

**CABINET**

**14<sup>th</sup> JANUARY 2015**

**REVENUE BUDGET 2015/2016 PROPOSALS AND PROVISIONAL  
REVENUE SUPPORT SETTLEMENT 2015/2016**

**Report of the Chief Executive and Director of Finance**

**1. Purpose of Report**

1.1 This report sets out the provisional budget proposals for 2015/2016 including the impact of the Provisional Revenue Support settlement, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2015/2016.

**2. Description of Decision**

2.1 Members are requested to approve the provisional budget proposals, as a basis for the continuation of budget consultation, prior to the receipt of the final Local Government Finance Settlement 2015/2016.

**3. National and Economic Context to the 2015/2016 Budget and  
Medium Term Outlook**

3.1 Government Autumn Statement - Impact of the Deficit Reduction Plan

3.1.1 The Government confirmed in the Autumn Statement that the economy is growing but that it intends to continue to address the deficit by following its deficit reduction plan. The Office of Budget Responsibility is predicting a £4bn surplus in 2018/2019 and a £23.1bn surplus in 2019/2020.

3.1.2 Growth forecasts, inflation and unemployment rates have been revised to the following:

	Growth forecast			Inflation	Unemployment
	March 2014	December 2014	Direction	December 2014	December 2014
2014	2.7%	3.0%	↑	1.5%	5.4%
2015	2.3%	2.4%	↑	1.2%	5.4%
2016	2.6%	2.2%	↓	1.7%	5.3%
2017	2.6%	2.4%	↓	2%	
2018	2.5%	2.3%	↓	2%	
2019	n/a	2.3%		2%	

3.1.3 Despite the improving economic position the Chancellor has indicated austerity measures will continue throughout the term of the next parliament.

- Cuts of £13.3bn programmed in 2015/2016 for the public sector have been confirmed.
- It was confirmed that public sector spending cuts will be on a similar trajectory for both 2016/2017 and 2017/2018. This approach was already assumed in the Council's Medium Term Planning.
- There was no specific announcement of spending levels beyond 2017/2018 when £4bn of public spending cuts are forecast to be needed to help meet a predicted £23bn shortfall in anticipated reduced tax revenues. There is no indication as yet as to how this will impact at a local level.

3.1.4 The government also announced

- £2bn of additional funding for frontline NHS services in England every year until 2020 with £1.2bn provided to fund advanced care in GP practices over four years.
- Welfare spending in 2014/2015 is to be £1bn lower than forecast in the March Budget and a two year freeze in working age benefits announced in October was confirmed.
- Business Rates is to be reviewed in time for the 2016 Budget. Any changes are to be fiscally neutral but as Business Rates income is now the key funding source for local government it will be essential to understand the scope of the review and potential impact locally of any proposed changes.

3.1.5 Further devolution proposals at a localised level were not specifically detailed in the Autumn Statement but the Chancellor indicated he was open to proposals.

3.2 Outlook for the Medium Term

3.2.1 The autumn statement has provided only limited insight into the funding position to 2017/2018 with no information beyond that. However it is clear that local government funding will continue to be under sustained significant cuts.

3.2.2 The impact of this on the future sustainability of Council services has been highlighted by the National Audit Office in their report 'Financial Sustainability of Local Authorities 2014' published in November 2014. This noted:

- The Department of Communities and Local Government (DCLG) had 'a limited understanding of the financial sustainability of local authorities and the extent to which they may be at risk of financial failure'.
- Auditors' concerns about the longer-term financial sustainability of single tier and county councils and the real risk that local councils

in some areas will be unable to provide statutory services in the near future.

- DCLG 'should understand the implications of funding changes, not just on local authority incomes but on their ability to deliver statutory services' and calls for an analysis of whether authorities' funding is sufficient to support core services.

3.2.3 The LGA / CIPFA Commission on Local Government Finance was launched in June 2014 to explore how an improved local government finance system could help to address key challenges. Their interim report was issued in October and considers:

- How Local Government can be more self-sufficient in terms of funding. While the report highlights the tension between equalisation and incentives, it argues an integral part of local autonomy is accepting greater responsibility for ones own destiny.
- A revision of the council tax system with local decisions on bands. However, this would result in considerable increases in council tax bills in the North East if this is the only means of bridging the funding gap.
- Proposals for devolution of more fiscal powers and financial control to the regions.

3.2.4 It is clear that funding of local government over the medium term will be subject to significant change both in terms of sustained reduced funding from central government and a likely inevitable shift towards local self-sufficiency. It is clear that with cuts likely to continue on the same trajectory as 2015/2016 fundamental change will be required.

#### **4. Provisional Local Government Settlement for 2015/2016**

4.1 On 18th December 2014 Government announced the Provisional Local Government Settlement for 2015/2016 together with a consultation paper on its contents.

4.2 The deadline for responses to the Government consultation is January 15th 2015. Officers are preparing the proposed response in consultation with the Leader and Cabinet Secretary.

4.3 The Provisional Settlement is largely as the Indicative Settlement published in January 2014, having been adjusted for reductions in the RPI applicable to business rates income arising since that time. This position had been provided for within the Budget Planning Framework, therefore the Provisional Settlement has a neutral impact on the Budget Planning for 2015/2016. Detailed tables underpinning the announcement are set out at Appendix 1, with the key points set out below:

4.3.1 The 2015/2016 Settlement confirms the government's planned overall 15% reduction for local government funding nationally. The Provisional Settlement does not reflect any changes to the way the funding is distributed and therefore previously reported anomalies in the way the funding reductions have been applied remain i.e.:

- the disproportionate cuts across Councils arising as a result of the methodology used for allocating the cuts,
- the continued unfairness of the New Homes Bonus top-slice,
- the erosion of the council tax resource equalisation factor,
- the inappropriateness of safety net top-slicing.

All of the above points show that the continued unfairness in the current system has not been addressed despite repeated government claims that the Settlement is fair to everyone. The disproportionate funding reductions to Sunderland and other similarly deprived authorities results in higher impacts upon such communities. The Council response to the consultation will continue to make these points to government.

4.3.2 The Council's Settlement Funding Assessment (SFA), which takes into account Revenue Support Grant, Retained Business Rates and Top up grant has been reduced significantly year on year since 2011/2012. For 2015/2016 there is a further 14.8% reduction. Excluding growth in Business Rates base (which is locally driven) shows Government funding through Revenue Support Grant for Sunderland is reducing in 2015/2016 by 28% or £27.1m.

This means that the elements of funding within the grant mechanism that are based on needs and recognise low income resources and deprivation are constantly being eroded in favour of measures that reward growth. The consequence of this is that the more affluent areas of the country are being 'relatively' protected from the cuts at the expense of some of the more deprived areas of the country such as Sunderland.

4.3.3 The government uses Revenue Spending Power to describe the changes to Local Government funding. Revenue Spending Power is made up from a combined total of Council Tax, Business Rates, and Government grant funding. The council is receiving a cut in Revenue Spending Power of £12.2m (4.23%) which is significantly higher than the national average cut of 1.85%.

