
**MEDIUM TERM FINANCIAL PLAN 2016/17 TO 2019/20 –
FINALISATION OF PHASE 2 PLAN**

**Responsible Cabinet Member - Councillor Bill Dixon,
Leader and all Cabinet Members**

Responsible Director - Chief Officers Executive

SUMMARY REPORT

Purpose of the Report

1. To finalise the 2016/17 to 2019/20 Medium Term Financial Plan (MTFP) in light of consultation and any changes in respect of new information and projections. This report should be read in conjunction with other related reports earlier on this agenda.

Summary

2. Cabinet proposed the Phase 2 MTFP on 11 February 2016 and extensive consultation has taken place since that date with consultation ending on 31 May 2016.
3. Although there are some amendments within the report and greater detail on some mitigations it is recommended that the overall shape of the proposed MTFP remains.
4. The recommendations set out in this report are those agreed by Cabinet to be referred to Council for decision.
5. The four year MTFP will form the basis of the Council's four year efficiency plan to be submitted to Government

Recommendation

6. It is recommended that Council Approve :-
 - (a) The revised MTFP at **Appendix 1**, including:-
 - (i) Decisions already made earlier on this agenda
 - (ii) Reductions set out at **Appendix 3**

- (iii) An indicative annual Council Tax increase of 3.99% including the Government's 2% social care levy.
- (iv) That the MTFP forms the basis of the Council's four year efficiency plan to be submitted to Government.
- (v) That £3.273m be transferred to the Redundancy and Decommissioning reserve to be drawn down as required.

Reasons

7. The recommendations are supported by the following reasons :-
- (a) To set a medium term financial plan within projected available resources.
 - (b) To enable the Council to secure a four year grant settlement from the Government.
 - (c) To provide for redundancy and decommissioning costs

Chief Officers Executive

Background Papers

No background papers were used in the preparation of this report

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TAB

S17 Crime and Disorder	The report contains proposals to continue to allocate resources in support of the Council's Crime and Disorder responsibilities
Health and Well Being	The report contains proposals to continue to allocate resources in support of the Council's Health and Well Being responsibilities
Carbon Impact	The proposals in the report seek to continue to support the Council's responsibilities and ambitions to reduce carbon impact in the Council and the Borough.
Diversity	The impact of proposals in this report, are considered in an earlier report on this agenda.
Wards Affected	All wards are affected
Groups Affected	All groups are affected by the Council Tax increase. Individual groups will be affected by specific proposals. See separate report.
Budget and Policy Framework	The MTFP, Budget and Council Tax must all be decided by full Council
Key Decision	The MTFP, Budget and Council Tax must all be decided by full Council
Urgent Decision	The MTFP, Budget and Council Tax must all be decided by full Council
One Darlington: Perfectly Placed	Within the constraints of available resources it is necessary for the Council to make decisions involving prioritisation. The proposals contained in this report are designed to support delivery of the Sustainable Community Strategy, within those constraints.
Efficiency	Efficiency savings which do not affect service levels have been included in the MTFP.

MAIN REPORT

Background

8. Council agreed the MTFP Phase 1 at its meeting on 25 February 2016 in the knowledge that it would be revised by the MTFP Phase 2 report proposed by Cabinet on 11 February 2016 for consultation. The Phase 2 report adopted a methodology of proposing a core offer budget (COB) based on services that must be provided and then the application of a £2.5m Futures Fund available to finance non COB services of which the current cost is £12.7m. The consequence of the application of the fund was the need to cease/reduce £10.2m (£12.7m less £2.5m) of services.
9. The original report is available on the Council's website at <http://www.darlington.gov.uk/your-council/democracy/meeting-details/?id=1948>
10. The remainder of this report deals with the proposals contained within the original report and updates Members with changes and additional information.

