

**Meeting of the Cabinet – 29<sup>th</sup> October 2014**

**Joint Report of the Chief Executive and Treasurer**

**Medium Term Financial Strategy**

**Purpose of Report**

1. To consider the latest General Fund revenue position for 2014/15 and Medium Term Financial Strategy (MTFS) to 2017/18.
2. To present spending and funding options for consultation.

**Background**

3. At its meeting on 3<sup>rd</sup> July, Cabinet considered the latest General Fund revenue position for 2014/15 and MTFS to 2017/18. It noted savings proposals for future years and that these would be brought back for further consideration by Cabinet on 29<sup>th</sup> October together with any other savings proposals identified prior to that date.

**Forecast 2014/15 Position**

4. Forecast General Fund revenue spend compared with budget for each Directorate is shown in Appendix A.
5. Latest monitoring indicates favourable Treasury variances amounting to £0.5m resulting from better than expected cash flows. This is a prudent estimate and may improve by the year end.

***Looked After Children***

6. In July, we reported that a review of Looked After Children had been undertaken. That review produced a number of recommendations for increased revocations of care orders, improved prevention and diversion, better commissioning and lower cost provision of care. On the basis of that review the Directorate of Children's Services predicted that numbers of Looked After Children could be reduced by around a third by the end of 2017/18. In particular, it was predicted that large reductions could be made in the numbers of children in the highest cost categories of care (external residential care and independent foster agency placements). It was forecast that these reducing numbers would lead to cumulative savings of £7.0m from the direct costs of Looked After Children and further consequential savings in social work, transport costs, etc of £0.8m by 2017/18.

7. Monitoring in the current year shows that overall numbers of Looked After Children have not started to reduce as predicted and, within that overall number, external residential and independent foster agency placements have risen. In addition, there are overspends in the Social Work budget and in the budget for 14+ supported accommodation. The Directorate of Children's Services has identified some measures to partially offset the pressures set out above and, on this basis, the latest financial monitoring by the Directorate forecasts an overspend of £1.0m although there is a risk that this overspend will increase.
8. In view of the current position, the Directorate of Children's Services has reviewed its forecasts for numbers of Looked After Children taking into account the age profile of the children currently in care and numbers of children likely to come into care in future. This review is not complete but indications so far are that any reductions in numbers will not be at the rate predicted in July. Savings in future years that are based directly or indirectly on reducing numbers of Looked After Children have therefore been removed from the proposed MTFS set out in this report, pending further review by the Strategic Director (People Services) and the Chief Officer (Children's Services) as and when they are appointed.
9. In light of the above it is proposed that all senior managers be reminded of the need for strict budgetary control in accordance with the Financial Management Regime and care and caution in managing the budget, particularly in the context of commitments into later years and the impact that any overspending in any one year will have on the availability of resources to meet future budgetary demands.

#### General Fund Balances

10. The use of balances for 2014/15, as approved by Cabinet and Council in July, is set out below. Members are asked to note the risk to this position if the Directorate of Children's Services fails to control the forecast overspend set out in paragraph 7 above. In view of this risk, there is no proposal at this stage to amend the current year budget to reflect the favourable forecast Treasury variance in paragraph 5.

	<b>Budget £m</b>
<b>Balance at 31<sup>st</sup> March 2014</b>	<b>25.1</b>
Planned use 2014/15	-0.1
<b>Forecast balance at 31<sup>st</sup> March 2015</b>	<b>25.0</b>

#### Medium Term Financial Strategy to 2017/18

11. In updating the Council's Medium Term Financial Strategy, Members will need to consider carefully:
  - (a) the levels of Government support allocated to the Council;
  - (b) spending pressures, opportunities to free up resources (including savings), and Council Plan priorities;
  - (c) the implications of spending levels in later years as part of the Council's medium term financial plan;

- (d) the views of consultees;
- (e) the external factors and risks inherent in the Strategy;
- (f) the impact on Council Tax payers.
- (g) the Government's stated intention to offer Council Tax Freeze Grant for 2015/16 (see paragraph 14 below);
- (h) the potential impacts on people with protected characteristics as defined in the Equality Act 2010. Members will need to have due regard to the public sector equality duty under the Equality Act 2010. (Further details are set out in the Equality Impact section below.)