Significantly, however, this includes:

- An additional £11.6m Better Care funding transferred from existing NHS resources to the Better Care Pooled fund. The council cannot use this additional funding to offset the other reductions in government funding included within the Revenue Spending Power as it is ringfenced to meet NHS nursing and social care commitments. If this is excluded Revenue Spending Power has reduced by £23.8m (8.6%).
- An additional years New Homes Bonus Grant of £0.946m, which arises as a result of local actions;
- Assumed take up of the 2015/2016 Council Tax Freeze Grant of £0.964m;

- The Settlement Funding Assessment, as referred to at paragraph 4.3.2, which includes business rates top up grant, assumed business rates and revenue support grant. Included within this is:
  - A Government assumed level of Retained Business Rates income, however this will differ from the actual amount to be included within the Council Budget position, which will reflect the most up to date data available;
  - a reduction in Early Intervention Funding of £0.949m compared to the previous year.
  - Identification of Local Welfare provision of £1.081m. The Council had received Local Welfare Provision Grant as a separate funding allocation in 2013/2014 and 2014/2015 following the transfer of responsibilities from the DWP. However as part of the Indicative Settlement 2015/2016 no separate allocations were provided. As part of the Provisional Settlement, Government have updated the SFA to separate out the amount identified which reflects a 25% cut on previous years allocations. However, other elements of the SFA calculation have been amended to take the separate identification of this funding into account. As such this does not represent provision of any additional funds over that previously included in the Indicative Settlement.

Provision has been included within the budget planning for the continuation of the Community Care and Crisis Support Scheme.

More detail is included at Appendices 1a) and 1b) for information.

4.3.4 Provision for the above variations was already factored into the budget planning framework. Therefore, as outlined above, in overall terms the provisional settlement for 2015/2016 has confirmed that the budget planning framework assumptions of an overall cut in funding of £25.8m needs to be maintained.

## **5. Detail of Key Funding Elements for 2015/2016**

5.1 For 2015/2016 the key funding elements to support the revenue budget comprise:

- Retained Business Rates
- Revenue Support Grant
- Top Up Grant
- Section 31 Grant - Cap on Business Rates RPI increase
- Other Core Grant Funding
- Council Tax

### **5.1.1 Retained Business Rates**

Key features of the Business Rates Retention system are:

- 50% of business rates forms part of the national 'central' share retained by Central Government to be redistributed; 50% is retained

locally. Of this 50%, the Council must distribute 2% to the Tyne and Wear Fire and Rescue Authority.

- A safety net arrangement is included with the intention of protecting Authorities from significant falls in their Business Rates income which has been set at 92.5% of their base line funding limit.

The forecast income from Business Rates for 2015/2016 which will be retained by the Council is reported elsewhere on this agenda.

#### 5.1.2 Revenue Support Grant

The amount of Revenue Support grant to be received by Sunderland announced as part of the Provisional Local Government Finance Settlement is £69.274m.

#### 5.1.3 Top up Grant

The amount of Top-up grant to be received by Sunderland announced as part of the Provisional Local Government Finance Settlement is £35.948m.

#### 5.1.4 Section 31 Grant - Cap on Business Rates RPI increase

The Government have capped the annual increase on Business Rates at 2% instead of RPI for the second successive year. The Government is to compensate Councils for the consequential shortfall in income through provision of a Section 31 Grant. For 2015/2016 this is estimated to be £1.137m.

#### 5.1.5 Other Core Grant and Revenue Funding

The core and revenue grants of significant value which have been confirmed as part of the provisional settlement are:

- The New Homes Bonus Grant  
The level of grant awarded is based on the increase in housing stock through new build properties and through returning empty properties back into use. Each year's allocation is awarded for a 6 year period after which the grant ceases.

The Government has top sliced total available resources to fund the New Homes Bonus each year since its introduction in 2011/2012. The cumulative impact for Sunderland up to and including 2014/2015 means that £6.1m more resource has been lost than gained since the New Homes Bonus was introduced. It is therefore proposed to follow the practise adopted since 2013/2014 of utilising NHB to support the overall budget position. The provisional total allocation for 2015/2016 of £3.171m comprises:

2011/12 - year 5 of allocation	£0.575m
2012/13 - year 4 allocation	£0.577m

2013/14 - year 3 allocation	£0.551m
2014/15 - year 2 allocation	£0.522m
2016/17 - year 1 allocation (prov)	£0.946m

Support to Housing investment initiatives will continue to be addressed via the Capital Programme and revenue budget as required.

- **Integrated Health and Social Care Pooled Budget**  
The settlement figures for Sunderland for 2015/2016 confirm £22.4m of pooled Better Care funding. Plans are being developed with the CCG which will enable savings to be delivered in line with council wide savings requirements.

The Fund is intended to support schemes which promote better integration between social care and health services with the aim of improving patients' health and experience of the service while also delivering financial savings by reducing non-elective admissions to hospital and permanent admissions to residential care.

- **Public Health Grant**  
The allocation for 2015/2016 has been reduced by £0.198m to £21.036m as a result of a transfer of responsibilities between the CCG, NHS England and the Council. The associated costs will transfer with the responsibilities therefore there is no financial impact on the Council.

From 1st October 2015, commissioning responsibilities for '0 to 5 Healthy Child Programme' will transfer to LA's. This is the final part of the overall public health transfer to local government. The council has been separately notified of an allocation of £2.750m for six months from October 2015 based on the current cost of commissioned services.

From 2016/2017 the government has indicated Public Health allocations will be moved towards a distribution based on population needs. The fair shares formula would be based on advice from the Advisory Committee on Resource Allocation (ACRA). ACRA plan to run an engagement exercise on overall changes to the public health grant formula early 2015. The Council will consider the impacts of the proposals once further detail is available and respond to the consultation as necessary.

- **Implementation of the Care Act**  
The settlement includes confirmation of £1.404m in relation to the Care Act, representing a reduction of £0.458m on the Indicative Settlement allocations. This position was anticipated and reflected in the Budget Planning following release of government data during the summer. While initial modelling indicates the allocation would be sufficient to cover the potential costs, the modelling tool does not take account of all potential activity and a separate tool is being

developed to enable this to be calculated. Once this tool has been developed and rolled out to LA's, a truer position on the potential financial impact will be established.

- Department of Health Revenue Grant (including Local Reform and Community Voices Grant) has reduced by £0.072m to £0.211m following a transfer to the Better Care Fund in respect of Independent Mental Health Advocacy and veterans' Guaranteed Income Payments
- Housing and Council Tax Benefit Administration and Local Council Tax Support Administration Grant, and Council Tax Support New Burdens Funding  
The settlement confirms a net reduction in grant of £0.377m which is reflected in the planning assumptions.

