

Cabinet

18 October 2017

**Medium Term Financial Plan (8),
Council Plan, Service Plans
2018/19-2021/22**



CORP/R/17/02

Report of Corporate Management Team

John Hewitt, Corporate Director of Resources

Lorraine O'Donnell, Director of Transformation and Partnerships

Councillor Alan Napier, Cabinet Portfolio Holder for Finance

Councillor Simon Henig, Leader of the Council

Purpose of the Report

- 1 To provide an update on the development of the 2018/19 Budget, the Medium Term Financial Plan (MTFP(8) and Council Plan / Service Plans 2018/19 to 2021/22.

Executive Summary

- 2 The financial outlook for the Council continues to be extremely challenging with government funding reductions confirmed as continuing until at least 2020. At this stage there is no certainty as to what will happen to local government funding beyond this point. It is however important that the Council plans over the medium term to ensure continuing financial sustainability.
- 3 The Chancellor of the Exchequer's 8 March 2017 Budget reported a deterioration in the public finances. It is forecast that the national deficit in 2017/18 could be higher than in 2016/17. The government has announced that the Autumn Statement will be published on 22 November 2017 and it is expected that it will confirm that the national finances will not achieve a surplus until at least the mid-2020s. There is also significant uncertainty over the impact of Brexit and the impact on local government.
- 4 The former coalition government was working towards the introduction of 100% Business Rates Retention for local government with a forecast implementation date of 2019/20. The required legislation for this policy was not included in the 2017 Queen's Speech. It is not clear at this stage if this policy will be implemented. The government has confirmed that the Fair Funding Review which was an element of the 100% Business Rates Review process will continue. The output from the Fair Funding Review could result

in a significant impact upon the resources available to individual councils depending on government's approach to allocating funding by formula.

- 5 The government has also announced a review into Social Care funding. It is expected that this review could influence the Better Care Fund, the Adult Social Care precept and the Public Health Grant. Any reduction in these income streams would have a significant impact on the Council's resources.
- 6 All of these uncertainties, considered alongside the possible impact of new policies from the government, generate significant complications and areas of uncertainty in developing plans for MTFP(8). Through prudent financial planning, the Council has a reserves position that can be used to assist in supporting the budget during this significant period of uncertainty.
- 7 The MTFP(8) model has been updated assuming no further government funding reductions beyond 2019/20. There is a risk that these assumptions do not prove to be correct. However, based on this position, savings required over the four year period are forecast to be £37 million.
- 8 Achieving this level of savings over the next four years will be extremely challenging. The emphasis since 2011/12 has been to minimise savings from front line services whilst maximising savings in management and support functions. This is becoming much more difficult as by the end of this financial year, the council will have made savings of £209 million and achieving further savings in managerial and back office efficiencies is extremely difficult.
- 9 At this stage, the total savings required to balance the 2018/19 budget amount to £15.3 million. Savings plans of £14.8 million are detailed in this report. It is currently forecast that £0.5 million of the Budget Support Reserve (BSR) will be utilised to balance the 2018/19 budget.
- 10 The savings detailed within this report will be considered as part of the MTFP(8) budget consultation process outlined below, which as in previous years will focus on the Area Action Partnerships (AAPs).

Background

- 11 To ensure that the MTFP(8) Council Plan and Service Plans can be developed effectively and savings targets delivered in time to produce a balanced budget, it is important that a robust plan and timetable is agreed and followed.
- 12 The current MTFP(7) that the Council agreed in February 2017 covers the three year period 2017/18 to 2019/20. It is recommended at this stage that MTFP(8) covers a four year period 2018/19 to 2021/22 which takes plans up to the end of current four year confirmed settlement in 2019/20, plus a further two years where significant government reductions in core funding are forecast to have ended. The Council will however continue to face significant increases in the demand for services and inflationary pressures over this period.

- 13 This planning position is considered prudent because of the Council's track record on delivering savings, its accurate MTFP planning processes and the availability of reserves to assist in managing MTFP delivery.

