

Overview and Scrutiny Management Board

25th March 2014



Cabinet

19th March 2014

Update on the delivery of the Medium Term Financial Plan 3

Report of Corporate Management Team

Lorraine O'Donnell, Assistant Chief Executive

Councillor Simon Henig, Leader of the Council and all Cabinet collectively

Purpose of the Report

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

Background

- 2 Cabinet has received regular updates on the progress made by the Council in delivering the financial targets within MTFP1 which covered the period 2011/12 to 2014/15 and within MTFP2 which covers the period 2012/13 to 2015/16. These updates have also outlined the approach being taken to ensure the Council has a rigorous programme management framework in place to make certain we meet our duties under the Equalities Act, we comply with our duties as an employer and we consult on and communicate the changes being made.
- 3 MTFP3 agreed by Council in February 2013 takes the overall savings target for the period from 2011/12 to 2016/17 to over £188m.
- 4 However at Council on 26th February 2014, Members were advised that the latest forecast has increased the savings required by 2017 to £224m based on the impact of the 2015/16 Spending Round and the 2014/15 and 2015/16 Local Government Finance Settlement.

Progress to date

- 5 Savings of this level continue to be a major challenge for the Council, for example, the programme to deliver the MTFP savings comprises of more than

300 individual projects. Details of the approach were included as part of the members induction programme following the Council elections in 2013.

- 6 Through detailed planning and robust decision making, we have continued to meet the savings targets either on time or ahead of the planned delivery date.
- 7 In some instances projects are affected by other factors causing a delay or change in the delivery of the savings and for these it is necessary to find another way of making the savings targets through mitigation. These mitigating actions ensure the overall savings target is still delivered. An example has been the proposed savings through the creation of a Leisure Trust. As a result of a number of external factors which meant that the original savings planned were unlikely to be achieved, the service replaced this proposal with a number of alternative proposals, some of which were new and some of which were future years planned savings which were brought forward.
- 8 Through the ongoing vigilance over the delivery of the proposals, the Council continues to deliver well against the savings target. At the end of the third quarter (end of December) 97% of the 2013/14 total has been delivered (£20.16m against a target of £20.87m).
- 9 This progress continues to reflect the work undertaken already on delivering the previous MTFPs and the high level of savings this year from projects and changes implemented previously. During 2013/14 service restructures continues to be the main area where savings have been made.
- 10 Work is well advanced for future savings required in 2014/15.

Consultation

- 11 As Members will be aware the council undertook innovative and wide ranging public consultation on the MTFP throughout October to early December last year.
- 12 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 10,000 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.
- 13 The key findings from the consultation were:
 - members of the public found it hard to identify the required level of savings that the council needs to deliver;
 - across all of the different consultation methodologies, there was little consensus on which services to 'protect' in relative terms;
 - there was considerable consensus on the services from which to take more savings. However, on their own, these would not be sufficient to meet the level of savings required;
 - there was a rich level of intelligence from the group exercise work;

- there was support from the group exercises for a council tax rise of up to 2% but very little support for a rise in excess of this level.
- 14 In respect of the current MTFP, consultations on specific service changes which occurred during this period included the review of waste charges and lunchtime school crossing patrols. There was also a consultation on in-house social care provision which relates to savings for the next MTFP year 2014/15.
- 15 However as the majority of savings for 2013/14 relate to staffing restructures, the majority of consultation activity this period has been undertaken internally with staff and trade unions.
- 16 Feedback from consultations is taken into account in deciding the final outcomes; an example of this was seen in the review of libraries and future library opening hours. Feedback from consultation has also identified the need to protect frontline services as far as possible and to date over 64% of the savings that have been delivered have been from non-frontline services.

HR implications

- 17 The impact on the Council's workforce continues to be in line with the original MTFP estimates in 2011. At that time it was anticipated that approximately 1,600 staff posts would be removed from the establishment together with a further 350 vacant posts deleted over the period from 2011 to 2015.
- 18 During the first three quarters of this financial year 101 employees have left through redundancy or early retirement related to MTFP and 77.5 vacant posts have been deleted.
- 19 The Council has continued to support employees affected by the MTFP including offering staff affected alternative employment through the Council's redeployment process. The financial challenges facing the Council continue to be shared through direct communications with all staff, with another series of staff roadshows being planned for the first quarter of 2014/15.
- 20 Employees are also continuing to apply for ER/VR and to date we have 185 expressions of interest which we are actively managing and expect to be able to facilitate as part of future savings proposals.
- 21 The impacts on staff are also considered as part of the equality impact assessment process. It should be noted that although the information below does not relate to MTFP decisions alone, the majority are the result of MTFP and this offers a useful indication of the impact on staff across the authority.
- 22 The gender balance of those leaving through voluntary redundancy, early retirement and ER/VR during Quarter 3 showed that 61% were female and 39% male; this reflects the overall gender balance in the workforce. Around 12.5% had a disability, this is higher than the overall workforce (2.9% of employees are disabled) but the number is very low. 37.5% were not disabled while the remainder had not disclosed whether or not they had a disability. All were white British except for 11% who had not disclosed their ethnicity. The majority (78%) were full-time workers. A small number of compulsory redundancies showed that 75% were female and 75% were full-

time workers. All were white British and a very low number had disclosed a disability.

Equality Impact Assessments

- 23 Equality impact assessments (EIA) form a key part of the ongoing MTFP process. A number of the initial screenings provided to Cabinet in January 2013 have been updated during the year to take account of consultation responses and additional evidence; the updates also include information on any mitigating actions.
- 24 Action plans from equality impact assessment are monitored on a quarterly basis. The impact assessments and action plans are also reviewed during the decision making process, for example, updated EIAs are provided where Cabinet receive a report ahead of consultation and where a further report is received with any final recommendations.

Conclusions

- 25 The Council's approach of planning early and delivering the savings through robust programme management continues to be an important aspect in overcoming the significant challenge of delivering the MTFP.
- 26 By the end of December we had delivered £20.16m of the 2013/14 MTFP target of £20.87m. By the end of 2013/14 we will have delivered savings totalling £113.9m against a target of £224m for the period 2011 to 2017.
- 27 It will become increasingly difficult to deliver the levels of savings required over future years, and this will involve a number of difficult decisions. However £22m of savings proposals are in place for 2014/15 and planning work is already well advanced, in order that the appropriate consultations and decision making can occur in adequate time to deliver the savings necessary.

Recommendations

- 28 Members are recommended to note the contents of this report and the progress being made in delivering the £20.87m of savings for 2013/14 where 97% of the savings have been delivered by 31st December 2013.

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Appendix 1: Implications

Finance – The delivery of the MTFP involves cumulative saving of approximately £224m over the period from 2011 to 2017 of which £66.4m was delivered in 2011/12 and £26.4m delivered during 2012/13. In the current year we have already delivered 97% of the target of £20.87m, which brings the total amount saved to date to over £113m.

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

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

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

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

Crime and Disorder – N/A

Human Rights – N/A

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

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

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

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