive's**

- 87 Spending reductions of £3.4m have been achieved over the course of MTFP (1) – (3). A further reduction of £0.41m is required in 2014/15.
- 88 The savings made to date have been made through reviewing each of the services within the Service Grouping to identify how to work more efficiently whilst continuing to provide support to the Council through a period of considerable change.
- 89 The service grouping has met increased demands for service arising for example from welfare reforms, programme management of significant policy changes and freedom of information requests within a much reduced resource base.
- 90 Much of the service grouping's savings have been realised through reduction of management and support services. All of the savings proposed for 2014/15 will come from non-frontline services and include further savings from management, AAP and partnership administration and non-staff budgets within the Civil Contingencies Unit.
- 91 Frontline services mainly comprise AAP and member budgets. These have had a lower percentage reduction than the overall reduction for the service grouping and the council as a whole. Total budgets available for AAPs and members will not be altered in 2014/15. To achieve this, it will be necessary to move £840K from the council's revenue budget to the capital programme.
- 92 Higher reductions have been made and proposed in performance management, policy and communications in line with the consultation findings.

#### **Children and Adults Service**

- 93 Spending reductions of over £51m have been achieved over the course of MTFP (1) – (3). A further reduction of £12.4 million is required in 2014/15.
- 94 The service has been impacted by a significant amount of change both internally and externally during the last few years. External factors include ageing demographics, NHS changes, social care reform, changes in funding

for schools and new inspection frameworks for children's social care and schools.

- 95 By bringing together the old Children and Adults Service Groupings into a new single Service Grouping, savings have been made in management and support services and further savings have been identified in these areas for 2014/15.
- 96 Further efficiency savings have been made in supporting people to live independently (through the further development of re-ablement services), reviewing transport commissioning, including home to school transport, consistency in the application of eligibility criteria, creation of integrated teams including some with the health service and through better procurement of services.
- 97 Given the nature of the service grouping, the 2014/15 proposals comprise those that affect frontline services as well as significant savings from management, support and other efficiencies such as those resulting from effective commissioning and value for money reviews of services.
- 98 Some of the 2014/15 proposals that affect frontline services are savings arising from policy changes made in previous years. This includes home to school transport, review of social care charging and a review of day care.
- 99 Consultation has already begun on the review of residential care and changes have been agreed to non-assessed services which in 2014/15 relates to the care connect service.
- 100 Whilst it is clear that savings proposals in this area affect vulnerable people, all efforts are being made to minimise impact as far as possible in line with the views expressed by the public. This involves reviewing and changing operating models and working practices.

### **Neighbourhood Services**

- 101 Spending reductions of £18.1m have been achieved over the course of MTFP (1) – (3). A further £3.1m is required in 2014/15.
- 102 The service has been able to make significant savings through the integration of services following the creation of the unitary council in 2009. Examples include the reviews of waste collection and leisure services. The latter has also seen the community take over the running of leisure centres which has enabled service levels to be maintained as far as possible.
- 103 Other savings which have been made reducing the impact upon front line services include reviewing grounds maintenance, rationalising the Council's fleet of vehicles, savings in procurement and reductions in management and support services.
- 104 Proposals for 2014/15 continue to prioritise savings from non-frontline services. However, given the nature of the service, some impact on frontline services has been identified.

- 105 Most of the 14/15 proposals that arise from changes made in previous years relate to back office support, restructures and reductions in supplies and services and do not affect front line services.
- 106 In addition, early planning means that some of the proposals have already been or are currently subject to consultation. This includes lunchtime school crossing patrols and street lighting.
- 107 The proposals include implementing charging for garden waste from April 2015, subject to the consideration of consultation results.
- 108 The proposals align with the results of consultation. Higher levels of savings have been achieved for waste disposal through a renegotiation of the waste contracts. Spending on winter maintenance will increase.

### **Regeneration and Economic Development**

- 109 Spending reductions of £5.9m have been achieved over the course of MTFP (1) – (3). A further £1.1m is required in 2014/15.
- 110 Front line service provision was heavily affected by the removal of the Working Neighbourhoods Fund and LEGI which reduced the advice and support available to unemployed people and those looking to start a new business in an economic recession. The Government's deletion of these Areas Based Grants occurred in 2011/12.
- 111 The service has undergone a full restructure which has meant that the majority of savings to date have come through management, support services and efficiency measures. The service has also been able to increase revenues through planning fees, bus fares and parking enforcement.
- 112 For 2014/15 all of the savings proposed will be delivered from non-frontline services including further restructuring, reductions in supplies and services and the costs of CCTV provision.
- 113 The consultation in 2010 and again in 2013 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 has sought to continue to support this area as far as possible. The consultation this year has identified planning services as an area to reduce and the service will be implementing a new planning system this year which will reduce costs in this area as well as improving service provision.

### **Resources**

- 114 Spending reductions of £7.9m have been achieved over the course of MTFP (1) – (3). A further £2.9m is required in 2014/15.
- 115 Given the nature of the service grouping, nearly all of the savings made are in management and support service costs including the unitisation of Finance and HR. The service has also benefited from new technologies including financial management, revenues and benefits and HR systems.