Review of MTFP Model

- 14 The financial outlook for the Council continues to be extremely challenging with government funding reductions confirmed as continuing until at least 2020. There is a possibility that government funding reductions could extend beyond this date. The Chancellor of the Exchequer's March 2017 Budget reported a further deterioration in the public finances. At this stage however, the government has stated that this deterioration in the public finances will not result in a change to the four year settlement provided to local authorities in February 2016 which ends in 2019/20.
- 15 The national finances continue to face significant uncertainty. The performance of the economy is not meeting expectations, which is likely to result in the deficit reduction targets being missed. There is also the significant uncertainty in relation to the impact of Brexit, the possible move to 100% Business Rates Retention and any policy initiatives from the new government.
- 16 The Council will need to continue to review the MTFP(8) projections and savings requirements over the coming months in light of future announcements.
- 17 The assumptions in the MTFP(8) model reported to Cabinet on 12 July 2017 have continued to be reviewed and updated. The main adjustments to the MTFP(8) model are detailed below:

(a) **Business Rates and Top Up Grant Retail Price Increase (RPI)**

At this stage RPI is utilised by government to uplift business rates and the Top Up Grant with the 2018/19 uplift based upon the September 2017 RPI rate. The RPI forecast in the July Cabinet report was 3% for 2018/19 and 2% for 2019/20. The August 2017 RPI rate however is 3.9% and is expected to remain volatile in the coming months. At this stage it is deemed prudent to increase the forecast RPI rates to 3.9% and 2.5% for 2018/19 and 2019/20 respectively. The September 2017 rate will be reported in mid October and utilised for 2018/19 in future MTFP(8) reports to Cabinet.

(b) **Improved Better Care Fund**

The Council will receive additional Improved Better Care Fund monies in both 2018/19 and 2019/20 of £8 million and £4 million respectively. These sums are in addition to the £13 million received in 2017/18. Discussions are ongoing with Clinical Commissioning Groups on investment plans for 2017/18. In terms of the 2018/19 and 2019/20 sums, agreement has been reached that the Council can utilise these sums to delay savings for Adult and Health Services which would

impact upon front line services. This approach can only be utilised on a short term basis as at this stage this funding will end in 2020/21. In terms of the MTFP(8) model, additional Better Care Fund income of £8 million is introduced in 2018/19 with reductions of £4 million in both 2019/20 and 2020/21, as the funding reduces.

(c) **Council Tax / Business Rate Taxbase Increases**

The July Cabinet report included an assumption across the MTFP(8) period of a £1.5 million annual increase in the tax base for council tax and business rates. Overall, at this stage this would require an increase in tax base of around 0.5% every year. It is presently forecast that the 2018/19 taxbase increase for council tax will be around £3 million and for business rates £0.5 million. This £3.5 million increase in taxbase will be available to support the 2018/19 budget. It is recommended at this stage that the increase for later years is retained at £1.5 million and reviewed as part of future years' budget setting processes.

(d) **Looked After Children (LAC) Pressures**

Significant pressure continues to be experienced in children's social care due to the additional number of children entering the care system. It was anticipated that numbers would have stabilised however short term financial support is required in this area. Additional budget support of £1.8 million for 2018/19 was included in the July Cabinet report. This investment would allow numbers to stabilise and to ensure the most efficient and effective placement mix which will reduce future years costs. The additional £1.8 million provided in 2018/19 would be gradually withdrawn over the 2019/20 to 2021/22 period as the placement mix is remodelled. Further reviews in this area have indicated that £1.8 million is not sufficient to meet the additional demand. The 2018/19 investment has been increased to £2.9 million to reflect the latest position, which will need to be kept under review.

2018/19 Savings Forecast

- 18 Based upon the revised assumptions detailed in this report, the savings requirement for 2018/19 is forecast to be £15.3 million.
- 19 A range of savings has been identified to balance the 2018/19 budget. In total, £14.8 million of savings have been identified, as detailed in Appendix 2. Achieving savings of £14.8 million would still leave a budget shortfall of £0.5 million. It is therefore recommended at this stage that £0.5 million of the BSR is earmarked to balance the budget.
- 20 The savings figures for later years that arise from agreeing the 2018/19 savings are as follows:

Year	£million
2019/20	2.445
2020/21	1.383

- 21 The MTFP(8) assumptions will continue to be refined as progress is made towards the finalisation of the budget in February 2018.

