

**CABINET
17 FEBRUARY 2009**

**DRAFT MEDIUM TERM CORPORATE PLAN
INCORPORATING THE MEDIUM TERM FINANCIAL PLAN –
(REPORT TO CABINET 14TH JANUARY 2009 UPDATED FOR
SUBSEQUENT CHANGES)**

Responsible Cabinet Member – Councillor John Williams, Leader

Responsible Director – Corporate Management Team

Purpose of the Report

1. To further consider the Council's draft combined corporate and financial plan and make recommendations to Council.

Summary of the Report

2. The attached report is comprehensive and details are set out below on the key issues for Members :-
 - (a) The Council is facing a challenging budget due to increased demand for services and the financial consequences of the economic downturn.
 - (b) The Council's plans and strategies remain in place and significant steps will be taken in the next financial year in delivering the aims of the Sustainable Community Strategy.
 - (c) Some short term plans will need to be amended to reflect the economic downturn.
 - (d) Significant efficiency savings need to be made to ensure key services/strategies are protected. £4.9m of savings will be made including the deletion of around 60 posts, of which approximately 35 are currently filled.
 - (e) Some reductions in services are required and increases in charges to balance the budget.
 - (f) A reduction in the indicative Council Tax increase of 4.9% to 3.5% is proposed.

Recommendation

3. It is recommended that Cabinet: -
 - (a) Note the revised Corporate Plan and MTFP
 - (b) Approve the Corporate Plan attached at **Appendix 1** 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 2009

- (c) Consider the MTFP in light of the results of the consultation, Resources Scrutiny Committee's views and the changes made since 14 January 2009.
- (d) Recommend a MTFP including 2009-10 budget and Council Tax to the Special Council meeting on 26 February 2009.

Reasons

4. The recommendations are supported by the following reasons :-

- (a) To plan the delivery of Council services in support of the Sustainable Community Strategy, with due regard to the forecast economic and financial outlook, balancing the needs and interests of service users, taxpayers and all residents;

Corporate Management Team

Background Papers

No background papers were used in the compilation of this report other than those referred to in the report.

Paul Wildsmith : Extension 2302

S17 Crime and Disorder	The report supports 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 equally
Groups Affected	All Groups are affected equally
Budget and Policy Framework	This report must be considered by Council
Key Decision	This is a key decision
Urgent Decision	This is not an urgent decision but is scheduled to be considered by Resources Scrutiny Committee, prior to further consideration by Cabinet and final 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

MAIN REPORT

Information and Analysis

5. The Council is a multi faceted complex, multi million pound business that provides services to the public of Darlington and the sub region and together with partners provides leadership for the Borough of Darlington. The long term vision for the borough is contained in the Community Strategy One Darlington Perfectly Placed. Within the overall aims of the Community Strategy the Council sets its corporate and financial plans which set out what it will do in the short to medium term to deliver longer term objectives and to satisfy the service demands and needs of the public of the Borough.
6. The main challenge for the Council when setting its plans is to balance between providing services and delivering longer term aspirations against the level of resources available and the levels of local taxation. This is a key issue for the Council and every other Council in the Country and it is at the very heart of this report.

Economic Context

7. The economic climate faced in the Country today is one that is very different to anything experienced in the last decade, things that have happened in the last 12 months have not been experienced before by most of the population for example the near collapse of the banking sector nationally and worldwide. The economic climate faced when setting this year's plan has dominated the thinking of officers and Members alike. Although the longer term vision for the Borough remains intact short term actions need to be adjusted to reflect the changing climate for instance Economic Regeneration effort will be directed more to engaging businesses rather than other actions in the Sustainable Community Strategy to improve economic conditions, although these clearly remain the medium to longer term aims. Services need to anticipate the needs of the public as the economic downturn bites doing what is possible to help those who lose employment or those who are experiencing difficulty due to changes in the housing and mortgage markets. Unlike the private sector the Council will undoubtedly see an increase in demand for some services during a time of recession as one of the key responsibilities of a Council is to provide support and help for vulnerable groups. For example we are anticipating increases in demand for services such as housing/council tax benefits and the homeless service.
8. The Council, like the private sector is being hit hard in financial terms in some very obvious ways and some less so. For example we face the obvious financial pressures such as increased power costs, reduced income from land sales and general fees and charges but less obvious is lost revenue from cash investments. The Council invests approximately £45m short term cash which is committed in the longer term but available to invest in the short term, the considerable reduction in interest rates in recent months had a significant impact as each 1% reduction has cost the Council approximately £0.5m in lost income.
9. The above increases the intensity of the focus on the need to provide services to the vulnerable and the public of the Borough in general against the level of taxation levied on all via Council tax.
10. The immediate financial climate is explained above however it is essential that Members consider the medium term climate as to make decisions without such awareness would be ill informed. It is not clear at this stage when the recession will bottom out, what is clear is it

will continue for some time therefore the risk of increased demand for services and reduced income continues and financial plans need to recognise such risks. The Council's main sources of income are Government Grant (funded from other taxation sources), Redistributed National Non Domestic Rates (all business rates are pooled nationally and then redistributed to local authorities on a needs basis), Council tax and charges for services. Looking at the Government's financial strategy for responding to the changing economy it is very clear that in the next Comprehensive Spending Review (CSR), which will allocate grants and NNDR to Councils for the three year period from 2011/12, will see local Government spending come under severe pressure. Grant income may, therefore, increase at a much slower rate than has been the case in recent years although it is anticipated that education funding may not see such significant slow down. Clearly even in the medium term our fees and charges income will remain under pressure. In summary the funding available in the medium term is going to be extremely tight.