- 116 The proposed savings for 2014/15 will continue to be made in the areas where savings have been made previously together with an increase in income through the provision of ICT services to external bodies. There will be an impact on frontline services as the Revenues and Benefits service will be reviewed.
- 117 The Service Grouping is also planning to deliver on behalf of the Council a number of corporate savings in 2014/15 including savings in procurement, photocopying and printing and through the unitisation of Health and Safety.
- 118 The council has consistently prioritised higher savings targets from Resources in line with the views of the public.

### **Workforce Considerations**

- 119 The council's original estimate of 1,950 reductions to posts by the end of 2014/15 is still expected to be accurate. Further work will be carried out during the development of MTFP (5) to estimate a revised figure for 2016/17.
- 120 In achieving this, the council has ensured that a proactive approach has been established in relation to managing the workforce changes in order to take all possible steps to avoid compulsory redundancy, and minimise the impact on the workforce. Managers are given HR support to enable them to take a strategic approach towards planning the change that is aimed at forecasting employee turnover, keeping posts vacant where these arise in anticipation of change, and seeking volunteers for early retirement and voluntary redundancy on an ongoing basis.
- 121 In addition, the way that work is organised is reviewed by service groupings to ensure that systems and processes maximises the capacity of the remaining employees to deliver the services as changes are implemented.
- 122 These actions have ensured that wherever possible, service reductions are planned well in advance of commencing the exercises, employees are able to consider their personal positions and volunteer for ER/VR prior to the start of the exercise should they wish to, thereby enabling, in a number of situations, the retention of sustainable employment in the County for those who wish to remain in the workplace.

### **Equality Impact Assessments**

- 123 Members will be aware that decisions are subject to legal requirements under the Equality Act 2010. The public sector equality duty (PSED) requires decision makers to consider evidence of equality impacts and mitigating actions in order to demonstrate due regard to the following three aims:
- (i) eliminate unlawful discrimination, harassment and victimisation;
  - (ii) advance equality of opportunity; and
  - (iii) foster good relations between those who share a protected characteristic and those who do not.

- 124 This legal duty is discharged through the council's equality impact assessment (EIA) process. EIAs form an essential part of the decision making process in relation to savings proposals. Building them in to the MTFP process supports decisions and ensures that these are both fair and lawful. The aims of the assessments are to:
- (i) identify any disproportionate impact on service users or employees based on their 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, and;
  - (iii) ensure that the council avoids unlawful discrimination as a result of any decisions made.
- 125 The Equality and Human Rights Commission (EHRC) has issued guidance (Using the equality duties to make fair financial decisions: A guide for decision makers, 2010) which 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 the other. 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."
- 126 The guidance also states that it is important "to remember that potential impact is not just about numbers. Evidence of a serious impact that may affect a small number of individuals is just as important as a potential impact affecting many people".
- 127 A number of local authorities have been successfully challenged under the process of judicial review where the courts have found them to be in breach of the public sector equality duty for decisions they have taken regarding financial savings.
- 128 The council's EIA process therefore requires services to consider the equality impacts of each MTFP proposal and provide an equality impact assessment to show the potential for negative impacts on any of the protected characteristics along with mitigating actions to remove or reduce the impact. This process is aligned to the decision making programme so where a proposal is subject to consultation or further consideration the EIA will be developed in parallel ahead of the final decision point. In practice this means that Members will see a number of EIAs with different levels of detail, some of the newer proposals subject to further decisions will have an initial screening which contains less detail than ongoing savings from previous years where more evidence is available.
- 129 A number of successful judicial reviews 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.

## **Initial Summary of Equality Impacts**

- 130 The Cabinet report on 12 February 2014 will also include a section summarising the key equality impacts across all MTFP proposals. Initial responses from services suggest that the likely impacts are in relation to age, disability and gender with little or no evidence of impact on transgender, religion or belief, race and sexual orientation. The main potential impacts relate to changes in service delivery through eligibility, location and availability; increased costs and charges; staffing reductions and restructures. Whilst some proposals relate to specific services there are also impacts from general changes, for example increased charges or costs potentially impact on age, disability and gender as there is evidence that some of these groups are more likely to be unemployed, work part-time or be on lower incomes.
- 131 Initial EIAs have been developed and are currently being finalised. Printed copies of these EIAs will be placed in the Cabinet Office and the Members' Resource Centre after the Cabinet meeting on 22 January 2014 so that they are available to all Members ahead of the Cabinet meeting on 12 February 2014.

## **Consultation**

- 132 Work has been done to ensure that the public consultation on the budget was representative. The equality breakdown of those participating in the consultation is detailed in paragraph 45. This was generally balanced although a shortfall in responses from young people was identified. Public consultation events and the online survey were therefore supplemented with specific exercises carried out with secondary school pupils. An evaluation of the responses from people with protected characteristics shows that their opinions are generally similar to those of the wider group although there was a tendency for them to propose a greater number of services for protection from higher reductions (see paragraphs 58-60).
- 133 Further consultation with key stakeholder groups including organisations that make up the County Durham Partnership as well as town and parish councils and voluntary and community sector organisations will include questions on the impacts of budget proposals on people with protected characteristics.

