

MINUTE EXTRACT

Cabinet Meeting.....16 May 20131. Title of Item/Report

Medium Term Financial Plan – Big Ticket Update & Savings Proposals

2. Record of the Decision

Consideration was given to a report on the financial challenges facing the Council, provided an update on the Big Ticket reviews and proposed a range of savings to contribute to the financial pressures.

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. A table showing the budget gap was detailed within the report.

The MTFP reflected a significant reduction in Government Funding over recent years. Between 2010/11 and 2013/14 there had been a reduction of £31m which was a 25% cash reduction (35% in real terms).

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 indicated that there would be further restrictions on Public Sector Spending which would inevitably mean further reductions which could be in excess of £3m by 2016/17. Further details were expected and the 2015/16 Spending Review was due to be announced on 26 June 2013. ANEC had prepared a submission to Ministers and this was attached to the report at Appendix A.

Also, a number of significant changes to Local Government finance had 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.

Nonetheless the Council had 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. The Council was one of only three in the country to achieve top ranking by the Audit Commission on managing its resources. This had been reinforced in the letter from the District Auditor who suggested that the Council had a strong track record of delivering savings and efficiencies and was therefore well prepared for the challenges ahead.

This strong culture of managing resources well was apparent across the Council and resided both with Members and officers (in fact it's a core management competency). It involved challenging what the Council did, why the Council did it and how the Council did it. The EIT programme being a prime example. This delivered approximately £20m of savings, with approximately 600 fewer staff being employed.

Proposals had been identified and these had been discussed by:

- a. Informal Cabinet
- b. Informal Executive Scrutiny sessions
- c. Members seminars

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 were 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 would then be considered at various Member meetings including Cabinet, Executive Scrutiny and Members Seminars.

The Council continued to experience pressures and growth to a range of services, not least in Social Care.

There were 3 Big Ticket reviews:-

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

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

There were a number of savings proposals which Cabinet were recommending for implementation and these were attached to the report at Appendix C.

The proposals covered all portfolios and totalled £7.4m by 2016/17. They were either:

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

There were also a number of areas where Cabinet were recommending a detailed service review. These were outlined at Appendix D and had a target saving of £2m by 2016/17 and would include appropriate consultation arrangements. These would

be reported back to Cabinet in due course. The schedule also indicated where Equality Impact Assessments and public consultation may be required.

All services had been considered and the strong resource management culture had been evident throughout the exercise. CMT and Heads of Service were very aware of the policy priorities and this had played a significant part in the development of the proposals as had the understanding of the Council's statutory responsibilities. The general approach had 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 were to be undertaken and reported back in the future, were to target resources/services more.

The proposals included a number of changes to Heads of Service. There was 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 represented an overall reduction in excess of 30% and the proposed changes were as follows:-

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

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

The post of Head of Legal Services would 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 had expressed a preference for Voluntary Redundancy.

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

Business Support (DANS).

It was proposed that The Head of Business Support post be deleted. The Registrars and Bereavement Service would 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 were being considered and it was recommended that the final decision on this aspect of the Service be delegated to the

Director of Development and Neighbourhood Services. The Head of Business Support had expressed a preference for Voluntary Redundancy.

Members were aware of the commitment to deliver savings from the Big Ticket areas and there was a significant workload involved. To support this, a number of temporary arrangements had been put in place within CESC and it had been identified that an additional Head of Service be required on a temporary basis to support and manage the Big Ticket process. This opportunity would 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.

The posts affected by the changes would need to be subject to review through job evaluation.

With regard to staffing a reduction in funding of this magnitude would undoubtedly have an impact on staff. A reduction of around 300 posts was referred to specifically in the proposals and others would arise as proposals were firmed up and reviews finalised. The breakdown by levels of staff was detailed within the report.

Paragraph 1 had identified that there was a balanced budget position for 2013/14. The proposals incorporated into the report meant that some of the savings were delivered in 2013/14 which would increase the one off resource available by £1.9m. Council had approved, via the urgency route, as reported to Council on 8 May 2013, the allocation of £175,000 to support super-fast broadband.

Since the budget was approved by Council in February, there had been some additional calls on one of Resources identified and these were detailed within the report.

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

The report concluded that the overall savings total, assuming that the reviews delivered in line with the target, was £9.4m by 2016/17. Although this was short of the £10.6m gap, they were 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.

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

Members were provided with Equality Impact Assessments for Proposed Budget Reduction Measures in Bus Subsidies, Cashiering and the Proposed Budget Reduction Measures in Countryside Parks.

Recommended to Council that:-

1. The level of funding reductions be noted and the savings identified at Appendix C be approved.
2. The reviews of services outlined at Appendix D be undertaken.

3. The use of one-off funding outlined in paragraph 27 be approved.
4. The progress to deliver savings in Big Ticket areas at Appendix B be noted.

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