

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET
16 MAY 2013

REPORT OF CORPORATE
MANAGEMENT TEAM

CABINET/COUNCIL DECISION

Leader of the Council – **Councillor Cook**

MEDIUM TERM FINANCIAL PLAN – BIG TICKET UPDATE & SAVINGS PROPOSALS

1. Summary

The purpose of this report is to remind Cabinet of the financial challenges facing the Council, provide an update on the Big Ticket reviews and to propose a range of savings to contribute to the financial pressures.

2. Recommendations

Council

1. Note the level of funding reductions and approve the savings identified at **Appendix C**.
2. Approve that the reviews of services outlined at **Appendix D** be undertaken.
3. Approve the use of one-off funding outlined in paragraph 26.
4. Note the progress to deliver savings in Big Ticket areas at **Appendix B**.

Cabinet

5. Approve the changes in responsibilities for Heads of Service outlined in paragraphs 15-21 which will result in a reduction of 5 posts.

3. Reasons for the Recommendations/Decisions

Identify savings required to address the Medium Term Financial Plan (MTFP) gap.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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RECOMMENDATIONS

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BACKGROUND

1. The Medium Term Financial Plan (MTFP) report to Council on 27 February 2013 set a balanced budget for 2013/14 and agreed an approach to addressing the budget gap in future years.

Table 1 Budget Gap

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Shortfall – Big Ticket Growth	1,800	3,600	5,400	7,200
Shortfall – everything else	(1,800)	839	7,146	10,646
Total Shortfall	£nil (a)	£4,439	£12,546	£17,846

(a) After use of £1.6m of reserves

2. The MTFP reflects a significant reduction in Government Funding over recent years. Between 2010/11 and 2013/14 there has been a reduction of £31m which is a 25% cash reduction (35% in real terms).
3. The Government had only provided indicative grant allocations to 2014/15 and the future funding assumptions in the MTFP were based on Government announcements at the time of an estimated reduction of an additional £20m by 2016/17, which would be a total of £51m over the 7 years, a 42% reduction (58% in real terms). The recent announcements as part of the Chancellor's recent Budget Statement indicate that there will be further restrictions on Public Sector Spending which will inevitably mean further reductions which could be in excess of £3m by 2016/17. Further details are expected in the coming months and the 2015/16 Spending Review is due to be announced on 26 June 2013. ANEC have prepared a submission to Ministers and this is shown at **Appendix A**.
4. Also, a number of significant changes to Local Government finance have been introduced which take effect in 2013/14 including Business Rates retention and Local Council Tax Support Scheme. In addition, assumptions have had to be made around pay increases, income from New Homes Bonus, health funding and Council Tax capping levels.
5. Nonetheless the Council has a long history of strong financial management and of providing value for money. It was the first Council in the country to introduce 3 year financial planning and its flexible approach between years was seen as very innovative. For the first 10 years of the Unitary Council most services received only 1% increases in budgets despite inflation running much higher. This encouraged an efficient approach and provided a development fund which was used to progress Council priorities. Members will recall that the Council was one of only three in the country to achieve top ranking by the Audit Commission on managing its resources. This has been recently reinforced in the letter from the District Auditor who suggested that the Council has a strong track record of delivering savings and efficiencies and is therefore well prepared for the challenges ahead.
6. This strong culture of managing resources well is apparent across the Council and resides both with Members and officers (in fact it's a core management competency). It involves challenging what we do, why we do it and how we do it. The recent EIT programme being a prime example. This delivered approximately £20m of savings, with approximately 600 fewer staff being employed.
7. Proposals have been identified and these have been discussed by:
 - a. Informal Cabinet
 - b. Informal Executive Scrutiny sessions
 - c. Members seminars
8. The report to Council on 27 February 2013 agreed the approach to dealing with the projected budget gap as twofold. Firstly, the Big Ticket reviews are to continue with a target to at least cap growth in these areas, which would aim to remove £7.2m from the budget gap by 2016/7. This would mean remaining gap (estimated at £10.6m) and it was agreed that officers were to develop proposals for savings or service reductions which will then be considered at various Member meetings including Cabinet, Executive Scrutiny and Members Seminars.
9. The Council continues to experience pressures and growth to a range of services, not least in Social Care.

BIG TICKET REVIEWS

10. There are 3 Big Ticket reviews:

Childrens	–	Board chaired by Jane Humphreys
Adults	–	Board chaired by Jane Humphreys
Waste & Energy	–	Board chaired by Paul Dobson

There is a separate report attached at Appendix A outlining progress in all 3 areas. The reviews are wide-ranging and require services to undertake radical transformations. They are looking for example, at high cost placements; different methods for fostering; alternative provision for home care. Some initiatives have already been introduced. Photovoltaic panels are being fitted to Council buildings and split body vehicles are being introduced to recycling rounds. A recent report to Cabinet also approved the redevelopment of King Edwin School. These three initiatives alone will generate savings of almost £1m. Quarterly reports to Cabinet and Executive Scrutiny will update on progress and there will be opportunities via Members Seminars and Group sessions for input and debate.

SAVINGS PROPOSALS

11. There are a number of savings proposals which Cabinet are recommending for implementation and these are shown at **Appendix C**.

12. The proposals cover all portfolios and total £7.4m by 2016/17. They are either:

- a. Management reductions
- b. Service Restructures
- c. Reductions or removal of subsidies to schools and outside bodies
- d. Service reductions

13. There are also a number of areas where Cabinet are recommending a detailed service review. These are outlined at Appendix C and have a target saving of £2m by 2016/17 and will include appropriate consultation arrangements. These will be reported back to Cabinet in due course. The schedule also indicates where Equality Impact Assessments and public consultation may be required.

14. All services have been considered and the strong resource management culture has been evident throughout the exercise. CMT and Heads of Service are very aware of the policy priorities and this has played a significant part in the development of the proposals as has the understanding of the Council's statutory responsibilities. The general approach has been to protect the "front line" and the most vulnerable. Services in Resources and Law & Democracy for example, contribute 25% of their budget to the savings. Many of the proposals look to join teams still further thereby reducing the number of senior managers. The proposals for many of the reviews, which are to be undertaken and reported back in the future, are to target resources/services more.

HEADS OF SERVICE

15. The proposals include a number of changes to Heads of Service. There is an overall reduction of 5 posts, in addition to the reduction of 1 post following the merger of the Head of Human Resources / Head of Communications post and the reduction of 2 posts within CESC as part of the EIT process. This represents an overall reduction in excess of 30% and the proposed changes are outlined below.

Finance

16. The functions of the Head of Finance and Assets and the Head of Finance and Procurement will be merged into one post with effect from 2014. The Head of Finance and Procurement has expressed a preference for voluntary redundancy and it is therefore recommended that the Head of Finance and Assets will take on Financial Planning and Audit, Risk Management and Insurance and Health & Safety.

Xentrall

17. The post of Partnership manager will be deleted, with some of the functions being taken on by the remaining 2 Heads of Service in Xentrall. The partnership Manager will therefore be in a redundancy situation.

Legal Services

18. The post of Head of Legal Services will be deleted, with the Director of Law and Democracy taking on direct responsibility for the management of Legal Services. The current Head of Legal Services has expressed a preference for Voluntary Redundancy.