In addition a transfer of responsibility for the Single Fraud Investigation service to the DWP will result in a reduction in funding of £0.189m which will be fully offset by a corresponding reduction in staffing costs following the TUPE transfer of staff from the Council to the DWP.

- The Lead Local Flood Authority grant has reduced by £0.012m to £0.025m. This is as anticipated within the budget planning framework.
- Funding in respect of Community Right to Challenge and Community Right to Bid totalling £0.017m have ceased. This was anticipated in the budget planning framework.
- Independent Living Fund  
At this stage no allocations have been received in respect of responsibilities relating to the Independent Living Fund which will transfer to Local Authorities from 1 July 2015.

The funding transfer, estimated at £1m per year, is to be based on the actual cost incurred per claimant which should result in a nil impact on the council budget for 2015/2016. However individual reviews of claimants needs will be undertaken against the council's eligibility criteria and this will ultimately inform the costs incurred and whether funding is sufficient.

#### 5.1.6 Council Tax

##### Capping Powers and Reserve Powers

The Localism Act provides for the provision of referendums to veto excessive council tax increases. This effectively places a limit on council tax increases and if councils exceed Government limits then the public will be able to vote to agree or veto any increase considered 'excessive'.

In the Provisional Settlement the Government announced that the referendum threshold for 2015/2016 has been retained at 2%.

### Council Tax Freeze Grant

Council Tax freeze grant is offered to compensate those Authorities who decide not to increase their Council tax and is based on a 1% council tax increase. The Government built funding for 2015/2016 into the Spending Review 2013 baseline. The Revenue Spending Power calculation issued by the Government as part of the settlement includes for grant of £0.967m should this be taken up by the Council.

## 5.2 Schools Funding

### 5.2.1 Dedicated Schools Grant

The October 2014 census data shows that pupil numbers have decreased by 40 pupils. However schools block funding has increased by a net £1.665m, to £159.536m. This is the net result of changes in respect of the carbon reduction commitment, which has been top-sliced from DSG, and to reflect the inclusion of free schools funding in DSG on the same basis as academies.

The Government is to continue to apply a national protection arrangement for schools whereby no school will see a per pupil reduction compared to its 2014/2015 budget (excluding sixth form funding) of more than 1.5 per cent before the pupil premium is applied.

Within the Early Years Block, initial participation funding for disadvantaged 2 year olds will be announced in June 2015, based on the number of eligible children as recorded in the January 2015 early years and schools census. Final allocations will be updated in June 2016 to reflect January 2016 census data. Based on current participation levels this funding is estimated to be circa £2.5m.

### 5.2.2 Pupil Premium Funding

The Pupil Premium level of funding for 2015/2016 for Sunderland Schools and Academies is estimated to be £15.248m, based on January 2014 pupil numbers representing an increase of £0.146m compared to 2014/2015. The final allocation based on the January 2015 pupil census, will not be confirmed until September 2015 by the Education Funding Agency.

### 5.2.3 Early Years Pupil Premium

The Early Years Pupil Premium will be introduced in April 2015. It will pay early years providers an additional £300 per year for each eligible child that takes up their full entitlement to early education of 570 hours.

The indicative allocation for Sunderland is £0.330m, based on an estimated take-up of 1,101 children.

#### 5.2.4 Education Services Grant (ESG)

The Education Support Grant is allocated on a simple per-pupil basis to local authorities and academies according to the number of pupils for whom they are responsible. In January 2013 the Chancellor announced a £200m reduction in ESG for 2015/2016. The amount of funding to be received by the Council also reduces with each school that transfers to an academy. Provision has been included within the Budget Planning Framework for the impact of a £1m reduction in funding and academy transfers.

### 6. Provision for Spending Pressures and Commitments

6.1 When the Budget Planning Framework was approved in October 2014 Cabinet agreed that the following spending commitments would be taken into account:

- provision in respect of a pay-award;
- price increases on the basis of prudent assumptions in respect of energy and contractual arrangements;
- the impact of the Actuarial review of the Local Government Pension Scheme 2013, the impact of the Pensions Act 2008 (pension scheme auto enrolment) and the impact of the Pensions Act 2014 (abolition of NI contracted out rate);
- provision for spending commitments in respect of debt charges and interest receipts;
- the impact of demographic changes in respect of adult social care;
- pressures relating to safeguarding;
- service pressures as a result of the economic downturn;
- replacement of one off resources utilised in setting the 2014/2015 budget of £0.5m.

6.2 In this context it is proposed to make provision to address a number of spending commitments and pressures as set out below:

#### 6.3 Cabinet Secretary

The following proposals are made:

##### 6.3.1 Capital Financing

Prudential borrowing has been provided for within the medium term financial position in relation to known investments over that period, together with a provision to provide future flexibility to enable strategic priorities of the Council to be addressed.

### 6.3.2 Workforce Transformation

The financial implications of workforce transformation continue to be assessed. As reported to HR committee in December 2014 the financial implications will be incorporated in the budget planning over the medium term with transitional resources set aside for this purpose to be utilised in 2015/2016. The position will be kept under review.

## 6.4 Adults Health and Housing

The following proposals are made:

### 6.4.1 People - Adult Services Demand / Demographic Issues

The increasing longevity of the national and specifically, the city's, population continues to place significant pressure on Adult Social Services budgets. In addition, client expectations and increasing demand to support clients with complex cases to enable clients to maintain independent living, is requiring reconfigured services and additional investment.

A sum of £2.29m for cost pressures has been factored into the 2015/2016 budget.

## 6.5 Children's Services

The following proposals are made:

### 6.5.1 People - Children's Services Demand Pressures

There continues to be increasing demand pressures in relation to safeguarding and specifically external placements. Additional one-off resource has been provided over the 2 year period 2014/2015 to 2015/2016 to implement the Safeguarding Improvement Plan.

## 6.6 Summary Pressures Position

The table below summarises the spending pressures in 2015/2016

	2015/16 £'m
<b>On-going Spending Pressures</b>	
Pay, Prices and Other Pressures	5.56
People - Adults Demand Pressures	2.29
Capital Financing	2.50
Replacement of 2014/15 Use of One Off Resource	0.50
<b>Total Estimated Ongoing Pressures</b>	<b>10.85</b>
<b>Pressures to be met from Reserves on one off basis</b>	
People - Children's Safeguarding	1.21
Living Wage and Workforce Transformation	2.00
<b>Total Pressures to be met from Reserves on One-Off Basis</b>	<b>3.21</b>
<b>Total Pressures</b>	<b>14.06</b>

## 7. Summary Funding Gap 2015/2016 to 2019/2020

7.1 When spending pressures and commitments are taken alongside the current forecast reduction in funding, the overall gap to be addressed in 2015/2016 through to 2019/2020 is summarised as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£'m	£'m	£'m	£'m	£m	£m
Government Grant Changes	25.77	25.27	12.71	8.61	5.55	77.91
Total Ongoing Spending Pressures	10.85	15.23	20.75	10.68	10.82	68.33
Total Pressures to be met from Reserves on One-Off Basis	3.21	0.00	0.00	0.00	0.00	3.21
<b>Total Funding Gap</b>	<b>39.83</b>	<b>40.50</b>	<b>33.46</b>	<b>19.29</b>	<b>16.37</b>	<b>149.45</b>

