

TELFORD & WREKIN COUNCIL

CABINET – 22 DECEMBER 2011

SERVICE AND FINANCIAL PLANNING 2012/13 TO 2014/15

REPORT OF THE MANAGING DIRECTOR DESIGNATE AND THE CHIEF FINANCIAL OFFICER

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

This report sets out a proposed service and financial planning strategy for the period 2012/13 to 2014/15 with specific budget proposals for 2012/13 and a schedule of planned engagement and consultation activities with the community around the strategy.

The Council's Service & Financial Planning strategy for the period 2011/12-2013/14 was approved by full Council on 3rd March 2011. This strategy was set in the light of the most challenging Government grant settlement ever received by the Council. Whilst the average reduction for Government Departments over the 4 year CSR period is 8.3%, the average reduction for local government over this period is 27%, more than three times as much.

The strategy for 2011/12 included very significant reliance on the use of one-off resources, totalling over £9m and a series of targets for savings, although not specific proposals, to be found in future years. The budget agreed for 2011/12 also had a reliance on the generation of capital receipts totalling around £80m over the next few years. Following the significant use of one-off resources in 2011/12, the Council has limited remaining one-off resources available and needs to identify ongoing savings in order to achieve a sustainable balanced budget over the medium term. This report demonstrates that a great deal of progress has been made in identifying options for making ongoing savings, limiting the impact on front-line services as far as possible. Although more work needs to be done and more savings options need to be identified, the Council has never before identified such a significant savings package spanning the medium term which is now put forward for consultation in this report.

The Autumn Statement announced on 29th November made it clear that the outlook for public finances is not improving and the Council should expect the squeeze on public spending to continue for several years to come and certainly beyond the period covered by the current CSR. At the same time as pressures on the national economy result in reductions in the level of central support for local authorities, the economic situation places considerable additional pressures on the demand for local services for example housing and council tax benefit payments are at peak levels and the number of looked after children is increasing. The Council is also facing increasing demands for

services for older people as the number of older people in the Borough increases and is having to fund healthcare costs displaced by the local Primary Care Trust. Difficult choices therefore need to be made between further cuts to frontline services, including social care services where, for example the Council may need to consider consultations during next year over eligibility criteria for adult social care services which may need to be raised, and levels of council tax which are currently the lowest in the whole Midlands region.

Following the local Council elections in May the new administration put forward '100 day budget' proposals to revise both the current year revenue budget and 4 year capital programme in order to make savings and reduce the level of service cuts required in future. Following consultation, these proposals were approved at Council on 24th November 2011 and will result in ongoing annual savings of almost £3m. including more than £1.1m pa from scrapping plans for new Civic Offices.

During the summer, as well as consulting on the 100 Day Budget Review proposals, the Council also consulted on priority outcomes which are now being used to inform short to medium term planning and also longer term thinking about the future shape of the Borough to 2020. In total 3,000 people have contributed views and suggestions to the Council over this period which have helped in the development of savings proposals. In addition, some of the specific savings proposals have already been subject to early targeted consultation.

Following the Comprehensive Spending Review (CSR) for the period 2011/12 – 2014/15 which was announced in October 2010 it was clear that the level of Government grant funding for local government would be cut significantly over the medium term. The extent of these reductions and their very considerable front-loading became clear when the provisional grant settlements for 2011/12 and 2012/13 were released in December 2010. In real terms this Council is facing grant cuts of around £40m during the period covered by the CSR as the Government seeks to bring the national budget back in to balance following the impact of the financial crisis and recession.

The provisional grant settlement for 2012/13 was announced on 13th December 2010 as part of a 2 year grant settlement and a revised provisional settlement was announced on 8th December 2011. This revised settlement will not be finalised until late January and provisional information on six grants (which total around £1m in 2011/12 is still awaited). However, this is the best information currently available for planning. Based on the information currently available, the provisional grant allocation has had limited impact with only relatively minor changes. The Council therefore faces an additional grant loss of £5.6m (7.9%) next year which is in line with the provisional announcement made in December 2010. This reduction is in addition to the grant reductions of £13.6m faced by the Council in 2011/12 and the £3m reduction announced by the Government during 2010/11.

The Government are currently undertaking a major review of the local government finance system and have not, therefore, released any grant allocations for 2013/14 or 2014/15. Any financial projections for these years are therefore subject to a very significant level of uncertainty but it is very likely that the financial position faced by the Council from 2013/14 will have a higher level of risk than previously. The Council is likely to have to bear the risk of not being able to collect business rates and a greater proportion of the cost of increased Council Tax benefit payments both of which are largely covered by the Government under the current system and both of which could result in the Council's financial position being more significantly impacted by recessions or other adverse events affecting local businesses and other local employers in future.

Figures for education funding were originally announced for 2011/12 only as a review of financing of Education is also being undertaken. An updated education position has not been announced by the Government at the date of drafting this report but will be briefed to members when available and reflected in the final service and financial planning strategy report to be considered by Cabinet in February.

The grant settlement for 2012/13 continues the use of a damping mechanism which will result in around £2m. of grant that the Government calculate should come to the Council to support the needs of this area being withheld from the Council in order to reduce the impact of grant reductions in other parts of the country. (Damping is also applied to the Early Intervention grant resulting in a further loss to the area of an additional amount of grant of £1m.) The amount withheld from the Council through the damping mechanisms has reduced over recent years by around £1m pa but there is a risk that the move to a new national financing system for local government will see the level of grant damping in 2012/13 not being unwound any further and being perpetuated in future funding for the Council for many years to come. The new system is also very unlikely to correct an estimated under-count of population in this area which costs around £2.8m pa.

The scale of grant reductions clearly limits the scope for any new investments over and above existing commitments, but the Council is still a large organisation with ambitions to protect front-line services and to improve the quality of life of local people. The Council will do all that it can to ensure that it delivers community priorities within the context of the overall financial constraints that we face and some limited new investments are set out in the report. These mainly reflect additional demands being placed on the Council's adult social care services and investment in Brookside which has not previously received significant investment from the Council. The report also sets out a package of savings totalling around £18m (after leakage) for 2012/13 and a process for making further reductions over the medium term period of the strategy.

The proposals in the report have been developed in the light of extensive consultation with the community that has taken place since June around

service priorities and also sets out a schedule of further consultation activities on the proposals included in this report.

Key proposals included in the report are:-

- Responding to comments received from the public, a further senior management restructure has been undertaken which, if approved, will help the Council implement its Co-operative Council philosophy and bring the total reduction in the size of the senior management team to over 50% over the last three years as well as significant reductions in the pay of the most senior officers.
- Continuation of a comprehensive programme of service reviews and staff restructuring that will generate significant ongoing savings with a 20% target having been set across the board for savings from both staffing and non-staffing budgets although the actual level of savings will vary between different services.
- To seek views from the community on whether the Council should accept the offer of a one-off grant from the Government to freeze the level of council tax in 2012/13 or should increase council tax levels to help protect services. Clearly residents are facing considerable financial pressure in the current economic climate and a freeze in the level of council tax for a one year period is a very attractive proposition. However, acceptance of the grant would mean that either two “inflation” increases in Council tax would potentially have to be applied in 2013/14 (i.e. the postponed increase for 2012/13 plus any increase for 2013/14) or would mean that additional cuts to front-line services will have to be made over and above those required as a result of the c.40% cut in real terms to the grants that the Council receives from the Government. Three options on Council Tax are therefore put forward for consultation:-

Option 1.

Take the 1 year grant equivalent to a temporary 2.5% tax rise and freeze tax levels for one year. Being only a one off grant this is not a sustainable position beyond next year and will either increase the level of tax rise required in 2013/14 to around 82p per week (5%) for the average property or require £1.4m additional service cuts in 2013/14

Option 2.

Decline the one off grant and Increase tax levels by 41p per week (2.5%) for the average property next year as part of a sustainable 3 year strategy of tax rises around this level which avoids additional service cuts or a higher tax rise in 2013/14.

Option 3.

Decline the one off grant and Increase tax by 58p per week (3.5%) next year and then either remove some of the proposed service cuts or reduce the tax rise in 2013/14.

- To make new ongoing investments of £1.9m in to the adult social care budget to meet increasing demands including a

further £1.3m towards Continuing Health Care costs being displaced onto the Council by a savings programme within the local PCT. This is in addition to £1.5m previously invested by the Council to meet this pressure. Current projections indicate this investment may need to be increased substantially by 2013/14 and constructive discussions are under way with the new West Mercia PCT cluster about mitigating consequent impacts on the local Health and Care economy.

- This strategy builds on the new Administration’s “100 day review” of the budget and proposes to continue the Council’s investment commitment in key infrastructure projects such as new and improved schools and Telford Town Centre as well as some new investment in Brookside.
- To use £1.4m balances and one-off benefits carried forward from early action on the savings programme taken in 2011/12 to support the budget in 2012/13. This will be replaced ongoing by the full year impacts from the programme of organisational restructuring and implementation of further savings measures which will feed through in to 2013/14 and 2014/15.