Housing and Community Safety

19. The functions of the Head of Housing and the Community Safety functions which are currently the responsibility of the Head of Community Safety will be combined. Following the transfer of public health responsibilities, there is the opportunity to consider Health functions across the Council and as such it is proposed that the responsibility for Environmental Health Services will transfer to the Director of Public Health. The current Head of Community Safety has expressed a preference for Voluntary Redundancy and therefore the Head of Housing will take on the additional Community Safety responsibilities. The Head of Community Safety also carries out a number of lead roles for the Council and it is recommended that the decision on who carries out these roles in the future is delegated to the Director of Development and Neighbourhood Services.

Business Support (DANS)

20. It is proposed that The Head of Business Support post is deleted. The Registrars and Bereavement Service will transfer to the Head of Direct Services, with responsibility for Events transferring to the Head of Arts, Leisure and Culture. Options for the Performance and Support aspect are being considered and it is recommended that the final decision on this aspect of the Service is delegated to the Director of Development and Neighbourhood Services. The current Head of Business Support has expressed a preference for Voluntary Redundancy.
21. Members are aware of the commitment to deliver savings from the Big Ticket areas and there is a significant workload involved. To support this, a number of temporary arrangements have been put in place within CESC and it has been identified that an additional Head of Service is required on a temporary basis to support and manage the Big Ticket process. This opportunity will be ring fenced to the Heads of Service identified as being in a redundancy situation with the usual Member appointment process followed for Head of Service posts.
22. The posts affected by the changes above will need to be subject to review through job evaluation.

STAFFING

23. A reduction in funding of this magnitude will undoubtedly have an impact on staff. A reduction of around 300 posts is referred to specifically in the proposals and others will arise as proposals are firmed up and reviews finalised. The breakdown by levels of staff is shown below :
24. The Council currently has a recruitment freeze in place exceptions can only be agreed via authorisation of a Director. The Employee Support package developed at the start of the EIT programme has been updated and various training and support programmes put in place. Employees identified at risk will be given priority for redeployment opportunities. ER/VR and Flexible Retirement will be considered as part of the service consultation process.
25. Weekly information is being made available to staff via KYIT and other means. Trades Unions are being regularly updated on the situation and the approach. Staff are being encouraged to bring forward savings ideas via the "Bright Ideas" staff suggestion scheme, the "Ask Neil" email account and via various service related meetings and forums. Many have been engaged in the consideration of alternative delivery models such as mutuals and others will be engaged as the reviews go forward. A specific session on mutuals, for example, will be delivered to Setting the Standard to encourage understanding and opportunities of this type of approach.

ONE-OFF RESOURCES

26. Paragraph 1 identifies that there is a balanced budget position for 2013/14. The proposals incorporated into this report mean that some of the savings are delivered in 2013/14 which will increase the one off resource available by £1.9m. Council have approved, via the urgency route, as reported to Council on 8 May 2013, the allocation of £175,000 to support super-fast broadband.
27. Since the budget was approved by Council in February, there have been some additional calls on one of Resources identified and these are outlined below.
 - a. The Community Energy Savings Programme (CESP) scheme has been extremely successful in levering in private investment to deliver major improvements to over 1,600 properties in the most deprived areas of the borough which both improved energy efficiency and had a major impact on fuel poverty. Through a continued partnership with Community Energy Solutions there is the opportunity to generate significant additional private sector investment in the region of £20m, funded from the Energy Company Obligation (ECO) to provide energy efficiency measures to around 5,000 homes over the next three years, and create 300 jobs, more details are contained within a separate report to cabinet, however this will require the Council to invest in some infrastructure improvements alongside any scheme and £500,000 is required.
 - b. An opportunity has been developed to deliver a 25000 sq ft business innovation centre located within the Enterprise Zone part of the overall Northshore development. Costs identified in the business plan submission to ERDF put the cost of the building at around £6.5m, most of which will be met from European funds and HCA commitment of £3.25m. As well as enabling a further state of the art building on the Northshore site, which will complement the success of the current housebuilding completed on phase 1, and commencing on phase 2, the innovation centre will provide space for digital and science based start-up and growing businesses.

Linkages to Teesside University and Digital City will ensure the new businesses get the best support available. Independent work has been carried out to provide a business case in support of the proposal for the European bid submission. There may however be a requirement to fund costs of up to £600,000 due to the ERDF criteria and it is recommended that resource is earmarked for this purpose.

28. The remaining one off funding will be considered as part of future MTFP update reports.

CONCLUSION

29. The overall savings total, assuming that the reviews deliver in line with the target, is £9.4m by 2016/17. Although this is short of the £10.6m gap, they are being targeted for early delivery, most beginning to deliver in 2014/15. This should allow the Council to continue with its planned approach over the medium term through, if necessary, utilising the savings to bridge the 2016/17 gap.

30. Once there is further clarity around Government funding and the MTFP, the position for future years will be re-assessed and further savings and service reductions can not be ruled out. Further information will be provided as part of the MTFP update reports.

FINANCIAL IMPLICATIONS

31. The proposals in the report will ultimately result in savings of £9.5m to contribute to the Council's budget gap.

LEGAL IMPLICATIONS

32. None directly through this report.

RISK ASSESSMENT

33. The changes will have a significant impact across the Council and the risk impact of proposals will be managed individually. Overall the delivery of the proposals and impact on MTFP is considered medium risk and this will be monitored and reported to Members on a regular basis.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

34. Community Strategy has been considered in identifying the proposals.

EQUALITIES IMPACT ASSESSMENT

35. Under the requirements of Section 149 of the Equality Act 2010:

- A public authority must, in the exercise of its functions, have due regard to the need to:
 - (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this 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.

- Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

36. The need for an equality impact assessment (EIA) has been considered for each proposal and is indicated in the Appendices to the report.

Where it is indicated that an EIA is not required this is because the proposal being presented does not represent a change in policy or a change in the scope/scale of service delivery that will directly impact on the users of the service. They are, in the main, proposals that relate to changes in staffing structures and/or the service grouping or organisation providing the service. HR will be assessing the equality impact of reductions in staffing on an ongoing basis.

Where an EIA is indicated as being required in relation to proposals that require a Cabinet/Council decision now, the EIA is attached. Where an EIA is indicated as being required as part of a review that will be subject to a future Cabinet decision the EIA will be included as part of the report.

CORPORATE PARENTING

37. N/A

CONSULTATION INCLUDING WARD/COUNCILLORS

38. Members' briefings have been undertaken. Where reviews and proposals identify consultation is required, this will be undertaken following Council.

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DRAFT ANEC SUBMISSION TO SPENDING REVIEW

30 April 2013

Rt Hon Eric Pickles MP
Secretary of State
Department for Communities and Local Government
Eland House
Bressenden Place
London
SW1E 5DU

Dear Secretary of State

I write in response to recent correspondence from DCLG advising that you are keen to hear views from the LGA and other local authority groupings to inform discussions with central Government Departments to inform the 2015 -16 Spending Review expected on 26 June.

The Association of North East Councils considers the forthcoming Spending Review to be an important opportunity for local government. We are keen to share with you our evidence and experience to date to inform future funding decisions which will have significant impacts for all twelve councils in the North East, for the people, communities and businesses in our localities and the wider economy.

We would ask Government to give careful consideration to the following issues and suggestions which we believe will be important in ensuring that the sector in the North East is able to contribute to the economy and society in a way that Government expects.

Our response covers a range of approaches Government is taking to areas of public policy which inevitably have an impact on the North East, on councils and their partners' activities. We focus on a number of suggestions which will, we believe, help us manage increasing cost and demand pressures and at the same time help us make the kind of transformational change in how we provide public services and grow our economies.

If we are to continue to provide the type of public services and activities that our communities and businesses require, we know we need to work closely not only with the Government but with other public and private sector partners in a spirit of co-operation and co-production.