7.2 Proposals to address the funding gap for 2015/2016 are detailed at section 8 below.

## 8. Proposals to Meet the Funding Gap 2015/2016

8.1 As part of the Budget Planning Framework for 2015/2016 Cabinet agreed in October 2014 to meet the funding gap by progressing the existing savings programme and developing a further programme of activity based around the Councils Community Leadership approach including:

- Development of improved service and customer insight and intelligence to help target resources effectively;
- Development of communities:
  - By enabling partners, business and residents to come together for future service delivery models and regeneration activity;
  - By working with communities and the voluntary sector to help support the delivery of services in the future;
- Managing demand and facilitating those services which make a difference in the most effective way;

- Continuing the focus on the CSN as the gateway of demand and supply for services with the aim of targeting resources to areas of greatest need, and encouraging and supporting self-help;
- Continuing development of alternative models for service delivery;
- Continuing the review of Strategic Services and Fixed Assets;
- Integrating Commissioning to ensure services are commissioned in the most effective way.

8.2 It is clear that as more savings are required the ability to protect frontline services and deliver even statutory functions will become increasingly difficult. More radical change will be needed along with even more targeted use of the money available. The Councils role will increasingly need to shift from delivering services to enabling individuals, communities and other organisations in the public, private and voluntary sectors to work together to address the needs of the city in new ways and to encourage people to be more self-supporting.

### 8.3 Summary of Proposed Plans To Meet the Funding Gap

Proposals to fully meet the funding gap for 2015/2016 are summarised below together with an indication of plans for 2016/2017;

	2015/16 £'m	2016/17 £'m
<b>Total Estimated Pressures and Grant Reductions</b>	<b>39.83</b>	<b>40.50</b>
<b>Proposals to Meet the Funding Gap</b>		
Strategic and Cross Cutting - Appendix 2.1	-5.90	-0.30
Place and Economy - Appendix 2.2	-5.82	-1.21
People - Appendix 2.3	-23.93	-0.55
<b>Total Ongoing Savings Programme</b>	<b>-35.65</b>	<b>-2.06</b>
<b>Use of One off Resource</b>		
Use of Balances to meet pressures on one off basis	-3.21	0.00
Temporary Use of balances /Potential Grant	-0.97	0.00
<b>Total Proposals to meet the Gap</b>	<b>-39.83</b>	<b>-2.06</b>

Further work is continuing to develop a full suite of proposals to meet the 2016/2017 funding gap of circa £38m as well as the further savings forecast to be required through to 2019/2020 through a review of all Council activities. The aim of the approach is to inform budget planning proposals over the medium term and enable Members to prioritise savings proposals as funding becomes clearer for each financial year.

Further updates will be provided to Cabinet in due course and the Medium Term Financial Strategy 2015-2020 will be refined and updated as this work progresses.

#### 8.4 Detail of Proposals for Reduction 2015/2016 and 2016/2017

The proposals for reduction are summarised below with further detail set out for each at Appendix 2:

- 8.4.1 Strategic and Cross Cutting (£5.904m 2015/2016 and £0.300m 2016/2017). Further details at Appendix 2 cross referenced to the table below:

Ref	Proposed Reductions	2015/16 £m	2016/17 £m
1.1	ICT Rationalisation	0.450	0.300
1.2	Review of Corporate Allocations – Contingencies / Business Rates Safety Net	1.958	
1.3	Business Rates, Council Tax and New Home Bonus Grant	1.836	
1.4	NECA – ITA Levy Reduction	0.310	
1.5	Maximisation of Income – Income Review	0.250	
1.6	Strategic & Shared Services/CSN/Revenues & Benefits	1.100	

- 8.4.2 Place and Economy (£5.823m 2015/2016 and £1.207m 2016/2017)  
Further details at Appendix 2 cross referenced to the table below

Ref	Proposed Reductions	2015/16 £m	2016/17 £m
2.1	Business Investment and Business Development – review of operational costs and income generation	0.235	
2.2	Design Services and Property – review of operational costs and income generation	0.600	0.010
2.3	Redesign of Business Delivery Services	0.095	
2.4	Independent review of property and land assets	0.816	
2.5	Building and Development Control to maximise trading position	0.277	
2.6	Energy Efficiency invest to save initiative	0.500	
2.7	Review of Waste Collection and Disposal operations	0.631	0.712
2.8	Transport and Fleet review	0.600	
2.9	Bereavement and Registrars Service income	0.180	0.130
2.10	Review Highways and Transportation and Network Management (incl. maintenance)	0.553	
2.11	Car Parking – review of operational arrangements	0.351	0.005
2.12	Review of Public Protection and Regulatory Services	0.074	
2.13	Review of operational arrangements for Responsive Local Services, to reduce demand	0.390	0.350
2.14	Sunderland Live – Business Plan implementation	0.102	
2.15	Cross-cutting, including review of senior staffing arrangements and general cost reduction	0.419	

8.4.3 People (£23.934m 2015/2016 and £0.553m 2016/2017) - Further details are shown at Appendix 2 cross referenced to the table below:

Ref	Proposed Reductions	2015/16 £m	2016/ 17 £m
3.1	Full Year Impact of previous year's decisions	7.430	0.553
3.2	Review of Integrated Teams – Development of multi-disciplinary teams to support social care customer journey	1.500	
3.3	Looked after Strategy – Review of external placements	0.500	
3.4	Home to School Transport – Review of commissioning arrangements and eligibility criteria	0.450	
3.5	Youth Provision – Review of provision and commissioned contracts	0.540	
3.6	Housing and Community Living – Review of the service and the benefits of collaboration with key partners	0.100	
3.7	Personalisation – Implement national eligibility criteria as required by Care Act prescribed by central government	2.314	
3.8	Better Care Fund – Review all services provided and funded by the LA and CCG to realign with BCF outcomes.	2.000	
3.9	Better Care Fund – Review of CCG contribution to preventative care arrangements to enable reductions in admissions to hospital and to residential/Nursing Care	3.111	
3.10	Learning Disabilities – Review of service offer including a review of day centre and support living offer and support for people with complex needs.	2.889	
3.11	Sport and Leisure - Development of Joint Venture	2.600	
3.12	People Directorate – Review of all support functions	0.500	

## 8.5 Use of One Off Resources

At this stage it is proposed to utilise one off funding of £3.21m to meet pressures on a one off basis in respect Workforce Transformation and Safeguarding.

In addition it is anticipated that some further use of transitional funding will be required in 2015/2016 to allow for the full implementation of some savings plans and the final impact of workforce transformation. This position will be kept under review and updated as part of the Budget proposals to Cabinet in February 2015.