Strategy Context

11. Set out below are the key issues contained within the draft corporate plan (attached at **Appendix 1**) by Sustainable Community Strategy theme. The priorities of One Darlington and Perfectly Placed have driven the action plans developed by the Local Strategic Partnership (LSP) theme groups.

Healthier Darlington

12. The gap in quality of life outcomes is starkest in health measures where the expectancy is 13 years greater in some wards than others. The jointly appointed Director of Public Health identified three main causes of such inequality: social determinants of health such as being in employment and having good education; healthy lifestyles such as not smoking, healthy eating and physical activity; and access to health services. It is evident that the majority of the Corporate Plan is directed towards addressing the social determinants of health. Children's Services, Regeneration and Housing to name but a few Council services are key contributors here. The Council also has a key role to play in promoting healthy lifestyles – as a major employer to promote the health of the workforce, in the work of Local Motion and through leisure to promote physical activity and mental well-being through access to arts and other cultural events.

13. The health challenges faced by Darlington's residents will not be met without investment. It is therefore welcome that the PCT have invested an additional £1.5 million in health improvement through partnership working with the authority. In addition, the PCT have undertaken to work with the authority to address health needs by identifying further investment through the annual corporate and financial planning process.

14. In the lifetime of this plan, the areas of investment in health include:

- (a) Initiatives to address obesity;
- (b) A new focus on workplace health – for Council employees and other major employers in the borough;
- (c) Additional investment to tackle misuse of alcohol including the development of the regional alcohol office in Darlington;
- (d) Continued focus on reducing teenage conceptions;

- (e) Building on the Council's reputation for social marketing in Local Motion, opportunities will be explored to apply similar techniques to the promotion of healthy lifestyles.

Prosperous Darlington

15. The record of investment in the local economy over the last five years, through the Gateway strategy, is outstanding. The Council's effectiveness in securing public sector 'set-up' funding to lever-in private sector investment is attracting around £500 million into the local economy to generate new jobs, increasing employment, rising wage levels and narrowing of the unemployment gaps across the borough.
16. A major concern for the Council at this time, with the Gateway Strategy moving forward into a second cycle of delivery, is that the credit crunch will limit or disrupt further private sector investment development projects, and undermine our future targets for business floorspace provision, job creation and wage increases forecast in the Taking Forward Darlington Gateway research. The initial signs are that the strengthened local economy is fairing better than other parts of the region in the early stages of the recession, but there are many challenges to come. A corporate group, chaired by the Chief Executive, has been formed to identify ways of working with partners to minimise the effects of the downturn, whilst we are also working directly with developers to seek to maintain progress on development projects.
17. Increasing emphasis has been given to business engagement in response to the credit crunch and recession. All businesses in Darlington are being visited by the Economic Regeneration Team and supplied with a Business Information Guide. This helps signpost businesses to the sources of help available. It will also lead to the creation of an on-line business directory to encourage trading between Darlington businesses. Similarly strong emphasis is being given to close engagement with town centre business and the Town Centre Management Team is developing projects to encourage town centre trade.
18. We are also looking to secure further funding from external sources to support other work within this theme, notably under the Skills and Narrowing the Gap work strands. This is new work emerging from 'Taking Forward Darlington Gateway' and is not covered by established revenue budget allocations. Given that there will be opportunities to bid for funding from regional programmes, and the good track record of our External Funding Team in securing resources for economic regeneration work, we consider that it is more effective to use limited revenue resources to support other priorities for which external funding may not be available.
19. We consider that our case for access to regional regeneration funding within the Tees Valley is strengthened by being the only area in the city region not to receive Working Neighbourhoods Funding. We will engage with our Tees Valley partners to argue Darlington's case for access to regional regeneration funding in order to maintain our effectiveness in contributing to economic programmes within the city region.
20. The Council's involvement with other Tees Valley Borough's in the Tees Valley Multi-Area Agreement, could in future help to provide better-planned access to a range of funding streams relevant to Prosperous Darlington aims.

Greener Darlington

21. Greener theme priorities require action across partner agencies and the wider community, as well as Council departments and services to deliver long-term improvements in environmental sustainability. The Council has a key role in leading and promoting action across the community to bring about the behavioural changes required in all of us to make a difference. The staffing required to do this is in place, and the emphasis in the short-to-medium term will be on social marketing promotional work, rather than service or project developments requiring major additional funding. We will work with our External Funding Team to pursue the resources required from potential external funding streams as programmes are developed.
22. A major Council initiative in 2009-10 will be the start of the new waste management contract that will significantly increase recycling in the Borough. The contract, awarded in November 2007 with a 16-month lead-time, will initially cost £0.5M per annum more than the previous arrangements. However, in the context of rapidly escalating costs of landfill disposal, including strong tax incentives to move to more sustainable waste management, the new arrangements will save the Council an estimated £18M to 2020.