The private sector is keen to do this, and a real push is needed from other Government Departments to create the tools for change such as the proposed single pot, devolution in key areas such as skills and transport, the maintenance of NHS

investment in social care and increased, preventative investment in our councils' public health funding.

North East Councils are keen to work with the Government to achieve the kind of outcomes that will contribute significantly to communities, economies and the country as a whole. We would welcome further dialogue and discussion as thinking and proposals progress.

We have focused our response on the following key areas and have set them in the context of the financial position our councils are facing:

- Creating the conditions for economic growth;
- Managing welfare reforms;
- Children's services;
- Adult Social Care; and
- Public Health.

The Context: Local Government Funding

The backdrop to our proposals is a level of cuts unprecedented in living memory. Our sector is facing even greater financial challenges going forward, based on the Chancellor's projections for the next funding period.

The North East is facing the biggest cuts and greatest impact on spending power, has levels of increasing need and demand and continues to have a fragile economy. All the evidence shows that deprived areas are experiencing larger overall funding reductions than less deprived areas.

It is a huge concern that the 2013 Budget announcement by the Chancellor stated that in the next Spending Round the savings required would increase from £10 billion to £15 billion – with the NHS, schools, international development and defence equipment ring fenced from cuts.

The likelihood that local government will face real terms reductions of at least 50% of expenditure over the period 2011/12 to 2017/18 points to an urgent need to review the relationship between central and local government and to undertake a radical transformation of the way public services are provided and paid for.

As councils we need to be in a viable financial position to fulfil our statutory duties, meet the needs of the most vulnerable in society and to contribute and support in the way that people, communities and businesses expect us to – as well as support economic recovery and growth.

The LGA's '*Funding Outlook for Councils*' report published last year starkly demonstrates the rising cost of providing adult social care, combined with the growing cost of delivering councils' other explicit statutory responsibilities such as children's social care, waste collection and concessionary travel, which would increasingly reduce resources to the point where money available for non-statutory services would fall by 90% by 2020.

The LGA's report shows the impact cuts are already having on pro-growth services councils provide. It shows that since 2009 the budgets for housing, planning and development, roads maintenance and culture have been cut by between 10 and 40% nationally.

The National Audit Office has recommended that Government should evaluate the individual and combined impact of funding and policy decisions on local authority finances and what this means for service levels – this is a position that ANEC strongly supports.

We are, of course, actively looking for solutions. As a group of councils we are very interested in learning from the **whole place community budget pilots** and how they offer scope for enabling local public service transformation, delivering savings and achieving efficiencies, especially in the context of a declining fiscal envelope and have written to Brandon Lewis to express our interest. Councils in this area are keen to develop new and re-designed ways of working across public services in our area and see the Government's new multi-agency network on local public service transformation as offering real potential for reform which helps us tackle some of the key issues facing us – including health and social care integration, skills and growth. This will need a strong and real commitment from other Government Departments, of course, including the Department of Health and Department for Education.

However, **percentage grant reductions**, a **significant cut in the overall quantum** for the local government sector and the **downward trajectory in the overall level of Government funding** continue to outweigh the savings authorities can make through re-shaping public services, efficiency savings and sector led improvement.

So a reducing quantum of funding for the sector has also to be addressed head on, which is in part, why we are concerned about continued ring fencing for some Government Departments. This surely has to end.

We have already set out for the Minister in our response to the RSG Settlement in January what we consider to be some of the key solutions to help our authorities and to address the key principles of fairness and equity in local government funding, and support a number of areas that the LGA is pressing for

In summary, we would like to see:

- A full and open evaluation of the impacts of policy and funding changes on councils and their communities;
- An end to the ring-fencing of some Government activities (health, education and housing) and a commitment from those sectors to work very closely with local government;
- New burdens funding made available to help meet increasing costs in Council Tax collection;
- Business Rates: an increase in the local share accompanied by equalisation;
- New Homes Bonus – the re-distributional impact of the NHB should be fundamentally addressed through changes to the existing policy (ANEC's

letter to Brandon Lewis on the re-distributional impact of the NHB on the North East is attached in enclosures).

- Capitalisation – the removal of the top slice that effectively results in local government paying twice for capitalisation and TIF schemes, which the sector has already been hit by (£100 million capitalisation top slice and £15 million TIF top slice).
- Continued commitment to permit capitalisation of redundancy costs in future years.

Creating the conditions for economic growth

North East councils are committed to creating the right conditions for business growth and investment in their areas, in developing skills and promoting employment opportunities, in infrastructure developments, promoting investment opportunities, capital expenditure and developing strategic relationships with partners in the private sector. Local government has enormous potential to help Government re-balance the economy, to foster growth, promote inward investment, increase overseas exports and help reduce the deficit. We are fundamentally part of the solution.

The two Local Enterprise Partnerships for the North East are making great strides forward and implementing strategies that build on the positive strengths and assets of their respective geographies and for the whole of the North East. But building strong economies is a long term game and our economies are fragile.

We welcome the Government taking forward an approach to decentralisation that will give LEP geographies more powers to make the choices that are right for their local economies, to generate and accelerate growth. There is ample evidence to demonstrate that, to date, both LEPs for the North East are maximising the opportunities available for funding to create an investment fund and developing capacity to deliver for their areas. The Government's intention to review all the funding streams identified in Lord Heseltine's Review *'No Stone Unturned'* is a further positive development, particularly in relation to future funding for transport, housing and skills at a local level, targeted at locally determined priorities.

The creation of a single pot to bid into for local projects from April 2015 is welcomed, however, the overall size of the pot needs to be sufficiently resourced so that it is capable of delivering against the stated ambition of devolution to localities and enabling councils to play an even greater role in economic development and growth. And we remain to be convinced that the competitive nature of the pot will really deliver the quick and targeted support that the North East requires. We are not afraid of competition, but we know that some areas already have a competitive advantage, and would welcome factors in the bidding process that acknowledge ambition to grow as well as ability to grow quickly.

Both LEPs are actively engaged in identifying, developing and accessing appropriate investment to unlock and attract economic activity in their respective economic geographies. In the context of this, the ongoing importance of **capital grants** to fund significant capital investment programmes, such as infrastructure, transport and housing, which can support economic development within local authority areas, cannot be overstated.

There are other 'tools' that would be beneficial to our economies. For example, the potential for streamlining the management of EU Structural Funds, aligning priorities on the basis of plans led by the LEPs, presents a significant opportunity for future funding to support local economic growth, for example.

Greater freedoms and flexibilities around existing and new models of capital investment will also continue to play an important role, as will the ability to target funds and tailor provision locally. In particular, greater flexibility in relation to the **borrowing cap** would be welcomed, given that – even at a time of fiscal austerity – local authorities have maintained strong financial discipline.

We would urge the Government to remove the upfront cut of Top Slicing to core service funding and work with local government to find solutions that will limit the risk to councils from having to make further cuts to vital public services. In terms of **capitalisation top slice**, we would **support a change in Treasury rules that would enable local government to capitalise one-off revenue expenditure such as for redundancy costs and remove top slicing of revenue funding**. Without the flexibility to capitalise costs, authorities are at continued risk of being forced to make unnecessary cuts.

Top slicing for **the safety net** causes the same resultant outcome in that councils have to make the decision upfront of whether to cut service provision, due to the top slice, even though any unused safety net may be returned to councils at a later date if not called upon.