MTFP(8) – 2018/19 to 2021/22 Update

- 22 The adjustments to MTFP(8) planning detailed in this report have impacted upon the forecast savings requirements for the 2018/19 to 2021/22 period.
- 23 The current savings forecast for the period 2018/19 to 2021/22 is detailed below.

Year	Savings Forecast Requirement £million
2018/19	14.803
2019/20	11.582
2020/21	9.582
2021/22	1.480
Total	37.447

- 24 If approved, the savings identified in Appendix 2 would realise total savings across the 2018/19 to 2020/21 period of £18.6 million. This would leave further savings to be identified across the MTFP(8) period of £18.8 million to achieve the £37.4 million total MTFP(8) savings requirement detailed above. Realising additional savings of £37.4 million means that the Council will have had to save £246.4 million from 2011/12 to 2021/22. The revised MTFP(8) Model is attached at Appendix 3.

Proposed Consultation Programme

- 25 Consultation on the budget will be held between 18 October and 1 December 2017 and the feedback will be presented to Cabinet on 7 February 2018.
- 26 Based on the effective approach taken in previous years, the 2018/19 budget consultation will seek to utilise the extensive connections with local communities developed through the 14 Area Action Partnerships (AAPs). A presentation on the budget proposals will be provided at public AAP Board meetings where there will be an opportunity for attendees to consider and discuss the options for change set out in this report. In addition, people will also be encouraged to complete a paper questionnaire or go on-line to respond and provide views on the budget proposals.

- 27 AAP Coordinators will also share proposals with local people attending a range of community events within their area and encourage completion of the questionnaire. This will include both events being held by partners and AAP organised events, such as Participatory Budget events, AAP Forums and village roadshows.
- 28 The budget will also be discussed at key events and meetings with partners, such as the Better Together Conference, Voluntary and Community Sector (VCS) Working Group, Local Councils Working Group and County Durham Partnership Forum. In addition, the consultation will be promoted on the Council's website, on Twitter and Facebook, in Durham County News and through the Council's partnership frameworks.

Proposed Approach to the Development of the Council Plan and Service Plans

- 29 As agreed by Cabinet in July, a review of the Sustainable Community Strategy (SCS), partnership vision and the council plan are scheduled to take place this year.
- 30 It was agreed that an outcome based approach to planning would be adopted, and that the reviews would be conducted according to six key design principles:
- (a) outcome-based vision and council plan;
 - (b) partnership based approach with engagement of key partners;
 - (c) incorporate the transformation vision for communities of resilient self-reliant communities, with a focus on prevention and tackling poverty;
 - (d) efficient planning – with as few key strategies and plans as possible, and concise focussed documents;
 - (e) plans and strategies drive change;
 - (f) cross council and cross partnership not silo based.
- 31 Work is about to begin with Cabinet and County Durham Partnership to consider the high level vision. An outcome-based council plan will also be developed, taking into account MTFP plans. The aim is to approve the refreshed vision and council plan in Spring 2018 following on from the budget setting process.

Equality Impact Assessment of the Medium Term Financial Plan

- 32 Consideration of equality analysis and impacts is an essential element that Members must consider when deciding the savings to be consulted upon. This section provides an update on the outcomes of the equality impact assessment of the MTFP(8) to date, and summarises the potential cumulative impact of the 2018/19 proposals.