Aspiring Darlington

23. In relation to the aspiring strand of the Corporate Plan, the service planning process and the medium term financial planning process have been aligned taking account of the main work strands. Specifically this includes the alignment of resources to match priorities.
24. The work strand of high quality teaching and learning environments has seen c£20m secured in relation to Primary Capital Programme, which will see significant refurbishment to the majority of the authority's unimproved portfolio of primary schools. A Building Schools for the Future bid has been submitted, which if successful will provide significant investment to redevelop/rebuild the remaining three comprehensive schools which have not recently been redeveloped. The lead officer model is now in place to ensure a robust system for challenge and support to schools. To complement this £0.332m, has been allocated over the life of the MTFP for School Improvement Partners, to provide additional advice and challenge to schools with a view to enhancing high quality teaching and learning.
25. Resources have been allocated also in relation to improving transition across all stages, phases and settings. Specific responsibility has been allocated to care managers to ensure a smooth transition to adulthood.
26. Resources have been allocated to parenting officers to increase the engagement of children, young people, their families and carers. A £4.5m Myplace capital bid has been submitted, which if successful will provide a world class youth facility. This bid was submitted with the full engagement of young people including the Authority's Youth MP and has included many young people's proposals.
27. The 14-19 agenda is a major work strand and resources have been allocated to ensure this major project is implemented in line with governmental guidelines. A 14-19 trust has been established, and duties realigned to support this development. Resources of c£0.648m have been secured under the ESF Youth Participation strand for reducing the number of young people Not in Education, Employment or Training (NEET).

28. Another strand is to further strengthen the support provided to disabled children and their families. To this extent an integrated children's manager for disabled children has been established. Aiming High funding of £0.420m over 2009/10 and 2010/11 has been secured to provide short breaks for disabled children. A major development for the life of the plan is the implementation of locality working, which will see multi agency services joined-up, ensuring that high quality services are provided in localities.
29. Efficiency is the key to bridging the gap between ambition to continuously improve services and the reality of the resources available to do so. Over recent years, there has rightly been a focus on improving efficiency of support functions. There is now some change in emphasis in the efficiency agenda, driving value for money improvements in front line services. The financial plan for 2009-13 includes annual efficiency improvements of £1.8M under the Aspiring theme.

Safer Darlington

30. The Council has for many years allocated significant levels of resources to promote community safety and reduce fear of crime. Direct Council spending on services within the Safer theme is largely non-statutory. The Council's strong commitment to this theme is evidenced through the maintenance of discretionary services entering a period of extreme pressure on councils' funding and services. Efficiency improvements of £0.1M per annum are planned, without detrimental impact on front-line services.
31. The Council's involvement and support to the Crime and Disorder reduction Partnership has continued to contribute to reduced levels of crime. Over the coming year resources are allocated towards the key agreed priorities within the Safer theme :-
- (a) Effective management of licensing responsibilities, targeted deployment of the wardens service, and CCTV to reduce violent crime and disorder in the night time economy.
 - (b) Support to the partnership in terms of intelligence gathering, and resources for the Youth Offending service, to contribute to reducing offending behaviour
 - (c) Co-ordinate and support work to reduce domestic violence, including support on housing services, support to vulnerable children and families, and liaison with the voluntary sector.
 - (d) Support to the alcohol harm reduction strategy, by hosting the North East Alcohol Office, and directing resources to implementing the borough's strategy.
32. In addition the work on the local development framework incorporates the role of the planning services in helping to ensure that good design helps to build resilience to crime and disorder.

Consultation Feedback

33. Last year extensive consultation with the public of Darlington was undertaken to produce a new Sustainable Community Strategy for Darlington. The agreed strategy, One Darlington Perfectly Placed sets out the medium and long term aspirations for Darlington as communicated by its residents, partners and businesses. It is this strategy which sets the Council's direction.
34. The Council has recently completed its annual citizen's survey which asks a statistically representative number of residents a wide variety of questions to which the answers help the Council in the short to medium term delivery plans. The key outcomes that are relevant to this report are :-
- (a) Overall satisfaction with the Council remains at top quartile levels;
 - (b) Residents do not suggest areas where the Council could spend less;
 - (c) The main services that the public have identified as a priority are set out below, all five areas continue to be supported within the MTFP and have all secured additional funding in previous years. The new waste disposal contract will deliver a step change in recycling performance.
 - (i) Road maintenance;
 - (ii) Pavement maintenance;
 - (iii) Youth services;
 - (iv) Recycling facilities;
 - (v) Security measures e.g. CCTV outside of the town centre.
35. Consultation on the Council's financial plans commenced in October with an article in the Town Crier requesting the public's early views on the Council's spending plans. Two Talking Together events were held in the Cornmill shopping centre over two busy days and a third event at the International Day at the Forum music centre on Sunday 16 November. All three events were entirely open to the public.
36. In addition the Citizens' Budget Panel which is a group of 30 residents selected by an independent consultation company to be representative of the public of Darlington met on Saturday 8th November to consider the Council's budget in more depth. The Panel considered the balance between services, charges and Council Tax. More support was expressed for maintaining services than keeping Council Tax low. The Panel also considered a range of possible savings. There was strong support for the Council's focus on efficiency and a high level of understanding of the need to restrain spending in difficult times, though particular concern was expressed regarding possible reductions in spending on social care.
37. Consultation prior to Cabinet agreeing proposals on 14 January showed interest in a wide range of issues, with no specific themes emerging strongly. Of 95 comments received, 78 related to a variety of services, seventeen comments relate to Council Tax, of which 12 expressed concern and 5 supported higher Council Tax. Cabinet agreed initial budget proposals for consultation on 14 January. The outcome of that consultation will be reported to Cabinet for consideration on 17 February 2009