The position over the next three year period can be summarised as follows:-

Projected Budget Gap	12/13 £m	13/14 £m	14/15 £m
Base Budget gap	21.987	31.635	35.266
Savings proposals including additional income – see Appendix 8 (after estimated “leakage”)	-8.046	-13.566	-16.791
Savings from staff restructure (after estimated “leakage”)	-7.933	-8.133	-8.133
Single status provision	-2.000	-2.400	-0.500
Restated shortfall before use of general balances and council tax increases	4.008	7.536	9.842
Council Tax reduction grant – if accepted benefits 2012/13 only	-1.400	0	0
Use of Balances in 2012/13	-1.400	0	0
Further savings from a mix of targeted restructures and other initiatives.	-1.208	-2.608	-2.608
Remaining gap – to be found from use of remaining balances/further savings/council tax increases	0	4.928	7.234

2. RECOMMENDATION

2.1 Members are asked to approve the service and financial planning strategy set out in the report for consultation with the community.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	<i>The service and financial planning strategy is integral to ensuring that available resources are used as effectively as possible in delivering all corporate priority outcomes.</i>
	Will the proposals impact on specific groups of people?	
	Yes	<i>The proposals contained in this report will impact on specific groups of people. An Impact assessment, on identified savings proposals, highlights equalities, environmental and economic impacts which is included as Appendix 3. Due to the complexity of the budget setting process with a large array of proposals for savings there is potential for a number of small changes to have a large cumulative effect. We will conduct a full impact assessment of all of the budget proposals, to be considered by Cabinet on the 23rd February 2012.</i>
TARGET COMPLETION/DELIVERY DATE	<i>A series of borough wide public consultation activities will be undertaken during December and January. The proposals contained in the report will also be subject to Member scrutiny during this period. Final proposals will be considered by Cabinet on 23rd February 2012 who will make recommendations to full Council on 1st March 2012. The final agreed recommendations will be implemented during 2012/13 and future years.</i>	
FINANCIAL/VALUE FOR	Yes	<i>This report sets out the service and</i>

MONEY IMPACT		<i>financial planning strategy for the council for 2012/13 and the medium term.</i>
LEGAL ISSUES	Yes	<i>This report develops the proposals for the Council's budget and policy framework which will be consulted upon in accordance with the Constitutional budget and policy framework procedure rules that will, in due course result in the Council setting its budget and council tax levels by the March deadline laid down by the Government</i>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<p><i>This report sets out the strategy framework which includes consideration of the corporate risk register – particularly in relation to the availability of balances.</i></p> <p><i>Environmental assessment is a procedure that ensures that the environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment.</i></p> <p><i>The Environmental Assessment aims to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reduce their environmental impact. The environmental assessment detailed in Appendix 3(b) provides information on the environmental impacts of the budget proposals. Overall, on balance the environmental assessment of the budget proposals is positive.</i></p> <p><i>The economic impacts of the proposals are detailed in Appendix (c).</i></p>
IMPACT ON SPECIFIC WARDS	Yes/No	<i>Borough-wide impact.</i>

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

4.1 OUR PRIORITIES

In response to what the community have told us during extensive engagement activities over the summer period and the challenges facing the Borough, the Council has identified a series of priority outcomes to inform both short to medium term planning and also longer term thinking about the future shape of the Borough to 2020. These are:

- 1. A growing local economy to create jobs***
- 2. Improved 'life-chances' for all***
- 3. Vulnerable children and adults are protected***
- 4. Clean and well maintained neighbourhoods and streets***
- 5. Residents feeling safe and proud of where they live***
- 6. Housing choices to meet the needs of all***

As well as these community focussed priorities, we have identified a priority outcome for the Council as an organisation, that is:

- 7. A Co-operative Council working with the community***

Delivering Our Priorities

The Council is clearly facing very significant financial constraints and has many competing pressures for the funding that is available. It is therefore essential that a clear set of priorities is developed in consultation with the community and clearly articulated. Over the summer, a great deal of consultation took place to inform these priorities and also about what we want to have achieved by 2020 and how this will shape the future of the Borough – our “vision”. In articulating our priorities, we have also highlighted our most important short to medium term actions to deliver them.

1. A GROWING LOCAL ECONOMY TO CREATE JOBS

By 2020, we want the Borough to be known as a good place to ‘do business’ whether for those looking to invest in the area for the first time or for supporting established businesses. We will promote our strengths in terms of our strong business base, excellent infrastructure links, the availability of ready to develop land and comparatively inexpensive housing. This will be achieved by the Council and its partners proactively supporting businesses and enterprise, and developing our local infrastructure where resources allow.

Centred on our stunning countryside and industrial heritage, Telford and Wrekin will be a nationally recognised ‘must visit’ tourist destination. The

Borough will have a strong image, consistently promoted by the Council and its partners within available budgets.

Our schools, colleges and universities will have a strong relationship with local employers and support growth through the development of an appropriately skilled, motivated local workforce - matching current and future jobs. We will be nurturing and retaining our own talent and have improved the prospects of 18 to 24 year olds through apprenticeships and work experience.

In developing our local economy, we will play to our strengths: advanced manufacturing, food and drink, and tourism. Equally, we will be exploring new opportunities around emerging sectors such as environmentally sustainable power production.

The short to medium term actions we have identified to achieve these longer term objectives are:

- Revise our 'Strategy for Growth' - providing a co-ordinated focus for planning, housing, regeneration, economic development and property.
- Together with local businesses and partners create a Borough 'image' which celebrates the past and plays to our strengths. This will inform a programme to promote the Borough as a place to live, work and visit.
- Take forward the rejuvenation of Telford Town Centre through the Southwater Square redevelopment and a re-modelled Box Road.
- Create a single point of access to services for businesses, to create a 'business friendly' environment, support existing businesses and to attract inward investment.
- Develop a multi-agency employment strategy to improve the skills and employability of the local workforce.
- Explore the development of "Enterprise Zones" with a simplified planning regime and financial flexibilities to attract inward investment.
- Undertake a review of accommodation in the Borough and explore how the scope for tourism could be broadened.

2. IMPROVED 'LIFE-CHANCES' FOR ALL

By 2020, by tackling disadvantage life-chances within the Borough will have improved for all.

Children and families will be supported and on the path to success through good quality education, training and jobs. Our programme of rebuilding schools will be complete and we expect to see better more consistent results across the Borough –wherever a child lives and whatever their background.

By 2020, a network of co-operative academies will be established – linked together for the benefit of the communities which they serve, strengthening these communities through the 'extended schools' model.

Children and young people will have a clear voice at the heart of decision making whatever their background, for example through the Young People Forum.

The Borough will be healthier, having benefited from the promotion of healthy lifestyle choices and activities. Our local parks and green spaces - including allotments and gardens will support this - the management of which the local community and local organisations will have a much greater say in. Walking and cycling routes will be linked-up because of their wider health and environmental benefits. The provision of safe, warm and accessible housing will support this aim.

The short to medium term actions we have identified to achieve these longer term objectives are:

- Establishing a partnership 'Supporting Families Task Force' built on the Community Budget model.
- Implement 'Family Connect' - which has the right balance between universal and targeted services.
- Take forward the social and economic regeneration of Brookside through a Co-operative model - working with local residents, community groups, the Parish Council, and ward members to review Council-run facilities and services to redesign or deliver services to better meet the needs of local people.
- Continue to promote the health benefits of active lifestyles:
 - Sustaining and improving leisure facilities including:
 - Investment in the Ice Rink
 - Establishing Co-operative Sports and Learning Communities
 - Renewed targeted concession scheme
 - Ensuring open access to maximise the potential of facilities – including school, sport and community facilities.

3. VULNERABLE CHILDREN AND ADULTS PROTECTED

Our safeguarding arrangements for both children and adults will continue to be robust and core to our own and partners' approach to service design and provision.

With the needs of children and young people best met in their families and communities, children will be in care for the right reasons. To support this, there will be stronger, more effective multi-agency intervention services for families to reduce the likelihood of later more costly actions. Outcomes for children in care will have improved.

Vulnerable adults will be keeping their independence in their community's longer. This will be supported through effective:

- Prevention – ensuring residents access early intervention services before they require extensive social care or health care
- Enablement – helping adults to live more independent lives and continue to live in their own homes
- Personalisation and choice – support adults to be involved in decisions and have control over the support services they use

- Health provision - meeting the needs of the local community through GP commissioning and hospital services

The short to medium term actions we have identified to achieve these longer term objectives are:

- Complete the review of Adult Social Care Services to manage the need for savings and to enable the delivery of an effective, affordable social care service.
- Establish an effective Health & Wellbeing Board and Health Watch to oversee the commission of primary health and social care services. Ensure the successful transfer of Public Health services to the Council.
- Create a single point of contact for advice and information to enable people to access the support and care they are entitled to.
- Support carers to enable them to look after their friends and relatives who are ill or vulnerable, for example through the emergency response carer's service.
- Addressing need by supporting people to claim the benefits to which they are entitled and overseeing the implementation of the Government's welfare reforms and helping us to manage the impact at a local level.
- Promote fostering and adoption to best meet young people's needs.
- Implement 'Family Connect' - which has the right balance between universal and targeted services (see also 'Improving Life-chances For All').

4. PEOPLE FEELING SAFE AND PROUD OF WHERE THEY LIVE

Through partnership working, the level of crime and anti-social behaviour will have continued to fall in the Borough through to 2020. The perception of crime and anti-social behaviour will have improved too. This will be achieved through greater work directly with families to address, in particular anti-social behaviour.

By 2020, 'civic pride' in the Borough will be stronger – our heritage will be celebrated and there will be a stronger identity for Telford. Improving 'respect for the area' will be built in partnership with the community by residents developing and defining their roles and responsibilities. Volunteering will be strong and at the heart of community action.

By attracting inward investment, the long term viability of our eight Borough towns will be secure: Hadley, Wellington, Dawley, Newport, Oakengates, Madeley, Ironbridge and Donnington. In these areas, through its planning policies the Council will ensure land for housing and employment is used sensitively and where we can, homes above shops will be brought into use.

