
**DRAFT MEDIUM TERM CORPORATE PLAN INCORPORATING THE MEDIUM
TERM FINANCIAL PLAN 2010 TO 2014**

Responsible Cabinet Member – Councillor Williams, Leader and all Cabinet Members

Responsible Director – Corporate Management Team

SUMMARY REPORT

Purpose of the Report

1. To enable Cabinet to consider the draft Corporate Plan and Medium Term Financial Plan in light of consultation and scrutiny and changes made since the previous draft was considered on 12 January 2010 and to recommend the revised Plan to Council.

Summary

2. Cabinet at its meeting on 12th January 2010 approved the draft Corporate Plan and Medium Term Financial Plan (MTFP) for consultation. The report presented at that meeting has been updated and amended. The changes that have been made are detailed in this report. The updated and amended draft Plan is attached at **Annex A**, which forms the draft report to Council on 25 February.
3. In response to consultation, two changes to the proposals that were consulted on have been made, in relation to the Early Years Inclusion Service and the Story Sack / Toy Library service. Consultation regarding workforce issues is ongoing. The responses from the Trade Unions are attached at **Annex B**.
4. Resources Scrutiny Committee has examined Cabinet's proposals, including 3 meetings of the Budget Management and Review Group, during which Corporate Management Team were questioned about the process and basis of the proposals. The Review Group reported its conclusions to Resources Scrutiny Committee on 3rd February. The views of Resources Scrutiny Committee are attached at **Annex C**.
5. The overall effect of the changes to the MTFP is an increase of £3.7M in projected reserves. In light of the very substantial uncertainty surrounding future grant income, it is proposed that the improved reserves position be retained in the 2010-14 MTFP.

Recommendation

6. It is recommended that Cabinet: -
 - (a) Note the revised Corporate Plan and MTFP at Annex A
 - (b) Note the results of consultation and the views of Resources Scrutiny Committee
 - (c) Recommend the MTFP for 2010 to 2014 including 2010-11 budget and Council Tax to the Special Council meeting on 25 February 2010.
 - (d) Approve the Corporate Plan at **Appendix 1** in **Annex A** and recommend to Council that the Plan be approved with delegation given to the Chief Executive in consultation with the Leader to make any minor amendments to enable the Plan to be completed and published by 31st March 2010.
 - (e) Note that: -
 - (i) Budget proposals with workforce implications in terms of redundancy and changes to terms and conditions are subject to ongoing consultation in accordance with statutory requirements and that under delegated powers relevant officers will continue to seek to reach agreement on the proposed changes. Any financial impact of changes agreed as part of the ongoing consultation process will be reported back to Cabinet.
 - (ii) If after the statutory consultation period agreement cannot be reached on changes to terms and conditions then a report on the position will be presented to Council.

Reasons

7. The recommendations are supported by the following reasons: -
 - (a) To note changes to the Corporate Plan and MTFP and give further considerations to proposals in light of consultation and scrutiny
 - (b) To enable Cabinet to recommend a Corporate Plan and MTFP for 2010 to 2014 and a budget and Council Tax for 2010-11

Paul Wildsmith
Director of Corporate Services

Background Papers

No background papers were used in compiling this report other than those referred to in the report

Paul Wildsmith: Extension 2302

S17 Crime and Disorder	The report contains proposals that support the Council's Crime and Disorder responsibilities
Health and Well Being	The report contains proposals to improve the health and well being of residents
Sustainability	Proposals in the report support sustainability
Diversity	Proposals in the report support the promotion of diversity
Wards Affected	All Wards are affected
Groups Affected	All Groups are affected
Budget and Policy Framework	This report must be considered by Council
Key Decision	This is a key decision
Urgent Decision	The Council's Medium Term Financial Plan, Budget and Council Tax require approval by full Council
One Darlington: Perfectly Placed	This report specifically addresses key issues involved in the Council's contribution to delivering the Sustainable Community Strategy vision
Efficiency	The proposals in this report build on the Business Model agreed by Cabinet in November 2009. This report contains specific proposals to increase efficiency and proposed development of further efficiency and spending reduction proposals during 2010-11.

MAIN REPORT

Information and Analysis

Corporate Plan

8. Since Cabinet met on 12 January, sections 3 and 4 of the draft Corporate Plan have been completed with the addition of performance indicators and departmental responsibilities. Departmental actions have been rationalised to reduce duplication, although some duplication of actions is inevitable with Outcome Based Accountability (OBA), as the same action may contribute to more than one outcome. The actions are being carried forward into department and service plans, to be developed into detailed improvement action plans.
9. The introduction of OBA has supported the development of a Corporate Plan that provides both a distinctively corporate overview of the Council's plans for delivering its contribution to 'One Darlington : Perfectly Placed', and that guides the development of Department Plans rather than summarising them. Whilst there are a large number of department actions listed in Sections 3 and 4, the 25 'Corporate Actions' under which they are organised provide that distinctive overview of what the Council will do corporately to contribute to the five overall outcomes. These were previously referred to as 'Corporate Themes', but adopting the term 'Corporate Actions' emphasises that they sum up what the Council as a whole is planning to contribute to outcomes.
10. The document in its present form is substantial, containing a lot of detail that is of technical value but unnecessary in a public document. It is suggested that the current document be finalised as the 'technical' plan for internal use within the organisation, and that a summary be prepared for public use, including publication on the Council's website.