Financial Context

38. The remainder of the report considers how the financial plan can be matched to the corporate plan aspirations and considers what aspects need to be reviewed/amended.
39. The preparation of the MTFP and the Corporate Plan has been done in consultation with Cabinet who are charged with the responsibility of preparing a draft corporate and financial plan for consultation and following consultation making final recommendations to Council. The draft plans have therefore been prepared based on Cabinet's priorities following officer advice. The preparation of the budget has been carried out taking full account of the statutory responsibilities of the Director of Corporate Services as the Council's Statutory Financial Officer.

Revision of 2008/9 Financial Plans

40. Members have been updated regularly on the financial challenges the Council has faced during the current financial year, particularly as a result of the economic downturn. Initial projections suggested a £1.8m deficit however revisions to this taking account of planned actions suggest the latest projection is £0.7m. Attached at **Appendix 2** is the latest revenue monitoring report. The revenue monitoring report includes the impact of changes required during the financial year to the capital programme as a result of the inability to achieve planned asset sales.
41. Officers have continued to look at measures within existing Council policy to reduce the budget deficit however at this stage the impact of measures are more likely to impact in 2009/10 so the projected outturn is unlikely to reduce significantly. Therefore the starting point for the review of the MTFP is the level of projected balances at 1/4/2009, which will be £8.913m, which is £1.328M more than anticipated in the current MTFP. The available balances take account of the following additions: -
- (a) Transfer to General Fund reserves of £1.0M from the Insurance Reserve – reduction in the level of the insurance fund following a review of potential future liabilities;
 - (b) Transfer to General Fund reserves of £0.7M from the Pension Reserve. The Pension Reserve was set up to provide a buffer against increases in pensions contributions. The three-yearly revaluation that took effect in April 2008 indicates that this accumulated provision is no longer needed;
 - (c) Transfer to General Fund reserves of £260,000 of various accumulated small balances that have been earmarked over a number of years and are no longer required for their original intended purposes;
 - (d) Increased 2008/09 Area Based Grants of £49,000 announced in November 2008, which has not been used to increase spending in the current year.
 - (e) Additional Local Authority Business Growth Incentive Grant for 2007-08 of £463,000, announced in February 2009.

Revenue Balances

42. Having ascertained the projected level the next stage in revising the MTFP is to assess the availability of revenue balances to assist in funding services. The Council has legitimately used balances over a number of years to bridge the gap between expenditure and income within the medium term strategy of reducing expenditure to income levels. The existing MTFP achieved this strategy.
43. Total balances at 1 April 2009 are expected to be £8.913m. Members will recall from previous reports that the Council must retain a minimal level of revenue balances to cover potential

financial risks; in recent years the minimum level has been set at £4.5m however as Members will appreciate the changing economic climate and other factors mean our risk exposure is greater than in previous years. Attached at **Appendix 3** is a balances risk assessment and based on this and the general climate a minimum level of balances of £6m is recommended. This means that £2.913m is available to assist in funding services.

Budget Pressures

44. The approved MTFP has been subject to a number of financial pressures as in previous years but the changing economic climate has increased the pressure on budgets beyond expectations. When approving the MTFP in 2009/10 headroom of £0.5m and revenue balances were identified to manage such risks. Unlike previous years the incidence of risk has been greater.

45. The pressures tend to fall into a number of distinct categories:-

- (a) Financing costs up to £2.0M
Due to the inability to achieve planned asset disposals and reduced income on investments due to falling interest rates. Also provision for prudential borrowing at £1m per annum has been planned to fund urgent capital schemes.
- (b) High inflationary rises on service costs £0.9M
This pressure includes power costs across the board and specific service costs that are expected to be subject to high inflation increases, which are unavoidable.
- (c) Reduced income £1.1M
Members will be aware of most of the income loss issues as they have been reported during the financial year, they include car parking, engineering, building services and sponsorship.
- (d) Increased service demand £2.6M
Significant services in this category include children's placements, adult care, young adults with mental health difficulties.
- (e) Reduction or cessation of external grants £0.5M
There are a number of grants that funded services which need to continue therefore putting pressure on the budget, areas impacted include electoral registration, fair share project and supporting people.