### Government Funding

12. The provisional settlement for 2014/15 included indicative figures for 2015/16. Figures for 2016/17 onwards have not been announced. Our current forecasts for 2016/17 and 2017/18 are in line with latest Treasury indications based on the 2013 Autumn Statement that for those years total Government expenditure will continue to fall in real terms at the same rate as over this Parliament. The implications of this for Local Government funding in general and Dudley's funding in particular are subject to a number of assumptions. However, if:
  - expenditure on welfare is constrained such that departmental expenditure is not cut more steeply than over this Parliament;
  - elements of departmental expenditure, in particular Education, the NHS, International Development and the devolved regions, are protected in real terms;
  - Dudley's funding changes in line with overall Local Government funding,then RSG would reduce by around 23% (£13m) in 2016/17 compared with 2015/16 indicative figures, and a further 27% (£11m) in 2017/18 compared with 2016/17.
13. We have assumed that New Homes Bonus will continue to increase at the same underlying rate as for 2014/15 up to 2016/17 after which it will remain stable.<sup>1</sup>
14. The Government has indicated that it will offer a grant equivalent to a 1% Council Tax increase to Councils who freeze Council Tax in 2015/16, and that this funding will be included in the "base" position for future funding reviews. No announcement has been made at this point in respect of subsequent years.
15. The Government has indicated that Education Services Grant (the grant that funds support services to schools which become the responsibility of academies after conversion) will reduce by around 20% in 2015/16, equivalent to around £1m.

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<sup>1</sup> New Homes Bonus is received for 6 years for each new home or long term empty home brought back into occupation. As the scheme commenced in 2011/12, homes for which grant was received in that year will no longer count from 2017/18. This will continue in each subsequent year as the "oldest" year falls out of the formula. We have assumed that this fall out will be offset by more new homes at similar levels so that overall grant will not vary significantly.

## Other Forecasts

16. The new Local Government pension scheme came into operation from April 2014. In order to smooth the impact of the significant increase in employers' contributions that would have otherwise occurred from 1<sup>st</sup> April 2014, both Future Service employer contributions and Past Service Deficit contributions are being stepped up over the period 2014/15 – 2016/17. The difference between stepped contributions and un-stepped contributions will then be added to the contributions certified by the Fund actuary for the period 2017/18 to 2019/20 (i.e. an additional £2.5m per annum).
17. In addition to the direct impact of changes in employer pension contributions, the current National Insurance rebate for employees and employers for "contracting" out of the Additional State Pension into the Local Government Pension Scheme will end from 1<sup>st</sup> April 2016 as part of the move to the new Single Tier State Pension from that date. Although the Government has indicated the impact of this on public sector employers will be taken into account in funding allocations, it would not be prudent to assume this means the cost will be funded.
18. The Collection Fund includes income from council tax and business rates. From 2013/14 there has been a transfer of risk from central to local government in respect of both these areas:
  - Nationally set and funded Council Tax Benefit was replaced by locally determined Council Tax Reduction schemes (see below). As part of this change the risk relating to changes in claimant numbers and value of claims is now borne by Councils.
  - 49% of business rates collected are retained by the Council, involving significant new risks resulting from any changes in rateable value as a result of new building, change of use, demolitions, or successful appeals. The latter may be backdated, sometimes as far as 2005, and give rise to substantial refunds to ratepayers.

The flip side of this risk transfer is that local authorities equally stand to gain from positive movements in either of these income streams. The impact in both areas is difficult to predict, and will continue to be monitored closely, and the position will be reviewed when reporting to Cabinet in February 2015.

19. We have assumed that the Integrated Transport Authority (ITA) Levy will reduce by 5% in 2015/16 in accordance with the ITA's own MTFS, and will be frozen in cash terms thereafter.

## Council Tax Reduction Scheme

20. The Council agreed at its meeting on 2<sup>nd</sup> December 2013 that the Council Tax Reduction (CTR) scheme be amended from 1<sup>st</sup> April 2014 to be based on the eligibility and calculation rules of the current (2013/14) scheme with a 20% cut in the resulting level of the reduction; and that a transitional arrangement of an 8.5% cut in the calculated reduction apply at least up to 31<sup>st</sup> March 2015 - with full protection from any scheme changes being given to pensioners, disabled adults, disabled children, war pensioners and lone parents with a child under 5.