## 8.6 Other Resources

After taking account of total on-going programmed savings and use of one off resources for 2015/2016 there remains a funding gap of £0.97m. At this stage it is proposed this gap be met from either council tax increase, acceptance of the council tax freeze grant or use of transitional funding held in balances on a temporary basis.

## **9. Outstanding Uncertainties**

9.1 At this stage there are a number of uncertainties still to be resolved in relation to next year's budget, including:

- transitional costs in relation to the implementation of savings proposals;
- the outcome of workforce transformation;
- the outcome of the final Local Government Revenue Support Grant Settlement for 2015/2016 and related grant announcements;
- the forecast Income from Business Rates;
- the final Collection Fund position for both Council Tax and Business Rates.

In addition, it will be necessary to consider the outcome of further consultation to take place on the budget.

## **10 Budget Consultation**

10.1 The Budget and Policy Framework procedure rules contained within the Constitution of the Council requires consultation on budget proposals to take place. In October 2014 Cabinet approved proposals regarding the consultation strategy and framework for the budget for 2015/2016 and proposed briefings to the following stakeholders:

- Trade Unions;
- North East Chamber of Commerce / Representatives of Business Ratepayers;
- Voluntary Sector;
- Youth Parliament;
- Schools Forum, Head Teachers and Governors.

10.2 In addition to the above stakeholder consultation, a survey was undertaken to gain an understanding of views on the overall approaches to meeting the budget challenge.

10.3 To supplement the survey, a workshop was held, with Community Spirit panel members, equality forums, and with representatives from the voluntary and community sector being invited.

10.4 Initial findings of the survey and discussions at the workshops demonstrate general support for the overall approach.

10.5 To date budget consultation with these groups has concentrated on the overall approaches to meeting the budget challenge. Further detailed consultation in relation to the proposals will be undertaken, as appropriate, when the proposals are developed, or service review takes place. The results of this consultation will, in turn, inform the Equality Analysis of the proposals.

- 10.6 At each stage in the budget preparation process Scrutiny Committee is being consulted.
- 10.7 This report will become the basis for second stage consultation. Elements of the consultation undertaken to date, which has not yet been fully analysed, together with the results of the second stage of consultation will be considered in framing the final budget proposals to be submitted to Cabinet in February, 2015.

## **11 Equalities Impact Assessment**

In accordance with the approach followed in previous years the Council continues to fully consider the impact of its plans by following a robust approach to equalities analysis. Appendix 3 sets out the approach adopted to the budget setting process.

## **12 General Balances**

- 12.1 A Statement of General Balances is attached at Appendix 4.
- 12.2 As reported at the Second Revenue Review Report to Cabinet, some savings have been generated in 2014/2015 from Interest on Balances and Debt Charges, and unutilised contingency provisions. Any savings generated will be required to fund one off spending pressures and additional costs associated with implementing the budget proposals for 2014/2015 and to support the 2015/2016 Revenue Budget as part of a prudent and robust approach to budget setting.
- 12.3 The balances position will be updated / reviewed as the budget is progressed. A full risk analysis will be presented with the final budget proposals to the February meeting of Cabinet.

## **13 Suggested Reason for Decision**

- 13.1 To enable constitutional requirements relating to the development of the revenue budget to be met.

## **14 Alternative options to be considered and recommended to be rejected**

- 14.1 There are no alternative options recommended for approval.

### **Background Papers**

Budget and Planning Framework 2015/2016 (October 2014 Cabinet)

Local Government Finance Settlement 2015-16:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2015-to-2016>

APPENDIX 1a)

Provisional Revenue Support Settlement 2015/2016

Revenue Spending Power

Spending Power Components	Adjusted 2014/15	Provisional 2015/16	Change	change
	£m	£m	£m	%
Council Tax Requirement excluding parish precepts	76.564	76.799	0.234	0.3%
Settlement Funding Assessment	172.843	147.211	-25.632	-14.8%
SFA: Adjustment to reflect Section 31 grants for business rates initiatives	0.812	1.137	0.325	40.0%
minus Council Tax Support Funding to Parishes	-0.012	-0.012	0.000	0.0%
Efficiency Support Grant		0.000	0.000	0.0%
Commons Registration Authorities	0.000	0.000	0.000	0.0%
New Homes Bonus	2.226	3.171	0.946	42.5%
New Homes Bonus: returned funding	0.257	0.254	-0.003	-1.0%
Public Health Grant (Ring-fenced)	21.234	21.036	-0.198	-0.9%
Adult Social Care New Burdens	1.404	1.404	0.000	0.0%
Department of Health Revenue grant	0.283	0.211	-0.072	-25.4%
Council Tax Support New Burdens Funding	0.180	0.075	-0.104	-58.0%
Local Council Tax Support and Housing Benefit Admin Subsidy	2.485	2.212	-0.273	-11.0%
Inshore Fisheries Conservation Authorities	0.014	0.014	0.000	0.0%
Lead Local Flood Authorities	0.037	0.025	-0.012	-33.3%
Community Right to Challenge	0.009		-0.009	-100.0%
Community Right to Bid	0.008		-0.008	-100.0%
Fire Revenue Grant (FireLink and New Dimension elements)	0.000	0.000	0.000	0.0%
Council Tax Freeze Grant 2015-16		0.967	0.967	100.0%
Social Housing Fraud	0.000	0.000	0.000	0.0%
City of London Offset	0.000	0.000	0.000	0.0%
GLA Transport Revenue Grant	0.000	0.000	0.000	0.0%
<b>Provisional Revenue Spending Power excluding Better Care Fund</b>	<b>278.343</b>	<b>254.504</b>	<b>-23.839</b>	<b>-8.6%</b>
Better Care Fund	10.836	22.432	11.596	107.0%
<b>Provisional Revenue Spending Power including Better Care Fund</b>	<b>289.179</b>	<b>276.936</b>	<b>-12.243</b>	<b>-4.2%</b>

Note: All figures rounded to nearest £'000

**APPENDIX 1b)**

**Provisional Revenue Support Settlement 2015/2016  
Settlement Funding Assessment**

	<b>Adjusted 2014-15 Settlement Funding assessment</b>	<b>Provisional Settlement Funding Assessment 2015-16</b>	<b>Variation between 2015/16 and 2014/15 adjusted</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Upper-Tier Funding	119.497	98.994	-20.503
Lower-Tier Funding	21.510	17.974	-3.536
<b>Total</b>	<b>141.006</b>	<b>116.968</b>	
Council Tax Support	-20.979	-20.979	0.000
<b>True needs based funding</b>	<b>120.027</b>	<b>95.989</b>	-24.038
<b>Real % reduction in needs based funding</b>			<b>20%</b>
Fire & Rescue Funding	0.000	0.000	0.000
2011-12 Council Tax Freeze Compensation	2.366	2.357	-0.009
Early Intervention Funding	10.648	9.699	-0.949
GLA General Funding	0.000	0.000	0.000
GLA Transport Funding	0.000	0.000	0.000
London Bus Services Operators Grant	0.000	0.000	0.000
Homelessness Prevention Funding	0.139	0.138	-0.001
Lead Local Flood Authority Funding	0.119	0.118	-0.001
Learning Disability and Health Reform Funding	14.962	14.906	-0.056
Efficiency Support for Services in Sparse Areas	0.000	0.000	0.000
2013-14 Council Tax Freeze Compensation	0.979	0.979	0.000
2014-15 Council Tax Freeze Compensation	0.964	0.964	0.000
Returned Holdback	0.224	0.000	-0.224
Local Welfare Provision	1.435	1.081	-0.354
<b>Totals</b>	<b>172.842</b>	<b>147.210</b>	<b>-25.632</b>