Council Tax

46. Since approving the MTFP the Council's financial position has become more challenging however the change in the economic climate has also meant that the public of Darlington are also facing challenging financial times. With this in mind, Cabinet have concluded that they wish to reduce the indicative 4.9% increase for 2009/10 to 3.5% to assist the public meeting their individual financial challenges. The proposed increase is less than £1 per week for 95% of taxpayers and less than 50 pence per week for Band A taxpayers. The reduction reduces resources available to the Council by £560,000 per annum.

47. Indicative increases for future years are retained at 4.9% but Cabinet will work with officers in the coming months to further review the MTFP to identify options for achieving lower

increases than 4.9% in future years.

Headroom

48.The Council, as part of its financial strategy, has always allowed for headroom in future years budget projections. Headroom is in effect a contingency in future years set aside to meet future service demand and pressures and/or to meet new aspirations of the Council. The existing MTFP includes the following headroom :-

2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	Total £m
NIL	0.500	1.000	1.000	2.500

49.Headroom has been provided at this level for a number of years aimed at mitigating financial risks within the MTFP. In proposing a draft budget and taking account of budget pressures and the desire to reduce Council Tax below the planned level, Cabinet are proposing the following headroom be included in the MTFP: -

2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m	Total £m
NIL	0.250	0.250	0.250	0.750

Initial Budget Position

50.Officers initially drafted the MTFP based on existing service levels and taking account of all known factors including the budget pressures highlighted above as in previous years.

51.As Members will appreciate various assumptions have to be made about resources and expenditure levels and given the uncertain economic climate it is important that Members understand the assumptions made in developing the plan. Attached at **Appendix 4** are details of the assumptions used in producing the initial position below: -

	2009/10 £m's	2010/11 £m's	2011/12 £m's	2012/13 £m's
Total Expenditure	140.468	145.912	150.996	155.826
Total Income	135.501	140.730	145.422	149.985
Initial Gap	4.967	5.182	5.574	5.841

52.Revenue balances available to offset the overall gap are £2.913m against a total gap of £21.564. Therefore significant cost reductions were required.

Efficiency Plans to reduce the projected budget gap

53.The Council has an excellent rating for Value For Money (VFM) having a 4 out of 4 star rating – one of only two unitary authorities in the country to achieve this. This rating is based on high performing low cost services when compared to other local authorities. Since 2004 the Council has made £10m of efficiency savings enabling resources to be freed up to offset council tax rises and for investment in services where demand and priority was signalled by the public and partners in consultation exercises in particular through the citizen's survey and consultation on the Community Strategy. The strive to deliver efficiencies continues

and further savings of up to £4.9m per annum, which represents 6.0% of the Council's net revenue budget excluding schools' delegated budgets, are included in Directors reports appended to this report.

54. The level of efficiencies will be extremely challenging to deliver over the coming months and years and to ensure delivery of the target, officers will be reviewing approaches used to deliver efficiency savings. Although Darlington has an excellent track record on efficiency, given the future financial challenges the Council will need to become very focussed on efficiency to ensure sufficient resources are available to deliver priorities.
55. The £5m package covers all areas of the Council and will involve significant changes to working practices and reduction in workforce numbers. The Council has a good track record of delivering such reductions in staffing numbers by way of vacancy management, redeployment and voluntary redundancies. However given the level of efficiency savings it is unlikely that they can be delivered without some compulsory redundancies. The package includes the deletion of some 60 posts of which approximately 35 are permanently filled at the present time. Full consultation with employees and Trades Unions will take place on the proposals. Set out below is a high level analysis of where the efficiency package is being delivered from and in Directors Reports at **Appendices 5 to 8** more detail is available.

Efficiency Package Analysis by Department	2009/10 £m's	2010/11 £m's	2011/12 £m's	2012/13 £m's
Children's Services	1.493	1.656	1.668	1.681
Community Services	0.515	1.060	1.268	1.268
Chief Executive's	0.306	0.893	1.144	1.344
Corporate Services	0.350	0.653	0.653	0.648
Total Efficiencies	2.664	4.262	4.733	4.941

56. It is proposed to establish a Change Fund of £100,000 for 2009-10 to pump-prime delivery of the challenging efficiency programme set out above and in Directors' reports.

Budget Savings – Alterations to Service Levels

57. The efficiency programme outlined above makes a significant contribution to delivering a resourced corporate plan. However it does not bridge the budget gap and therefore further proposals set out below are put forward to bridge the gap which are outside existing policy and current levels of service.
- (a) Car Parking Charges – Short Stay £185,000
Short stay car parking charges have not been increased since 2001 and are currently 80 pence per hour with an offer of 3 hours for the price of 2. An increase to £1 per hour is proposed, however the retention of the 3 for 2 hours parking is proposed. The loss of income for this offer is estimated to be £42,000 pa however this cannot be exactly calculated due to the nature of the offer.
- (b) Head of Steam Museum Opening Times £48,000
The museum is currently open throughout the year unlike many local attractions which close at certain times during off peak seasons. It is proposed that the museum closes Tuesday to Thursday during the winter season.