- 33 The aim of this equality analysis is to:
- (a) identify any disproportionate impact on service users or staff based on the protected characteristics of age, gender (including pregnancy/maternity and transgender), disability, race, religion or belief and sexual orientation;
 - (b) identify any mitigating actions, which can be taken to reduce negative impact where possible;
 - (c) ensure that we avoid unlawful discrimination as a result of MTFP decisions.
- 34 As in previous years, equality impact assessments are being considered throughout the decision-making process, alongside the development of MTFP(8). This is required to ensure MTFP process decisions are both fair and lawful. The process is in line with the Equality Act 2010 which, amongst other things, makes discrimination unlawful in relation to the protected characteristics listed above and requires reasonable adjustments for disabled people. In addition, the public sector equality duty requires us to pay 'due regard' to the need to:
- (a) eliminate discrimination, harassment and victimisation and any other conduct that is prohibited under the Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 35 All of the savings options presented at Appendix 2 have been subject to initial equality impact assessments where applicable. Existing assessments from previous years are in place where there is a residual saving or a continuation of a savings proposal. A number of proposals do not require an assessment, for example those involving savings in supplies and services.
- 36 A number of judicial reviews, which have found against other local authorities, reinforces 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.
- 37 Throughout the period of MTFP planning through to setting the MTFP(8) budget in February 2018, the equality impact assessments will be developed alongside emerging savings proposals. Any relevant results of consultation activity will be fed into the assessments, and all assessments will be updated as further information becomes available. Final assessments will be considered as part the decision-making process for each individual proposal.

In terms of the ongoing programme of budget decisions, the Council has taken steps to ensure that impact assessments:

- (a) are built in at the formative stages so that they form an integral part of developing proposals with sufficient time for completion ahead of decision-making;
- (b) are based on relevant evidence, including consultation where appropriate, to provide a robust assessment;
- (c) objectively consider any negative impacts and alternatives or mitigating actions so that they support fair and lawful decision making;
- (d) are closely linked to the wider MTFP decision-making process;
- (e) build on previous assessments to provide an ongoing picture of cumulative impact.

Impact Assessments for 2018/19 Savings Proposals

- 38 A total of 28 initial assessments are available for Members to inform the decision to consult on the savings listed at Appendix 2. The documentation has been made available for Members via the Member Support Team ahead of this Cabinet meeting.
- 39 Proposals include potential service user impacts across all protected characteristics, but, most commonly around age, gender and disability characteristics. Individual equality screenings will continue to be updated to reflect further information as consultation on proposals progress. They will also be updated to include mitigating actions in relation to any potential impacts at the final decision point. In addition, staffing reviews have potential impacts across all protected characteristics. Fair treatment of staff will be ensured through agreed corporate HR procedures contained within the Council's Change Management Toolkit.
- 40 Specific potential impacts of MTFP(8) saving proposals are summarised by Service Grouping below.

Adult and Health Services (AHS)

- 41 Adults and Health Services have a range of proposed savings some of which reflect ongoing savings agreed in previous years. These include the review of direct provision of in-house services, the consistent and effective use of existing criteria and increased charging income in respect of adult care provision.
- 42 New proposals include a mix of changes to service provision as well as staffing reviews. Specifically, changes affecting new service users include bringing charging policies in line with the latest Department of Health

guidelines. A review of community-based services will reduce the use of short term support funding available to supplement Adult Social Care.

- 43 Other changes involve staffing reviews across a range of services. These reviews have potential impacts across all protected characteristics. Fair treatment of staff will be ensured through agreed corporate HR procedures contained within the Change Management Toolkit.

Children and Young People Services (CYPS)

- 44 Savings proposals for Children and Young People's Services largely reflect service and staffing reviews. These include a review of Children's Services which is likely to restructure how children's social care and early help for families are delivered.
- 45 Reviews of Education Services and business support / administration are also included. These reviews have potential impacts across the protected characteristics. Equality impact assessments will be further developed as savings proposals progress to implementation stages.

Regeneration and Local Services (ReaL)

- 46 The proposals in ReaL Services have been developed with the intention of minimising front line impacts in all areas of the service grouping.
- 47 The review in Culture and Sport will involve changes to development services in sport and the arts, with further operational reductions across the service. The nature of service delivery in this area mainly involves targeted interventions. Whilst this saving may result in fewer new programmes being introduced, it is unlikely to affect existing users.
- 48 There is an increase in charging for garden waste with the prospect of a discounted multi-year deal. There is also a small increase in charges for bulky waste collection.
- 49 There are proposed reductions in the safer communities budget which currently provides low level intervention to tackle anti-social behaviour.
- 50 There are some areas relating to staffing savings with no expected service impact. This includes proposed service reviews for planning, economic development and transport. Equality impact assessments will be developed as savings proposals develop to implementation stage.