**Total SFA Reduction in year** -25.632  
**% reduction** -14.8%

<b>SFA split</b>	<b>Final 2014-15 Settlement Funding Assessment</b>	<b>Indicative 2015-16 Settlement Funding Assessment</b>
	<b>£m</b>	<b>£m</b>
RSG including Freeze grant	96.367	69.274
Baseline Funding (Top Up Grant)	35.274	35.948
Assumed Business Rates	41.201	41.988
<b>Total</b>	<b>172.842</b>	<b>147.210</b>
<b>% reduction in RSG component</b>		<b>-28.1%</b>

*Note: All figures rounded to nearest £'000*

**Strategic and Cross Cutting Proposals for Reductions 2015/2016**

**1. Strategic and Cross Cutting (Saving - £5.904m 2015/16 and £0.300m 2016/17)**

**1.1 ICT Rationalisation (Saving - £0.450m in 2015/16 and £0.300m 2016/17)**

Proposal put forward as part of the 2014/2015 budget setting, but now re-phased with some savings delayed into 2016/2017.

The ICT Unit will continue the consolidation of applications and associated licences, reducing the external spend on application support. This will be coupled with service re-design that will focus on demand management through increased self-service and improved service delivery processes.

**1.2 Various Corporate Allocations – Contingencies / Business Rates Safety Net (Saving - £1.958m in 2015/16)**

Continuous review of all central resources and reserves has identified further capacity to release some corporate contingencies, primarily in respect of winter maintenance and general contingency.

The proposals also reflect a reduction in the Business Rates Safety Net budget, based on greater awareness and assurance of the level of Business rates income and specifically the level of appeals likely to arise in the year.

**1.3 Business Rates, Council Tax and New Home Bonus Grant Income (Saving - £1.836m in 2015/16)**

These savings will arise through the achievement of increased local funding opportunities, specifically;

- Anticipated growth in Business Rates local share over and above RPI, through new developments within the city
- Increase in the Council Tax base position
- Anticipated funding through New Homes Bonus reflecting the increased council tax base position

**1.4 NECA – ITA Levy Reduction (Saving - £0.310m in 2015/16)**

This saving will arise through the proposed reduction to the Tyne and Wear Transport Levy for Sunderland in 2015/2016.

**Strategic and Cross Cutting Proposals for Reductions 2015/2016**

**1.5 Maximisation of Income – Income Review, (Saving - £0.250m in 2015/16)**

Proposal put forward as part of the 2014/2015 budget setting.

Increased income opportunities arising from two reviews undertaken around advertising arrangements and general fees and charges. This will seek to generate additional income opportunities including from outdoor advertising within the city.

**1.6 Strategic and Shared Services / CSN / Revenues and Benefits (Saving - £1.100m in 2015/16)**

Proposal put forward as part of the 2014/2015 budget setting.

It is proposed to continue the review and reconfiguration of strategic and shared services to ensure those services meet the future requirements of the council. All strategic and shared service areas will deliver a proportionate share of the savings and a proportion of the savings have already been achieved through staffing departures.

In addition, a review of CSN and Revenues and Benefits is currently being undertaken which will deliver process savings by reviewing all customer contact, delivering greater accessibility via the web and deepening the customer process to reduce demand.

## Place and Economy Proposals for Reductions 2015/2016

### **2. Place and Economy (Saving - £5.823m 2015/2016, and £1.207m 2016/2017)**

#### **2.1 Business Investment and Business Development – review of operational costs and income generation (Saving - £0.235m in 2015/16)**

A review of the external grants programme will be undertaken to deliver more targeted allocations at a reduced cost to the council whilst still delivering on priority outcomes. A review of the current and anticipated tenant occupancy levels at the Evolve Centre at Rainton Bridge has identified the opportunity to generate additional income. Additionally, a service redesign will allow the removal of vacant posts within the service.

#### **2.2 Design Services and Property – review of operational costs and income generation (Saving - £0.600m in 2015/16, £0.010m 2016/17)**

The maximisation of income earning opportunities will be delivered, with the emphasis on project management and building management, to a range of clients including through increased charges to the capital programme and schools. A review of Security Services has identified additional income in respect of arrangements at the waste transfer station at Jack Crawford House where SITA have agreed to meet part of security costs at the site as part of the new delivery arrangements for waste management as well as the deletion of a post in that service. Further reductions are planned in Security Services and Building Services where redesign of those services will allow the removal of posts with no impact on income generation.

#### **2.3 Redesign of Business Delivery arrangements (Saving - £0.095m in 2015/16)**

The redesign of business delivery arrangements will include reviewing services such as delivery of payslips, transporting of cheques from Moorside to Civic and transport of mail.

## Place and Economy Proposals for Reductions 2015/2016

### **2.4 Independent review of property and land assets (incl. Smarter Working) (Saving - £0.816m in 2015/16)**

An independent review of assets, post LABV, will be undertaken to ensure that the council is getting maximum value in operational and revenue terms from its property and land portfolio. Specific areas of review will include space let to business, business centres that are retained, current use of properties (administration, depots etc.) linked to Smarter Working, considering the market for disposal of assets, land and buildings leased by and to the council, any development potential in surplus land, operational council property. Specific opportunities to increase property rental will also continue to be undertaken, for example, a rent review of the Bridges which will generate a capital receipt, backdated rent and an increased annual rent until the next review in 2039.

### **2.5 Building and Development Control to maximise trading position (Saving - £0.277m in 2015/16)**

The maximisation of income opportunities recognises the comparative upturn in the economy leading to an increase in planning and building control work. The proposal also includes redesign of function to enable the removal of a minor staffing reduction.

### **2.6 Energy Efficiency invest to save initiative (Saving - £0.500m in 2015/16)**

Delivery of significant savings on energy cost through the proposed upgrade to LED street lighting in residential areas, which equates to around half of the street lighting stock. This follows an independent review commissioned by the service that confirmed that it is an appropriate time to consider such an investment following recent advancements in LED technology.

## Appendix 2 (continued)

### Place and Economy Proposals for Reductions 2015/2016

#### **2.7 Review of operational arrangements for Waste Collection and Disposal (Saving - £0.631m in 2015/16, £0.712m 2016/17)**

A range of measures are proposed to maximise income from waste collection, including through reviewing existing charges and introducing new charges where appropriate. Specific proposals include charging charities for waste collection, where a subsidised rate will be applied that is similar to the approach used for schools.