- (c) Eastbourne Sports Complex Opening Times £88,000
 The opening hours to the general public will be reduced from 4212 to 2340 per annum. The facility will continue to be available to the Church of England Eastbourne Academy beyond the 2340 hours but not to the public. This will mean generally the facility will not be available to the public Monday to Friday 9.00 am to 3.30 pm. The approach to opening hours proposed is based on existing usage e.g. when usage is traditionally low therefore the impact on service users should be limited. Members will appreciate full facilities remain available at the Dolphin Centre.
- (d) South Park Aviary £35,000
 A health and safety review last year highlighted the need for revised procedures and an additional member of staff to maintain the aviaries along with additional materials and supplies. This cost is significant in the context other vital public services and this proposal would see the closure of the aviaries. The closure would not affect the Green Flag award status South Park has achieved.
- (e) Public Conveniences £25,000
 This option proposes the closure of public conveniences in Heighington, Middleton One Row and Cockerton. These public conveniences are relatively expensive to maintain.
- (f) Economic Regeneration Restructures £96,000
 There are two elements to these savings: -
- (i) Deletion of one economic regeneration post and not filling of one current economic regeneration vacancy. The Economic Regeneration service will need to focus on a smaller number of priority actions, namely: business engagement (enhanced activity during the recession), running the Prosperous Darlington Group and its workload, a higher level skills project, seeking funding for projects on worklessness, town centre management and marketing Darlington.
- Work on the following issues would be continued but with second priority after the above actions: international partnerships, other skills projects, targeted recruitment and training, economic development input to the 14-19 skills agenda. Little work would be retained on tourism development and marketing.
- (ii) Reduction of 20% in each of the project budgets for business/economic development and town centre/marketing/leaving £32,000 in each budget. Again, activity would be focussed on priority areas set out above.
- (g) Cycle and Pedestrian Training - £40,000
 Cycle and pedestrian training is currently provided free of charge. It is proposed that charges of £45 per child for cycling and £12 per child for pedestrian training be made for these services to cover the costs.
- (h) Transport Policy - £39,000
 Deletion of one post concerned with preparation of policy documents and transport input into development control would reduce the capacity for these activities. Essential work, such as preparing the next bid for Local Transport Plan funding would be spread amongst other staff. The existence of a number of externally funded posts in Transport

Policy, as a result of the Local Motion and Cycling Demonstration Town Project, means capacity is greater than it would otherwise be (although those staff need to be focussed on activities for which external funding is provided).

(i) Mayor's Charity Shop Closure £25,000

The Mayor's charity shop in Duke Street is a freehold property held by the Council which is part of the larger premises at 29 Skinnergate leased by the Co-operative Bank. The shop has been run by volunteers since the mid 1980's. The charity pays no rent for the premises or makes any contribution to the running costs of the property. The property is now in need of significant investment to enable it to continue to operate safely as a retail premise. Given the extremely tight financial position faced by the Council it is not considered feasible for the Council to continue to subsidise the charity and fund the required investment in the property. It is, therefore, proposed to close the charity shop and return the property to the Council's commercial portfolio where it will either be sold or let whichever is the most financially beneficial. In terms of fund raising for the Mayor's charity in future years other routes will be explored each year with the incoming Mayor, such events may include one off market stalls, raffles and bag packing in local supermarkets.

What is the equalities impact of the efficiencies and the proposed cost reductions?

58. Corporate Management Team has commissioned a brief equalities impact self-assessment which scans across all the different equalities strands. Most of the proposed efficiencies do not affect front-line services so there are relatively few potential negative impacts. In some cases efficiencies will lead to improved front line service provision – so they will lead to positive impacts. It is not possible at this stage to accurately identify the potential benefits or disbenefits that may arise from specific proposals to improve efficiency. The aim of the Council's efficiency work is to produce the same or better outcomes for residents whilst reducing costs. Since an increasing proportion of the Council's budget is comprised of efficiency savings, it is vital that all efficiency projects carry out a more detailed equalities impact assessment at an early stage of development. This is particularly vital for the efficiency proposals in Adults Services where the client groups are vulnerable people.

Proposed Medium Term Financial Plan

59. Taking account of the efficiency programme contained at paragraph 56 and the proposed changes contained in paragraph 57 a balanced MTFP can be delivered as outlined below:-

	2009/10 £m's	2010/11 £m's	2011/12 £m's	2012/13 £m's
Original gap	4.967	5.182	5.574	5.841
Less				
Efficiency programme	2.664	4.262	4.733	4.941
Changes to services	0.489	0.628	0.555	0.541
Use of balances	1.814	0.292	0.286	0.359
Revised gap	0.000	0.000	0.000	0.000
Closing Revenue Balances	7.099	6.807	6.521	6.162

60. Detailed estimates for all departmentally managed budgets, which assume approval of the above proposals are collated at **Appendix 9**.

Statutory Requirements

61.As required by the Local Government Act 2003 – Part 2, the Director of Corporate Services, as the Council’s Responsible Financial officer, has to inform Members of the robustness of the proposed estimates and he makes the following comment:-

“The estimates presented have been prepared on the most up to date information available and within the guidance I have set out. For 2009/10 I am satisfied that these represent a fair view of the Council’s ongoing plans and commitments. However Members will appreciate that some budgets more than others are subject to volatility and therefore we will continue to monitor budgets closely and take remedial action when appropriate. The estimates for 2010/11 and beyond have also been prepared in detail but clearly although they are best estimate of future commitments, they become less certain the further in the future they are. The MTFP contains various financial risk and revenue balances are established at an appropriate level to cover such risks.