## **Next Steps**

- 134 This report has summarised the considerable amount of work which has been necessary to develop MTFP (4) so far. This includes building on the firm foundations of MTFP (1) – (3), accurate forecasting, coping with ever-later settlement information, extensive consultation and of course ensuring that plans are actually implemented on time.
- 135 The next steps in completing MTFP (4) are:
- (a) to consult with strategic partners on the proposals and approach outlined in this report;
  - (b) to invite comment and consultation from Overview and Scrutiny;

- (c) to update the report as outstanding information required to set the budget is received by Government;
  - (d) to complete the EIAs.
- 136 Further consultation, to complement that undertaken with the public is proposed with strategic County Durham Partnership partners, local councils and the voluntary sector through the board and respective working groups.
- 137 Non-executive members are a key group who have been engaged in the development of this year's MTFP, through a series of scrutiny meetings and member seminars. In July 2013, Overview and Scrutiny Management Board (OSMB) considered the first MTFP (4) cabinet report and requested that Corporate Issues Overview and Scrutiny Committee (CIOSC) take a lead in scrutinising MTFP (4) proposals, with members of OSMB (chairs/vice chairs and minority parties) invited to attend. The following sessions have been held:
- 25 July CIOSC scrutiny of July MTFP (4) Cabinet report
  - 19 September CIOSC consideration of the MTFP consultation process
  - September – drop in meetings for CIOSC members to be briefed on the detail of the MTFP consultation process
  - 14 October CIOSC scrutiny of the October MTFP (4) Cabinet report
  - 22 October all members invited to 2 seminars to consider the MTFP and Council Plan for 2014/15 – 2016/17.
- 138 Two further scrutiny sessions are planned for members to comment on the MTFP, consultation results and the 2014/15 savings proposals and linked equality impact assessments, as follows:
- 27 January special CIOSC (plus OSMB chairs/vice chairs and minority parties) to consider January MTFP Cabinet report
  - 17 February OSMB to consider final February MTFP Cabinet report, prior to County Council on 25 February.

## **Conclusion**

- 139 The council continues to plan effectively to ensure the delivery of the MTFP Planning processes continue to be supported by consultation on both the MTFP and on individual savings plans. This process ensures that the views of the public are taken into account when developing overarching savings strategies and also the delivery of individual savings.
- 140 This effective planning process is set against a background of late and delayed information being received from Government. The Autumn Statement is received in early December with the Finance Settlement then being received in the week before Christmas. Specific grant information can be received any time up to the end of March. The late receipt of settlement information causes significant difficulties in planning effectively with the late receipt of confirmation of the Council Tax Referendum Limit for 2014/15 (likely to be mid-February) being an example of the very difficult position faced by the council.



- 141 Notwithstanding the problems identified above, the council is able to develop a balanced budget for 2014/15 which enables investment in council priorities and a savings strategy which is in line with the public's MTFP consultation responses.
- 142 There can be no doubt however that the council will face greater challenges in the future with the need to identify additional savings of £64.1m in 2015/16 to 2016/17 and the likelihood of additional savings beyond this period.

### **Recommendations and reasons for Cabinet**

- 143 Cabinet is asked to:
- (a) note the budget and medium term financial plan update in relation to the provisional Local Government Finance Settlement announced on 18 December 2013;
  - (b) note that the Government has not adjusted the methodology for applying funding reductions in the light of consultation responses;
  - (c) agree the savings proposals for 2014/15 in Appendix 4 are finalised including finalisation of the equality impact assessments;
  - (d) note the estimated £64.1m savings shortfall for the period 2015/16 to 2016/17;
  - (e) agree to consult Overview and Scrutiny and strategic partners in the manner proposed in the report.

### **Recommendation for Scrutiny Members**

- 144 Scrutiny Members are asked to:
- (a) note and comment on the information in this report.

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

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## **Appendix 1: Implications**

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**Finance** – The report highlights a balanced budget position for 2014/15 and a £64.1m shortfall over the 2015/16 – 2016/17 period.

**Staffing** - It is expected that further employee post reductions will be required over the Medium Term Financial Plan period 2014/15 to 2016/17.

**Risk** – Risk will continue to be assessed throughout the budget/MTFP process.

**Equality and Diversity / Public Sector Equality Duty** – All MTFP proposals are being developed alongside consideration of the equalities implications, in line with the Equalities Act 2010 and the public sector equality duty, which require decision makers to consider evidence of equality impacts and mitigating actions. This report includes a high level summary of the process being used, with individual impact assessments for proposals to be made available to all members ahead of the February Cabinet and Council meetings. The MTFP consultation also included consideration of the equalities profile of consultation respondees, and how the responses varied for different groups, in particular younger people and disabled people.