There is also a further immediate pressure on the safety net due to the Business Rates system having transferred part of the risk for Business Rates appeals to councils when previously this would have been fully funded centrally. The impact of outstanding Business Rates appeals is impacting on the call on the safety net and should be avoided due to the resultant impact on council budgets and the economy. **This issue could be resolved now ahead of the Spending Review by funding outstanding appeals and the safety net from the additional Business Rates collected in 2013/14 and returning the top slice to councils as soon as possible.** The consequence of not finding a solution for both these issues is resulting in resources being diverted from front line services. **Resolving these issues would prevent further damage to local authority budgets and the economy.**

Transport

With regard to transport, we have written separately to DfT asking for careful consideration to be given to the impacts of the current trajectory of cuts facing the Highways Maintenance Needs Formula. It is currently facing the highest level of relative needs cut since 2010/11, at -40% when compared to average service reductions of -7% across the same period. A further average cut of -10% is proposed for the 2014/15 settlement compared to the Highway's Maintenance cut of -16% taking the 4 year cut in highways maintenance to -56%. The degree of funding reduction to the Highways Maintenance budgets is unsustainable and cannot continue into 2015/16 and future years.

The LGA has also made representations to the Government regarding highways maintenance, highlighting the damaging effects of the recent severe winters and widespread flooding in 2012. Taken together with funding reductions, many local authorities are now struggling to do more than simply patching up a deteriorating network of roads.

We are concerned that the issue will become critical should we undergo further harsh winters and severe flooding causing millions of pounds of additional road damage. Stabilising the current level of funding for highways maintenance at the very least is required – although reactive repairs are 20 times more expensive than laying a good quality surface which lasts for many years and is more resistant to flood and ice damage – and which would also boost jobs and growth in the short-term.

Managing Welfare Reforms

As part of a radical restructuring of public finances, the introduction of welfare reforms is happening at a time when councils and communities are undergoing significant change to address the impact of reduced resources.

The latest assessment prepared for us by the universities of Durham, Northumbria and Teesside and the North East region of Citizens' Advice, to be published shortly, points to the following:

- Significant sums will be lost as a result of the introduction of the Benefit Cap and the combined changes to disabled persons' benefits, Council Tax Benefit and Housing Benefit in the social sector. If other changes are also taken into account, it has been suggested that **the cumulative loss to the North East region in 14/15 could be as high as £940m.**
- The most significant proportion of the loss is attributable to changes to the benefits of disabled people.
- The impact has a clear spatial dimension.
- The cumulative impact on households and neighbourhoods could be profound.
- In the North East, the size criteria to social housing cannot be justified; housing needs ground so the policy creates more issues here than it solves.
- In contrast, the Benefit Cap is less of an issue here.
- Some of the impacts are more difficult to immediately assess but councils and the Voluntary and Community Sector are preparing for increased rates of stress and the consequences of this on people and services.

We will share the research with you once it is published.

Other research undertaken by Sheffield Hallam University and the Centre for Regional Economic and Social Research estimates that **collectively the North East, North West, Yorkshire and Humberside stands to lose £5.2 billion a year in benefit income.** For example, it reports that County Durham loses nearly £190 million a year in benefit income.

Significantly, Sheffield Hallam's research indicates that the North East and North West have the joint highest loss per working age adult of £560 per annum.

Given the characteristics of the North East, with relatively high levels of unemployment, lower levels of employment and a lower wage economy, the reforms have the potential to have a particularly negative impact on low and middle income families with significant potential for increased demand for councils services particularly in terms of further increases in numbers of children entering care.

The welfare reforms present a significant number of new burdens, pressures and costs to councils, which local government is seeking a serious dialogue with Government about – as part of the Spending Review – to identify adequate funding to manage these.

As a starting point, some relatively simple suggestions are as follows:

- Careful monitoring of the impacts of the reforms – not only matters directly related to the reforms such as the effect of direct payment to clients, claimants' access to IT and the scope for Discretionary Housing Payments but also wider impacts including on health, housing, crime and disorder and education.
- A commitment to look again at the estimate of the new burdens falling on councils in the light of any fresh evidence and to ensure councils have sufficient funds to deal with the impact of the new system.
- A commitment to permit councils to provide discretionary housing payment support through the Housing Revenue Account in relation to the under occupancy subsidy.
- Timely communications underpinned by a protocol.
- On the Work Programme, a push and resources to ensure JCP, local authorities and providers come together at a local level to give the programme more coherence.

For our part we are sharing learning and practice, looking at possible ways of helping communities (e.g. through credit unions) and are about to publish a report on family poverty in the North East which makes some recommendations for the future.

This of course links to our ambitions for growing our economies so early implementation of Government action to enable a speeding up of economic growth will be vital.

Children's Services

Increasing cost pressures and the implications of the Government's 30% reduction in the Children's Social Care budget nationally underline the financial challenges facing all 12 authorities in the North East.

In summary, for the North East, the national 30% reduction in children's social care means:

- A total reduction since 2010/11 of just over £44.5 million in funding for Children's Social Care.
- This reduction equates to an average £ per head reduction of £17.02 for the North East compared to the England average reduction of £10.78, i.e. a 57.9% higher rate of reduction.
- In £ per head terms Darlington, for example, has a reduction of £11.54 which is just over 10 times higher than Wokingham which has a £ per head reduction of £1.10 at a time when Darlington is seeing the highest percentage increase in the North East of looked after children numbers.
- In £ per head terms Middlesbrough has a reduction of £26.26 which is almost 24 times higher than Wokingham.

As the examples from North East councils demonstrate, proactive approaches to efficiency savings are not able to match such a significant reduction in the Children's Social Care Budget, especially at a time when the number of vulnerable children at risk and being cared for is increasing.

The provisional settlement for 2014/15 is set to result in a further 10% cut in local government funding, including social care services.

The impact of these further funding changes will continue to put pressure on Children's Services, particularly in relation to looked after children. Since 2009 the number of looked after children has increased by 26% in the North East which is more than double the national average of 10%. The North East has seen the highest increases in the rates of looked after children over the last 3 years.

Councils across the North East fear this will escalate further as the impacts of the Government's welfare reforms start to be felt.

In South Tyneside, despite the work of the council's outstanding and nationally recognised adoption service and a range of demand management measures, there is still a high number of looked after children. Since 2009/10, whilst South Tyneside Council has had its Government funding reduced by 28%, the council's spend due to demand pressures on children's social care has increased by 5% over the same period.

In North Tyneside, the trend is also of increasing numbers of looked after children and increasing costs and, as a demand led service, provision is required to meet identified needs. The number of children with disabilities and complex needs has also risen with implications for support in both residential and education provision. Net expenditure by the authority for looked after children's services has increased by 16 % between 2008/09 and 2012/13, with the numbers of looked after children over this period increasing by 14%. Cost pressures have continued to rise despite further measures aimed at ensuring better and more cost effective procurement in placement provision, increased residential provision within the Borough, an annual review of fostering and adoption allowances and greater focus on early intervention and prevention.

Northumberland County Council has highlighted that between March 2011 and March 2013 the numbers of looked after children have increased from 268 to 316 – an increase of 15%.

Newcastle City Council has reported that increases in 2011/12 on cost pressures in children's social care are expected to continue into 2012/13, with costs to the authority continuing to rise and the numbers of looked after children totalling 543.

Based on provisional figures for end of March 2013, Stockton Council has reported a 23% increase in the numbers of looked after children, increasing from 287 in 2010 to 371 in 2013.