Capital MTFP

62.The earlier part of this report has concentrated on revenue MTFP; the next section concentrates on the capital MTFP. Whilst the Council’s own capital resources have been restricted by the inability to dispose of assets the Council will still have a significant capital MTFP funded by central government.

63.Capital expenditure by its very nature is significant one off expenditure aimed at making improvements to, or acquiring assets that enable the Council to deliver its priorities. The vast majority of capital funding is received from the Government and is allocated to Councils in the main to match national priorities such as Transport, Children’s Services and Housing. The allocation of spending within those three key national priorities is subject to ongoing programmes and agreed outcomes. For example within Housing there is an agreed 30 year business plan which sets out how investment should be applied, more details on how expenditure will be applied is set out later in this report. Set out below are details of the levels of Government funding available for 2009/10.

		2009/10
	Children’s Services	
1.	General Programme	1.598
2.	Devolved Capital	0.858
3.	DCSF	4.823
4.	Sure Start, Early Years & Childcare	0.870
5.	Other	0.001
	Housing	
6.	Major Repairs Allowance	3.763
7.	Disabled Facilities Grant	*0.250
8.	Sub-Regional Energy Efficiency Works	*0.100
9.	Sub-Regional Private Sector Decent Homes	*0.261
	Transport	
10.	Local Transport Plan	2.977
11.	Road Safety Grant	0.037
	Regeneration	

		2009/10
12.	Single Programme	*3.400
	Community Services	
13.	Adult Services Mental Health	0.052
14.	Carefirst Mental Health	0.083
	Total	19.073

- Denotes indicative figures

64. **Appendix 10** sets out the proposed capital programme with regard to applying the resources allocated to the Council, the programmes include ongoing schemes for previous years. Set out in the following paragraphs is a narrative of the major elements of the programme. Scheme specific approvals will be subject to detailed reports to Cabinet.

Children's Services

65. In the 2007 Comprehensive Spending Review (CRS), Darlington received an allocation of £14.878m to implement the Government's national investment programme aimed at replacing or refurbishing 50% of all primary schools nationally. £6.5m of this allocation has already been committed to the replacement of North Road Primary School. The remaining £8.378m allocation has been supported with over £4m of Modernisation, Basic Need and Devolved Formula Capital resources from within Children's Services to support a programme of projects at 17 primary schools across the borough. Projects focus on the provision of sufficient primary school places across the borough, internal remodelling works to improve teaching and learning facilities and significant condition works to ensure premises are kept safe, warm and dry.

66. As in previous years the remaining Modernisation funding will be spent in line with the locally agreed asset management plan arrangements in Darlington. School Capital Improvement works consist of disabled access improvements and inclusion projects, replacement fire doors and fire stopping works to roof and ceiling voids, electrical rewires, replacement windows and external doors, upgrading of hot water and heating systems and various surveying works.

Housing

67. During 2009/10, major works are planned within the council housing stock of the borough, in a number of locations.

- The Council plans to carry out internal planned maintenance, including electrical rewiring, replacement kitchens and bathrooms, insulation, and security lighting to approximately 250 dwellings. Work will be undertaken in the following wards; North Road, Firthmoor, Haughton West and Cockerton West. Where small blocks of flats are included, the specifications will include works to the communal areas including upgrading the lighting, flooring and new digital TV aerials.
- Dinsdale Court's new build sheltered scheme commenced in October 2008 and will be completed in late 2009 with the major refurbishment of Windsor Court due to start later in the year.
- Approximately 250 dwellings throughout the Borough will benefit from new central heating systems located predominantly in the wards of Firthmoor, Haughton West, Redhall and Cockerton West.

- (d) A range of adaptations will be undertaken for people with disabilities based on their assessed needs and £350k has been set aside for these works.
- (e) A range of energy efficiency measures will be available for council owned properties at targeted areas to be determined. Measures will include cavity wall insulation, loft insulation and “top ups” as well as draught exclusion works.

68. Financial assistance will continue to be available for private owners and accredited private landlords in order to undertake essential home improvements towards meeting minimum decent homes standards. The financial assistance will be based on loans offered at attractive interest rates of 2% and some will only be repayable at the point at which properties are sold making them more affordable. The programme will be administered by the Home Improvement Agency, Care and Repair.

69. Disabled Facilities grants will be available on a means tested basis for eligible applicants. Disabled Facilities grants are not offered on a geographical basis but determined by individual assessments and family circumstances.

Transport and Highways

70. The following works are proposed for delivery in 2009/10: -

Major Scheme Bid

71. As part of the Tees Valley Bus Network Improvement major scheme proposal; a number of schemes are planned for implementation in 2009/10 including a major junction improvement at North Road/Whessoe Road. This work to tackle traffic congestion and help bus passengers is part of other actions to improve junctions in the year. The planned work also includes new bus stops in the Springfield and Minors Crescent areas to help people get on and off buses more easily. The design and consultation process will start also start on schemes planned for subsequent years in the Darlington area. A decision on whether the funding for these proposals will be available is now expected from the Department for Transport in spring 2009, following the provision of further technical information to them.