**Accommodation** - None

**Crime and Disorder** - None

**Human Rights** – Any Human Rights issues will be considered for any detailed MTFP (4) and Council Plan proposals as they are developed and decisions made to take these forward. There are no Human Rights implications from the information within this report.

**Consultation** – The report contains full detail of the outcome of the MTFP (4) consultation process.

**Procurement** - None

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

**Legal Implications** - None

## APPENDIX 2

## SPECIFIC GRANTS 2014/15 AND 2015/16

SPECIFIC GRANT	2013/14	2014/15	Variance	2015/16	Variance
	£m	£m	£m	£m	£m
Community Rights to Challenge	0.017	0.017	0.000	0.000	-0.017
Fraud Funding (New)	0.000	N/K		N/K	
Discretionary Housing Payment	0.883	N/K		N/K	
Local Welfare Provision	1.928	1.900	-0.028	0.000	-1.900
Special Needs Grant (new)	0.000	N/K		N/K	
Adoption Grant	1.453	N/K		N/K	
Extended Free Rights to Transport	1.373	1.086	-0.287	N/K	
Free School Meals (new)	0.000	N/K		N/K	
Public Health	44.533	45.780	1.247	N/K	
NHS Funding	10.102	12.936	2.834	N/K	
Local Reform and Community	0.494	0.510	0.016	0.510	0.000
Inshore Fisheries	0.014	0.014	0.000	0.014	0.000
Local Lead Flood Authorities	0.070	0.070	0.000	0.047	-0.023
LCTSS New Burdens	0.350	0.267	-0.083	0.000	-0.267
Housing Benefit Administration	4.597	4.091	-0.506	N/K	

		<b>APPENDIX 3</b>		
<b>Medium Term Financial Plan (MTFP4) 2014/15 - 2016/17 Model</b>				
	2014/15	2015/16	2016/17	
		£'000	£'000	
<b>Government Funding</b>				
Revenue Support Grant (RSG) Reduction	28,545	40,012	30,000	
Council Tax Freeze Grant - 2013/14 grant transferred into RSG	2,033	0	0	
Town and Parish Council RSG Adjustment for LCTSS funding	-238	-305	0	
Education Services Grant Reduction	0	1,900	0	
Business Rates - RPI increase (14/15 Actual 2% - then est of 2.8%)	-1,060	-1,500	0	
Top Up Grant - RPI increase (14/15 Actual 2% - then est of 2.8%)	-1,134	-1,600	0	
Settlement Funding Assessment Adjustment	-1,204	0	0	
New Homes Bonus	-1,984	0	0	
New Homes Bonus - Re-imburement of Top Slice (Est)	553	0	0	
<b>Other Funding Sources</b>				
Council Tax Increase (2% each year from 2014/15)	-3,290	-3,355	-3,422	
Council Tax Base - Additional Yield	-1,080	0	0	
Business Rate Tax Base - Additional Yield	-2,194	0	0	
NHS Social Care Funding	-3,050	-7,000	0	
Use of General Reserve to cover revised implementation date for 'Charging for Garden Waste' scheme to 2015/16	-933	0	0	
<b>Estimated Variance in Resource Base</b>	<b>14,964</b>	<b>28,152</b>	<b>26,578</b>	
Pay inflation ( 1% - 1% - 1.5%)	1,950	2,000	2,900	
Price Inflation (1% - 1.5% - 1.5%)	1,475	2,150	2,100	
Corporate Risk Contingency Budget	0	-2,300	-1,000	
<b>Base Budget Pressures</b>				
Carbon Reduction Commitment - 'Carbon Tax'	370	0	0	
Expiry of four year Disturbance Allowances payments following LGR	-220	0	0	
Employer National Insurance increase due to State Pension changes	0	0	5,100	
Single Status Implementation	0	0	4,500	
Council Housing - if 'Large Scale Voluntary Transfer' goes ahead	0	3,550	0	
Additional Employer Pension Contributions	-700	700	900	
Concessionary Fares	0	400	400	
Energy Price Increases	200	500	500	
Insurance Claims	1,000	0	0	
Winter Maintenance - Highways and Footpaths	1,300	0	0	
Housing Benefit Admin Grant Reduction	500	0	0	
Community Building running costs	-180	0	0	
Delay in realising Leisure/Culture Saving	616	0	-616	
CAS Demographic and Hyper Inflationary Pressures	1,000	1,000	1,000	
Use of Earmarked/Cash Limit Reserve in CAS	-1,000	-200	3,350	
Community Governance Reviews	0	-50	0	
<b>Prudential Borrowing to fund new Capital Projects</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	
<b>Capital Financing for current programme</b>	<b>-250</b>	<b>1,500</b>	<b>0</b>	
<b>TOTAL PRESSURES</b>	<b>8,061</b>	<b>11,250</b>	<b>21,134</b>	
<b>SUM TO BE MET FROM SAVINGS</b>	<b>23,025</b>	<b>39,402</b>	<b>47,712</b>	
<b>Savings</b>				
Savings (subject to approval)	-22,079	-7,073	0	
Mitigating Savings for delay in Leisure/Culture Saving	-616	0	0	
Business Rate Retention - Discretionary Rate Relief Adjustment	-330	0	0	
Implementation of Charging for Garden Waste scheme	0	-933	0	
Additional Savings Target	0	-15,000	0	
<b>TOTAL SAVINGS</b>	<b>-23,025</b>	<b>-23,006</b>	<b>0</b>	
<b>DEFICIT</b>	<b>0</b>	<b>16,396</b>	<b>47,712</b>	