In the context of concerns regarding children's social care, we are also particularly concerned about the **funding for early intervention**, which provides help early, leading to improved outcomes and reduced demand and cost pressures in the schools system. Authorities are acutely aware that early intervention and prevention grant, because it is discretionary, is more vulnerable to budget cuts at a time when there is clear evidence of benefits to children and families of early intervention, as well as significant cost savings to be achieved through preventive measures that help prevent children entering into the care system.

We would urge you to sustain and maintain this important funding stream. In particular, we would urge you to give the same level of protection to vulnerable looked after children for 2015/16 and future years as education provision across the CSR 2010 period. We are also asking for further flexibilities that would allow local government to invest in early intervention activity as further cuts in this area will be unsustainable going forward.

Adult Social Care

We support the maintenance of NHS investment in social care and the allocation of the NHS budget in helping fund social care costs now and into the future. The protection given to adult social care across the 2010 Comprehensive Spending Review was welcomed and we would ask you to give careful consideration to continuing this same level of protection in your Spending Review decisions for 2015/16.

Whilst the increasing demand in adult social care costs is already well rehearsed, in the North East, we know that people receiving adult social care services in the North East are living longer but have more complex needs, which is causing rising cost pressures generally across the area. In summary:

- In the North East, 85+ years population is ageing more quickly than in other parts of England.
- 17.1% of the North East population is 65+ years compared with 16.3% for England.
- 65 to 79 years population is predicted to increase by 35% from 321,000 to 432,000 by 2029.
- 80+ years population is predicted to increase by 82% from 107,100 to 194,500.

A high proportion of future care is anticipated to relate to dementia impacting on local authorities' social care provision.

- 50% of people with dementia will be >85 years.
- 49% increase in people with late onset dementia.
- 5% increase in people with early onset dementia.
- 60% increase in the number of people with dementia who need care home places.

Learning disabilities also has a huge impact on local authority social care provision/

- 9 of the 12 North East councils are experiencing additional demographic pressures due to people with a learning disability totalling £6 million in 2012/13, nationally ADASS is reporting around about £168 million.
- North East councils have also identified a further £2.5 million for people with mental health and physical disabilities.

Given the overall increase in demand and the higher, more complex needs for social care in the North East, we therefore make a clear and strong plea for the **NHS to continue to invest in social care and to work closely with local government to ensure we are working together to tackle issues of demand pressure, service quality and quantity.**

We are often criticised for high levels of spend in the North East – and are told that we have the highest levels of grant. This is as a result of a number of factors, including the fact that many of our people and communities are not able to contribute themselves in the way people are in less deprived communities. This has to be taken into account and is, among other things, a key argument for securing **full and fair resource equalisation.**

Our people are no less entitled to receive decent public services than any other communities and should not be penalised because they are unable to make a financial contribution to their own care.

NHS Commissioning:

- There is a strong bias towards NHS commissioning being done by Commissioning Support Units. This will mean that opportunities for integration with Social Care are likely to be missed or made much more difficult. Many local authorities have capacity for commissioning and could take on much of this work. It would be likely to be at a reduced cost as Commissioning Units already exist in councils. It is more difficult to achieve this with big NHS CSUs being established and having to cover their costs.
- There is a big issue of timetabling in respect of the integration agenda. Local authority budget processes are year round, based on 2 - 4 year outline programmes to achieve huge reductions. They are highly political and need to be played out in a public arena. The big NHS commissioning budgets are decided by annual contracts often negotiated by managers out of the gaze of the public in the last 3 or 4 months in the financial year.

- It is important to really understand the role of NHS England and its Area Teams. They will be working to a single national operating model which will be set by NHS England and driven down to the Area Teams for delivery. HWB Chairs have already met the Directors of the two area teams operating in the North East and intend to build on this relationship, but we need a clearer idea of what NHS England's single operating model is trying to achieve.

Health and Wellbeing Boards:

- These are a welcome development. However they do take significant resources to run properly and Councils are not getting anything towards this in a difficult financial climate. There is some evidence to suggest in the North East that each HWB is supported by 1 – 1.5 FTEs staff time on average. This is insufficient.
- There may be a tendency to give them new functions, e.g. pharmaceutical needs assessments. Whilst in principle this may make sense, it requires resources to be made available.
- In terms of NHS/local authority strategic relationships, it will be vital that there are strong and constructive relationships between HWBBs and CCGs and with NHS England and Public Health England, and we would welcome Ministerial support in fostering and encouraging such relationships.
- We think that real buy-in and input from your department will be essential. At the very least we need to see DoH and CLG properly co-ordinated as the big impact on public health will come from intelligent targeting of services that CLG are 'responsible' for. This applies to BIS too as Marmot rightly highlights employment as a key determinant for a healthy lifestyle.
- In relation to Public Health England, we need PHE to take an active role as an advocate within other Whitehall Departments not simply focusing on their direct responsibilities and monitoring local authorities' use of the ring fenced grant.

Public Health

The allocations of ring-fenced public health grant were published on 10 January and were welcomed by councils in the North East. These included:

- An increase in the quantum of funding from £2.23bn to £2.66bn in 2013/14 and £2.79bn in 2014/15.
- A revision in the formula that increases the gearing between lowest/highest areas of deprivation from 3:1 to 5:1.

Whilst these changes are welcome there are associated issues that require further consideration, as follows:

- **It is notable that 11 of the 12 North East authorities have the lowest level of cumulative growth over the next two years, i.e. 5.7% (except for North Tyneside which gets 10.1%). The national average is 10.8% and some authorities get 21.0%.** The reason for this appears to be that in the North East, the 'baseline per head' is generally higher than the 'target per head' - e.g. Hartlepool baseline £87 per head, target £71 per head - so authorities are presumably restricted to an inflation only increase. Where an authority's baseline is below its target (such as North Tyneside) they get an above inflation increase.
- **We would support any further moves to raise the quantum of funding for public health as we believe that prevention is better than cure and saves money 'downstream' on expensive clinical interventions. The current funding is likely to be insufficient.**
- In this context, **we would welcome a commitment to review the split in historic public health spending between local government, Public Health England and NHS England** (the new title for the NHS Commissioning Board).
- **Early consultation, engagement and clarity on the formula for funding post 2014/15 would be very welcome so that we can plan for the future.**
- **The Health Premium is scheduled to be introduced from 2015, and since it is to be top-sliced from the overall grant, there are key issues relating to funding levels** and local authorities will be keenly awaiting further detail of how this premium will be applied.

Conclusion

Throughout our discussions with Ministers and Civil Servants over recent months, we have outlined the true extent of the challenges we are facing as local authorities in the North East and have offered our support in considering workable solutions and approaches that might help ease the significant financial pressures and increased burdens.

We have emphasised that in order for us to contribute in society, for people, communities and businesses, councils need to be in a viable position financially and be sustainable into the future. The Spending Review is a crucial opportunity to address the serious concerns that local authorities have in this context and has the potential to be a turning point in addressing these through decisions that will help us work with Government to deliver a shared vision for strong economies, thriving communities and equal opportunity to prosper and grow - across the whole of the country.

We would be pleased to set out the detail of any of the views and issues highlighted and to engage in future dialogue with you in the lead up to the forthcoming Spending Review.

Yours sincerely

Cllr Paul Watson
Chair

Cc Brandon Lewis MP, Parliamentary Under Secretary of State, DCLG
Sir Bob Kerslake, Permanent Secretary, DCLG

Encs

Local authority economic growth case studies
Evidence on re-distributional impact of the New Homes Bonus
ANEC's submission to the local government grant settlement consultation

BIG TICKET PROGRAMME BOARD

1. SUMMARY

The purpose of this report is to update Cabinet on the progress of the Big Ticket Programme Boards.