21. It is proposed that the transitional arrangement be terminated on 31<sup>st</sup> March 2015 and that the full 20% cut be implemented from 1<sup>st</sup> April 2015. It is proposed that full protection from any scheme changes should continue to be given to pensioners, disabled adults, disabled children, war pensioners and lone parents with a child under 5. This has been assumed in the forecasts of the Council's tax base for 2015/16 onwards along with other estimated changes as a result of increased property numbers, etc.

### Base Budget Forecasts

22. The following key assumptions have been made (and are also referred to in the risk analysis in paragraph 32):
- (a) The provision for pay in 2015/16 reflects the employers' current pay proposals, covering the 2 year period up to 31<sup>st</sup> March 2016. These comprise a minimum 0.45% non-consolidated lump sum to cover the period 1<sup>st</sup> April 2014 – 31<sup>st</sup> December 2014, and a 2.2% minimum increase from 1<sup>st</sup> January 2015 – with larger increases to the lower pay grades. We are expecting pay awards for local government to continue to be settled at very low levels in the next few years, and have provided 1% each year for pay for the remainder of the MTFS.
  - (b) The provision for prices of 2% each year for the duration of the MTFS assumes that competitive contract management and tendering will continue to minimise the impact of price rises on Council budgets.
  - (c) Interest rates will continue to have a relatively low impact in the medium term.
23. Details of Base Budget Forecasts including the cost of demographic and other pressures for the next three years are set out below.

	2015/16	2016/17	2017/18
	£m	£m	£m
2014/15 Base(*)	240.0	240.0	240.0
Pay & Prices	3.1	6.4	9.9
Capital Programme and Treasury	0.2	-0.8	-1.8
Pensions and National Insurance	1.7	5.1	6.7
Other Adjustments (**)	2.5	2.9	2.9
Spending Pressures (***)	1.1	2.2	3.3
<b>Base Budget Forecast</b>	<b>248.6</b>	<b>255.8</b>	<b>261.0</b>

(\*) Following amendment by Cabinet and Council in July.

(\*\*) Mainly the costs of Single Status, and the Government's planned reduction in Education Services Grant (ESG).

(\*\*\*) Reflects increased numbers of adults with learning disabilities and clients with dementia, and pressures relating to waste collection and disposal costs.

## Savings

24. The following savings have been identified. Detailed proposals are set out in Appendix B.

	2015/16 £'000	2016/17 £'000	2017/18 £'000
Adult, Community and Housing	11,801	12,907	12,907
Children's Services	1,695	2,157	3,540
Urban Environment	5,338	5,598	6,107
Corporate Resources	3,613	4,067	4,167
Chief Executive's	477	561	701
<b>Total</b>	<b>22,924</b>	<b>25,290</b>	<b>27,422</b>

The savings above include a number of proposed savings at Assistant Director and Head of Service level that were developed by directorates in advance of the corporate review of senior management. In order to avoid double counting, these earlier proposals will in due course be removed from the MTFS and replaced by savings arising from the corporate review. The precise impact on the MTFS of the review will be calculated when the proposals have been finalised, and will reflect the proper accounting for the General Fund, Housing Revenue Account, Public Health budget and Dedicated Schools Grant.

## Public Health

25. The provisional core allocation for Dudley in respect of Public Health grant for 2015/16 remains unchanged from the 2014/15 allocation at £18.974m. The proposed budget for consultation is shown at Appendix C.
26. The Government intends that from 1st October 2015, local authorities will take over responsibility from NHS England for commissioning public health services for children aged 0-5. The initial transfer of funding will be handled separately to the core allocations. From 2016/17 onwards, the 0-5 baseline funding will be added to existing local government public health grant allocations to form an overall public health grant allocation.
27. The General Fund savings proposals in Appendix B include proposals to support Sports Development and Park Rangers from Public Health grant on the basis of the contribution that these services make to delivery of health and wellbeing outcomes. It is proposed that this support will be funded from a combination of Public Health reserves, decommissioning and redirection of funds within the Public Health budget.

## Human Resource Implications

28. It was agreed by Council in July that:
- An "Expressions of Interest" process for voluntary redundancy to open from July through to early September 2014 with clear communication relating to priority given to areas of savings and that the process will be for a register to be held for future consideration including budget saving requirements and service restructures.