## MTFP BUDGET SAVING 2014/2015

## ASSISTANT CHIEF EXECUTIVE

Saving Ref	Description	2014/2015
		£
ACE3	Management Review within ACE	300,300
ACE9	Review Partnership Support	35,745
ACE14	Review of the Civil Contingencies Unit	4,439
ACE25.1	Use of cash limit	69,992
	<b>TOTAL ACE</b>	<b>410,476</b>

**CHILDREN AND ADULTS SERVICE**

<b>Saving Ref</b>	<b>Title</b>	<b>2014/2015</b>
		<b>£</b>
CAS1	Review of in-house social care provision	890,000
CAS2	Eligibility criteria - consistent and effective use of existing criteria and reablement	1,875,000
CAS3	Review adult social care charging	500,000
CAS4	Savings resulting from purchasing new stairlifts with extended warranties	40,000
CAS5	Management and support services, staffing restructures and service reviews/rationalisation	5,773,826
CAS6	Review of all non-statutory services	1,105,000
CAS7	Music Service to become self financing	91,000
CAS8	Outdoor education	60,000
CAS9	Review of Children's Care Services	1,208,439
CAS10	Review home to school / college transport policies	1,300,000
CAS11	Cash limit use of and adjustment for previous years use of cash limit	-413,415
<b>TOTAL CAS</b>		<b>12,429,850</b>

**NEIGHBOURHOODS SERVICE**

<b>REF</b>	<b>NAME</b>	<b>2014/2015</b>
		<b>£</b>
NS1	Review of Sport and Leisure	100,000
NS3	Structural reviews and more efficient ways of working	1,298,572
NS4	Review of Grounds and Countryside Maintenance	195,602
NS5	Waste Collection Savings	103,500
NS6	Waste Disposal Savings	95,200
NS11	Review of Technical Services / School Crossing Patrols / Street Lighting	684,974
NS17	Additional income from review of charges including charging for garden waste	200,139
NS24	Review of Heritage and Culture	283,500
NS25	Review of Library Service	327,626
NS29	Cash limit use of and adjustment for previous years use of cash limit	-138,750
<b>TOTAL NEIGHBOURHOODS</b>		<b>3,150,363</b>

## REGENERATION AND ECONOMIC DEVELOPMENT SERVICE

REF	NAME	2014/2015
		£
RED1	Restructure in RED - this includes all service teams within the Service Grouping	294,630
RED2	Reduction in Supplies and Services - Economic Development (a reduction in all areas of expenditure in line with restructure). In addition the levels of consultancy support will reduce as external grants have reduced.	248,625
RED4	Reduction in Supplies and Services - Transport (a reduction in all areas of expenditure in line with restructure)	57,500
RED8	Income Generation - Planning - review existing and new areas of charging	16,000
RED9	Income Generation - Transport - review existing and new areas of charging	50,000
RED13	CCTV (Reduction in costs following review of CCTV provision)	30,000
RED14	Review of supplies & services Across Red Service Grouping	166,000
RES1	Assets disaggregation (former Estates team)	114,249
RES3	Assets disaggregation (former Planning and Investment team)	115,130
<b>TOTAL RED</b>		<b>1,092,134</b>



**RESOURCES**

<b>REF</b>	<b>NAME</b>	<b>2014/2015</b>
		<b>£</b>
RES2	Reduction in supplies and services and other non-staffing budgets through efficiencies – Corporate Procurement	85,405
RES13	Reduction in supplies and services and other non-staffing budgets through efficiencies – Legal and Democratic Services	343,995
RES14	Restructure of HR Service	283,482
RES16	Service rationalisation of ICT Services	826,824
RES19	Restructure of Revenues and Benefits Service	465,000
RES20	Reduction in supplies and services and other non-staffing budgets through efficiencies – Corporate Finance	106,999
RES21	Service rationalisation of Audit and Risk	40,000
RES22	Court Cost Fee Income – Summons and Liability Costs Recovered – Financial Services	383,000
RES24	Use of cash limit	358,000
<b>TOTAL RESOURCES</b>		<b>2,892,705</b>