2. RECOMMENDATIONS

Cabinet are asked to note the report.

3. DETAIL

3.1 Energy and Waste Update

3.1.1 Energy and Waste are two of the Council's biggest single spend items alongside both the Children's and Adults Social Care operations. Energy and Waste were both identified as a "big ticket" reviews back in the 2012/13 MTFP and therefore subject to a formal work programme to consider whole scale changes to reduce or at least stabilise future revenue commitments.

3.1.2 The review coincides with two pieces of work being carried out at a sub-regional level, one on the exploration of Power Purchase Agreements for Energy and the second looking at possible waste arrangements beyond 2020 when the contracted arrangement ceases. The Corporate Director of Development and Neighbourhood Services Chairs an Officer Board. Energy and Waste are two very separate areas of commissioning and management, however the possible outcomes of reviews of each subject area clearly identify the two can be linked. The two areas spend £7.5m annually with a number of pressures particularly around increases in gate fees for waste at the current contracted facility and energy which has to be purchased on the futures market with unpredictable trends.

3.1.3 Key areas of activity are:

- Waste disposal - work to date has considered the legal position of the current waste disposal contract with SITA due to expire in 2020 and exploration to see if a business case exists to exit the contract early, however legal advice suggests there is not an option to terminate early. The option of extending this contract was considered, however this is not possible. A current option being explored is to enter into a new contract should this present as the most financially viable option.
- In addition to fully understand the options / costs of waste disposal post 2020 i.e. when the current contract expires, the Board are undertaking a financial modelling exercise, drawing on information gained through market testing days, and analysis of current market prices to inform future service choices. One option is to combine energy generation needs from waste disposal through emerging technologies. The concept of partnership with a private sector operator with either capital investment and/or revenue commitment to ensure a sustainable price for our energy and waste.

- Investment in renewable technologies using capital investment to create a revenue stream, including Offshore wind energy, District heating, Photovoltaic, Biomass boiler installation and use of Electric vehicles.
- A review of Council wide vehicles and fuel is also subject to efficiency review by the Board.
- Street Lighting – An annual energy Bill of £1.5M and maintenance bill of £0.9M. 27,000 columns with over 10,000 obsolete. A detailed business case for capital Investment is being developed for the replacement of stock with low energy, low maintenance lighting that has the potential to reduce revenue support significantly. An ongoing programme of street light dimming continues with several thousand dimmed street lights operational. A recent successful invest to save bid using Salix has resulted in an investment of £889K, to improve 8500 lights delivering an annual saving of £194K. A business case is in development to extend the programme further.

3.2 Adult Programme Board Update

- 3.2.1 The Adult Programme Board is meeting monthly and has senior representation and support from Adult Services, CESC Business Support and Improvement, Public Health, Finance, Housing, Democratic Services, and Xentrall. The Board oversees the work of the following workstreams: Older People Care Homes, Commissioned Carers services, Home Care, Learning Disabilities, Reablement, Mental Health, Independent Living Services, and Enabling (e.g. information and systems).
- 3.2.2 Following the agreement of the EIT Review of Learning Disabilities, work has begun to implement the recommendations. A key part of this is the development of independent living options. Information is being collected on the number of clients who may be able to access more independent living. This includes clients who are currently in residential care, and those who are living at home with family. Proposals are being drawn up to develop small schemes of approximately 10-12 people to have individual tenancies with care on site, similar to an extra care approach. In order to take forward recommendations, a Head of Services has been seconded to lead on the implementation plans.
- 3.2.3 As part of the drive to increase independent living options, a bid has been submitted to the Homes and Communities Agency for 24 units to be developed on the former Blenheim site in Thornaby. Vela Group is the selected provider and a decision is expected by May.
- 3.2.4 The Council has one in-house residential unit at Oak Road and this is being assessed for its suitability for a supported living scheme. An individual approach is being taken to the needs of the 5 resident clients, including consultation and their ability to access welfare/housing benefit. A conversion to supported living could release at least £30k of savings, with more dependent on the final staffing structure.
- 3.2.5 Existing residential placements continue to be reviewed on a commercial basis in order to ensure that they are value for money, with a focus on high cost cases.
- 3.2.6 In line with the review recommendations, work is taking place to explore the feasibility of providing dedicated facilities for autism in the Borough, including both housing options and day time activities.

- 3.2.7 The Adult Mental Health Services EIT Review continues. The Adult Services and Health Select Committee proposals have been approved by Cabinet in principle and are being put forward for public consultation between 18 March and 7 June. The proposals include greater support for usage of personal budgets, ceasing the in-house day, rehab and respite services, ceasing the dedicated user and carer involvement posts and providing such support through other existing mechanisms, and re-configuring the community support service. A report with final proposals is due to be considered at Cabinet in September.
- 3.2.8 Cabinet has previously approved the results of the EIT review of Independent Living Services and carers. Improved commissioning arrangements are being put in place for all services covered by the review to ensure these services are in line with the Council's strategy and are value for money, and this is being overseen by the Board.
- 3.2.9 Following the Home Care procurement exercise the new providers continue to be monitored and potential future delivery models for this key area of service are being explored.
- 3.2.10 Work has begun to assess the results of a regional review of reablement services and what the conclusions mean for Stockton. A prevention project is also underway. This is aimed at assessing the impact of making targeted preventative interventions on those most likely to benefit. The project is supported by the LGA and aims to report by the end of 2013.
- 3.2.11 The Enabling Workstream is reviewing the 'pathway into care' to better understand the routes people take into adult care and the assessment process. The aim of this work is to ensure the provision of cost effective advice and information, ensuring there is an effective process at First Contact, and enabling residents to self-support any lower level needs that they may have, whilst ensuring that ensuring statutory duties continue to be met.

3.3 Childrens' Programme Board Update

- 3.3.1 The Childrens' Programme Board is meeting monthly and has senior representation and support from Children's Services, CESC Business Support and Improvement, Public Health, Finance, and Democratic Services. The Board oversees the work of the following workstreams: 52 WK Residential, Fostering & Adoption, services for children with disabilities and complex needs, day care and short breaks provision.

52 Week Residential – Cabinet at its meeting held on 7th March 2013, agreed to the establishment of a joint venture partnership with Spark of Genius, to deliver care and education to children with complex needs through the acquisition of properties for care facilities and the renovation of King Edwin School. The business case for the venture was based on the plan to care for 20 children who currently received out-of-borough social and education placement. The cost of the venture was estimated at £2M to be funded from the transformation reserve and was expected to generate annual savings of £400,000 per annum.

- 3.3.2 Spark of Genius has ambitions in the future to look to open more facilities for care and therefore there would be further opportunities for the Council to be part of that expansion.
- 3.3.3 Provision for Children and Young People with disabilities/complex needs – The

Board are currently undertaking comparisons of the cost of the current service against those of the independent sector. The Board are also exploring the availability of alternative facilities within the Council's stock that may be more suitable/cost effective from which to provide the existing facilities. The total budget for the service is currently £1.5M.

3.3.4 The Board has noted that some levels of day care provision were oversubscribed with people on a waiting list for the service, whilst others were under-subscribed and therefore has requested further work to be undertaken in order to be able understand the reasons for this, and the alternative options available for the delivery of short stay services, including the commissioning of external services.

3.3.5 The Board are currently investigating the reasons for the wide variation in the costs of Short breaks / Early Help delivered via the Contracted Activity programme, and are considering options for utilising Short Break capital allocation. The Board has agreed to extend existing contracts until March 2014 whilst this work is undertaken.