- That directors through HR may continue to offer the opportunity of volunteering for redundancy to any employee whose service is undergoing a restructure involving the saving of posts as it may be that some employees did not express an interest through the corporate process that might wish to consider this option if and when their service is reviewed.
- The continued delegation for approval of voluntary redundancies to the Cabinet Member for Human Resources, Legal, Property & Health and the Director of Corporate Resources, and of compulsory redundancies to the Cabinet Member for Human Resources, Legal, Property & Health and the Assistant Director for Human Resources and Organisational Development.

Redundancy costs, including those relating to pension strain, are dependent on the age and length of service of the individuals being made redundant and therefore cannot be precisely calculated at this stage. However, it is anticipated that they can be met from use of resources earmarked for committed capital expenditure (which in turn could be funded from prudential borrowing), review of earmarked reserves, and general balances. It is proposed that the above delegation be confirmed up to an initial maximum of £5.0m for direct redundancy costs and the capitalised cost of pension strain, in respect of redundancies required to achieve the proposed savings set out in this report.

### Medium Term Financial Strategy

29. The MTFS reflecting the revised spending proposals set out above, and forecasts of likely resource availability can be summarised as follows.

	2015/16 £m	2016/17 £m	2017/18 £m
<b>Base Budget Forecast</b>	248.6	255.8	261.0
- see para 23			
<b>Savings</b>	-22.9	-25.3	-27.4
- see para 24			
<b>Total Service Spend</b>	<b>225.7</b>	<b>230.5</b>	<b>233.6</b>
Revenue Support Grant (RSG)	54.5	41.8	30.6
Retained Business Rates	48.3	50.0	51.2
Top-Up Grant	15.3	15.7	16.1
Business Rate Grant	1.4	0.8	0.8
New Homes Bonus	4.1	4.8	4.8
New Homes Bonus Adjustment Grant	0.5	0.5	0.5
Council Tax Freeze Grant	2.3	3.5	4.6
Collection Fund Deficit – Business Rates <sup>2</sup>	-0.7	-0.7	-0.7
Council Tax	95.4	95.9	96.4
<b>Total Resources</b>	<b>221.1</b>	<b>212.3</b>	<b>204.3</b>
<b>Deficit funded from Balances</b>	<b>4.6</b>	<b>18.2</b>	<b>29.3</b>
Balances brought forward	25.0	20.4	2.2
<b>Balances carried forward</b>	<b>20.4</b>	<b>2.2</b>	<b>n/a</b>

<sup>2</sup> Forecast deficit as a result of technical accounting issues relating to back-dated appeals.

30. As demonstrated by the table above, balances are adequate to fund the deficit for 2015/16 and 2016/17, but it will be necessary to identify significant further savings to ensure that the Council can deliver a balanced budget in 2017/18 and beyond.
31. The table above assumes, as a prudent basis for forecasting, that Council Tax is frozen for 2015/16. Whilst there has been no Government announcement in respect of Council Tax Freeze Grant (CTFG) for subsequent years, a freeze for 2016/17 and 2017/18 has also been assumed as a prudent basis for forecasting. Any increase in Council tax above 1.2%<sup>3</sup> would increase available resources.

### Estimates, Assumptions & Risk Analysis

32. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review. These may lead to further increases in expenditure and, therefore, the need to identify alternative funding sources, and include:
- (a) Revenue Support Grant for 2015/16 is as per the indicative figures announced with the 2014/15 settlement, and for 2016/17 and 2017/18 is in line with Government indications of ongoing national deficit reduction. It should be noted that these forecasts in particular remain highly uncertain;
  - (b) income from Business Rates (net of appeals etc.) will be in line with current forecasts;
  - (c) the cost of Council Tax Reduction awarded will not substantially exceed forecasts, and the tax base will continue to grow in line with recent years;
  - (d) New Homes Bonus funding for future years increases at the same underlying rate as for 2014/15;
  - (e) Equal Pay costs are no more than estimated;
  - (f) general levels of inflation, pay and interest rates do not vary materially from current forecasts;
  - (g) income and expenditure relating to treasury management activity, including airport dividend income, are in line with forecasts;
  - (h) the impact of schools transferring to academy status can be managed within existing Directorate budgets;
  - (i) there will be no other unplanned expenditure (including any resulting from demographic pressures) or shortfalls in income, which cannot be met from reserves;
  - (j) Council Tax will be frozen in each year and the Government will continue to offer an ongoing Council Tax Freeze Grant equivalent to a 1% increase;

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<sup>3</sup> Council Tax Freeze Grant is calculated with reference to a higher tax base than that used for Council Tax setting - to make it consistent with the calculation prior to localisation of Council Tax Benefit / Support. It is therefore worth more than 1% of actual Council Tax income.