**CORPORATE**

<b>Saving Ref</b>	<b>Description</b>	<b>2014/2015</b>
		<b>£</b>
COR5	Members Budgets - Revenue to Capital Switch	840,000
COR6	Procurement Rebates - NEPO Savings	250,000
COR7	Strategic Highways - Switch of function from RED to NS	50,000
COR8	Replacement of Desk Top Printers with MFD	250,000
COR9	Procurement Reviews	536,000
COR9a	Procurement Reserve	104,000
COR10	Unitisation of Health & Safety	50,000
COR11	Office Closure over Christmas	24,000
<b>TOTAL CORPORATE</b>		<b>2,104,000</b>

**MTFP BUDGET SAVING 2014/2015**

<b>Saving</b>	<b>Description</b>	<b>2014/2015</b>
ACE	<b>TOTAL ASSISTANT CHIEF EXECUTIVES SAVINGS</b>	410,476
CAS	<b>TOTAL CHILDREN AND ADULTS SERVICES SAVINGS</b>	12,429,850
NS	<b>TOTAL NEIGHBOURHOOD SERVICES SAVINGS</b>	3,150,363
RED	<b>TOTAL REGENERATION &amp; ECONOMIC DEVELOPMENT SAVINGS</b>	1,092,134
RES	<b>TOTAL RESOURCES SAVINGS</b>	2,892,705
<b>TOTAL MTFP SAVINGS (ALL SERVICE GROUPINGS)</b>		<b>19,975,528</b>
COR	<b>TOTAL CORPORATE SAVINGS</b>	2,104,000
<b>TOTAL MTFP SAVINGS (INC CORPORATE SERVICES)</b>		<b>22,079,528</b>

## Consultation - Appendix 5

### Group Exercises (270 Groups) - All

Priority	Service	Higher	Standard	Lower
<b>Lower Reductions</b>	Social work and protecting vulnerable children and adults	4%	27%	69%
	Support for adults in their homes	10%	24%	65%
	Job creation	13%	25%	62%
	School support and education services	14%	24%	61%
	Children's Centres & support for families	10%	35%	56%
	Gritting & snow clearance	10%	34%	56%
	Support for community projects, centres, partnerships & groups	16%	33%	51%
	Sports, parks & play areas	19%	34%	47%
	Fostering, adoption & Children's Homes	15%	40%	45%
	Day Centres & support activities for adults	17%	41%	42%
	Roads, footpaths, traffic & lighting	22%	37%	41%
	Residential and nursing care for adults	31%	31%	37%
	Libraries	32%	33%	35%
<b>Standard Reductions</b>	Youth offending & youth support work	14%	44%	42%
	Services to keep people safe	13%	47%	40%
	School crossings & road safety training	16%	50%	34%
	Welfare Rights & advice	22%	47%	31%
	Housing advice & homelessness support	33%	36%	31%
	Environment, health & consumer protection	27%	54%	19%
	Street cleaning	33%	43%	23%
	Council tax Collection and Benefit Payments	32%	53%	15%
	Customer contact – face to face, telephones and webmail	41%	49%	10%
<b>Higher Reductions</b>	Arts, museums & theatres	47%	31%	21%
	Collection, disposal & recycling of waste	49%	31%	20%
	Subsidised bus travel	53%	24%	23%
	Borrowing for new developments	57%	32%	11%
	Performance management, policy & communications	66%	31%	3%
	Democratic Support - decisions & elections	66%	27%	7%
	Grass cutting, trees & flower beds	70%	21%	9%
	Maintenance of council buildings	75%	21%	4%
	Planning Services	76%	19%	6%
	Finance, Legal, IT & Human Resources	83%	12%	5%

## Groups that achieved at least £97m worth of savings - (160 Groups)

Priority	Service	Higher	Standard	Lower
<b>Lower Reductions</b>	Job creation	10%	27%	63%
	Social work and protecting vulnerable children and adults	1%	36%	62%
	Support for adults in their homes	8%	31%	61%
	School support and education services	13%	26%	61%
	Support for community projects, centres, partnerships & groups	19%	25%	56%
	Gritting & snow clearance	10%	34%	56%
	Children's Centres & support for families	11%	36%	53%
	Sports, parks & play areas	19%	34%	47%
	Roads, footpaths, traffic & lighting	24%	36%	40%
	Libraries	32%	33%	36%
<b>Standard Reductions</b>	Youth offending & youth support work	14%	44%	41%
	Services to keep people safe	12%	52%	36%
	Fostering, adoption & Children's Homes	17%	44%	39%
	School crossings & road safety training	17%	50%	33%
	Welfare Rights & advice	22%	48%	30%
	Day Centres & support activities for adults	25%	43%	32%
	Environment, health & consumer protection	20%	57%	23%
	Street cleaning	31%	49%	20%
	Council tax Collection and Benefit Payments	34%	53%	13%
	Customer contact – face to face, telephones and webmail	36%	52%	13%
<b>Higher Reductions</b>	Housing advice & homelessness support	36%	35%	29%
	Residential and nursing care for adults	39%	37%	24%
	Arts, museums & theatres	46%	32%	22%
	Collection, disposal & recycling of waste	51%	30%	19%
	Borrowing for new developments	57%	30%	13%
	Democratic Support - decisions & elections	63%	30%	7%
	Performance management, policy & communications	63%	34%	3%
	Subsidised bus travel	66%	21%	13%
	Grass cutting, trees & flower beds	71%	20%	9%
	Maintenance of council buildings	73%	22%	4%
	Planning Services	74%	21%	5%
	Finance, Legal, IT & Human Resources	84%	12%	4%