3.3.6 The Board have noted the Early Help Strategy for review as a priority and will commence work in March 2013.

FINANCIAL / RISK ISSUES

Full financial assessments / risk assessments to be undertaken by each programme board in line with proposals / recommendations.

CONSULTATION / COMMUNICATIONS

Consultation has included regular briefings with the Cabinet members.

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CABINET BUDGET REDUCTION PROPOSALS

Theme-Portfolio ADULT SERVICES AND HEALTH

Service Area	Proposal	Estimated Savings	2014/15	2015/16	2016/17	EIA Required
		2013/14 £'000	£'000	£'000	£'000	
Adult Services	Removal of vacant posts from the budget across the service.	200	200	200	200	No
Adult - Training	Reduce level of training budget for the service.	10	40	40	40	No
TOTAL		210	240	240	240	

Theme-Portfolio CHILDREN & YOUNG PEOPLE

Service Area	Proposal	Estimated Savings	2014/15	2015/16	2016/17	EIA Required
		2013/14 £'000	£'000	£'000	£'000	
Connexions	Universal Information, Advice & Guidance is now the responsibility of schools and these functions are currently subsidised by the Council. It is proposed that this subsidy is removed. Schools will either buy back the service at full cost or the service will reduce to reflect reduced take up.		170	239	239	Yes

YOS	A management restructure including the removal of a number of posts which can be managed with minimal impact.		230	230	230	Yes
Early years & Complex Needs	Review of Early Years and Complex Needs services has identified a number of vacant posts which can be removed and also some areas where alternative methods of service delivery which will result in savings.	129	366	366	366	No
Training	The Council currently subsidises school workforce development and training, as well as training for Private, Voluntary and Independent Childcare providers and it is proposed that this subsidy is removed. Schools and providers will either buy back the service at full cost or the service will reduce to reflect reduced take up.		50	230	230	No
TOTAL		129	816	1065	1065	

CECSC CROSSCUTTING

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Business Support	A restructure of the business support and improvement team will mean targeting business and system support and also management information to areas of key priority.		140	220	220	No

	TOTAL	0	140	220	220
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Theme-Portfolio CORPORATE MANAGEMENT & FINANCE

Service Area	Proposal	Estimated Savings	2014/15	2015/16	2016/17	EIA Required
		2013/14 £'000	£'000	£'000	£'000	
HR & Comms	Restructure of HR and Communications with a re-alignment and prioritisation of support and reduction in some aspects of the service (e.g. training). As the Service is integral to the delivery of the Council-wide savings programme, changes are scheduled towards the rear of the timeframe.	100	100	100	398	No
Taxation	Organisational restructure of Taxation which will result in a reduction in capacity in the service. Given the workload associated with the introduction of the Local Council Tax Support Scheme this will not be delivered until 2015.			81	81	No
Admin	Organisational restructure and reduction of Admin Support, including PAs. This links to potential reductions in services across the Council and also to reduced number of buildings following the asset review.	22	64	188	188	No
Taxation	Removal of Discretionary Rate Relief Fund no longer required. This is now covered by the method of operation of the Business Rates Retention System.	130	130	130	130	No

Cashiers	Reduce the opening times of the Cashiering Services through targeting peak times and encouraging payment by other methods. Consultation will be undertaken around opening times		25	50	50	Yes
Customer Services	Reduction in Customer Services ICT support arrangements and review of courier routes.	44	44	44	44	No
Asset Maintenance	Following the rationalisation of buildings through the Asset review the maintenance budget can be reduced.	0	175	175	175	No
Finance	There will be a reduction in Heads of Service from 2 to 1 with the Head of Finance and Procurement taking voluntary redundancy. There will be a reallocation of responsibilities including an increased managerial remit of Head of Finance and Assets. Given workload of the services and transition requirements this will be undertaken in 2014.		102	102	102	No
Finance	Reduced Insurance and Treasury Management external advisor budgets. These budgets have been retained, partly to manage the transition following the retirement of the Risk Manager in 2012. It will however mean less opportunity to access specialist advice around these areas.		50	60	60	No
Finance	Restructure of Finance Service. This will be in 2 stages. Stage 1 will deliver immediate savings and reconfigure the service to support the Council-wide savings programme and Big Ticket reviews. A further review in 2015 will consider the combined service (including transferred from Head of Finance and Procurement). Resources will be targeted to areas of highest risk and priority and there will be a reduction in routine budget monitoring activity.		120	120	390	No

Legal	Reduce Senior Management within Legal with removal of Head of Service. The Director of Law and Democracy will be more involved in management of Legal Services.	51	103	103	103	No
Democratic Services	Restructure of Democratic Services to focus on aligning similar services, a reduction in scrutiny support and also releasing savings from a number of corporate budget areas.	106	224	224	224	No
	Xentrall - Stockton share of savings					
Xentrall	Reduction of Head of Service and management support consolidation of management of service. Xentrall functions will be directly managed by the remaining 2 Head of Service.	29	63	63	63	No
Xentrall - Transactional	Reconfiguration and change to Service Delivery in Transactional Finance and HR Services. Cost reductions are achievable through three main approaches: stopping or reducing the level of service for low priority functions, improving operational efficiency of procedures and through reductions in transactional volumes as the authority changes.	63	199	235	271	No
Xentrall - ICT	Service restructure and re-assessment of corporate system priorities and ICT Support. This will significantly reduce the capacity of ICT to develop services and respond to service requests etc, and will require a clear strategic approach for planned developments.	154	287	287	287	No
	TOTAL	699	1685	1961	2565	

Theme-Portfolio ACCESS & COMMUNITIES

Service Area	Proposal	Estimated Savings	2014/15	2015/16	2016/17	EIA Required
		2013/14 £'000	£'000	£'000	£'000	
Policy, Improvement & Engagement	Reduction in Supplies & Services across the Service	30	30	30	30	No
Catalyst Support	Catalyst has anticipated some reduction in funding and has been looking to develop business opportunities to generate income. It is proposed to reduce grant funding from 2014/15 by 15%.		15	15	15	No
Community Empowerment Support	The contract for Community Empowerment Support resulted in a saving, it is proposed that this be released as a saving.	5	15	25	25	No
Healthwatch	Savings have been made on Healthwatch Contract	20	20	20		No
Consultation	Reduce Consultation Budget by more on line consultation			30	30	No
Policy, Improvement & Engagement	Review of Business Support & Improvement & Engagement functions and service restructure			100	100	No
Customer Services	Service restructure and realignment in Customer Services, to include changes in working patterns to focus resources at busy times.	2	9	133	133	No
	TOTAL	57	89	353	333	

Theme-Portfolio ENVIRONMENT

Service Area	Proposal	Estimated Savings	2014/15 £'000	2015/16 £'000	2016/17 £'000	EIA Required
		2013/14 £'000				
Countryside Parks	Transfer of management of the Planetarium, however if no suitable partner found facility would close. The facility will be marketed to potential interested parties. Also reduction within the Countryside Ranger service staffing establishment.	0	40	40	150	Yes
Grounds Maintenance	Reduction in the quality of floral displays across the Borough.	0	150	150	150	No
Care for Your Area	It is proposed to reconfigure the Street Cleansing and Horticultural Service teams to introduce new generic job descriptions and more flexible working methods. In addition, we will need to reduce street cleaning activity and review methodology i.e. manual street sweepers against mechanical sweeping. Within the Highway Inspector/Technician team, a similar exercise will be carried out to introduce a single generic job description encompassing all aspects of the inspection regime together with pertinent aspects of the Technician role.	0	330	330	330	No
Catering	Reduction of printing, training and equipment expenditure within catering services	31	31	31	31	No
Catering	Change to Visitors Centre/Gift Shop working arrangements at Wynyard Woodland Park, attempting to move the operation toward a break even trading position. Also reduction in the opening hours at Starbooks Café within Stockton Central Library.	2	19	19	19	No