Resources

- 51 Resources proposals involve staffing reviews the majority of which do not affect the public-facing services. Staffing reviews have potential impacts across all protected characteristics and relevant equality impact assessments will be developed as savings proposals develop to implementation stage.

Transformation and Partnerships (T&P)

- 52 There is a single proposal for the Transformation and Partnerships service grouping to undertake a service and staffing review. Staffing reviews have potential impacts across all protected characteristics. Fair treatment of staff will be ensured through agreed corporate HR procedures contained within the Council's Change Management Toolkit.

Recommendations and Reasons

- 53 Cabinet is recommended to:
- (a) note the £14.8 million of 2018/19 savings identified at this stage for consultation;
 - (b) note that at this stage it is forecast that £0.5 million of the Budget Support Reserve would be required to balance the 2018/19 budget;
 - (c) note the savings recommended in Appendix 2 also realise savings of £2.445 million and £1.383 million in 2019/20 and 2020/21 respectively;
 - (d) note the requirement to identify total savings of £37.4 million for the period 2018/19 to 2021/22;
 - (e) note the forecast MTFP(8) savings shortfall of £18.8 million;
 - (f) agree the approach to preparing the Council Plan and Service Plan;
 - (g) agree the approach outlined for consultation;
 - (h) note the initial equality analysis in this report and in individual equality impact assessments in the Members' Library and also agree the proposals to build equalities considerations into decision-making.

Background Documents

- Medium Term Financial Plan (7), Council Plan, Service Plans 2017/18-2019/20 and Review of the Local Council Tax Reduction Scheme 2017/18 – report to Council 22 February 2017.
- Medium Term Financial Plan (8), Council Plan, Service Plans 2018/19-2021/22 and Review of the Local Council Tax Reduction Scheme 2018/19 – report to Cabinet 12 July 2017.

**Contact: Jeff Garfoot (03000 261946)
Jenny Haworth (03000 268071) Gordon Elliott (03000 263603)**

Appendix 1: Implications

Finance – The report highlights £14.8 million of savings plans for 2018/19 which also achieve £3.8 million of savings in 2019/20 and 2020/21. In total £37.4 million of savings are required across MTFP(8) leaving a shortfall in savings of £18.8 million.

Staffing – The savings proposals in MTFP(8) will affect employees. HR processes will be followed at all times. It is forecast that the reduction in full time equivalent posts from the 2011/12 to 2017/18 period will be over 2,600 with further reductions expected over the next four years.

Risk – The report details the significant uncertainties in terms of medium term financial planning. The MTFP(8) model will be kept under regular review with reserves being used on a managed basis to enable the Council to plan effectively during this period of uncertainty.

Equality and Diversity / Public Sector Equality Duty – Equality considerations are built into the proposed approach to developing MTFP(8), Council Plan and Services Plans, as a key element of the process. A summary of the implications of the savings proposals is included within the report. Each saving has its own equality impact assessment made available to all Members in the Members' Library.

Accommodation – Accommodation implications will be taken into account as savings proposals are developed.

Crime and Disorder – None specific within this report.

Human Rights – Any human rights issues will be considered for any detailed MTFP(8) and Council Plan proposals as they are developed and decisions made to take these forward.

Consultation – The approach to consultation on MTFP(8) is detailed in the report.

Procurement – None specific within this report.

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

Legal Implications – All legal implications will be considered during the development of MTFP(8) especially in relation to the development of savings plans.