### Groups that achieved at less than £97m worth of savings (110 groups)

Priority	Service	Higher	Standard	Lower
Lower Reductions	Social work and protecting vulnerable children and adults	3%	15%	83%
	Support for adults in their homes	5%	16%	78%
	Residential and nursing care for adults	9%	29%	62%
	Children's Centres & support for families	7%	31%	62%
	School support and education services	15%	24%	61%
	Job creation	14%	26%	60%
	Fostering, adoption & Children's Homes	6%	35%	58%
	Gritting & snow clearance	11%	32%	57%
	Day Centres & support activities for adults	6%	39%	55%
	Sports, parks & play areas	22%	30%	48%
	Youth offending & youth support work	14%	43%	44%
	Roads, footpaths, traffic & lighting	19%	40%	41%
Standard Reductions	Support for community projects, centres, partnerships & groups	11%	45%	45%
	Services to keep people safe	11%	46%	43%
	School crossings & road safety training	17%	48%	35%
	Welfare Rights & advice	23%	45%	32%
	Housing advice & homelessness support	27%	37%	35%
	Environment, health & consumer protection	33%	52%	15%
	Council tax Collection and Benefit Payments	34%	51%	15%
Higher Reductions	Subsidised bus travel	35%	31%	34%
	Libraries	36%	32%	32%
	Street cleaning	40%	35%	25%
	Collection, disposal & recycling of waste	43%	36%	21%
	Arts, museums & theatres	49%	30%	21%
	Customer contact – face to face, telephones and webmail	53%	43%	5%
	Borrowing for new developments	59%	30%	11%
	Democratic Support - decisions & elections	74%	20%	6%
	Grass cutting, trees & flower beds	75%	20%	5%
	Performance management, policy & communications	75%	21%	4%
	Maintenance of council buildings	80%	17%	3%
	Planning Services	81%	15%	5%
Finance, Legal, IT & Human Resources	84%	11%	5%	

## Paper Results (1536 Respondents) – All

Priority	Service	Higher	Standard	Lower
<b>Lower Reductions</b>	Residential and nursing care for adults	9%	32%	58%
	Support for adults in their homes	9%	35%	56%
	Social work and protecting vulnerable children and adults	9%	37%	54%
	Gritting & snow clearance	11%	42%	47%
	Job creation	14%	41%	45%
<b>Standard Reductions</b>	School support and education services	13%	44%	43%
	Services to keep people safe	13%	47%	40%
	Fostering, adoption & Children's Homes	12%	50%	38%
	Children's Centres & support for families	13%	48%	38%
	School crossings & road safety training	16%	50%	34%
	Roads, footpaths, traffic & lighting	14%	54%	31%
	Support for community projects, centres, partnerships & groups	20%	46%	34%
	Sports, parks & play areas	18%	51%	31%
	Youth offending & youth support work	18%	51%	31%
	Libraries	18%	51%	30%
	Day Centres & support activities for adults	17%	54%	29%
	Collection, disposal & recycling of waste	17%	58%	25%
	Street cleaning	17%	59%	24%
	Housing advice & homelessness support	20%	55%	24%
	Welfare Rights & advice	24%	51%	25%
	Council tax Collection and Benefit Payments	28%	50%	22%
	Environment, health & consumer protection	27%	54%	19%
	Arts, museums & theatres	34%	45%	22%
	Subsidised bus travel	38%	40%	22%
	Customer contact – face to face, telephones and webmail	40%	45%	15%
Grass cutting, trees & flower beds	42%	44%	14%	
<b>Higher Reductions</b>	Borrowing for new developments	47%	38%	15%
	Planning Services	48%	41%	11%
	Maintenance of council buildings	48%	39%	13%
	Democratic Support - decisions & elections	55%	34%	11%
	Performance management, policy & communications	56%	34%	10%
	Finance, Legal, IT & Human Resources	59%	30%	12%