Changes to the MTFP 2016/17 to 2019/20 since its proposal on 11th February 2016

11. Set out below are changes of a factual or technical nature that have been made to the proposed MTFP

Change	Description	Impact on MTFP
Draft Outturn	One off funding to be returned to reserves	£1.510M
NEREO	Reinstate membership of NEREO – proposal H2. If the council ceased to be members of NEREO the jobs portal subscription would no longer be subsidised reducing the saving to £2,429pa. Furthermore the Council would not benefit from Provincial Council and the collective bargaining benefits this entails. There is a regionally commission review of NEREO to be undertaken.	Nil as further savings have been identified in the HR budget following the retendering of the occupational health contract.
Pressure – Pensions fund	Estimated effect of actuarial review on April 2017	£400k
Pressure - Pay award	Estimated cost of pay award over and above budgeted following the pay award settlement.	£40k
Mitigation Fund for Vulnerable Groups	One-off funding financed by outturn underspend	£100k
Crisis Support - Social Fund	Additional resource identified at Outturn from Benefits Admin to increase the fund.	£30k
Cockerton Library Closure - Deferred until 31/3/2017	To enable a voluntary sector proposal to be further developed – see earlier report	£23k
The Bridge – Deferred Funding withdrawal until 31/3/2017	To enable the business case for The Bridge to be further developed. Funded from existing budgets. See earlier report	Nil
Blue Badge Proposal	Amendment to scheme to allow transfer of tickets for Blue Badge Holders between car parks of the	Nil

	same type (ie short stay to short stay, long stay to long stay)	
Street Scene and Grounds Maintenance Mitigation	Funded from existing budgets and virement – see earlier report	Nil
W15 – Concessionary Fares demand management. The possible retention of a Disabled Companion pass option for users based on the development of a new scheme.	Further work be undertaken to investigate a scheme to allow the retention of the Companion Bus Pass option on the principle of developing a sustainable scheme which is a combination of a more robust criterion and assessment for entitlement and an annual charge at a level to be determined.	The overall saving on demand management has been achieved this year through negotiation with operators. Therefore, deferral until the new scheme is developed will have no impact on the MTFP and when designed the new scheme will deliver savings to help control demand on the budget; in case inflation in future years negotiations increases above predicted levels.
W16 – Cycle Training Level 3	The Department for Transport have agreed to accept applications for Level 3 funding as part of their Bikeability Scheme meaning the service can continue through external grant funding	Nil
W17 – Child Pedestrian Training	A successful bid has been submitted to the Durham & Darlington Casualty Reduction Forum for funding from the National Driver Offender Re-training Scheme for calendar year 2016/17 to continue the training. Further bids will be submitted for future years and provided external funding applications are successful this service will be continued.	Nil
W18 – Sustainable Transport Programme – Tees Valley. A Programme to support inter-urban travel by public transport; short	Bids were invited by DfT for a Transition year of funding for 2016/17. This was a fund of £20 million between 2016 and 2017. The Tees Valley	Nil

local active travel trips with a focus on walking and cycling; and a marketing programme including an extensive programme of personalised travel planning across the Tees Valley.	secured £1m of this fund. This transition year is to support local councils in the switch from the Local Sustainable Transport Fund to the launch of a £60 million Access Fund that will take place later in summer 2016. Work will be delivered by the TV including Darlington resources.	
Change Proposal Hu5 – Removal of Discretionary Early Support Service - Defer implementation until 1 April 2017	Deferral will allow the service to continue and be reconfigured as part of the new overall early help service. The cost can be funded by budget slippage so will have no impact on the overall MTFP.	Nil
Amend proposal C10 - reduce commissioning and contracts team and increase proposal C2 by equivalent amount.	The Director has requested this change as she believes if the overall budget savings are to be achieved the commissioning and contracts resource cannot be reduced.	Nil

Proposed MTFP

12. Set out below and in detail at **Appendix 1** is the recommended MTFP taking into account the changes highlighted in the previous paragraphs.