Appendix 2: Service Groupings Saving Proposals

MTFP REF	Savings Proposal	Description	2018/19 MTFP Savings	2019/20 MTFP Savings	2020/21 MTFP Savings	Total
AHS 1.1	Review direct provision of remaining in-house services	Relates to phased savings arising from outsourcing of reablement and supported living and restructuring of Extra Care. Clients / service users who are eligible will continue to receive services (previously agreed by Cabinet September 2016).	2,270,548	1,098,810	477,190	3,846,548
AHS 2.1	Continuation of consistent and effective use of existing criteria	Continuation of effective use of eligibility criteria for adults.	400,000	0	0	400,000
AHS 3.1	Review of Adult Social Care Charging	Phased savings arising from changes to ASC charging policy in respect of Disability Related Expenditure disregards in new cases only (previously agreed by Cabinet March 2017)	333,000	167,000	0	500,000
AHS 3.2	Review of Adult Social Care Charging	Phased savings from changes to ASC charging policy in respect of the Minimum Income Guarantee thresholds in new cases only.	266,667	266,667	266,666	800,000
AHS 4.1	Adult Commissioning Efficiencies	A restructure of the support and other services retained within AHS that have not yet been unitised.	318,231	0	0	318,231
AHS 4.4	Review of Adult Social Work Function	Management Review	50,839	103,863	0	154,702

MTFP REF	Savings Proposal	Description	2018/19 MTFP Savings	2019/20 MTFP Savings	2020/21 MTFP Savings	Total
AHS 4.5	Review of non frontline activity in Public Health	Reduction in transport costs.	15,615	0	0	15,615
AHS 4.6	Environment, Health and Consumer Protection – Service Review	Restructure and re-prioritisation of service delivery within Environment, Health and Consumer Protection.	209,000	0	0	209,000
AHS 5.1	Review of community based services	To be achieved through the non-recurrent budget / capacity within the current BCF budget plan.	1,780,119	0	0	1,780,119
Total - Adults & Health Services			5,644,019	1,636,340	743,857	8,024,215
CYPS 1.2	Opening 5th Unit at Aycliffe Secure Services	Expansion of traded service	878,000	0	0	878,000
CYPS 2	Review home to school / college transport policies	This saving is a continuation of savings arising from Policy Changes previously agreed by Cabinet in relation to safe walking routes, Year 10/11 exam movers, post 16 independent / SEN travel arrangements etc.	24,000	0	0	24,000
CYPS 3.1	Children's Services – Service Review	A staffing restructure and the development of a new partnership arrangement for universal and Early Help Service focused on tackling Child Poverty delivered in localities through 0-19 Family Hubs.	1,500,000	0	0	1,500,000

MTFP REF	Savings Proposal	Description	2018/19 MTFP Savings	2019/20 MTFP Savings	2020/21 MTFP Savings	Total
CYPS 3.2	Education - Service Review	Restructure of Education Services across all teams, together with non staffing budget reductions and increased income generation.	891,357	30,000	0	921,357
CYPS 3.2a	Review of Service Delivery Model – Sensory Services	Relates to 'Modifications to the Service Delivery Model of the Sensory Services (Hearing Impaired / Visual Impaired)	112,589	0	0	112,589
CYPS 3.5	CYPS Operational Support – Service Review	Staffing and non-staffing costs e.g. supplies, stationery, training	154,730	154,731	0	309,461
CYPS 11	Repayment of CYPS Cash Limit in 2017/18	Repayment of CYPS Cash Limit in 2017/18 to delay restructuring savings	-819,000	0	0	-819,000
Total - Children & Young People's Services			2,741,676	184,731	0	2,926,407
REAL 01.20	Review of Culture & Sport	This proposal will see a general scaling down and re-structuring of a range of development services in both sport and the arts together with further operational reductions across the service.	275,000	180,000	0	455,000
REAL 3.91	Review of Fleet Service	A more streamlined service allowing workshops to operate extended hours minimising loss of productivity for service users as vehicles can be maintained outside normal operating hours.	360,000	0	0	360,000
REAL 3.92	Review of Building and Facilities Maintenance	Reductions across a range of service areas in Building and Facilities Maintenance, R&M Budgets and in out of hours services.	259,722	185,278	0	445,000

