

Overview and Scrutiny Management Board

17 June 2014

Cabinet

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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 March 2014 on the delivery of the 2013/14 to 2016/17 Medium Term Financial Plan (MTFP 3), and provides a summary over the past three years of the MTFP savings made.

Background

- 2 Cabinet has received regular updates on the progress made by the Council in delivering the financial targets within MTFP 1 and 2 which covered the period 2011/12 to 2015/16 and within MTFP 3 which covers the period 2013/14 to 2016/17. These updates have also outlined the approach being taken to ensure the Council has a rigorous programme management framework in place to make certain we meet our duties under the Equalities Act, we comply with our duties as an employer and we consult on and communicate the changes being made.
- 3 MTFP 4 has now been agreed by Council and the overall savings target for the period from 2011/12 to 2016/17 is now estimated at around £224m.

Progress to date

- 4 Delivery of the MTFP programme continues to be very challenging for the Council. We have however continued to meet the savings targets set so far and the target for 2013/14 has now been fully delivered with a total of £20.87m being saved during this period. Together with the savings made since April 2011 we have now made over £113m of savings. To put this in context however it is only just over 50% of the savings target we estimate will be required by the end of 2017, so we have the same amount to save again over the next three years.

- 5 During the last quarter of 2013/14 the small amount of savings required to meet the target were delivered through initiatives which had already been introduced previously alongside continuing staffing restructures.
- 6 Looking at the overall progress on the delivery of MTFP savings, the amount delivered to date and the amounts still required over the coming few years are shown in the graph below;

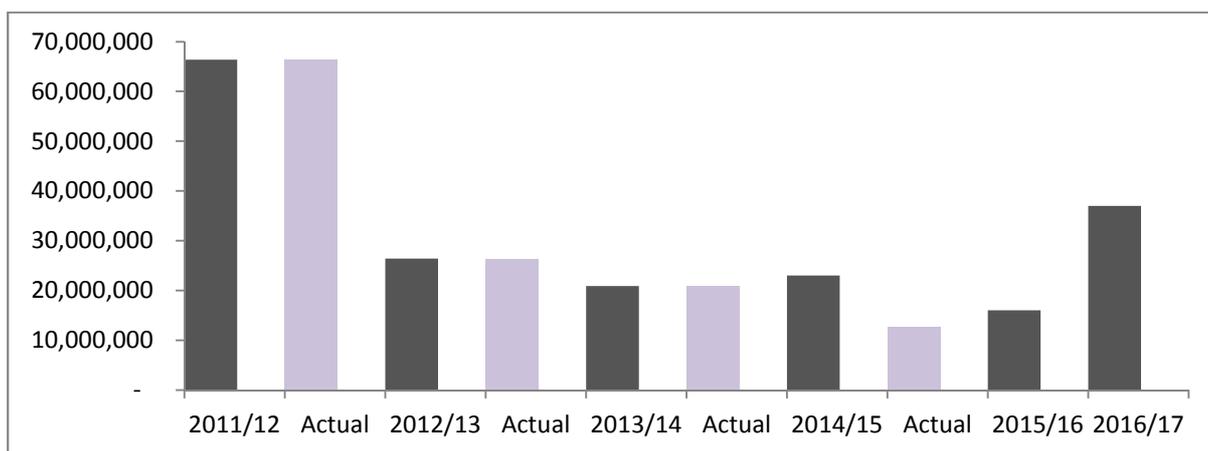


Figure1. MTFP 1, 2 and 3 savings targets and achievements

- 7 The graph shows that we have already delivered over 50% of the savings required for 2014/15, in part through early delivery. Ensuring we deliver on time and in a controlled manner is critical as any slippage would mean that the Council would have to deliver higher savings over time.
- 8 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.
- 9 During the last three years there have been over 300 individual projects identified during the planning for MTFP savings.
- 10 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.
- 11 To date the Council has implemented the agreed strategy very effectively:
 - 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 has significantly reduced management costs.
- Proportionally more than three times as many manager posts have been removed than frontline staff.
- Whilst income from fees and charges has been increased, this has not taken the Council to a position of having the highest levels of fees and charges in the region or nationally which is important given the socioeconomic make-up of the county.

Consultation

- 12 The Council has a strong track record of involving the public in setting its budget and in considering the individual proposals identified as part of the MTFP. Alongside two significant public consultations on the budget in 2010 and last year we have undertaken over 20 public consultations on individual proposals including changes to refuse collection, library opening hours and adult care.
- 13 This approach was further endorsed with an additional consultation undertaken in 2012 on how the Council was delivering the savings. This identified that the Council had managed the process so far well given the difficult circumstances and the tough decisions necessary, but reinforced that the involvement of local people remains central to the process
- 14 As has been mentioned in previous updates over the three years of the MTFP we have revised our proposals to take into account the feedback received from public consultations. These include leisure centres where we transferred several into local ownership, libraries where we used the consultation to determine the revised opening hours which helped avoid closures and household waste recycling centres where the final recommendation was to close only two instead of the six proposed initially.
- 15 Consultations have also, in some cases, endorsed the Council's proposals and helped plan the way forward; for example the consultation on the Community Building Strategy where the feedback helped develop a framework of support for community buildings over the next few years.
- 16 However given the need to make challenging budget reductions, it has not always been possible to act upon the consultation findings particularly where no alternative proposals were identified that could deliver savings. Even in these areas consultation showed that decisions were made on a detailed understanding of their potential impact.
- 17 We have also identified overwhelming support to continuing to engage the public in our decision making process and through the approach we have taken in delivering the MTFP, we will ensure this very important public engagement continues where appropriate.