The short to medium term actions we have identified to achieve these longer term objectives are:

- Implement our revised approach to 'neighbourhood working' to address crime and anti-social behaviour through the better use of intelligence to target resources.
- Agree a partnership 'volunteering' strategy and implementation programme.
- Review and deliver our Borough Town strategy.

- Put in place and deliver a 'civic pride' programme.
- Work to develop a consistent approach to 'licensing' across local authority boundaries.
- Deliver £3.5m investment into the Town Park to improve facilities.
- Establish and promote a community/public events programme (including for example St Georges Day and 'Culture Fest') through sponsorship and commercial activities/events.
- Develop a local legacy to the 2012 Olympics for sport and physical activity.
- Create a 'heritage trail' linking together and promoting the heritage of all the Borough. This will be supported by investment into the Silken Way cycle route.

5. CLEAN AND WELL MAINTAINED NEIGHBOURHOODS AND STREETS

Living in a pleasant environment is an important part of a good quality of life and key to 'civic pride'. By 2020, we want to ensure that there are high and consistent cleanliness standards across neighbourhoods. The condition of roads and footways will have improved.

Streetlights will be of the right quality to address issues such as energy efficiency, carbon emissions and community safety.

Communities will have a greater say in the local priorities of these services which will be more reactive to complaints and local issues. This will encourage 'respect' and support a sense of 'pride of place'.

Our household waste services will be more efficient and easy to use with recycling increased. By 2020, we will have one of the highest recycling rates in the West Midlands.

Road and footways will be designed using innovative and sustainable materials as well as providing estate road layouts that make residents feel safe and secure.

We will be working with our partners to enhance our green infrastructure and the biodiversity of the Borough. We will seek and encourage community action to tackle climate change.

The short to medium term actions we have identified to achieve these longer term objectives are:

- Complete the 'waste review' and procurement of these services.
- Undertake a rolling review programme of street lights and their use, investing in new more efficient lamps and restricting the time that they are switched on but ensuring that they are on when people benefit from them.
- Review the use and need of 'subways' and 'street furniture' – removing these where possible.
- Simplify and improved access for the reporting of environmental issues for residents and ward members.
- Review and enhance our approach to reducing CO2 emissions from Council operations.

- Seek and explore all opportunities to secure the necessary funding to improve land stability in the Ironbridge Gorge.
- Continue to invest in highway maintenance to address condition survey and resident issues.

6. HOUSING CHOICES WHICH MEET THE NEEDS OF ALL

By 2020 we want to ensure that we have housing in the Borough which better meets the needs of residents and to attract newcomers into the Borough.

New housing development will be focused on ensuring the Borough and its communities are sustainable. Developments will continue to be of a high design standard.

In new housing estates, there will be a greater provision for affordable housing and an emphasis on mixed social and private housing.

Through better, new relationships with landlords the condition of privately rented accommodation will be more consistent across the Borough. We will also work with home owners to improve housing.

Through more effective commissioning, the accommodation needs for vulnerable adults and young people will be better met – with minimal use of bed and breakfast accommodation. There will be greater provision of Extra Care housing, to meet the housing and accommodation needs of our ageing population.

The short to medium term actions we have identified to achieve these longer term objectives are:

- Establish a 'private landlord task force' to work in partnership with landlords to establish consistent standards of accommodation and management across the Borough.
- Take forward the implementation of our Housing Improvement Plan – with particular reference to maximising the development of Homes and Community Agency land.
- Work with developers to unblock housing growth in the Borough where the market allows.
- Review our work with housing association partners to address homelessness – particularly the vulnerable.

7. A CO-OPERATIVE COUNCIL WORKING WITH THE COMMUNITY

By 2020, the Council will be firmly established as a 'Co-operative Council', with residents and its workforce having a greater say in decision making – it will openly engage with the community and be open and transparent. This approach will

- Improve and bring together services;
- Deliver more of the things that matter to local people
- Strengthen and develop our communities; and

- Give people new skills and routes into employment, especially younger people

There may be different models as to how services are provided and managed, based on creating new relationships and partnerships. For example, the voluntary and community sector and Town and Parish Councils will have greater involvement in running services or initiatives such as libraries, and some services may be run by 'staff mutuals'.

The Council will have a committed, talented and customer focussed workforce, which is responsive to the community's needs and treats the community and its businesses equally. Each employee will understand and can demonstrate what and how they contribute to the objectives of the organisation.

The short to medium term actions we have identified to achieve these longer term objectives are:

- Deliver the Co-operative Council adopter programme
- Implement the recommendations of the Co-operative Council Commission and Employee Commission where appropriate.
- Complete the development of a Co-operative Council Workforce Strategy to support the development of a work force which is customer focused
- Develop a 'single point of contact' model - where officers act as a point of contact for all services whatever their background service or organisation when they visit or meet with residents.
- As part of the Southwater Square development put in place a "Community Hub" with partners to improve co-ordinated access to key public services.

4.2 NATIONAL CONTEXT

The Government announced a Comprehensive Spending Review (CSR) covering the four year period 2011/12 to 2014/15 on 20th October 2010. This was set in the context of a very significant national budget deficit and considerable uncertainty in the world economy. The CSR set out targets for £81bn of ongoing cuts to public spending over the period of the CSR to eliminate the structural budget deficit. This set the framework within which the Revenue Support Grant and other grant and capital settlements affecting the Council would be determined.

It was clear from the CSR that Communities and Local Government, the Government department from which the Council receives most of its funding could expect very significant budget reductions – over 3 times the level of spending reductions compared to the average reduction across all Government departments. These reductions would be in addition to the "in-year" grant reductions made in June 2010, shortly after the last general election, which totalled £3m revenue and £1m capital for this Council.

The CSR also included announcements that the overall national schools budget would be increased in real terms by 0.1% pa, the introduction of a

“pupil premium” and that some additional funding would be made available for social care.

Major changes to the council tax benefit system coming in to effect from 2013/14 were also announced as part of the CSR. These will see the grant that the Council receives towards the cost of Council Tax Benefit being cut by 10% (around £1.4m pa) with the Government expecting councils to make this reduction in grant good by implementing less generous local Council Tax Benefit rules. This will mean that people moving between local authority areas may be eligible for a given level of Council Tax Benefit in one area but when their application is considered against a different scheme in another local authority area they may be entitled to a different level of benefit, or no benefit, even if the level of council tax is the same. Clearly having many different council tax benefit systems operating around the country will present the national software suppliers with challenges and potentially increased systems and administrative costs for councils. The expectation that Councils will have these new Council Tax benefit schemes in place from the start of 2013/14 when the necessary legislation won't be in place for some time yet presents significant challenges.

Two other key national policy developments include:

- **Localism Act** –The Act received Royal Assent on 16 November 2011 and has the potential to effect a significant change in national life, passing power to a local level, creating space for local authorities to lead and innovate and giving people the opportunity to take control of decisions that matter to them. It includes five key measures that underpin the Government's approach to decentralisation: Community rights, Neighbourhood planning, Housing, General power of competence and Empowering cities and other local areas. Different parts of the Act will come into effect at different times and the Government have said that they will publish estimated timescales during December 2011. The Government are aiming for many of the major measures to come into effect in April 2012;
- **Welfare Reform** – the Welfare Reform Bill sets out the biggest change to the welfare system for over 60 years. It introduces a wide range of reforms, including the introduction of a Universal Credit, a single benefit that will ensure that ‘work pays’, caps the total amount of benefit that can be claimed and restricts Housing Benefit entitlement for social housing tenants whose accommodation is larger than they are deemed to need.

4.3 AUTUMN STATEMENT.

The Chancellor, George Osborne, delivered his Autumn Statement on 29th November 2011. It gave a bleak short-term forecast for the UK economy, with growth predictions for the next two years revised downwards significantly – a move that will impact further on public spending. Mr Osborne presented forecasts by the independent Office for Budget Responsibility (OBR) that now

indicate the UK's economic growth will be just 0.9% in 2011. He revealed that the OBR has significantly revised down its forecast for growth in 2012 from 2.5% to just 0.7%. He also said that, while government borrowing and debt was falling, it was not doing so 'as quickly as we wished'. He cited the eurozone crisis, rising energy and commodity prices and the 'external inflation shock' as the reasons for these weaker forecasts. According to the OBR, the government is expected to borrow £127bn this year – £5bn more than it forecast in March's Budget. The Chancellor predicted that this figure would be reduced to £24bn by 2016/17.

A number of commentators have said that such downgrades in growth projections and the deficit reduction plan are likely to hinder Britain's economic recovery, despite measures announced designed to kick-start national and regional economic growth. The OBR has, for example, predicted that the number of public sector job losses by 2015 will now reach 710,000. The OBR had, until recently, predicted that job losses would be limited to 390,000. Michael O'Higgins, Chairman of the Audit Commission has said that a report that will be published in early December jointly with the Local Government Association will show how councils have already reduced headcount by 145,000 jobs because of financial challenges. The OBR also forecast an increase in unemployment from 8.1% this year to 8.7% in 2012 falling to 6.2% by 2016.

The Chancellor identified an additional £1bn to invest in local economic growth through the Regional Growth Fund. To help fund the additional spending, Mr Osborne announced a tight public sector pay regime, with average pay increases for public sector employees likely to be limited to 1% for the two years following the current pay freeze. Whilst the Government does not directly control local government pay settlements, this announcement is likely to influence pay negotiations over coming years. Allocations to spending departments (other than for the NHS and schools) will be reduced by 1% as previously an assumption of 2% had been made to claw this saving back centrally. The Chancellor also announced plans to consider how public sector pay can be made more responsive to local labour markets.