MTFP REF	Savings Proposal	Description	2018/19 MTFP Savings	2019/20 MTFP Savings	2020/21 MTFP Savings	Total
REAL 4.06	Savings in Clean and Green	Low impact savings including a restructure within management, and savings from the in-housing of weed control. Also reductions in general maintenance and weekend working where impact can be minimised.	452,616	0	0	452,616
REAL 5.20	Increased income within Refuse and Recycling	A range of measures to increase income, including increased trade / bulky waste charges and the introduction of charges on developers.	398,000	0	0	398,000
REAL 6.06	Review of garden waste charges	Savings proposal includes a £5 annual increase on garden waste charging each year in 18/19 and 19/20 (to £30 and then £35 - three year discounted offer to be made available)	310,000	259,000	0	569,000
REAL 6.07	Review of Strategic Waste	A restructure within Strategic Waste plus a range of non-staffing efficiencies.	183,444	0	0	183,444
REAL 11.21	Realignment of Winter Maintenance Budget with support from the Winter Maintenance Reserve	Current coverage of the network can be accommodated with any additional costs from a severe winter funded from the Winter Maintenance Reserve.	586,000		0	586,000
REAL 11.23	Capitalisation of Condition Surveys	Alternative funding arrangements are proposed which will enable savings to be made.	486,000	0	0	486,000

MTFP REF	Savings Proposal	Description	2018/19 MTFP Savings	2019/20 MTFP Savings	2020/21 MTFP Savings	Total
REAL 20.1	Overachievement of 17/18 Savings	Over programming of staffing reductions across former RED activities taken in 2017/18 and removed from budget 2018/19	216,804	0	0	216,804
REAL 20.2	Reductions in Supplies & Services	Reductions in Supplies and Services in former RED areas	144,155	0	0	144,155
REAL 20.3	Review of Planning	Restructures within planning teams.	152,615	0	0	152,615
REAL 20.4	Increased Income Generation	Increased income generation within Chapter Homes, Visit County Durham, Business Durham and International Relations	99,000	0	0	99,000
REAL 20.5	Review of Economic Development	Savings from restructuring, and supplies and services savings in Economic Development and Visit County Durham	148,590	0	0	148,590
REAL 20.6	Review of Transport	Restructure of Strategic Traffic & Sustainable Transport	57,983	0	0	57,983
REAL 20.7	Review of Strategy and Programmes	Restructure of Strategy and Programmes	61,000	0	0	61,000
REAL 24.09	Savings due to Capital Investment within Leisure	Savings associated with One Life Contract following capital investment already negotiated for 18/19.	300,000	0	0	300,000
REAL 24.10	Review of Culture Provision	Non staffing savings with regards to library service	50,000	0	0	50,000

MTFP REF	Savings Proposal	Description	2018/19 MTFP Savings	2019/20 MTFP Savings	2020/21 MTFP Savings	Total
REAL 35.02a	Management and Non-Staffing Efficiencies in Neighbourhood Protection	Savings proposals include a restructure of management & support, plus reductions in horse impounding, and safer communities budgets and increased income from burial charges, pest control, fixed penalty notices, and from Durham Crematorium Service	365,000	0	0	365,000
Total - Regeneration & Local Services			4,905,929	624,278	0	5,530,207
RES07	Restructure in HR Health and Safety and Occupational Health	Restructure in Health and Safety and Occupational Health	54,000	0	128,123	182,123
RES13	Restructure of Legal & Democratic Services	A restructure of Legal & Democratic Services	40,000	0	153,469	193,469
RES15	Corporate Finance / Financial Services - Finance and Procurement	A further restructure of accountancy and procurement functions	102,561	0		102,561
RES16	Review of Digital & Customer Services	Review of Digital & Customer Services structures and service delivery arrangements, including a further review of ICT systems / licensing / non-staffing budgets	47,000		357,094	404,094
RES19	Financial Support Service (Assessment & Awards and Payment, Income and Support)	Further restructure and reductions in non-staffing budgets	276,290	0	0	276,290
RES21	Internal Audit and Risk Staffing rationalisation	Restructure of Internal Audit, Corporate Fraud and Risk / Insurance functions	56,889	0	0	56,889
Total - Resources			576,740	0	638,686	1,215,426