- (k) income from the Better Care Fund will be as forecast, taking into account that a substantial element of this is contingent on achieving challenging performance targets;
- (l) there will be no overall pressure on resources resulting from implementation of the Care Act. (The Care Act received Royal Assent in May 2014 and has wide ranging implications for adult social care services some of which take effect in April 2015 and the remainder in April 2016. There are significant financial risks associated with the delivery of the Care Act and the likely costs are currently very difficult to identify with reasonable accuracy. The Government has committed to fully funding the additional costs, but we have no details of the impact on the financial settlement at this time.)
- (m) that the Directorate of Children's Services will contain spend within its current approved budget (noting that previously identified savings on Looked After Children have now been removed from the future years of the MTFS pending further review).

### Consultation

- 33. Following the high profile and extensive Big Question consultations held over the previous two years a significant number of residents are now subscribed to the council's e-bulletin service. To minimise costs, last year's consultation was carried out predominantly online through the e-bulletin service, website and social media and it received a total of 2,500 responses. Over the last year, the number of people in receipt of the e-bulletin has continued to grow as the communication channel develops and there are currently more than 18,000 subscribers. The proposal for this year's consultation is to again utilise the successful online channels of the e-bulletin, internet and social media. We will also make hard copy, printed versions available in borough libraries and Dudley Council Plus through a consultation which will run through November, December and January.
- 34. Detailed consultation will also be undertaken with groups identified as being potentially affected by the specific savings proposals, with a particular emphasis on equalities issues. Further information is set out in the Equality Impact section below. Unions will be consulted in the context of the redundancy process considered in a separate report elsewhere on this agenda.
- 35. The Council is required by law to consult with representatives of Business Ratepayers before the final budget and Council Tax are agreed. A consultation meeting will be held to consider the issues set out in this report. Further detailed information (as required by law) will be distributed in February for comment before the Council Tax setting meeting.
- 36. In accordance with the Council's Constitution, the Scrutiny Committees will be asked to consider the issues set out in this report and any related specific issues relevant to their Council Plan and service responsibilities in the November cycle. In framing their responses, the Scrutiny Committees will be asked to consider both the spending and funding implications (including the impact on Council Tax) of any observations they may wish to make.

## **Finance**

37. This report is financial in nature and relevant information is contained within the body of the report.

## **Law**

38. The Council's budget setting process is governed by the Local Government Finance Acts 1988 and 1992, and 2012 and the Local Government Act 2003.
39. The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves and this will be included in the final budget report.
40. The Localism Act 2011 introduced a new chapter into the Local Government Finance Act 1992 making provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.

## **Equality Impact**

41. Section 149 of the Equality Act 2010 - the general public sector equality duty - requires public authorities, including the Council, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other conduct that is prohibited by the Act;
  - advance equality of opportunity between people who share a protected characteristic and those who don't;
  - foster good relations between people who share a protected characteristic and those who don't.
42. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
  - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
43. The legislation states that "the steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities." In practice, this means that reasonable adjustments should be made for disabled people so that they can access a service or fulfil employment duties, or perhaps a choice of an additional service for disabled people is offered as an alternative to a mainstream service.

44. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- tackle prejudice, and
- promote understanding.

45. Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

46. An initial assessment of the budget proposals has been made. Where proposals are likely to have a significant equality impact, they will undergo an equality impact assessment informed by consultation with the protected groups who may be adversely affected, during the autumn. The results of this process and any steps which emerge that might help to mitigate any potential impact of the budget proposals on the protected groups will be reported to Members so that they can pay due regard to the Public Sector Equality Duty in making decisions on the budget. In making decisions on budget proposals, Members will need to weigh the Public Sector Equality Duty against the forecast financial position, risks and uncertainties set out in this report.

47. With regard to Children and Young People, the proposed budget for the Directorate of Children's Services will be spent wholly on maintaining and improving services for children and young people. The expenditure of other Directorates' budgets will also have a significant impact on this group.