Changes to business rates were also announced including:-

- The extension of the current business rates holiday for small firms by a further 6 months to April 2013,
- The deferral of "60% of the increase (in next year's rise in business rates) to the following two years".

It was also announced that plans for public spending in 2015/16 and 2016/17 will be set in line with the spending reductions over the Spending Review 2010 period extending the current cuts in public spending for at least a further two years.

4.4 REVENUE SUPPORT GRANT SETTLEMENT

The Government announced its provisional Revenue Support Grant settlement for local authorities for the two years 2011/12 and 2012/13 on 13th December 2010 with a final settlement for 2011/12 being announced on 31st January 2011.

The Government announced a revised (but still provisional) grant settlement for 2012/13 for councils on 8th December 2011. This revised settlement will not be finalised until late January and provisional information on six grants (which total around £1m in 2011/12 is still awaited). However, this is the best information currently available for planning. Based on the information currently available, the provisional grant allocation has had limited impact with only relatively minor changes. The Council therefore faces a grant loss of £5.6m (7.9%) next year which is in line with the provisional announcement made in December 2010. This reduction is in addition to the grant reductions of £13.6m faced by the Council in 2011/12 and the £3m reduction announced by the Government during 2010/11 with no allowance for the currently high rate of inflation being made by the Government (November 2011 RPI is 5.2%).

Local Resource Review

When the Government announced the results of the Comprehensive Spending Review (CSR) in October 2010 they also announced that the local government finance system would be subject to a fundamental review. This review is known as the Local Resource Review and is likely to see the return of business rate income to local control, although the rate in the pound would still be set nationally with reference to the RPI. At present, councils receive their funding from three main sources: grants from central government, council tax and other income (such as fees and charges). Part of the grant received from central government is National Non-Domestic Rates (NNDR), commonly known as business rates (collected by local authorities but redistributed by the Government). The Government wants to change the current system to enable councils to keep a share of growth in business rates in their area. This will make councils more financially independent from central Government and is designed to incentivise councils to promote local business growth.

Whilst this general principle is supported by the Council the draft proposals have some potential risks for the Council including:-

- The grant settlement for 2012/13 would be frozen as the basis for future funding of the Council for many years. This potentially means that the damping of Revenue Support Grant in 2012/13 of £1.9m would be frozen and not unwound which would happen over time under the current system representing a significant permanent loss to this area of funding which should be available to support the provision of services to local people.
- Similarly, the Council would not benefit from the growth in population which we expect the 2011 census will confirm compared to the population projections used by ONS and which also significantly reduces the level of Government funding allocated to the people of this

area. The Council estimates that current ONS figures understate the population in this area by up to 7,000 people which costs the Council in the region of £2.8m p.a. in lost grant. Again, this loss would have been addressed over the medium term under the current local government finance system but is likely to be perpetuated for many years under the proposed system.

- The risk of reduced income from business rates arising from future recessions, the loss of major businesses from the area or significant appeals against rateable values (which can be back-dated for several years) would fall on the Council rather than being managed nationally which currently enables issues that would be significant in a local area to be smoothed over a much wider pool. The Government are aware of the potential volatility and therefore potential impact on services that individual councils provide, and may build-in some kind of mechanism to prevent major shocks to local funding levels. However, increased volatility and risk for Councils is inevitable compared to the current system making future projections of income levels just as difficult, if not more difficult, as under the current system. It is also likely that the Council will need to consider increasing the size of bad debts provisions and potentially other reserves to manage the increased risk levels as whilst the current arrangements allow increases and decreases in income from business rates to be smoothed over the country as a whole, in future each council area will need to ensure that it has sufficient reserves available to deal with income shortfalls that arise. This position cannot, however, be assessed until broad details of how the new system will operate are issued by the Government.

The Cabinet agreed a response to the initial Government consultation on the new local government finance system at the Cabinet meeting held on 20th October 2011. In spite of the concerns outlined above, overall the proposed changes are to be welcomed as they reinforce the importance of investment in the local economy. It is not possible to make any assessment of the potential impacts on the Council from this initial consultation document which focussed on general principles for the new finance system rather than specific proposals of how it might work. The uncertainty arising from the Local Resource Review makes projections of the likely level of resource available to the Council after 2012/13 very difficult and any projections beyond this year consequently have a very high degree of uncertainty.

4.5 LOCAL CONTEXT

Adult Care and Public Health Funding.

From April 2009, responsibility for commissioning and funding of social care for adults with learning disabilities transferred from the NHS to local authorities. It was agreed that for 2009/10 and 2010/11, the funding associated with this would be transferred by local agreement between Primary Care Trusts (PCTs) to local authorities and that the transfer agreements would be reported to the Department of Health. From 2011/12, funding was transferred centrally from the NHS budget and distributed to local authorities.

This was in the form of a specific unringfenced grant called “The Learning Disability and Health Reform Grant”. The Council agreed a sum of around £6.5m with the PCT and the Revenue Support Grant settlement confirmed the allocation. The funding is already fully committed to meeting the current costs of care of a number of adults with learning difficulties clients and in funding specialist units such as the West Midlands Specialist Placement Unit.

Continuing Health Care Funding.

As part of the NHS QIPP programme to save £20bn nationally, the local PCT is charged with saving over £50m ongoing within its spending in our area over a 4 year period. As part of this challenging programme which is intended to be based on transformational change and efficiencies the Telford & Wrekin PCT has set itself savings targets to reduce spending on Continuing Health Care (CHC) which funds people with chronic long term health conditions, as benchmarking data indicated the PCT was a high per capita spender in this area. It set about delivering this through reviewing existing clients and removing funding for many although their actual condition has not changed, as well as applying the revised approach to new potential clients. The majority of clients now refused NHS funding then become the responsibility of the Council to fund across the range of vulnerable client groups - the elderly and those with mental health, learning and physical disabilities who were previously agreed as also having significant ongoing health needs.

The Council recognises that some previous CHC funding decisions made by the PCT should potentially have been made differently and directed costs to the Council which could also then have put different care packages in place. The Council has therefore previously set aside additional ongoing funding of around £1.5m for CHCs, already has another £1.3m built into next year’s base budget-making £2.8m in total ongoing- and is also utilising £2m additional NHS funding transferred to the Council by the Government to promote integrated health & care working. However the scale and speed of CHC cost displacement by the PCT has grown far beyond that planned in PCT budgets. The additional in year pressure has been largely absorbed so far by use of one off funding and other in year savings although a variation is reported through financial monitoring. These one off resources will not however be available in 2012/13 and beyond and thus the continual and rapid rise in CHC costs being moved on to the Council is increasing the budget funding gap for 2012/13 and beyond.

The Council is currently in positive discussions with the PCT around the impact this is having on Council budgets and the implications for spending across the local Health and Care economy as a whole which will lead to further cuts in social care services.

Public Health – from April 2013, the running of Public Health will transfer formally from the PCT to the Council. A ‘shadow budget’ will be in place for 2012/13 and the actual transfer of funding will take place in 2013/14. Current indications are that the amount to be transferred will be in the region of £7-8m. p.a. and it is currently assumed that spending by the Council on Public Health from 2013/14 onwards will be in line with whatever allocation is

received. A wide range of services will transfer in to the Council and are likely to include health protection plans, sexual health, national child measurement programme, Health Check and public health advice to NHS commissioners.

Savings programme - Clearly the council has been planning for budget reductions for some time and work is well in hand in developing a new more cost effective organisational structure. The latest proposals for restructuring senior management which were announced in November 2011 will, if approved following appropriate consultation, see the number of senior managers having been cut by more than half over the last three years as well as significant reductions in the pay of the most senior managers. A comprehensive programme of service reviews and staff restructurings is in progress and is already generating significant savings in the current financial year. As part of this programme all Heads of Service have been set a target of identifying proposals that would reduce service costs by 20% although it is proposed to recognise the pressures faced by the Council's safeguarding service and defer the 20% staffing savings target in this area to beyond the period covered by the medium term financial strategy.

Service pressures - The difficult economic situation continues to have a significant impact on the community. In addition to an increase in the cost of living, impacts include:

- Higher unemployment – April 2010-March 2011, (Telford & Wrekin), 9.8% unemployed, compared to 7.5% the previous year. For young unemployed (16-24) the rate was 27.4% compared to 23.2% the previous year.
- Limited new house building, restricted availability of mortgages and slow housing market – in October 2010 mortgage lending in the UK was at a 10 year low. The Council for Mortgage Lenders has stated in October this year that the underlying picture has not changed dramatically and that gross mortgage lending has remained flat, despite a modest lending revival in recent months.
- Increase in Council Tax and Housing Benefit applicants – the number of claimants for Housing and Council Tax benefits is at an all time high with a 10% increase over the last 2 years (up to April 2011). So far this year our benefit expenditure is more than £2.8m higher than at the same point last year. In addition, there has been an increase of over 5,000 more 'change of circumstances' assessments since the same point last year.

The Council has a key role to play in mitigating the effects of the economic downturn and planning for recovery, through supporting the growth of key economic sectors, promoting the Borough's business and leisure tourism offer, and creating a 'business friendly environment' with available employment land and an effective infrastructure.