	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's
Expenditure	90.334	87.967	88.898	90.138
Use of Balances	(3.347)	(2.524)	(2.909)	(2.762)
Net Expenditure	86.987	85.443	85.989	87.376
Resources	86.987	85.443	85.989	87.376
Council Tax Increase	3.99%	3.99%	3.99%	3.99%

The table below shows the impact of the MTFP on revenue balances

REVENUE BALANCES	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's
Opening balance	20.955	11.155	7.767	4.671
Less Risk Reserve	(4.330)			
Less Redundancy Costs	(2.123)	(0.864)	(0.187)	(0.099)
Contribution to/(from) balances	(3.347)	(2.524)	(2.909)	(2.762)
Closing Balance	11.155	7.767	4.671	1.810

Advice of the Council's Statutory Chief Financial Officer

13. The Director of Neighbourhood Service and Resources as the Council's Statutory Chief Financial Officer has a responsibility to advise Members of the robustness of the Council's financial plans and advises that the plans are robust and estimates accurate however there will always be potential for volatility of expenditure and income over the period of the MTFP; therefore adequate risk balances have been set aside to deal with such volatility. Moving forward the Council will have greater levels of financial risk than in previous MTFP's due to the fact that spending is near to minimum levels and therefore any further reductions required will be very challenging to deliver. Based on the Council's track record of delivering financial plans, the plan proposed in this report represents an appropriate level of risk and reserves.

Detailed MTFP and decisions required

14. Set out in the previous paragraphs is the MTFP at a high level; set out in **Appendix 2** is the service by service detailed budgets that underpin the high level detail. The appendices represent the COB plus the application of the Futures Fund as shown below (for further details see the original report)

Ongoing Annual Budgets	£'s
Economic Growth Team	350,000
Dolphin Centre	779,000
Parks and Open Spaces	120,000
South Park	100,000
School Crossing Patrols	125,000
Library Local Studies	30,000
Heritage and Cultural Development	100,000
Festival and Events	90,000
Head of Steam Museum	228,000
Crisis Support and Community Fund	170,000
Financial and Debt Advice	50,000
Housing Related Support	160,000
Community Development and Engagement	50,000
Sports Development Team	80,000
LGA subscription	24,000
Mayor's Allowance and Support	66,000
Local Strategic Partnership	13,000
One Off Budgets	
Voluntary Sector Development Fund	100,000
Match Funds for bids to CDCF	20,000
Fund to promote Public Sector Volunteering	50,000
Fund to assist in Ward based Volunteering	50,000

N.B. The above Futures Fund are shown net of overheads whereas Appendix 2 shows the total cost of each service including overheads.

15. To achieve the Core Offer Budget reductions with an annual saving by 2019/20 of £10.0m have to be delivered; set out at **Appendix 3** is a summary of all reductions together with an Impact Assessment Form for each reduction. Equality Impact Assessments where appropriate are included in a report earlier on this agenda.
16. In regard to the Children's Services proposals Hu1, Hu2, Hu3 and Hu5, Members will be making a decision in principle as the detailed proposals are still being developed. The proposals will be subject to consultation, Equality Impact Assessments and will be presented in further reports to Members later in the year.

Factors to be considered by Members when making final decisions

17. In consultation with Cabinet Members this report has been produced and in doing so Cabinet were aware of the results of consultation and the information on equality impact assessments. In considering this report at the formal Cabinet meeting, Members will again address their minds to the impact of the proposals before making a final decision. **The individual equality impact assessment forms contain detailed analysis of the equality impacts of individual proposals and must be read in full by Members.** .

Outcome of Consultation

18. See separate report on this agenda.

Feedback from Scrutiny of the MTFP

19. Attached at **Appendix 4** are the minutes of Efficiency and Resources Scrutiny Committee on 26 May 2016 which considered the findings and views of all scrutiny committees. The minutes document the views and recommendations on the MTFP and these have been taken into account when finalising the MTFP.

Equality Considerations

20. See separate report on this agenda.

Staffing Implications and Consultation

21. Employees directly affected by proposals contained within this report have and will be consulted in line with statutory and the Council's agreed procedures. The anticipated number of posts to be reduce is 111.5 of which 13.5 are currently vacant however as there are a number of proposals that need to be further developed this figure will change. This will be subject to further consultation.
22. Clearly this is a very difficult and challenging time for the Council's workforce and officers will continue to try and avoid compulsory redundancy where it is reasonably possible to do so by redeployment and other voluntary measures. A range of measures has also been put in place to support employees who are being made redundant

Conclusion

23. The Council faces a very challenging financial future, the proposals included in this report ensure the Council will be able to meet its duties in full and deliver some additional services beyond the core. Over the coming months and years, the Council will strive to deliver the best possible support and services it can for the Borough of Darlington from within its much reduced resources.