HR implications

- 18 During 2013/14 we accepted a total of 164 ER/VR applications, deleted 78 vacant posts and regretfully made 45 employees redundant as a result of the MTFP proposals.
- 19 With these figures the total impact on the workforce through reduced posts during the first three years of the MTFP remains in line with the original projections of 1,950 posts being removed by the end of 2014/15.
- 20 In total over the three years of the MTFP a total of 915 ER/VR applications have been accepted, 367 vacant posts deleted and 345 compulsory redundancies made.
- 21 Management of change policies and HR support have ensured that this degree of change has been managed effectively and this has been recently recognised as the Council's approach has been shortlisted for a major industry award.
- 22 Through these policies the Council has continued to support staff affected by the MTFP and we have found over 357 staff alternative employment through the Council's redeployment process.
- 23 Staff are also continuing to apply for ER/VR and to date we have 216 expressions of interest which we are actively monitoring to try and support where we can.
- 24 The gender balance of those leaving through voluntary redundancy, early retirement and ER/VR during Quarter 4 showed that just over 70% were female and 29% male. Just under 4% (less than five employees) had a disability and 11.5% were not disabled while the remainder had not disclosed whether or not they had a disability.
- 25 All were from a white background except for just over 15% who had not disclosed their ethnicity. The majority (61.5%) were full-time workers. The profile of those leaving through compulsory redundancies showed that over 82% were female and over 76% were part-time workers. All were white British and none had disclosed a disability.
- 26 During 2013/14 the cumulative totals for employees leaving through voluntary redundancy, early retirement and ER/VR showed that 61.6% were female and 38.4% male. Less than twenty employees (5.6%) had a disability and almost 80% had not disclosed whether or not they had a disability.
- 27 The majority (88%) were from a white background, just over 11% had not disclosed their ethnicity and less than 1% were from a black or minority ethnic background. The majority (69%) were full-time workers. The profile of those leaving through compulsory redundancies showed that almost 69% were female, less than five employees (7%) had disclosed a disability and almost 98% were white British. There was no significant overall difference between full-time workers (49%) and part-time workers (51%).

28 Comparing this cumulative profile against the overall workforce shows that:

- A greater proportion of females left through compulsory redundancy (69%) than females in the overall workforce profile (62.7%);
- Both voluntary leavers and compulsory redundancies showed higher percentages for disabled employees than the overall workforce (2.9%), however the total number of disabled leavers is less than 25; and
- There was no significant difference in terms of ethnicity.

Equality Impact Assessments

29 The Equality Impact Assessments (EIA) for 2014/15 savings were made available to Members in January ahead of the final budget decision. Our EIA process ensures that proposals for savings are subject to robust yet proportionate analysis with initial screenings for new savings or those likely to have minimal impact and more detailed EIAs for ongoing savings with a greater level of impact. Proposals which have the potential for a disproportionate impact on any of the protected equality characteristics have a full detailed assessment ahead of the final decision.

30 The EIA process is intended to protect the authority from legal challenge and ensure that mitigating actions are considered as part of the final decision making. In general legal challenges to other authorities have focussed on lack of evidence that equality duties were considered and were based on flawed consultation processes. Our impact assessment and consultation processes work together to ensure that decision makers are made aware of their legal duties, have sight of evidence and consider the views of relevant equality groups.

31 In the last quarter of 2013/14 the Cabinet report on residential care homes included a full impact assessment which included evidence about current service users and from the consultation exercise. The potential impacts related to the health and wellbeing of service users, additional travel or reduced opportunity to visit for family and friends, loss of local provision and employment. The impacts were most likely in relation to age, gender and disability. The mitigating actions included taking account of individual needs in any move, aiming to move residents together if this was their choice and following corporate HR procedures to ensure fair treatment for staff.

32 Examples from previous quarters have demonstrated the importance of our ongoing EIA process which is clearly linked to decision making.

- The initial EIA relating to the non-residential charging policy was considered by Cabinet in October 2013 and was updated again in November 2013 to include further mitigating actions to take account of financial hardship.
- The EIA of changes to leisure centres was originally considered by Members in 2011. It included plans for the relocation of existing multi-

sensory facilities from Deerness leisure centre which has now been completed at Spennymoor Leisure Centre. The move of day services into leisure centres has also been completed with Changing Place facilities installed to support the move and improve services for the wider disabled community.

- Changes to stairlift maintenance arrangements were first subject to an EIA as part of the 2011/12 proposals , this has been updated during the decision making process and the changes were implemented from April 2014.

Conclusions

- 33 The Council is in a strong position to continue to meet the financial challenges ahead through accurately forecasting the level of savings required, developing strong plans and robustly managing implementation including high volumes of consultation and communication. This position is further enhanced by the approach of planning and delivering MTFP proposals early where we can.
- 34 The Council has now delivered the savings for 2013/14 which amount to over £113m in savings made since 2011.
- 35 MTFP4 has now been agreed which brings the total level of savings for the period from 2011/12 to 2016/17 to over £224m.
- 36 The focus of the planning activity is now looking to the savings required in 2014/5, in order that the required savings can be achieved, and to ensure we have allowed the appropriate amount of time to undertake consultations with all those affected.

Recommendations

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

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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 just over £113m has been delivered in 2011/12, 2012/13 and 2013/14.

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 proposals which have been identified for MTFP 2 and 3, together with 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 1950 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 and again in 2013. 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.