In recent years, we have focused on securing long-term economic prosperity. The continued development of the Town Centre and regeneration of the

Borough Towns are essential elements of our future budget strategy. It is important that we continue to show confidence, leadership and investment in the future of the area.

Whilst a number of services are experiencing increasing demand, there are particular pressures on social care services for children and adults.

- **Children's Social Care** – in line with regional trends, we continue to have an increase in numbers of Children in Care (CIC). There has also been a significant increase in children remaining in care for longer periods to 2010/11. Although there has been an improvement more recently in the duration that children remain in care, this continues to lead to significant financial pressures.
- **Adult Social Care** - we have also been experiencing increasing demand for our Adult Social Care Services as a result of increasing numbers and life expectancy of older people and increasing complexity of care. This is in addition to the transfer of significant Continuing Health Care costs from the PCT as highlighted above.

The Government's proposed changes to the Welfare Benefits system will also have significant financial implications for some households in the Borough. We will need to carefully monitor the impact of these changes, which have the potential to further increase demand for a range of our services.

Investments - In July 2011, the Council approved the 100 day budget review for consultation which set out the principles that guide the development of our budget and our investment and savings programme. Clearly given the context of very significant cuts in Government grants and the uncertainties over the impacts of the Local Resource Review, the scope for additional investments is very limited. However, areas where additional investments have been made in 2011/12 or are proposed for future years include:

- Adult and children's social care services;
- Maintaining roads and pavements,
- Environmental improvements in Brookside;
- The Council's Building Schools for the Future programme;
- Telford Ice rink – one of the most used leisure facilities in the Borough receiving around 200,000 visits pa;
- The Regeneration of Telford Town Centre.

4.6 OUR STRATEGY

The Council's service and financial planning strategy for 2011/12 was based around a number of guiding principles that were revised as part of the 100 day budget review. These revised principles, which will now inform our strategy for 2012/13, are:

- Develop spending plans that are based on and address the community's needs and priorities;

- Be open and transparent in how resources are spent across the Borough, but target spend at issues and areas where needs are greatest;
- As a Co-operative Council, involve the community in the budget-setting process and in identifying new ways of delivering services that ensure that needs in the Borough continue to be addressed;
- Seek to minimise the level of Council Tax increase, balanced against growing demands for Council services and protecting services from cuts;
- Deliver efficiencies and savings, as far as possible minimising the impact on the quality of services, particularly through improving our approach to procuring goods and services;
- Look for external investment e.g. Government grants, to address priorities;
- Set aside some additional money to deal with any unforeseen circumstances caused by the current economic situation;
- Take a responsible approach to the use of Council reserves that balances a need for financial prudence and sustainability with the need to maintain and protect important frontline services;
- Where possible cut the Council's reliance on borrowing for some capital schemes so that expenditure on debt repayments can be reduced;
- Sell some of the Council's land and property to reduce borrowing, cut running costs, and – where there is a strong business case – to fund priority facilities and schemes.

To identify savings and efficiencies, we have been carrying out a rolling programme of restructuring and service reviews across all budgets. During 2012/13, we plan to deliver £8.631m of savings from non-staffing budgets. Some of the value of these savings “leak” so that the benefit arises on the capital account or Dedicated Schools Budget rather than the Council's main General Fund revenue budget so the net value of these savings to the Council's main General Fund revenue budget after “leakage” will be £8.046m. Our proposed non-staffing savings package is shown in Appendix 8. In addition to these savings from non-staffing budgets, the Council also plans to make further savings from staff restructurings of £9.362m (£7.933m net of leakage) in 2012/13.

A key budget principle is to ‘deliver efficiencies and savings, as far as possible minimising the impact on the quality of services’, therefore we have prioritised identifying savings options that will not impact on services delivered to the public.

Our non-staff savings strategy has particularly focused on two main areas:

- Improving procurement – (£2.18m in procurement savings identified for 2012/13) - through a combination of re-tendering contracts, reviewing and robustly re-negotiating existing contracts and making greater use of framework agreements;

- Driving down non-staffing costs that have minimal impact on service delivery, such as stationery, postage and hospitality (£3.31m in operational efficiencies identified for 2012/13) – by reviewing and challenging budgets ‘line by line’ to ensure that we have exhausted as many options as possible before considering changes or reductions to services;

However, due to the scale of the budget gap, we have no option but to consider some savings that will impact on services. Our starting point for identifying savings options has been the principle that ‘our spending plans are based on and address the community’s needs and priorities’. In other words, our strategy is as much about defining what we can do as what we cannot.

We have considered the views and suggestions of local people and key outcomes for the Borough:

- *A growing local economy to create jobs*
- *Improved ‘life-chances’ for all*
- *Vulnerable children and adults are protected*
- *Clean and well maintained neighbourhoods and streets*
- *Residents feeling safe and proud of where they live*
- *Housing choices to meet the needs of all*

As well as these community focussed priorities, we have identified a priority outcome for the Council as an organisation, that is:

- *A Co-operative Council working with the community*

Our strategy is to avoid ‘quick-fix’ solutions in services that are critical to the delivery of these outcomes, such as Children and Families, Environmental Services and Adult Social Care. Wherever possible, we are focusing on planned, long-term, positive service changes, as opposed to withdrawing services and closing facilities.

For Adult Social Care, we plan to radically change services to enable and reable people to live as independently as possible and to give them more choice and control over how their needs are met. A key element of this service re-design will be the shift towards re-ablement; helping ill or disabled adults to learn or re-learn the skills for daily living and using equipment to live more independently. Re-ablement will help people realise their full potential and promote independence, whilst also releasing savings from long-term care budgets over time. Although not appropriate in every case, we expect that the vast majority of people will go through a short period of re-ablement, before their need for ongoing services is assessed and that this will result in significant savings.

Our long-term strategy for Children and Families is about more support for people in the very early stages of difficulties and more intensive, targeted help for families with more complex needs. These services in combination will help to reduce the pressures on and costs of child and adult protection services

and wider Council services. At the same time, we will continue to focus on reducing the number of expensive external foster care placements.

For both Adult and Children's Services, we will also improve customer access, so that we can resolve more enquiries at the first point of contact, signpost people to sources of community support and develop a comprehensive menu of self-service options accessible via the Council's Website that will allow people, who are able and willing to, to help themselves.

Looking at Environmental Services, our long-term strategy is to continue to offer a universal, defined standard of environmental maintenance across the Borough, with additional resources targeted at areas of greatest need. We will proactively engage with Town and Parish Councils to look at opportunities to work co-operatively to raise environmental standards at a local level. Building on the positive recycling performance across the borough we will continue to work with residents and contractors to reduce costs on waste collection and disposal, whilst retaining high quality residential services.

In terms of our restructuring programme, our priority will be to keep compulsory redundancies to a minimum. We will continue to seek applications for voluntary redundancy through Service Area restructures and maximise every opportunity to redeploy people who might otherwise be made redundant. At the time of drafting this report:-

- 803 staff had been redeployed
- 237 had taken Voluntary Redundancy and
- 14 employees had been made Compulsorily Redundant

The introduction of the new Flexiwork Deal gives employees greater choice and influence over their working hours, for example the opportunity to reduce their working hours or take additional unpaid leave. This demonstrates that our approach is about working in a co-operative partnership with employees, particularly as these flexible working opportunities will not be imposed.

An enhanced Redeployee Support Programme has been made available to employees under notice of compulsory redundancy through the additional £600,000 allocated in the 100-day budget. This will provide personalised support and training for employees in this position thus enabling them to explore alternative options such as career change, developing key skills or self employment.

4.7 INVESTMENTS

Our strategy is based on the principles of 'Developing spending plans that are based on and address the community's needs and priorities' and "Be open and transparent in how resources are spent across the Borough, but target spend at issues and areas where needs are greatest".

We clearly cannot, however, invest in everything. We have therefore had to identify where additional funding is most needed, based on the views and priorities of the community.

Our capital investment programme for the next 3 years is set out in Appendix 4. The BSF programme has been reviewed and revised proposals were agreed at Cabinet on 10th November 2011. The impacts of this review are incorporated in Appendix 4 as is the investment in the Ice Rink agreed at Cabinet in October 2011. The capital programme is currently approved on an annual basis but an assessment will be undertaken to identify whether moving to a multi-year programme in the medium term may enable more advantageous prices to be obtained.

Proposed Investment in Brookside:-

The proposed capital programme includes £6.15m in respect of improvements to Brookside. Brookside area forms part of the Cooperative Council's pilot investment area. Work has already started with many avenues of investment and support for the Brookside area since May 2011. The proposed regeneration will further support the Council's priorities to deliver significant change within Brookside. The first phase of the proposal relates to Brookside local centre. The existing shops, youth and community facilities are of very poor quality and require major investment to deliver a high quality development. The existing Brookside Local Centre was constructed in the form of a dark covered square of inward facing shops and community facilities. The layout is poor, the public spaces around the centre require investment and the facility is set away from main roads and through routes. The importance of the Local Centre to residents was evidenced in a 2008 survey in which over 90% of respondents agreed that the Centre needed to be improved with new shops and better facilities for young people. Recent engagement through the pilot has identified that improvement of the local centre continues to be a high priority to residents. The proposal will be developed with the local community and could include the following:

- Activities (community, retail and social) could be grouped together in one area in order to create a proper focus and 'heart' for the Centre of Brookside. The grouping of facilities could be around an area of high quality public realm.
- Accessibility could be improved to the Centre by creating a through route which will improve the viability of the Centre and creation of high quality public spaces.
- Land and building assembly surrounding the local centre could further improve the public spaces and facilitate low density development in the future.

