

Overview and Scrutiny Management Board

20th October 2014

Cabinet

10th September 2014

Update on the delivery of the Medium Term Financial Plan 4



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 June 2014 on the delivery of the 2014/15 to 2016/17 Medium Term Financial Plan (MTFP 4).

Background

- 2 Cabinet has received regular updates on the progress made by the Council in delivering the financial targets within MTFP 1, 2 and 3 which covered the period 2011/12 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 been agreed by Council and for 2014/15 the savings target is just over £23m. This forms part of the overall savings target for the period from 2011/12 to 2016/17 of around £224m.

Progress to date

- 4 Delivery of the MTFP programme remains very challenging for the Council and the savings for 2014/15 represents an increase of 10% on the savings required in 2013/14.
- 5 Through the robust approach we continue to take in managing the savings programme we remain within plan in meeting the savings targets and therefore the savings required for 2014/15 are on track. Already over 60% of

the target has been met with £14.2m having been achieved in the first quarter. Since April 2011 we have now made almost £128m of savings.

- 6 The main areas where savings have been made in this period include the change in Member budgets to increase the amount of capital available whilst reducing the amount of revenue required. This has ensured Members maintain existing levels of funding to help their localities whilst making MTFP savings.
- 7 Further savings continue to be realised through internal restructures including HR, Culture and Sport, Direct Services, Planning and Performance within ACE and service support teams across the Council. As a result of the restructuring that has happened over the last few years supporting budgets have also been reduced, so we have seen more reductions this period to supplies and services budgets.

Consultation

- 8 Consultation with the public and other stakeholders remains an important element in the MTFP programme. However during the first quarter of this year there was no external consultation undertaken, as the savings proposals were mainly internal restructures so consultation activity focused on trade unions and employees affected.

HR implications

- 9 In the first quarter of 2014/15 we accepted 32 ER/VR applications, deleted 46 vacant posts and unfortunately made 12 employees redundant as a result of the MTFP proposals. The majority of the HR reductions which have been as a result of the savings delivered for MTFP4 so far would have been realised during 2013/14 and are reflected in previous figures provided to Members. This reflects the approach outlined previously to Members of delivering savings early wherever possible.
- 10 The total impact on the workforce through reduced posts continues to remain in line with the original projections of 1,950 posts being removed by the end of 2014/15. Since 2011 a total of 947 ER/VR applications have been accepted, 414 vacant posts deleted and 357 compulsory redundancies made.
- 11 The Council continued to support staff affected by the MTFP and we have found over 357 staff alternative employment through the Council's redeployment process.
- 12 Staff are also continuing to apply for ER/VR and to date we have 192 expressions of interest which we are actively monitoring to try to support where we can. Although we have kept open the opportunity for staff to discuss ER/VR if this is something they wish to explore we issued a general invitation for expressions of interest in ER/VR, with the result that a further 134 employees have expressed an interest. These are currently being considered by managers against future plans to see if they will be possible to accept.

Equality Impact Assessments

- 13 The Equality Impact Assessments (EIAs) 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.
- 14 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.
- 15 During the first quarter of 2014/15 Cabinet considered the proposal to close the five remaining in-house residential care homes. The published impact assessment was updated to include equality data on current service users and evidence from the consultation carried out from October 2013 to January 2014. Agreed closure of the care homes will impact most on age as all current residents are older people as are most day service users. There are also gender impacts as the majority of residents and service users are female. Additionally a significant proportion have a physical disability and/or sensory and/or mental health impairment. The potential impacts relate to health and wellbeing of service users, additional travel or reduced opportunities for visiting family and friends and loss of local provision. There are also impacts for staff particularly in relation to gender. The mitigating actions include taking account of individual needs in any move, aiming to move residents together if this is their choice and following corporate HR procedures to ensure fair treatment of staff.

Conclusions

- 16 To highlight the current position and to put this in perspective with what we are estimating will be required over the next few years the savings made since 2011 represents about 57% of the projected savings target of £224m.
- 17 A key element of the MTFP delivery strategy as Members are aware has been to wherever possible deliver savings ahead of time, often generating reserves in the form of cash limits. This ensures that we are able to respond to unexpected delays and can 'smooth' implementation from year to year.
- 18 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.
- 19 The Council has delivered £14.2m of the savings for 2014/15 (over 60%) which amount to almost £128m in savings made since 2011.

Recommendations

- 20 Members are recommended to note the contents of this report and the progress being made in delivering MTFP4.

Contact: Roger Goodes, Head of Policy & Communications
Tel: 03000 268050

Appendix 1: Implications

Finance – The delivery of the MTFP involves cumulative saving of approximately £224m over the period from 2011 to 2017 of which nearly £128 has been delivered in 2011/12, 2012/13, 2013/14 and 2014/15.

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 subsequent MTFPs, 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. Figures relating to staff leaving through voluntary redundancy, early retirement and ER/VR during the first quarter showed that just under 70% were female and just over 30% were male. All of the 88% who disclosed ethnicity were White British, 3% had a disability, 18% were not disabled and 79% had not disclosed whether or not they had a disability. The profile of those leaving through compulsory redundancies showed 53% were female, all were White British. More than one in ten (13%) disclosed they had a disability, 87% were not disabled. Comparing this first quarterly profile against the overall workforce shows that a slightly greater proportion of women (65%) left the workforce through both compulsory and voluntary redundancy compared to the proportion of women in the overall workforce profile (62.7%). There was a higher percentage of compulsory redundant leavers with a disability than the workforce profile (2.9%), however due to the numbers involved the difference is not significant. There was no difference in terms of ethnicity.

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.