Other Schemes – Transport and Highways

72. These continue the work approved by Cabinet with an emphasis on tackling traffic congestion through increasing road capacity at pinch points, further improving the management of the road network to increase traffic flow and by encouraging more sustainable travel behaviour to reduce the pressure on the road network.

73. It is planned to implement Civil Parking Enforcement within the year (further details contained in a report to Cabinet 6 January 2009). A contribution of £200k will be made from the Second Local Transport Plan (2LTP) in addition to prudential borrowing of £400k to fund this work, which will contribute to the better management of the road network.

74. It is also proposed to bring forward design work for improved junctions at :-

- (a) North & Whessoe Roads,
- (b) The junctions at Woodland & Staindrop Roads, Cockerton Green & West Auckland & Brinkburn Roads, and
- (c) The Inner Ring Road.

75. This work, valued at £350k, will be funded from the Local Transport Plan, prior to any decision being made by Government on the Council's bid for funds through the Tees Valley bus Network Improvement major scheme.
76. Small scale schemes to tackle traffic congestion could be implemented in the year after investigation and recommendation by the Council's Traffic Manager. The sum of £29K has been allocated to fund these works, which are often minor in scale, but have immediate benefits.
77. The Council has delayed the implementation of measures to help bus passengers whilst large scale changes were being made to local bus services by Arriva in 2007/08. This process has now largely come to an end, so it is proposed to invest £244k in various measures of benefit including the installation of real time information displays at town centre bus stops. The work will encourage people to use the bus more (so reducing traffic congestion) and demonstrating the Council's commitment to tackling the only 2LTP performance indicator that is currently not on track.
78. The Council has continued to be successful in attracting external funding. In 2009/10, match funding worth up to £720k from Cycling England and the European Commission has been secured through two prestigious projects. It is proposed that this funding, and the required match funding, will be used to improve the facilities and information available to local people to use as an alternative to the car, so reducing pressure on the road network. Schemes proposed for delivery in 2009/10 are currently under development, but could include the completion of the Radial Route 6 to Harrowgate Hill at John Street subject to land acquisition, and the construction of a link along Polam Lane. These links are designed to encourage people to walk or cycle especially for shorter journeys, thus reducing pressure on the road network.
79. The Council funds some of the annual maintenance programme from the 2LTP and a list of schemes will be presented to Cabinet for approval in 2009, following further assessment of condition through the latest annual condition survey. This programme includes the reconstruction of roads, as well as resurfacing and general maintenance. The current status of the 2LTP performance indicators means that the focus in 2009/10 should be on improving the condition of non-principal classified roads.

Improving the Local Economy

80. The Council, working with partners, continues to deliver a number of regeneration projects as part of the Darlington Gateway Programme. Key employment sites, made available through previous capital expenditure, will continue to be promoted, providing modern accommodation capable of attracting new businesses to the Tees Valley and space for indigenous businesses looking to consolidate activities or expand. These include sites at Morton Palms and Faverdale East Business Park. Work will continue on developing Central Park as a major mixed-use site. Delivering the new University of Teesside development and additional Darlington College accommodation is a key focus, as is the acceleration of private sector-led housing development through the Tees Valley Housing Growth Point. The 2009/10 work programme will also include working with One North East to investigate ways of securing development opportunities in the Town Centre and Town Centre Fringe and helping accelerate future development. Following community engagement on development options for the Beaumont Street/Feethams development brief,

work will focus on public engagement in creating a new vision and framework for development of the Town Centre Fringe area and strategic acquisitions of key sites, working in partnership with One North East, Tees Valley Unlimited and the new Homes and Communities Agency. Work will be started into the feasibility of developing the 170 h.a. Faverdale site as a major logistics park including detailed feasibility, impact assessments and site investigation. Options for improving to the covered market building will be considered in 2009/10.

Release of Council Funded Schemes

81.As mentioned earlier the Council’s ability to fund capital expenditure from its own resources is very restricted at the current time. Attached at **Appendix 11** is a list of schemes prepared by CMT which include the schemes deferred during the current financial year and schemes that CMT feel Members need to consider. As Members will appreciate, the list of schemes is very limited given the available resources. Set out below are schemes Cabinet have concluded should be funded in the short term. These priority schemes will be funded by prudential borrowing and the revenue MTFP has allowed for the debt repayment cost of these schemes.

Scheme	Amount
	£
North Lodge Park	45,000
Capitalised Repairs	220,000
Eastbourne School	400,000
Street Lighting	475,000
DDA works	25,000
	1,165,000

Conclusion

82.The proposed revenue MTFP, incorporating the revenue impact of the proposed capital programme and including all departmental and corporately managed resources, is summarised in **Appendix 12**.

83.The Council faces an extremely challenging time where it has to balance the needs of the public and future aspirations for the Borough with the resources available to it and the level of council tax. The proposed corporate and financial plans produced in consultation with Cabinet deliver a balance of all four elements which will be considered by Council on 26 February 2009, prior to approval of a budget and council tax for 2009-10.