The existing capital programme has been reviewed and in order to limit new prudential borrowing to a maximum of £3.0m a number of changes are proposed to the existing capital programme that could be switched to help fund a regeneration scheme in Brookside. This review has identified £2.175m of existing planned spending from schemes which are considered a lower priority than investing in the regeneration of Brookside. It is also proposed

that £0.5m of additional capital receipts will be raised from the sale of other assets not currently included in the planned disposal schedule. The balance of the scheme will be funded from new prudential borrowing but limited to a cap of £3.0m. This gives a maximum net funding envelope of £5.675m with any balance between the projected cost and this funding being made up from the sale of directly associated surplus assets and investment by the Council's Property Investment Portfolio of up to £0.15m.

Brookside is the Cooperative pilot ward and as such the Council will work closely with all partners to deliver a major improvement across the Brookside area but starting with the centre. There will be a strong focus on public consultation with residents of Brookside making key decisions about the change in the centre, although the overall cost envelope will remain the same. The items above are possible areas of investment, the exact approach will be developed with the community with the solution designed and developed together. The investment relating to Brookside will form part of a Cabinet report planned for late January 2012.

Capital Receipts:-

As previously reported when the 100 Day budget review was approved the Council's investment programme is now dependent on around £100m of capital receipts yet to be realised. The Council has an agreed schedule of asset disposals to address this and this schedule is regularly monitored and all the revenue consequences of temporary financing pending these scheduled disposals are built in to the Council's base budget projections contained in this report. This is however a considerable exposure and represents a key risk. This dependency will therefore continue to be subject to close monitoring. If any delay is experienced in generating expected receipts, mitigation factors could include a combination of re-phasing some schemes, identification of other assets for disposal or additional borrowing on a temporary or long term basis although this would increase revenue costs.

4.8 SAVINGS.

Over the five years up to and including 2011/12, savings of over £28m have already been made. As stated earlier, over the period covered by this medium term financial strategy the Council has been looking to identify savings proposals of at least 20% across its budget. The 20% target figure has been used as a guide and obviously indicates the need for substantial service redesign rather than just incremental efficiency measures but actual reductions may vary with delivery of some services ceasing and others facing a much smaller reduction. As far as possible cuts to front line services will be minimised by continuing to seek to make efficiency savings, making savings through better procurement and delivering services in new ways. However, further savings over and above the 20% target are going to be required and difficult choices will need to be made with cuts to services being unavoidable given the scale of the financial challenge facing the Council. Schedules showing the targets and phasing for reductions of 20% to staffing and non staffing budgets are attached as Appendices 5 - 7. Appendices 6 and 7

summarise staffing and non-staffing savings by Service Delivery Unit and by year

Appendix 8 details specific proposals for savings on non-staffing budgets. The proposals in Appendix 8 total £8.631m gross in 2012/13 before allowing for savings where the benefit “leaks” away from the main General Fund budget e.g. through to capital account, the education budget or a partner organisation. After allowing for this “leakage” away from the main General Fund budget, a net figure of £8.046m is expected to be available to support the General Fund budget from the proposals detailed in Appendix 8 in 2012/13. Further proposals totalling a further £8.744m (net of leakage) and expected to be delivered in 2013/14 – 2014/15 are also detailed in Appendix 8.

In addition, the Council’s staff restructure programme which is aligned with the service review programme is expected to generate savings of £9.362m (£7.93m after “leakage”) next year with a further £0.2m net of leakage to be delivered in 2013/14 as detailed in Appendix 7. Additional net savings of £0.4m in a full year from the latest phase of senior management restructuring increase this figure further.

To identify savings and efficiencies, we have been carrying out a rolling programme of restructuring and service reviews. Our approach has been based on the principle of ‘deliver efficiencies and savings, as far as possible minimising the impact on the quality of services, particularly through improving our approach to procuring goods and services’. We have considered the savings options suggested through consultation and have wherever possible focused on things that will have minimal impact on services delivered to the public, such as:

- Consultation on a proposal to reduce the number of senior managers and the pay of the most senior managers. If implemented, the number and cost of senior management posts will have been more than halved over the last 3 years saving £2.15m pa)
- Cutting down the number of buildings we use and reducing repair and maintenance
- Spending less on equipment etc;
- Renegotiating contracts.

We have also looked at our fees and charges. Our savings package includes a number of proposals relating to fees and charges totalling £0.64m in 2012/13. We have focused on services where charges have not increased for a number of years or where our charges are significantly lower than other councils.

Finally, given the scale of the challenge facing us, we have had no option but to consider making some savings to services. We have focused on ‘scaling back’ services rather than stopping them altogether, carefully weighing up the impact on local people and taking into account the results of consultation. Details of the savings proposals for 2012/13 are included in Appendix 8.

The Council has built up a significant reserve since 2007/08 towards the costs of single status. During 2011/12 no further contribution to this reserve was made on the basis that it was considered that adequate provision had been made. It is now proposed to make no further contribution during 2012/13 or 2013/14 but to leave the ongoing additional funding in the base budget for 2014/15. However, whilst the budget currently includes ongoing provision of £2.8m pa for the cost of implementing single status this allowance will be reduced by 20% to reflect the significant reduction made in the workforce as a result of restructuring. The cost of moving away from fixed grade points, an early associated decision with a cost of £0.2m in 2012/13 and £0.4m in 2013/14 will also be funded from this budgetary provision on an ongoing basis. The position will continue to be regularly monitored. Not making additional provision during 2012/13 will generate a benefit of around £2.6m on the General Fund budget (net of the cost of deletion of fixed grade points). The one-off cost of the £0.6m support package agreed as part of the 100 day budget review will also be funded from this budget leaving a net amount of £2.0m available in 2012/13. A benefit of £2.4m will arise in 2013/14 (£2.8m base budget contribution less £0.4m cost of deleting fixed grade points). An ongoing benefit of £0.5m has been assumed from 2014/15 to reflect the reduction in the size of the Council's workforce as a result of restructuring. A further benefit of around £0.2m on the Dedicated Schools Grant funded budget will be available for the period 2012/13 through to 2013/14.

As reflected in 2011/12 financial monitoring reports, considerable work has already been undertaken in the current financial year pulling the implementation of savings proposals forward and holding posts vacant pending the implementation of restructures. Around £0.58m from non-staff budgets and £0.6m from staffing budgets will be available from this early action as a one-off contribution towards the budget strategy for next year. In addition, other benefits flagged in the 100 day budget review and financial monitoring reports can be carried forward from 2011/12 in to 2012/13 to create a total one-off contingency of around £2.14m. which will be used to offset any delays in achieving savings or to offset the risk that some savings proposals may not yield as much as is anticipated. A risk assessment of all the 2012/13 savings proposals has been undertaken and high level action plans prepared for those considered to be high risk. These action plans will be monitored on a regular basis throughout the year. One of the greatest areas of risk is the safeguarding savings target of £0.25m from the placements budget which is anticipated from a budget which is currently significantly overspent. However, action is being taken to ensure that this overspend is brought under control and savings against budget can be made. The creation of the one-off contingency of over £2m will however help protect against any shortfall against delivery of savings proposals in 2012/13.

4.9 BASE BUDGET, COUNCIL TAX AND BALANCES

A summary of the Base Budget position is included at Appendix 9 which shows a net base budget of £145.395m for 2012/13 giving a base budget funding gap of £21.987m.

Council Tax in Telford & Wrekin in 2011/12 is again the lowest in the Midlands region for the services this Council provides (£129.38 lower than the Midlands average at Band D in 2011/12). It is also significantly below the national average for other unitary authorities (£114.29pa lower than the unitary authority average at Band D in 2011/12). A chart comparing the level of Council Tax for services provided by this authority to that charged in other parts of the Midlands is attached as Appendix 10.

If the Council charged council tax at the average rate paid in the rest of Shropshire the Council would receive an additional £4.145m pa. If we charged at the average rate of other councils in the Midlands region we would raise an additional £6.643m. This shortfall in income, together with the shortfall arising from grant damping (c. £2m) and the under-estimate of our population by ONS (c. £2.8m) places further pressure on services that the Council is able to afford to provide.

Whilst council tax is low compared to that charged by other councils, it is clearly a very significant bill for local households and the council understands the pressure that household budgets are under. However, the council is facing cuts of around 40% in real terms in the grants that we have previously received from the Government due to the deficit in the national finances and the Council is now consulting on a wide range of cuts to services having made considerable savings from back-office functions and other areas that don't impact directly on front line services.

As part of the consultation on the Council's service and financial planning strategy levels of council tax need to be considered. The Government have offered a grant of £1.4m (equivalent to a 2.5% increase in council tax or less than half the rate of inflation as measured by the Retail Prices Index). However, this grant is a one-off grant to freeze the level of council tax in 2012/13 only. Clearly we recognise that many residents are facing considerable financial pressure in the current economic climate and a freeze in the level of council tax for a one year period is a very attractive proposition. However, acceptance of the grant would mean that either two "inflation" increases in Council tax would potentially have to be applied in 2013/14 (i.e. the postponed increase for 2012/13 plus any increase for 2013/14) or would mean that additional cuts to front-line services will have to be made by 2013/14 at the latest. More radical savings proposals will need to be considered, including potentially raising the access to care criteria for adult social care services.