## **Recommendations**

48. That Cabinet:

- (a) Notes the forecast favourable variances in relation to Treasury set out in paragraph 5, the forecast unfavourable variances in relation to Children's Services and the implications for future years set out in paragraphs 6 to 8 and the overall risk to General Fund balances set out in paragraph 10.
- (b) Reminds all senior managers of the need for strict budgetary control in accordance with the Financial Management Regime and care and caution in managing the budget, particularly in the context of commitments into later years and the impact that any overspending in any one year will have on the availability of resources to meet future budgetary demands.
- (c) Recommends to Council that, in respect of the Council Tax Reduction (CTR) scheme, the transitional arrangement be terminated on 31<sup>st</sup> March 2015 and that the full 20% cut be implemented from 1<sup>st</sup> April 2015, and that full protection should be given to pensioners, disabled adults, disabled children, war pensioners and lone parents with a child under 5, as set out in paragraph 21.

- (d) Recommends to Council that delegated powers be given to the Director of Corporate Resources for making other changes to the documented CTR 2015/16 scheme in line with any government prescribed regulations, upratings and other minor miscellaneous amendments; the resulting 2015/16 scheme documentation to be published on the council's website before 31st January 2015.
- (e) Approves the preliminary strategy outlined above as a basis for consultation, including the proposed allocation of Public Health funding for 2015/16 as set out in Appendix C.
- (f) Recommends to Council that the delegation for approval of voluntary redundancies to the Cabinet Member for Human Resources, Legal, Property & Health and the Director of Corporate Resources, and of compulsory redundancies to the Cabinet Member for Human Resources, Legal, Property & Health and the Assistant Director for Human Resources and Organisational Development be confirmed up to an initial maximum of £5.0m for direct redundancy costs and the capitalised cost of pension strain, in respect of redundancies required to achieve the proposed savings set out in this report.
- (g) Notes the various issues and risks which will need to be taken into account in finalising Budget proposals for 2015/16, and the Medium Term Financial Strategy.



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### **List of Background Papers**

2013 Autumn Statement  
Report to Cabinet 3<sup>rd</sup> July 2014

## Latest Forecast 2014/15

Directorate	Revised Budget £m	Outturn £m	Variation £m	
Adult, Community and Housing	101.162	101.162		
Children's Services	68.997	69.997	+1.000	See note 1
Urban Environment	56.268	56.268		
Chief Executive's	4.206	4.206		
Corporate Resources	9.363	8.889	-0.474	See note 2
<b>Total Service Costs</b>	<b>239.996</b>	<b>240.522</b>	<b>+0.526</b>	

Note 1: Costs of Looked After Children, social work and 14+ accommodation, partially offset by one-off savings in other parts of the Children's Services budget.

Note 2: Favourable Treasury variances.

## Proposed Savings

<b>Adult, Community and Housing</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Learning Disability - Assertive review of residential care and care packages for people, including Supported Housing. Leading to a re-modelling of how we deliver services to people with a Learning Disability, which will see more people supported in community based settings and through the delivery of Direct Payments	1175	1175	1175
<p>Health integration – These savings will be achieved through the transfer of monies from the Clinical Commissioning Group (CCG) via the Better Care Fund. This transfer is made up of two elements.</p> <p>The first element relates to a reduction in unplanned admissions to hospital and forms the payment by results part of the fund. The target reduction in unplanned admissions to hospital that will generate the planned transfer of resources to the Local authority is 7% in 2015/16; a further reduction in unplanned admissions of 2.4% is planned for 2016/17. In the event the performance targets are delivered in full, Dudley MBC will receive £3.75m performance related benefit.</p> <p>The second element is a transfer of resources from Dudley CCG to Dudley MBC of £3.12m. This sum supports the protection of adult social care and implementation of the Care Act.</p>	6870	6870	6870
Health integration - This option reflects the efficiencies that will be generated within DACHS as a result of the integration of services with the CCG, and the efficiencies identified following the redesign of the Adult Social Care model in respect of access to services and the customer experience.	700	1606	1606
Mental Health Services - Assertive review of residential care and care packages for people, including Supported Housing. Leading to improved value for money from existing care packages and increased use of telecare, extra care housing, and Direct Payments.	156	156	156
Reduction of management and staffing costs across adult social care	200	200	200