## Paper Results (494 Respondents) – Those achieving at least £97m worth of savings

Priority	Service	Higher	Standard	Lower
<b>Standard Reductions</b>	Gritting & snow clearance	16%	53%	31%
	Job creation	23%	45%	32%
	Social work and protecting vulnerable children and adults	19%	56%	25%
	School support and education services	23%	49%	28%
	Support for adults in their homes	21%	54%	25%
	Services to keep people safe	22%	56%	21%
	Roads, footpaths, traffic & lighting	23%	55%	22%
	Residential and nursing care for adults	23%	57%	20%
	School crossings & road safety training	23%	57%	20%
	Sports, parks & play areas	26%	53%	20%
	Libraries	27%	53%	20%
	Children's Centres & support for families	25%	57%	18%
	Street cleaning	22%	64%	14%
	Youth offending & youth support work	27%	54%	19%
	Support for community projects, centres, partnerships & groups	31%	48%	21%
	Fostering, adoption & Children's Homes	25%	61%	14%
	Collection, disposal & recycling of waste	25%	62%	13%
	Welfare Rights & advice	33%	51%	16%
	Day Centres & support activities for adults	30%	59%	10%
	Arts, museums & theatres	40%	41%	19%
<b>Higher Reductions</b>	Council tax Collection and Benefit Payments	36%	54%	11%
	Housing advice & homelessness support	36%	56%	8%
	Environment, health & consumer protection	37%	54%	9%
	Borrowing for new developments	49%	38%	13%
	Customer contact – face to face, telephones and webmail	50%	41%	10%
	Grass cutting, trees & flower beds	50%	42%	8%
	Subsidised bus travel	55%	34%	11%
	Planning Services	56%	35%	9%
	Maintenance of council buildings	58%	35%	7%
	Performance management, policy & communications	60%	32%	8%
Democratic Support - decisions & elections	62%	30%	8%	
Finance, Legal, IT & Human Resources	72%	20%	8%	



## Online Results (384 Respondents) – All

Priority	Service	Higher	Standard	Lower
<b>Standard Reductions</b>	Support for adults in their homes	10%	46%	44%
	Social work and protecting vulnerable children and adults	11%	50%	38%
	Gritting & snow clearance	7%	59%	35%
	Residential and nursing care for adults	22%	45%	33%
	Roads, footpaths, traffic & lighting	18%	53%	29%
	Fostering, adoption & Children's Homes	17%	56%	27%
	Sports, parks & play areas	29%	49%	22%
	Collection, disposal & recycling of waste	28%	50%	22%
	Job creation	23%	56%	21%
	School support and education services	27%	53%	20%
	Services to keep people safe	16%	66%	17%
	Youth offending & youth support work	26%	57%	17%
	Libraries	36%	47%	17%
	Street cleaning	19%	65%	16%
	Day Centres & support activities for adults	25%	59%	16%
	Children's Centres & support for families	26%	59%	15%
	School crossings & road safety training	22%	64%	14%
	Welfare Rights & advice	36%	51%	13%
	Arts, museums & theatres	42%	46%	12%
	Housing advice & homelessness support	32%	57%	11%
	Council tax Collection and Benefit Payments	23%	66%	11%
	Environment, health & consumer protection	27%	63%	10%
	Customer contact – face to face, telephones and webmail	35%	56%	9%
Borrowing for new developments	44%	50%	7%	
<b>Higher Reductions</b>	Maintenance of council buildings	47%	45%	8%
	Grass cutting, trees & flower beds	47%	43%	10%
	Support for community projects, centres, partnerships & groups	48%	37%	15%
	Planning Services	48%	45%	7%
	Subsidised bus travel	59%	26%	15%
	Democratic Support - decisions & elections	60%	38%	3%
	Performance management, policy & communications	64%	32%	4%
	Finance, Legal, IT & Human Resources	65%	32%	3%

## Online Results (333 Respondents) – Those achieving at least £97m worth of savings

Priority	Service	Higher	Standard	Lower
<b>Standard Reductions</b>	Support for adults in their homes	12%	51%	38%
	Gritting & snow clearance	7%	60%	34%
	Social work and protecting vulnerable children and adults	13%	53%	33%
	Roads, footpaths, traffic & lighting	19%	53%	28%
	Residential and nursing care for adults	25%	50%	25%
	Fostering, adoption & Children's Homes	20%	59%	22%
	Collection, disposal & recycling of waste	30%	50%	20%
	Sports, parks & play areas	29%	51%	20%
	Job creation	24%	56%	20%
	School support and education services	30%	54%	17%
	Services to keep people safe	18%	65%	17%
	Libraries	37%	47%	16%
	Street cleaning	18%	67%	16%
	Youth offending & youth support work	29%	56%	15%
	Welfare Rights & advice	38%	50%	13%
	Day Centres & support activities for adults	27%	61%	12%
	Children's Centres & support for families	28%	59%	12%
	School crossings & road safety training	23%	65%	12%
	Arts, museums & theatres	43%	45%	11%
	Council tax Collection and Benefit Payments	24%	66%	11%
	Environment, health & consumer protection	29%	63%	9%
	Customer contact – face to face, telephones and webmail	35%	56%	8%
	Housing advice & homelessness support	35%	57%	8%
	Borrowing for new developments	46%	49%	5%
	<b>Higher Reductions</b>	Maintenance of council buildings	49%	45%
Grass cutting, trees & flower beds		49%	44%	8%
Planning Services		49%	44%	7%
Support for community projects, centres, partnerships & groups		50%	36%	14%
Subsidised bus travel		62%	26%	12%
Democratic Support - decisions & elections		62%	36%	2%
Performance management, policy & communications		66%	31%	3%
Finance, Legal, IT & Human Resources		69%	30%	2%