

Notes of Budget Consultation meeting between representatives of the Council and the Trade Unions held at Sunderland Civic Centre on Tuesday, 3rd February 2015 at 9.00 am

Present:

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Henry Trueman	-	Deputy Leader of the Council
Councillor Mel Speding	-	Cabinet Secretary
Dave Smith	-	Chief Executive
Janet Johnson	-	Deputy Chief Executive
John Rawling	-	Deputy Director of HR and OD
Sonia Tognarelli	-	Director of Finance

Trade Union Representatives

Dave Riddle	-	GMB
George Pearson	-	Unison
Alyson Bryan	-	GMB
Chris Preston	-	GMB
Peter de Vere	-	Unison
Nancy Wakeham	-	NASUWT
Bryan Wilson	-	NASUWT
Gillian Mitchell	-	NAHT
Gillian McBriarty	-	NAHT
Helen Coomer	-	Unison

The Leader of the Council welcomed representatives from the Trade Unions and thanked them for their attendance. The Leader invited Sonia Tognarelli, Director of Finance, to outline the current position with regard to the Council's revenue budget for 2015/16 and the Medium Term Financial Strategy 2019/20.

The Director of Finance outlined the context within which the Council was working in establishing the budget position for 2015/2016 and into the medium term. The Government were continuing the deficit reduction plan with an objective to eliminate the deficit by 2018/19 with a new fiscal objective to have a surplus budget by 2020.

The Medium Term Financial Strategy took into account the draft settlement of 18th December 2014. The headline figures from government referred to a national reduction in revenue spending power for 2015/16 of 1.8% but this figure included ring fenced spending relating to health. The actual reduction in Local Government funding for 2015/16 was much higher at 15% and within this it was important to note that the revenue support grant – which under previous funding systems was intended to recognise low income bases and relative need had been reduced by 28%. The impact on Councils was therefore disproportionate, as the across the board percentage cuts, led to a re-allocation of funding from deprived areas.

A number of independent reports including that by the National Audit Office referred to the need for the Government to recognise the cumulative impact of funding cuts and system changes on fulfilling statutory responsibilities in the next few years.

The Leader noted that Government, in 2013/14, had acknowledged resource equalisation needed to take into consideration high deprivation areas but had now implemented percentage cuts, which entailed greater reductions from 2013/14 to 2019.

The Director of Finance referred to spending pressures and grant cuts for 2015/2016 of £36.6m with a potential further £109m by 2019/20

Major cost pressures included Adult Social Care and the predicted ageing population by 2024, with estimated 23% more people aged 65+ and 57% more people aged 85+. In addition safeguarding looked after children increased had increased by 13% in the last year.

The Director of Finance reported that the Council had implemented savings equating to £171.5m over the last five years through new ways of working and in doing so had tried to protect front line services as much as possible. £97m of the savings had been delivered through the reduction of non customer facing services for example back office, procurement and property rationalisation. In addition there had been changes to front line services for example to responsive local services and arrangements for social care through different delivery models, but there was an expectation that further changes to service delivery would be needed in the future.

The Director of Finance explained that the reductions would need to be met from an overall controllable budget of £308m after taking into account ring fenced budgets for schools for example. Within this £185m was allocated to Adult Social Care and Children and Families services, which represented 60% of the overall budget. Following the further budgetary reductions expected Sunderland would no longer be in a position to protect these services and there was a need to look at all areas.

Given the scale of reductions the Council would need to radically consider the core purpose of the Council and what was needed to deliver the best for the city and its communities. It would become increasingly important to work together within the city to develop relationships to meet the highest priority needs through more collaboration with Health and other partners, and creating opportunities to promote economic growth. There was a need to take forward greater community involvement in looking after neighbourhoods in different ways, target resources and reduce the reliance of the community on the Council to provide services.

The Director of Finance highlighted the proposals for meeting the revenue budgetary requirement for 2015/16.

The Director of Finance outlined the proposed Capital Programme for 2015/16 which reflected the priority of the Council to continue to invest in the city's infrastructure to support economic development and regeneration leading to more employment opportunities and growth. There was a £112m Capital Programme for 2015/16, of which £91m was allocated for on-going commitments, for example the start of the new Wear Bridge and Enterprise Zone infrastructure developments alongside a wide range of other important developments which should start to give significant benefits, for example the new college and Vaux site.

The Leader of the Council invited views and comments from the Trade Union representatives.

Gillian Mitchell queried whether there was an overall impression that the Government were looking to implement a national funding formula which would provide a more flat approach, as it appeared that they were removing some of the factors for deprivation. The Leader reported that he believed Government wanted Local Governments to be self-funding and acknowledged that this left the Local Authority in a vulnerable position.

Gillian Mitchell stated that the measures being considered, for example the multi-disciplinary joint-working, had already been implemented and discarded on a cyclic basis. Gillian shared that she believed there was a need to consider the impact of constant change in relation to the effectiveness of the service and stated the more resources were reduced the more the quality of services would be detrimentally affected and there was a need to carefully consider how this would be planned.

Gillian Mitchell enquired whether the actual impact/demand from the new developments funded from Capital Programme was known. The Leader explained that it had been demonstrated historically that new developments had been refused due to the lack of land and the developments were being considered to provide more space. The Leader stated that initial indicators were that new developments would be attracted but this could not be guaranteed.

Peter de Vere shared concern that the budgetary cuts were occurring at such a ferocious rate and in terms of regulations for Social Care there would be insufficient funding to sustain their statutory duties, especially in light of the ageing population. The Leader agreed that by 2017 the Local Authority might reach a point where the only service provisions provided were Adult Social Care. The Leader stated that the Government was well aware of this as concerns had been shared with the Minister and Shadow Minister.

The Leader acknowledged that following the reductions within the Council they were relying on ANEC to provide back office support. The Council overall had significantly reduced the number of staff and, although the Government believed Local Governments were managing, it would get to a stage where statutory duties would not be able to be maintained. Due to the reductions already implemented some of these duties were already being missed.

The Leader thanked those present for their attendance and their comments which would be taken into consideration by the Cabinet. The Council valued the contribution of the trade unions to the budget consultation process and on an on-going basis as plans were being developed and implemented. The Leader then closed the meeting.