The introduction of charges for replacement bins, unless proof of being stolen, is an approach that is consistent with neighbouring authorities and is intended to reduce demand by encouraging householders to take care of their bins, avoiding financial and operational burdens on the Council.

Reducing demand to enable the reduction of staff through natural turnover and workforce planning.

A review of Trade Waste will deliver a reduction through increasing charges by 6%, which is less than the previous annual rises due to landfill tax, and reviewing contracts in relation to size of bins and number of collections for c.80 customers across the city.

Reduction in the cost of Waste Disposal will be realised through improved recycling, funded via investment from the Weekly Collection grant, where it is anticipated that the tonnage of waste disposed of will reduce by an additional 2,400 tonnes in 2015/16. Actions include communications awareness programmes and incentive schemes for residents. Other actions include the introduction of city centre trade waste recycling with an estimated reduction of a further c.600 tonnes waste disposed of and waste currently collected from depots, in future, being delivered direct to transfer stations thus reducing collection costs.

#### **2.8 Transport and Fleet review (Saving - £0.600m in 2015/16)**

The continuation of the Transport and Fleet Review will further rationalise and reduce the scale of the Council's fleet, reflecting the contraction of the services throughout the Council. A review will also consider the strategic direction for this service.

**Place and Economy Proposals for Reductions 2015/2016**

**2.9 Bereavement and Registrars Service income (Saving - £0.180m in 2015/16, £0.130m 2016/17)**

Increased income from the Bereavement Service will be realised by increasing charges at 7.5% for 2015/16. Analysis of neighbouring authorities charges highlights that charges will be comparable after this increase. An increase in non-statutory Registrars birth and marriage fees of 10% to generate additional income, these fees being optional extras.

**2.10 Review Highways and Transportation and Network Management (incl. maintenance) (Saving - £0.553m in 2015/16)**

Relates to a review and reduction of maintenance programmes on highways, footpaths, public rights of way, coastal protection, bridges and structures as well as the rationalisation of the highways inspection process when the Highways Asset Management Plan is in place. Also includes the recovery of the cost of repairing damage to highways etc. following a road traffic accident, which is currently only partially recovered from the relevant insurance companies with the remainder is met by the council.

**2.11 Car Parking – review of operational arrangements) (Saving - £0.351m in 2015/16, £0.005m 2016/17)**

Implementation of initiatives identified through the Parking Strategy, including developing further parking management schemes, a restructure of the Enforcement section, and other options to achieve additional income from parking activity including charging for seafront on and off-street parking. An increase of 10p per hour will be levied for off-street and on-street parking.

**2.12 Review of Public Protection and Regulatory Services (Saving - £0.074m in 2015/16)**

Proposal is to “stop doing” health promotion activity directly within Streetscene and replace with informing Public Health Activity, where a number of commercial providers are able to deliver this service. Also proposed to “stop doing” in respect of the consumer advice service, which is not currently a statutory responsibility, with customers being signposted to the National Consumer Protection Service and Citizens Advice Bureau

**Place and Economy Proposals for Reductions 2015/2016**

**2.13 Review of operational arrangements for Responsive Local Services, to reduce demand (Saving - £0.390m in 2015/16, £0.350 2016/17)**

A service redesign has been undertaken and will continue to be implemented that reduces the cost of operational supervision with staff released through workforce planning with fixed-term staff and apprentices integrated into core to facilitate continuity of service. Coupled with operational savings, the Intelligence Hub's 'Community Clean Up' early adopter is a planned continual reduction and transfer of responsibility to the community / community organisations focussed on horticultural activity.

New routes and the implementation of new operational and supervisory arrangements will also reduce the cost of Winter Maintenance.

**2.14 Sunderland Live – continued implementation of Business Plan (Saving - £0.102m in 2015/16)**

The Business Plan for Sunderland Live reflects a reduction in the annual management fee payable by the council to Sunderland Live, and this budget reduction reflects the saving to the council for year 3 of operation. This reduction is targeted to be delivered, primarily, through income growth by generating additional income from existing events activity such as the Airshow and widening the opportunity for income generation through service diversification and third party trading.

**2.15 Cross-cutting, including review of senior staffing arrangements and general cost reduction (Saving - £0.419m in 2015/16)**

A review of senior staff in Place and Economy will be undertaken together with general cost reductions.

## Appendix 2 (continued)

### People Proposals for Reductions 2015/2016

#### **3. People (Saving - £23.934m 2015/2016 and £0.553m 2016/2017)**

##### **3.1 Full Year Impact of previous year's decisions (Saving - £7.430m in 2015/16, £0.553m 2016/17)**

As part of the 2014/15 budget proposals a number of proposals were agreed that delivered efficiencies over a 2 year period. These include implementation of the LATC Business Plan; Personalisation improvements and demand management; and Restructure proposals to align to locality teams

##### **3.2 Review of Integrated Teams – Development of multi-disciplinary teams to support social care customer journey and pathways (Saving - £1.500m in 2015/16)**

Integrate services working directly with children and families whilst children remain in the family. The review will look at the points of intervention with families across a range of services and consider areas of duplication or where better integrated working would offer better outcomes for the family. It will be based on a single assessment of need and a better coordinated response to identified needs and will provide the basis for greater multi-agency integrated working in the future.

##### **3.3 Looked After Strategy – Review and develop a more localised offer to respond to increases in older children and number of external placements (Saving - £0.500m in 2015/16)**

Plans are in place to review, develop and implement a more localised offer to respond to both the increases in older children and the number of external placements. A root and branch review will be carried out of our needs, the existing options that exist with an emphasis on developing a more local offer that meets the diverse needs that are presented. The review will involve engaging with staff and children and also looking at best practice elsewhere.

##### **3.4 Home to School Transport – Review of commissioning arrangements, eligibility criteria and an offer to parents of personalised budgets where appropriate (Saving - £0.450 in 2015/16)**

Review of statutory transport in respect of children and young people with special educational needs. Including commissioning arrangements, eligibility criteria, and move to personalised budgets where appropriate. Policy change and consultation will be necessary to achieve the 25% budget reduction.

## **People Proposals for Reductions 2015/2016**

### **3.5 Youth Provision – Review of provision and commissioned contracts (Saving - £0.540m in 2015/16)**

A full review of the Youth Offer is to be undertaken in 2015/16 that will seek to take advantage of wider opportunities and look to learn from successful delivery elsewhere. This would include appropriate consideration of other strategic priorities including Community Resilience, specifically ASB and the increased involvement of the community in service delivery and the Activity Strategy which evidences the benefits of regular participation in activity on physical and mental health and wellbeing, skills development and levels of attainment.

Current commissioned contracts are due to end in March 2015 but there is the provision to extend these contracts for up to 2 years. Negotiations are ongoing with the existing providers to consider how savings can be achieved in the interim pending the outcome of the full review.