<b>Adult, Community and Housing</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Physical Disability - Assertive review of residential care and care packages for people, including Supported Housing. Leading to a remodelling of how we deliver services and more people supported in community based settings.	250	250	250
Older People/ Learning Disability - Review of existing shared lives service, with development of extending existing service provision to provide alternative to residential care.	250	250	250
Queens cross day centre - Remodelling of services at Queens Cross Network - remove in-house transport and replace with robust independent travel planning service and develop a traded service to include use of building by external organisations or individuals.	100	100	100
Unicorn day centre – this is a day centre for people with profound Learning Disabilities. A range of options including externalisation, community asset transfer and community fundholding are being considered. Final proposals following detailed consultation will be finalised shortly.	300	300	300
Employment Plus – this is a service that looks for employment opportunities for people with disabilities. The saving would be achieved through providing the service through a different delivery model and identifying efficiencies through the current use of resources	200	200	200
Savings arising from new running arrangements for New Bradley Hall	250	350	350
Changes to Reablement service - Following an independent review some changes in respect of the delivery of services will deliver the savings identified.	100	200	200
Extra Care Housing - The renegotiation of the contract for the running of the extra care housing provision will see current block contract being replaced with spot purchased care, which will see a reduction in the overall number of hours commissioned together with a reduction in the unit costs.	250	250	250
Introduction of tighter criteria for support to voluntary sector that is more aligned to the local authority preventative model.	300	300	300
Reduced support, and cancellation of schemes supported through Supporting People monies.	700	700	700
<b>Total</b>	<b>11,801</b>	<b>12,907</b>	<b>12,907</b>

<b>Children's Services</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>
Generate additional surplus traded service income.	65	109	317
Restructure the integrated youth support service.	267	397	597
Reduce the voluntary and community sector commissioning budget together with efficiencies in the Directorate's commissioning arrangements .	55	55	135
Asset Management Services will make staffing reductions.	50	50	50
Home to school and college transport budgets for pupils and students will be reduced through efficiencies and some redesign of the service provision.	210	210	210
A consultation on the future delivery of the Children's Centre service in Dudley was undertaken in 2013 resulting in a revised model of delivery for all 20 children's centres into 5 clusters together with a restructure of family support and partner contributions from the Dedicated Schools Grant.	450	450	504
Review the scope for closer integration between Children's Centres and the health visitor service focussing on improving health and wellbeing outcomes for children and families. This will involve a contribution from Public Health Grant to sustain the service in the short term pending the delivery of savings from integration.	350	350	350
Restructure within the Education Services division.	146	181	441
Options will be explored for Dudley Performing Arts (DPA) service to become 100% financially sustainable by 2016/17, through traded service income, grants, partner contributions and trust status.	-	160	160
Redesign the early help and family support service.	40	113	277
Restructure the Directorate leadership and management arrangements.	62	82	499
<b>Total</b>	<b>1,695</b>	<b>2,157</b>	<b>3,540</b>

<b>Urban Environment</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Service related savings</b>			
Reduction in the Road reconstruction and resurfacing programme	461	461	461
Reduction in routine Street Lighting, signs and bollards maintenance	50	50	50
Reduction in Gully Drain Emptying with a greater focus on problem 'hot spots'	52	52	52
Reduction in the Grounds Maintenance of parks, open spaces, verges and other amenities including grass cutting, shrubs, hard surfaces & pitch marking and the pruning of trees	265	265	265
<b>Office staff related savings</b>			
Ongoing efficiencies, service transformation and corporate restructuring	3,105	3,105	3,444
<b>Income generation</b>			
Increase Bereavement charges	190	350	520
<b>Other efficiency and contractual savings</b>			
Gym equipment contract negotiated savings	40	40	40
New technology within Street Lights will reduce light pollution and save significant energy costs	205	205	205
Switch off selected Street Lighting from midnight	0	100	100
Redesign of Pest Control service	100	100	100
Review of rechargeable Green Care workloads	140	140	140
Further efficiencies including vehicle utilisation, overtime, fuel usage	200	200	200
Business efficiency and transformation	200	200	200
Sports Development and Park Rangers services to be maintained with support from the Public Health Grant on the basis of their contribution to health and wellbeing outcomes.	330	330	330
<b>Total</b>	<b>5,338</b>	<b>5,598</b>	<b>6,107</b>