Medium Term Financial Plan

11. The main changes to the draft MTFP since Cabinet approved it for consultation on 12 January 2010 are: -
 - (a) The receipt of £2.814M refund of VAT in late January and a projected further refund of £340,000 is reflected in the revised projected outturn for 2009-10. The refund relates to 1985 to 1997 and does not affect recent or future VAT liability. There is also a further improvement of £638,000 in the projected outturn for 2009-10 as a result of reduced financing costs and other reductions in costs across the Council. The effect of these changes is an increase in the projected level of reserves.
 - (b) The final Formula Grant settlement for 2010-11, announced on 20 January, and finalisation of the Council Tax Base for 2010-11, confirmed by Council on 28 January. The effect of these changes is relatively minor changes in the projected resources with a small overall increase across the 4 years of the Plan: -
 - (i) 2010-11 £71,000 reduction
 - (ii) 2011-12 £29,000 reduction
 - (iii) 2012-13 £56,000 increase
 - (iv) 2013-14 £273,000 increase
 - (c) Additional expenditure of £25,000 per annum in 2010-11 and 2011-12 is proposed, to support delivery of the Financial Inclusion Strategy

- (d) The projected savings expected from the proposed review of the Early Years Inclusion Practitioners Service have been taken out of the Plan. The Council is committed to finding sustainable ways to extend inclusive provision for children with additional needs, and their families, to 52 weeks of the year and for more hours each day. This should lead to more early years settings being able to include children with more complex needs because staff have developed the necessary skills and it will provide more choice of settings for parents. However, the proposals that were consulted on raised a number of important concerns from the current service users about the impact of the proposed changes on them. Officers will work with current and future service users to develop a revised service design to promote sustainable inclusive practices.
 - (e) During consultation discussions have taken place with the charity involved in supporting the Story Sack / Toy Library. It has been suggested by the charity that the level of savings envisaged in 2011/12 and beyond can be achieved but they would need a transition year to deliver the savings. The proposed savings in 2010/11 have been reduced from £54,000 to £17,000.
12. The combined financial effect of all of the changes since 12 January is an increase of £3.7million in the projected level of reserves. In light of the outlook for public finances, the challenging levels of savings that are expected to be needed and the major uncertainty surrounding local government grant funding over the medium to long term, it is proposed that the improved reserves position be retained in the Plan.
13. A number of minor changes have been made to the 12 January consultation draft MTFP, which do not, individually or collectively, have any significant effect on the Plan. These changes are clarifications in wording and corrections of typographical errors.

Outcome of Consultation

14. Cabinet on 12 January approved a draft plan for consultation. The following consultations have since been carried out: -
- (a) Open public consultation, publicised around the January Cabinet meeting, January Town Crier and Council website with feedback received by telephone, e-mail, letters and the on-line forum.
 - (b) Leaflets summarising proposals, circulated and placed in public buildings.
 - (c) Employee and Trade Unions briefings.
 - (d) Consultation with trade unions and workforce on workforce issues
 - (e) Talking Together event at the Dolphin Centre.
 - (f) Supplementary Early Years Talking Together events at the Dolphin Centre and Bondgate Church.
 - (g) Resources Scrutiny Committee and Budget Management and Efficiency Review Group.

Open Public Consultation, On-line Forum and Leaflets

15. The Council’s budget and tax-setting processes were publicised in the December and January Town Criers, encouraging residents to engage in the process, including sending the Council their views on the proposals to: -
- (a) Freeze Council Tax for 2010-11
 - (b) Increase spending on social care and make savings to balance the budget
 - (c) Invest £143M of capital spending on schools, roads, housing and regeneration
16. To 5th February 295 responses have been received. Some respondents did not answer all three questions. Some respondents made extensive comments that did not always relate to the proposal at hand. All responses were analysed and allocated to one of the columns below. The column headed “Other” contains respondents who abstained and made no comment as well as those who abstained and made a comment that could not be categorised as “For” or “Against”.

	For	Against	Other
Proposal 1: Council Tax	86 (29.1%)	143 (48.5%)	66 (22.4%)
Proposal 2: Budget	70 (23.7%)	93 (31.6%)	132 (4.7%)
Proposal 3 Capital investment	78 (26.4%)	18 (6.1%)	199 (67.5%)

17. The relatively low percentage of “Other” comments reflects the fact that Proposal 1 invited an “agree or disagree” response.
18. Although Proposal 2 also invited an “agree or disagree” response, around two-fifths of respondents requested further information. Where appropriate, individual replies have been sent. The greatest number of comments opposing the proposals was in relation to the Early Years Inclusion Service. Opposition to the premium payment and car allowances proposals was also expressed, as was opposition to reductions in support for the Toy Library. Support for increasing spending on social care was expressed, with suggestions for increasing spending on community safety and youth services. Suggestions were made for more savings to be made in salaries, management and Councillors’ costs.
19. Proposal 3 invited general comments. Where possible these have been interpreted as being either “for” or “against” capital investment. There was little direct opposition to the capital investment proposals but a large proportion of responses included comments. The largest number of comments urged higher spending on roads and tackling congestion, followed by business development and jobs, a bus station and facilities for young people.