Recycling	Reduction of disposal costs through change in methods of Reed Bed Recycling	0	34	34	34	No
Waste Disposal	Changes to Bulky Waste treatment which will reduce disposal costs and changes to some of the charges for Civic Amenity Site	20	78	78	78	No
Refuse Collection	Increase in charges for the Green Waste Service through the sale of Green Waste Bags		36	36	36	No
TOTAL		53	718	718	828	

Theme-Portfolio REGENERATION & TRANSPORT

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Regeneration & Economic Development	Phase 1 - Removal of Vacant Posts,	46	86	86	86	No
Planning	Budget for an increase in planning fee income through the introduction of national changes to planning fees . Also reduction of the revenue budget for planning enquiries which will be dealt with through the application of one off resources.	169	169	169	169	No
Car Parking	Review of Car Parking Service focussing on reductions in back office operations, a reduction in car park maintenance. The processes and systems have been reviewed and a reduction in parking contraventions will also enable small a reduction in frontline operations.	77	107	107	107	No

Transport	Reduce the Highway Maintenance budget, which can be mitigated to some degree by an increase in Capital allocations & use of emerging technologies.	100	100	100	100	No
Transport	Remove subsidies to non commercial bus services across the Borough and also review the arrangements for the management of transport information and contracts. Over the next 12 months, we will be working with Third Sector, Parish/Town Councils; with a view to creating a sustainable, borough wide Travel Club.	50	370	370	370	Yes
Various	Review of the organisational structure within Technical Services	40	385	425	425	No
TOTAL		482	1217	1257	1257	

Theme-Portfolio HOUSING & COMMUNITY SAFETY

Service Area	Proposal	Estimated Savings	2014/15 £'000	2015/16 £'000	2016/17 £'000	EIA Required
		2013/14 £'000				
Community Protection	Review of Community Protection service focussing on management and support services. This will result in a reduction of managerial posts, resulting in mergers of teams, changes in shift patterns, automated arrangements for the Town Hall and the reduction of the Head of Service Post. Responsibility will be reassigned to other Heads of Service within the Council.	187	396	454	454	No
Housing	Major housing schemes have now been commissioned timely to consider merging Housing Strategy and Regeneration with Private Sector Housing.	36	234	234	234	No
TOTAL		223	630	688	688	

Theme-Portfolio ARTS, LEISURE & CULTURE

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Museum	Increased Charges at Preston Museum	0	56	60	65	No
Leisure	Restructure of Sports Development Service	30	50	50	50	No
Arts	Work with BIFF to develop the same approach as ARC which is to reduce reliance upon Council subsidy. Saving is based on a 20% reduction phased over 3 years.	0	8	11	15	No
TOTAL		30	114	121	130	

DANS CROSSCUTTING

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Business Support	Service restructure resulting in a reduction in a Head of Service post. The functions will be redistributed. Also a slight increase in some fees and charges .	57	113	113	113	No
TOTAL		57	113	113	113	

TOTAL PROPOSED SAVINGS		1,939	5,761	6,736	7,439	
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CABINET BUDGET REDUCTION PROPOSALS - REVIEWS

Theme-Portfolio CHILDREN & YOUNG PEOPLE

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Youth Service	Review of Youth provision with a view to focus on targeted services with alternative services developed for universal services. This will be undertaken alongside the review of Leisure, Sports Development etc.			250	250	Yes
Connexions	It is proposed that a review of methods of delivering the Council's statutory connexions services be undertaken as part of the Children & Young People Select Committee 's wider review of Employability during 2013/14.		tbc	tbc	tbc	Yes
Children's Centres	The EIG review resulted in significant savings through commissioning a number of Children's Centres which are now being run by 2 external organisations. Consistent with previous Scrutiny Committee recommendations, it is proposed that a review be undertaken of the performance of the centres. A view to commissioning the remainder of the service will then be developed.			469	469	Yes
TOTAL		0	0	719	719	

CESC CROSSCUTTING

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Community Transport	A review of transport for children and adults within education and social care is proposed. This will explore additional opportunities for efficiency and also the potential savings associated with changing the current policy position.	0	400	400	400	Yes
TOTAL		0	400	400	400	

Theme-Portfolio CORPORATE MANAGEMENT & FINANCE

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Taxation and Benefits	Given that LCTS discounts replace Council Tax Benefit and, the introduction of Universal Credit, a review is required to determine most appropriate method of delivery in the future. This is funded by specific grant which could reduce once Government delivery models are clear, potential for saving is unclear at this stage.					No
Members	A review of Members Allowances should be undertaken to target at least 15% saving by 2015/16.			130	130	
TOTAL		0	0	130	130	

Theme-Portfolio ACCESS & COMMUNITIES

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Community Empowerment Support	It is also proposed that a wider review is undertaken of Community Empowerment support, along with the investment fund outlined below.					No
Investment Fund	The initial report to Cabinet on the Investment Fund agreed to review during 2013/14. This will be looked at alongside the Community Empowerment Support (referred to above). A phased target saving has been identified.		5	16	21	No
Healthwatch	Review the Healthwatch contract including the possibility of combining the contract for Healthwatch with the contracts for NHS complaints advocacy and social care complaints advocacy (contracts for Healthwatch and NHS Complaints Advocacy due to end March 2016).					No
Advice and Guidance	Review of Information, Advice and Guidance Services, including welfare rights. Target savings from more efficient working methods and procurement.			48	48	Yes
TOTAL		0	5	64	69	

Theme-Portfolio ENVIRONMENT

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Green Infrastructure	To review that level the planning, development, management and maintenance of green infrastructure in the borough, identifying opportunities to maximise public benefits while achieving short and long-term efficiency savings for the Council. Strategic review required, ensuring efficiency gains in terms of potential joint working between Countryside and Green space, Technical Services and Planning Services as well as external organisations.	0	0	150	150	Yes
TOTAL		0	0	150	150	

Theme-Portfolio REGENERATION & TRANSPORT

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Regeneration & Economic Development	Phase 2. A review of the Council's approach to Regeneration and Economic Development targeting savings via the introduction of an integrated service approach recognising the changing landscape of economic development activities, nationally, regionally and sub-regionally. The environment within which Regeneration and Economic Development operates is facing significant change with a key development being the LEP and potential City Deal proposals.	0	0	150	250	No
TOTAL		0	0	150	250	

Theme-Portfolio ARTS, LEISURE & CULTURE

Service Area	Proposal	Estimated Savings				EIA Required
		2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	
Leisure	Review of Activities and subsidy levels of Tees Active, considering service provision, income maximisation, invest to save opportunities etc.	0	100	300	300	Yes
Arts, Culture & Leisure	Review of work undertaken covering Art, Leisure, Sport and Culture to identify opportunities for alternative models of delivery and opportunities for service integration. This will include the Youth Services. The review will also include SIRF Arts Council funding is agreed until 2015.			TBC	TBC	Yes
TOTAL		0	100	300	300	

TOTAL PROPOSED SAVINGS		0	505	1,913	2,018	
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