Given the need for robust medium term financial planning and unprecedented cuts to the Council's funding, it is important that the council considers a 3 year strategy for its tax levels which are already the lowest in the Midlands for

unitary council services. While the Secretary of State's new guidance only requires a referendum for tax increases of over 3.5%, the Council still wants to consult the community on the balance to be struck between service cuts and the possibility of a low level of tax increase averaging 2.5% over the next 3 years to reduce the level of cuts required. Taking into account the Secretary of State's offer of a 1 year grant to defer the equivalent of a 2.5% tax rise for 1 year only if councils freeze council tax, the following 3 options are put forward for views and show what each option would mean for a band B property (i.e. the average property in this area):-

Option 1.

Take the 1 year grant equivalent to a temporary 2.5% tax rise and freeze tax levels for one year. Being only a one off grant this is not a sustainable position beyond next year and will either increase the level of tax rise required in 2013/14 to around 82p per week (5%) for the average property or require £1.4m additional service cuts in 2013/14

Option 2.

Decline the one off grant and Increase tax levels by 41p per week (2.5%) for the average property next year as part of a sustainable 3 year strategy of tax rises around this level which avoids additional service cuts or a higher tax rise in 2013/14.

Option 3.

Decline the one off grant and Increase tax by 58p per week (3.5%) next year and then either remove some of the proposed service cuts or reduce the tax rise in 2013/14.

Balances & Contingencies.

Appendix 11 summarises the overall balances position of the Council after taking account of the various earmarked reserves and the risks faced by the Council. This shows around £3.948m available as part of medium term budget strategy considerations. In addition, £2.145m has been set aside to supplement the base budget contingency of £1.6m on a one-off basis in 2012/13 as referred to above. The considerable uncertainties faced next year will need to be allowed for in any strategy and an adequate contingency is therefore required. A contingency at this level will help us deal with unexpected variations or some delay in implementing savings proposals. No allowance has been made for any pay award in 2012/13 but an allowance of 2% has been built in from 2013/14 onwards (which may need to be reviewed in the light of the Chancellors announcement on public sector pay in the Autumn statement) and an allowance of around 3% for general inflation for 2012/13 and 2% for 2013/14 and 2014/15 has been built in. This provision for inflation is currently held centrally as a specific inflation contingency pending confirmation of the minimum amounts that will need to be allocated to services in order to achieve a realistic budget during these years.

4.10 MEDIUM TERM GENERAL FUND STRATEGY - SUMMARY

Projected Budget Gap	12/13 £m	13/14 £m	14/15 £m
Base Budget gap	21.987	31.635	35.266
Savings proposals including additional income – see Appendix 8 (after estimated “leakage”)	-8.046	-13.566	-16.791
Savings from staff restructure (after estimated “leakage”)	-7.933	-8.133	-8.133
Single status provision	-2.000	-2.400	-0.500
Restated shortfall before use of general balances and council tax increases	4.008	7.536	9.842
Council Tax reduction grant – if accepted benefits 2012/13 only	-1.400	0	0
Use of Balances in 2012/13	-1.400	0	0
Further savings from a mix of targeted restructures and other initiatives*.	-1.208	-2.608	-2.608
Remaining gap – to be found from use of remaining balances/further savings/council tax increases	0	4.928	7.234

As previously stated, following the local resource review a new system of local government finance is likely to be implemented with effect from 2013/14 and therefore any projections from this year onwards have a high degree of uncertainty.

4.11 PROGRAMME OF ACTIONS TO CLOSE REMAINING BUDGET GAP.

Given current levels of balances, it is recommended that around £1.4m should be earmarked to support the budget in 2012/13. This would then leave projected available balances of just over £2.5m available for future years. A programme of action is therefore needed that will generate around £1.5m of further savings in 2012/13. However, a target for the full year impact of these actions to be in the region of £3m has been set which will offset the use of balances in 2012/13. Further work will continue be done to identify additional savings to be delivered in 2013/14 and 2014/15. Consultation on these additional proposals may need to be undertaken as they are developed. The programme of additional actions includes:-

* Initiatives already in hand or planned to identify additional savings to help bridge the remaining budget gap include:-

1. Negotiations with the PCT over the scale and speed of transfer of the costs of Continuing Health Care cases to the Council.
2. Bringing forward 2013/14 and 2014/15 savings proposals wherever possible and practical. This will create one-off benefits in 2012/13 and 2013/14. (In the current year, we have already achieved delivery of £1.2m in savings for 2012/13 early.)
3. Effective procurement - continuing to focus our approach to maximise savings from better procurement, challenging existing contracts and being robust in the award of all future contracts.
4. Setting additional savings targets for services with income shortfalls on a case-by-case basis. Savings can be “staffing” or “non-staffing” provided that the net cost of the service is reduced.
5. Targeted service restructures such as identified in the proposed Senior Management Team review.
6. Co-operative Council Delivery Programme - a combination of reviews and other initiatives. The reviews will explore whether services can be delivered more cost effectively and in-line with co-operative values although savings are unlikely until 2013/14. Areas suggested for inclusion so far are:
 - Meals on wheels
 - Adult Care Services (following phase 2 of Adult Social Care restructure and completion of meals on wheels review)
 - Lifelong Learning
 - Markets
 - Community centres
 - Theatre subsidy
 - Environmental maintenance of parks and open spaces – transfer to Town & Parish Councils and/or “Friends of” groups
 - If implemented, the proposed Senior Management Restructure will require each Assistant Director to identify an area of their service for inclusion in this programme.
7. Prioritised review of fees and charges – to identify whether the Council is subsidising the delivery of some services without good reason. Our initial focus will be on charges to businesses or partner organisations, including schools. The second phase will focus on discretionary services.
8. “Savings suggestions” from the public and employees - currently being reviewed by the Senior Management Team for prioritisation.

9. Voluntary Redundancy Scheme - As part of the planned programme of savings we launched a further time-limited Voluntary Redundancy opportunity on 24th October 2011. This is open to any employee, and is aimed at reducing the Council's pay bill and creating opportunities for employees 'at risk' of redundancy. The scheme enables individual employees to consider if the time is right for them to move on from Telford and Wrekin Council and enables us to further reduce the number of compulsory redundancies. The final deadline for applications under this scheme is Monday 23rd January 2012
10. Review of property – savings have already been included from plans to rationalise council buildings but further work will be done to seek to generate additional savings.
11. Identification of some services that will cease to be provided by the Council.
12. Reconsideration of budget assumptions – including for example the provision made for ongoing single status funding and inflation/pay awards.

Any remaining shortfall will need to be made good from use of balances/council tax.

As results from public consultation, including on proposed savings and council tax levels, become available over coming weeks and further information on funding and budget pressures comes to light the budget projections will continue to be refined and proposals for addressing the remaining budget gap will be firmed-up. Updated projections and proposals will be presented to Cabinet in February and where necessary further public engagement will then take place.

4.12 SCHOOL BUDGETS

In the expectation of a change in the funding arrangements for schools the Government gave all Local Authorities a one year Dedicated Schools Grant in 2011/12. The future outlook for Telford & Wrekin school funding will be dependent upon the results of the government's changes to national school funding. Phase 2 of a national funding consultation closed in October and the DfE indicated they would continue with the current system for schools in 2012/13. More detailed proposals on the new system following this consultation are expected shortly and they will then consult further through a "shadow settlement" in 2012/13 which will show potential allocations resulting from the reforms. Given the comparatively low level of funding per pupil currently allocated to Telford & Wrekin, changes may potentially lead to a better settlement for schools in the area although without more detailed proposals this cannot be certain. Whilst the earliest date for the introduction of a new funding system is 2013/14, it is currently unclear when exactly it will be introduced. However, it is likely damping arrangements will reduce the impact for some years after the new system is introduced as with no

additional cash in the system apart from the pupil premium, any change in this spending period will create turbulence in the system with little or no money available for protection to cushion any losers.

Compared to general local authority funding, school budgets have been comparatively protected, with a cash frozen per pupil budget in 2011/12 supplemented by a pupil premium of £488 for each pupil eligible for free school meals and £200 for each pupil from a service family. The flat cash per pupil allocation is expected to continue into 2012/13. The national funding for Pupil Premium will be doubled in 2012/13 compared to 2011/12 and will total £1.25 billion – £1.2 billion for the Pupil Premium to schools and £50 million for a new summer school programme to help the most disadvantaged pupils make the transition from primary to secondary school. Further information about the summer school programme, including how schools can access funding, will be made available in the New Year. The per pupil allocation payable to schools for the premium will increase to £600. Currently, the premium is worth £488 and goes to children who are currently on Free School Meals, service children and children in care who have been looked after by local authorities for more than six months. The DfE have decided, for 2012/13, to increase the number of children eligible for the premium to any who have been eligible for free school meals in the last 6 years. It is expected that nationally over half a million additional children will benefit from this change

Telford and Wrekin schools currently receive an additional £2.2m in respect of Pupil Premium. Early illustrative figures provided by the DfE indicate an estimated figure of £4.6m in total for T&W schools in 2012/13, this figure will not be confirmed until sometime in the new year. Pupil Premium is a mechanism to focus funding on disadvantaged children and in that respect tends to be largely attributed to schools with higher levels of deprived pupils.