<b>Corporate Resources</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
ICT - service redesign, management savings, rationalisation of equipment and licenses and contract renegotiation following the consolidation of corporate and directorate ICT teams and reflecting the council's accommodation strategy and reducing workforce.	822	822	822
Accountancy - service redesign and management savings, focussing on strategic financial management and reducing non-core and transactional activity.	500	500	500
Management restructure within Internal Audit.	55	55	55
Customer Services - service redesign focussing mainly on self service / automation, reducing non-statutory activity, a payments review and management & staff savings .	589	846	846
Reduce grant to Dudley and West Midlands Zoological society.	0	0	100
Directorate management restructure. Removal of Assistant Director post.	0	100	100
Human Resources & Organisational Development - staff and management savings from system development & self service.	802	826	826
Staff and management savings from Law & Governance Division.	140	193	193
Increased Management & Valuation, conveyancing and lease income.	5	25	25
Office accommodation savings. Town Centre project - disposal of 12 sites.	200	200	200
Staff, energy and further efficiency savings within a consolidated property function. Council wide property restructure resulting in savings around £250,000. Energy Management savings expected to deliver around £250,000 savings.	500	500	500
<b>Total</b>	<b>3,613</b>	<b>4,067</b>	<b>4,167</b>

<b>Chief Executive's</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Reduction in voluntary sector grant	0	40	40
Staff savings across Policy and Customer Access to Services (CATS) teams	153	164	210
Admin support and directorate running costs savings	34	34	80
Communications and Public Affairs staff savings and additional income	96	129	177
Community Safety staff savings	169	169	169
Emergency Planning savings	25	25	25
<b>Total</b>	<b>477</b>	<b>561</b>	<b>701</b>

## Proposed use of Public Health Grant 2015/16

	£'000	£'000
Substance misuse (alcohol & drugs) - adults	4,698	
Substance misuse (alcohol & drugs) - young people	487	
<b>Substance Misuse Programme total</b>		<b>5,185</b>
Sexual health services - STI testing and treatment (prescribed function)	478	
Sexual health services - contraception (prescribed function)	1,935	
Sexual health services - advice, prevention & promotion	255	
<b>Sexual Health Services Programme total</b>		<b>2,668</b>
<b>Obesity (prevention &amp; tiers 1 &amp; 2 treatment) Programme</b>		<b>1,454</b>
Children 5-19 - (School health & PH healthy school programmes)	1,532	
Children 5-19 - (National Child Measurement programme)	304	
<b>Children 5-19 Programme total</b>		<b>1,836</b>
<b>Tobacco Control (prevention &amp; treatment) Programme</b>		<b>1,480</b>
<b>Public Health Advice (core offer) (prescribed function)</b>		<b>1,081</b>
<b>Physical Activity Programme (including sports development and park rangers)</b>		<b>1,281</b>
<b>Community Health Improvement Programme</b>		<b>745</b>
<b>NHS Health Checks Programme (prescribed function)</b>		<b>560</b>
Health Protection - communicable disease	262	
Health Protection - LA role (prescribed function)	263	
<b>Health Protection Programme total</b>		<b>525</b>
<b>Mental Health Promotion Programme</b>		<b>485</b>
<b>Nutrition &amp; Oral Health Promotion Programme</b>		<b>435</b>
<b>Long Term Conditions Self Management Programme</b>		<b>268</b>

	£'000	£'000
<b>Other PH Programmes (e.g. cancer awareness, falls prevention)</b>		<b>473</b>
<b>New Projects (parenting, diabetic eye screening, reduction in self harm)</b>		<b>184</b>
<b>Children's Centres (non-recurring use of reserves)</b>		<b>420</b>
Overheads - central establishment charge	300	
Overheads - rent ,rates, service charge, cleaning	118	
Overheads - utilities, computer equipment, insurance etc	97	
<b>Overheads total</b>		<b>515</b>
<b>Total Spend</b>		<b>19,595</b>
Reserve funding		<b>(621)</b>
<b>Total Public Health Grant funded</b>		<b>18,974</b>
Estimated Opening Reserves 1.4.2015		1,713
Reserves use		(621)
<b>Estimated Closing Reserves 31.3.2016</b>		<b>1,092</b>