Employee and Trade Unions Briefings

20. A series of 8 briefings was held between 6 January and 4 February. Responses from employees and unions have focused on: -
- (a) The proposals to: -
 - (i) Remove premium payments for overtime
 - (ii) Remove Sunday payment allowances
 - (iii) Review the Early Years Inclusion Practitioners service
 - (iv) Delete essential user allowances

- (v) Review delivery options for 10 services in 2010-11, with a second phase from 2011
- (vi) Review Customer Services, Local Taxation and Benefits
- (vii) Reduce staffing in Building Control and reduce inspections in Environmental Health and Trading Standards, with consequential staffing reductions
- (viii) Freeze Council Tax for 2010-11

(b) The potential redundancies, which may occur as a result of the proposals

Consultation on Workforce Issues

21. Consultation has been ongoing with the trade unions and the workforce on both the potential redundancy proposals and proposed changes to terms and conditions of service, which cover car allowances and premium rates. There has been considerable response from both the trade unions and individual employees this year, with the majority of representations made around opposition to the proposed removal of premium rates and the proposals on the removal of essential user status and reduction in mileage rates. A copy of the response from the joint trade unions is attached at **Annex B**.
22. The number of potential redundancies originally envisaged as part of the budget proposals and ongoing reviews has fallen from 59 to 41. As part of this reduction, detailed earlier in the report, Cabinet are not recommending implementation of the 11 potential redundancy proposals on the Early Years Inclusion and 5 in Story Sack/Toy Library services. Work is ongoing through the consultation process to look at alternatives to other proposed redundancies and to try to avoid redundancy through turnover and redeployment where this is possible.
23. Both the proposed redundancies and the proposed changes to terms and conditions come under statutory collective redundancy consultation provisions and as a result of the number of employees affected by the proposals, there must be at least a 90 day consultation period before any decision is taken on the proposals. As such consultation will continue until at least the expiry of the full statutory consultation period.
24. Officers will, as part of ongoing consultation, continue to seek to reach agreement on the proposed changes and any financial impact of changes agreed as part of the ongoing consultation process will be reported back to Cabinet.
25. By consultation Officers will seek to arrive at agreement over the proposed changes to terms and conditions. If agreement is not possible or there are no acceptable alternatives to achieving the savings then an imposed change to terms and conditions may need to be considered. If this was the case, it is a decision which could have significant implications in employee relations terms and it is proposed to report back through Council if agreement cannot be reached.

Talking Together event at the Dolphin Centre, 25 January

26. The Talking Together event was attended by 54 residents and employees (other than those working on the event). Presentations explaining the background and key proposals were made on behalf of the Council, NHS County Durham & Darlington, County Durham & Darlington Fire and Rescue Service and Durham Police Authority.

27. A question and answer session followed the presentations, in which the main issues raised were: -
- (a) Several consultees expressed concern about the proposed review of the Early Years Inclusion Service. In response, it was agreed that additional consultation would be arranged in relation to this proposal. (Two consultation events were arranged for Monday 1 February and Tuesday 2 February. 41 individuals attended. Some attended both).
 - (b) The basis of the proposed Council Tax freeze was questioned. It was explained that Cabinet had proposed the freeze to help residents and that the impact on the Councils' finances had been taken into account.
 - (c) Attention was drawn to the effect on employees of the proposed removal of premium pay rates for Sundays and overtime. Assurance was given that Cabinet and Corporate Management Team are aware of the potential impact and the on-going consultation with employees and trade unions was referred to.

Resources Scrutiny Committee and Budget Management and Efficiency Review Group

28. The Council's Constitution requires Cabinet's draft budget proposals to be examined by Resources Scrutiny Committee. Cabinet is then required to consider the views of Resources Scrutiny Committee in making its recommendations to Council.
29. Following its examination of the 2009 to 2013 Corporate Plan and MTFP, Resources Scrutiny Committee established the Budget Management and Efficiency Review Group to continue monitoring delivery of the existing MTFP, assist development of further efficiency savings and advise Resources Scrutiny Committee regarding the annual review of the MTFP. The Review Group held special meetings on 6th and 20th January and 3rd February to examine the proposals in the consultation draft MTFP. The Group had discussion with and questioned Corporate Management Team about the draft Plan and specific issues.
30. The Review Group reported its conclusions to Resources Scrutiny Committee on 3 February. Resources Scrutiny Committee resolved that its views, which are attached at Annex C be forwarded to Cabinet.