Whilst pupil numbers are stabilising in Telford & Wrekin's primary sector, they continue to fall in the secondary sector, resulting in some comparatively small and shrinking schools having to cope with year on year reductions in funding. Early estimates for pupil numbers to be used as a basis for the calculation of the Dedicated Schools Grant (DSG) in 2012/13 indicate a net fall of 140 pupils across the school sectors which would result in approximately £680k reduction in grant. Final funding allocations will be based on the January pupil census. Any reduction in funding would add to the pressures already being experienced in some schools with the need for them to make difficult decisions to address any funding shortfalls. The characteristics of some of those schools affected may not necessarily meet the criteria to attract significant additional Pupil Premium funding. The implication of cash frozen funding per pupil plus pupil premium is that if our local funding formula remains unchanged, less deprived schools will see year on year real terms reduction in funding, as the modest increases in funding via the pupil premium for such schools will be less than inflationary pressures.

The Council are discussing a review of the Schools Local Funding Formula with the Schools Forum. Whilst the ultimate aim is to comprehensively review

the entire formula so that it reflects comparative needs in schools as closely as possible, the more limited plan for 2012/13 is to make some adjustments to correct some historical anomalies arising from the transfer of previously separate grants into DSG which has led to schools being funded differently without this being justified by demographics (numbers and characteristics of pupils).

There is also likely to be additional pressure felt within the total Schools budget in relation to pressure on places within Special schools and the requirement to meet Carbon Reduction charges relating to schools.

The loss of DSG funding associated with pupil numbers also has an impact on the amount of funding retained by the Council for Education services as does any conversion of a maintained school to Academy status thus adding further pressure to the Authority, the scale of which will depend on the pupil count and the number of schools converting.

The DfE continue to encourage schools to convert to academies and in addition to the loss of Dedicated Schools Grant related to converting schools they also introduced a national top slice of all Councils' formula grants to reflect the transfer of statutory duties and responsibilities from Local Authorities to Academies. A recent DfE consultation on this top slice has been undertaken. The consultation document indicated an increase in this top slice for 2012/13 as more schools had converted to Academy status nationally than expected. The delay in announcing any results plus the level of negative consultation responses made including those from the LGA and the Association of the Directors of Childrens Services places some uncertainty around the final outcome.

4.13 BUDGET ENGAGEMENT.

Over the past few months, the Council has been engaging widely with the local community, not just on the 100 day budget review but on what local people think the Council's priorities should be. In total over 3,000 people have participated in the various engagement activities. Details of the engagement activities and results to date are included in Appendix 1 with a summary given below.

- **100- day Budget Survey** – 669 responses were received and reported to members as part of the final 100-day budget review report approved by Cabinet on 10th November 2011 and Council on 24th November;
- **Suggestion Box** - A new online tool this year that allows people to submit ideas on how they think the Council can save money or do things differently and more efficiently. To date we have received over 700 suggestions and when looked at overall, these suggestions fall into 5 main categories:
 - ❖ Reducing costs associated with employees/Councillors;

- ❖ Reducing/changing services;
- ❖ Getting the best price for services;
- ❖ Bringing in more money;
- ❖ Efficiencies – cutting out red tape/waste

These suggestions have been brought together with those made by employees and all have been reviewed by the Senior Management Team. We are starting to feedback on suggestions – responses to date are available to view on the Council's website at www.telford.gov.uk/suggestionbox. Our aim will be to respond to all suggestions that we have received over the next few months.

Telford & Wrekin Council is a Co-operative Council that listens to its residents and stakeholders, but also acts. Heads of Service and Members have also been prioritising suggestions that could be taken forward as additional savings options and we have already identified over 50 suggestions that we will initially focus on.

- **Budget Calculator** – this is another new online tool that allowed people to balance the Council's budget against their own priorities, seeing the impact these changes have on Council Tax levels and possible changes to service delivery. Participants were also able to adjust levels of income (fees and charges) and borrowing and asked to prioritise areas of capital spend. This is a much more detailed consultation, which requires more time and thought to complete and received around 100 submissions.
- **Shaping the future** – this Borough wide consultation asked approximately 2,800 local people what matters most to them about the Borough, what are the main problems/worries for people and what they felt needed to change. The results of this major programme of public consultation has influenced the shared draft Vision for the Borough.

We are now undertaking a programme of more detailed consultation with service users in order to inform the completion of Equality Impact Assessments. Details of this second phase of consultation were considered by the Budget & Finance Scrutiny Committee at their meeting held on 15th November 2011.

Consultation on the budget has previously taken place with Town and Parish Councils at the January Parish Forum meeting. Feedback at these meetings from the Town and Parish Councils indicated that they would welcome the opportunity to discuss budget proposals that may directly impact upon services within their areas at an earlier stage in the process, as Town and Parish Councils begin their budget setting process in October. Earlier discussions would enable them to consider whether or not they could make a financial contribution or take over a service within their area. Discussions with Town and Parish Councils therefore commenced at the Forum meeting held on 13th October 2011 and were subsequently followed up with a letter to all Town and Parish Councils from the Cabinet Members for The Environment,

Co-operative Council & Partnerships and Resources & Service Delivery offering meetings with any Town or Parish Council interested in discussing options for a number of environmental services and a letter targeted to those Town and Parish councils impacted by proposals for changes to the opening hours of some libraries.

4.14 EQUALITY IMPACT ASSESSMENT AND TARGETTED SERVICE USER ENGAGEMENT

Equality Impact Assessment is a tool that is used to ensure our decision making takes into consideration the protected characteristics with regard to the General Equality Duty (GED). In short we must demonstrate that we pay due regard to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity and to foster good relations.

We have assessed and analysed the practical impact on those whose needs are affected by cuts or changes. We have adopted a proportionate approach that takes into account the relevance of a proposal with regard to equality. This is a measured response recognising that our resources are best aimed at dealing with those proposals that could have a more significant impact.

In order to accomplish this we have followed a process designed to stream proposals and ensure that they are fully explored;

- Initially a pro-forma was issued to Heads of Service asking for details of saving proposals and any impacts that may be experienced by service users.
- When compiled into one place a screening exercise was conducted by the Equalities Team, to identify possible further requirements for impact analysis and/or service user engagement for the next financial year's budget savings. This list was agreed by the Policy Review Board.
- The Community Engagement and Equalities Team worked with identified lead officers to investigate the proposals confirming the extent of the equality implications and service user engagement scope.
- For proposals where implications have been identified and are at a sufficiently developed state a proportionate impact analysis has been undertaken. Where a proposal was still at a very early stage a plan has been put in place to ensure delivery of equality impact analysis during its development.
- The Policy Review Board and the relevant lead Cabinet Member and Head of Service confirmed and agreed the service user engagement scope and equality implications.
- Details of the process for identifying further equality impact assessments and service user engagement were considered by the Budget & Finance Scrutiny Committee at their meeting held on 15th November 2011.
- A summary of the service user engagement scope and actions are detailed in Appendix 2.

- There are a range of positive and negative equality impacts identified within these savings proposals. Actions to mitigate and enhance these impacts have been identified where appropriate; detailed in Appendix 3.

4.15 ENVIRONMENTAL AND ECONOMIC IMPACT ASSESSMENTS

Environmental assessment is a procedure that ensures that the environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment. The Environmental Assessment aims to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reduce their environmental impact.

The environmental assessment detailed in Appendix 3(b) provides information on the environmental impacts of the budget proposals. Overall, on balance the environmental assessment of the budget proposals is positive. An economic impact assessment has also been undertaken for those proposals that have a significant individual economic impact (and is included as Appendix 3 c), identifying mitigating measures that will be undertaken to offset those impacts.

4.16 NEXT STEPS & TIMETABLE

As in previous years, communicating and engaging with the community on our future plans will be a key part of the budget process. We will be asking for views on our investment and savings packages and whether the Council should accept the one year only Council Tax freeze grant whilst recognising the additional pressure that this would place for either a bigger council tax increase in 2013/14 than would otherwise have been the case or for additional savings to front-line services.

Our approach is to begin communication and engagement immediately after the publication of the draft budget strategy on 14th December 2011 and formal consultation from after the cabinet meeting on 22nd December. Our communication and engagement plan includes (further details are included in Appendix 2):

- A consultation pull out document ‘the budget challenge’ summarising the main budget proposals; distributed through Insight with the aim of informing every household in the Borough;
- Signposting opportunities for people to get involved and give their views on the budget strategy, including the draft priorities;
- An online budget survey in the Your Views Matter page of the Council website;
- Facebook, Twitter, write in, ring in or text in your views and comments;
- A postal survey of the Community Panel;

- Hard copies of the survey distributed in libraries and First Point;
- Meetings with a range of groups and organisations;
- An open public meeting;
- A blog online from the Leader;
- Ongoing press releases;
- Formal consultation with the Budget & Finance Scrutiny Committee.

The Budget & Finance Scrutiny Committee should also have the opportunity to scrutinise any alternative budget proposals put forward by Opposition groups.

Due to the complexity of the budget setting process with a vast array of proposals for savings there is potential for a number of small changes to have a large cumulative effect. We will conduct a full impact assessment of the cumulative impact of all of the budget proposals, to be considered as part of the cabinet report 23rd February 2012.

Final proposals will be considered by the Council's Cabinet on 23rd February 2012 and full Council will consider the recommendations from Cabinet and Scrutiny / Opposition Groups on 1st March 2012.

5. **BACKGROUND PAPERS**

- Comprehensive Spending Review Announcements – Treasury Website
- Revenue Support Grant Settlement Announcement – CLG Website
- Service & Financial Planning Report to Cabinet – 11th January 2011
- Service & Financial Planning Report to Council – 3rd March 2011
- Economic Update dated 30th November 2011 from Arlingclose
- 100 Day Budget Review report to Cabinet – 26th July 2011 and 10th November 2011.
- Service & Financial Planning Report to Cabinet – 22nd September 2011

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