MTFP REF	Savings Proposal	Description	2018/19 MTFP Savings	2019/20 MTFP Savings	2020/21 MTFP Savings	Total
TAP 22	Service Review	Service restructure - savings target linked to the former ACE budgets and targets transferred to TAP following the unitisation of Policy, Performance and Communications	484,325	0	0	484,325
Total - Transformation & Partnerships			484,325	0	0	484,325
COR 26	External Audit Fees	Reprocurement of the External Audit contract.	50,000	0	0	50,000
COR 32	Insurance Premiums	A recent procurement exercise has resulted in reduced insurance premium costs	100,000	0	0	100,000
COR 34	Corporate Subscriptions	Saving from the council no longer paying to subscribe to ANEC	100,000	0	0	100,000
COR 35	Commercial Activity	Additional investment income	200,000	0	0	200,000
Total - Corporate Savings			450,000	0	0	450,000
Total Savings - MTFP(8)			14,802,689	2,445,349	1,382,543	18,630,581

Appendix 3: Medium Term Financial Plan - MTFP (8) 2018/19 - 2021/22 Model

	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Government Funding				
Government RSG Funding Reduction	14,140	14,240	0	0
Impact of 100% Business Rate Retention	0	0	0	0
Reduction in Public Health Grant	1,363	1,363	0	0
Reduction in Education Services Grant	1,300	0	0	0
Reduction in Benefit Admin Grant	300	300	300	0
Town and Parish Council RSG Adjustment	-29	-103	0	0
Adult Social Care Support Grant (2017/18 One Off)	2,830	0	0	0
Impact of Business Rate Revaluation	-568	0	0	0
Bus. Rates - RPI increase - CPI from 20/21 (3.9%/2.5%/2%/1.5%)	-2,125	-1,250	-1,030	-790
Top Up - RPI increase - CPI from 20/21 (3.9%/2.5%/2%/1.5%)	-2,625	-1,700	-1,410	-1,080
Improved Better Care Fund	-19,000	-5,700	4,000	0
New Homes Bonus	3,300	800	1,000	0
Other Funding Sources				
Council Tax Increase (1.99% per annum)	-3,920	-4,110	-4,300	-4,500
Council Tax Adult Social Care Precept (2% increase)	-3,940	-4,130	0	0
Council Tax - Increase in Collection Rate to 99%	-1,000	0	0	0
Council Tax/Business Rate Tax Base net increase	-3,500	-1,500	-1,500	-1,500
Estimated Variance in Resource Base	-13,474	-1,790	-2,940	-7,870
Pay inflation (1.5% - 1.5% - 1.5% - 1.5%)	3,100	3,100	3,200	3,300
Price Inflation (1.5% - 1.5% - 1.5% - 1.5%)	2,600	2,600	2,700	2,800
Reduction of Corporate Risk Contingency Budget	-250	0	0	0
Base Budget Pressures				
Costs Associated with National Living Wage	4,000	4,250	2,500	1,000
Additional Employer Pension Contributions	0	0	1,000	0
Energy Price Increases	500	250	250	250
Pension Fund Auto Enrolment - Employer Contributions	600	0	0	0
Microsoft Licencing / O365	1,200	0	0	0
SSID Replacement Licences	0	0	300	0
Adults Demographic Pressures	1,000	1,000	1,000	1,000
Adults - Winterbourne	142	535	372	0
Childrens - Demographics	500	500	500	500
Childrens - LAC Pressures	2,900	-300	-1,200	-1,400
Unfunded Superannuation	-100	-100	-100	-100
Prudential Borrowing to fund new Capital Projects	0	1,000	2,000	2,000
TOTAL PRESSURES	16,192	12,835	12,522	9,350
Use of One Off funds				
Adjustment for use of BSR in previous year	12,622	537	0	0
Savings				
Savings Assured	14,803	2,445	1,383	0
Utilisation of Budget Support Reserve (BSR)	537			
Savings Surplus (-) / Shortfall	0	9,137	8,199	1,480