### **3.6 Housing and Community Living – Review of the service and the benefits of collaboration with key partners (Saving - £0.100m in 2015/16)**

Review of the service and explore the benefits of collaboration with key partners.

### **3.7 Personalisation – Implement national eligibility criteria as required by Care Act prescribed by central government (Saving - £2.314m in 2015/16)**

The Care Act 2014 replaces the Fair Access to Care Services (FACS) eligibility criteria with new national minimum eligibility criteria, prescribed by Central Government.

### **3.8 Better Care Fund – Review all services provided and funded by the LA and CCG to realign with BCF outcomes. (Saving - £2.000m in 2015/16)**

Review of all services provided by and funded by the Local Authority and the CCG to realign with Better Care Fund outcomes. Proposals include a review of Intermediate care / reablement to consider the outcomes delivered and opportunities to realign funding appropriately

**People Proposals for Reductions 2015/2016**

**3.9 Better Care Fund – Work is on-going with the CCG to identify further savings relating to reductions in admissions to hospital and to residential/Nursing Care (Saving - £3.111m in 2015/16)**

As part of the Better Care Fund arrangements plans are being developed with the CCG, GPs, Hospitals and other Health Organisations, around integrated working which will achieve additional savings to those which have already been identified by the Local Authority.

**3.10 Learning Disabilities – Review of service offer including a review of day centre and support living offer and support for people with complex needs. (Saving - £2.889m in 2015/16)**

A series of benchmarking reviews have highlighted that the Local Authority is in the upper quartile for spend on Learning Disabilities. The current service offer is being reviewed to eliminate duplication, this will lead to a managed transition from block payments to cost per client/attendance and include a review of the day centre and support living offer for the City.

**3.11 Sport and Leisure. Development of Joint Venture, competitive dialogue is progressing with interested parties (Saving - £2.600m in 2015/16)**

The Competitive Dialogue process is continuing with interested parties, who have extensive portfolios and experience of operating local authority and other leisure facilities. It is expected that a report will be presented to Cabinet in early 2015.

**3.12 People Directorate – Review of all support functions (Saving - £0.500m in 2015/16)**

The review will consider all areas of the Directorate to realise benefits from the creation of a People Services Directorate.

### EQUALITY AND THE BUDGET PROPOSALS

#### 1 Equality in Decision Making

The Equality Act 2010 places a specific duty on Local Authorities through the Public Sector Equality Duty. The three aims of the equality duty are to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

Public authorities are required to give 'due regard' to the three aims of the duty when making decisions. Understanding the effect of decisions on people with different protected characteristics is an important part of complying with the general equality duty. Due regard means:

- consider the need to remove or minimise disadvantage or to meet particular needs
- think about how to encourage participation in public life
- tackle prejudice and promote understanding.

#### 2 How equality analysis has fed into the budget-setting process

- 2.1 Each Directorate has considered the equality impact of their proposals. Where it is timely and appropriate an Equality Analysis has been completed (the Council adopted approach to analyse and record equality impacts). The detail of the analysis is dependent on the nature of the proposal and its stage of development. For those proposals which are not sufficiently detailed to undertake a full Equality Analysis at the present time, an initial consideration of the impacts has been undertaken. In these cases further analysis will be carried out, when the proposals are further developed.

#### 3 Consultation

- 3.1 Consultation has included an online survey as well as a targeted event to which Community Spirit (the Residents' Panel), representatives of the Area Voluntary and Community Sector Networks, and city-wide Equality Forums were invited. The Equality Forums cover a range of protected characteristics including disability, sexuality, faith and belief, race and age.

## 4 Key Messages

4.1 Individual proposals for additional savings are currently at different stages of equality analysis depending on the stage of the development of the proposal. The equality considerations can be summarised as follows:

- Equality Analysis, whether complete or at initial consideration, has identified or anticipated positive impacts.
- Equality Analysis, whether complete or at initial consideration, has identified or anticipated negative impacts. Where negative impacts are identified, it is the responsibility of the services to minimise these as far as possible. Some proposals have already identified possible ways to mitigate against potential impacts.
- No impacts have been identified or are anticipated.
- The proposal has potential employment impacts, or the saving will be partially made from staffing changes. Where there are impacts for the Council as an employer, equality considerations will be made as part of the Workforce Planning Project.
- No equality analysis is needed. This is generally where the proposal will have no impact on service users / employees or where the proposal is focused on income generation.

The summary of impacts, by directorate, is outlined below:

	<b>Strategic and Cross Cutting Proposals Appendix 2.1</b>	<b>Place and Economy Proposals Appendix 2.2</b>	<b>People Proposals Appendix 2.3</b>
Positive impact identified or anticipated	0	2	1
Negative impact identified or anticipated	0	3	0
Neutral impact identified or anticipated Note 1	0	9	6
Both positive and negative impacts identified or anticipated Note 1	0	2	9
Employee implications	1	4	0
No Equality Analysis needed	5	5	1
	6	25	17

*Note 1: Where the current draft of the Equality Analysis does identify potential negative impacts, the services will be considering how these impacts can be mitigated as far as possible during the development of detailed proposals.*

*Note 2: The number of impacts is greater than the number of proposals due to more than one element within a proposal (e.g. a service review with staffing implications)*

4.2 A number of the proposals provide the opportunity for improving equality and diversity of provision, due to services being reviewed in line with demand management and application of the Customer Service and Access principles. These principles encourage greater understanding of customers and communities.

- 4.3 Where Equality Analysis is finalised, there will be a sampled quality assurance process to ensure the relevant considerations are being made in a thorough manner.

## **5 CONCLUSIONS**

- 5.1 The Council continues to seek to meet its obligations in relation to equality and diversity and has procedures in place at both a general and budget specific level to incorporate equality and diversity issues into decision making processes and the assessment of proposals.
- 5.2 Where analysis does highlight some equality implications, services and directorates will be responsible for assessing how these can be mitigated during the development of the detailed proposals. Where a proposal includes a review of services a full and/or updated version of equality analysis will be undertaken and presented to decision makers as proposals are shaped.

**APPENDIX 4****Statement of General Balances**

	<b>£m</b>
<b>Balances as at 31<sup>st</sup> March 2014</b>	<b>7.570</b>
<b>Use / Addition to Balances 2014/2015</b>	<b>0</b>
<b>Estimated Balances 31<sup>st</sup> March 2015</b>	<b>7.570</b>
<b>Use of Balances 2015/2016</b>	
- Contribution to Revenue Budget	(3.210)
<b>Addition to Balances 2015/2016</b>	
- Transfer from Strategic Investment reserve to support the budget over the medium term	3.210
<b>Estimated Balances 31<sup>st</sup> March 2016</b>	<b>7.570</b>

The above position will be reviewed and updated and reported to Cabinet as part of the final budget proposals in February, 2015.

The above shows that balances will remain at £7.570m – One off resources will be used to support the budget over the medium term.

