



Committee and date

Council

9 December 2010.

Item No

7

MEDIUM TERM FINANCIAL PLAN 2011-14:

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1. Purpose

- 1.1 This report sets out a proposed framework for later detailed decisions by Members on the larger part of the overall spending reductions required of the Council over the next three years, in response to major cuts in Government funding. It identifies the contribution to these savings targets of decisions by the Council to date, and estimates the effects on these targets of the recent announcements in the Government's Comprehensive Spending Review, (which are the subject of a separate report). It also reflects the extensive public consultation exercise that gave opportunity for people to have their say on future choices facing the Council (see Appendix 1).
- 1.2 Members' agreement is sought to this proposed approach to the final stage of preparation of the Council's Medium Term Financial Plan for the period 2011-14. Clarity about relative priorities in reshaping the scope, standards, and methods of service delivery in future will guide further detailed work by Council managers on options, so that they are able to advise on how further cuts can best be implemented. These will then be the subject of further reports to Cabinet over the next 3 months.

2. Recommendations

It is recommended that:-

- 2.1 Council officers continue to explore arrangements for the shared delivery of services with neighbouring local authorities, and with public sector partner agencies in Shropshire, in order to achieve economies of scale and reduce costs;
- 2.2 priority be given to protecting (or enhancing) resources for those service areas that Members would wish the Council to continue to provide to a high standard, as set out in sections 6 and 7 of the report;

- 2.3 the "invest to save" approach set out in section 8 be agreed, to help guide future Council spending priorities;
- 2.4 a new joint Member/Officer Task Group be established quickly to co-ordinate the design of our future strategy for greater joint working with the local voluntary and community sector, (including social enterprises), with the intention of giving such organisations a greater role in future service delivery;
- 2.5 further work is undertaken to review the best models of future service delivery, and of the scope and standards of particular services, as set out in appendix 1 to the report, including the possible transfer of community assets and facilities to be run directly by local people;
- 2.6 a further report be presented to Cabinet on options for reducing the costs of staff employment in future, whilst seeking to avoid compulsory redundancies if at all possible; and
- 2.7 appropriate actions be taken to communicate these decisions, and their implications, to local residents and businesses, to partner organisations locally, and to Council staff.

3. Initial Progress – Decisions to Date

- 3.1 Over the past three months, Cabinet Members have already made a number of key decisions about major spending cuts, in an attempt to meet projected revenue funding reductions in the region of £60 million over the next three years. These have concentrated on changes which can be implemented relatively quickly, (even before April 2011 in some cases), in order to achieve some quick wins and to "get ahead of the curve" on the funding cuts announced by the Coalition Government in its Comprehensive Spending Review (CSR), on 20 October 2010.
- 3.2 Details of the cuts agreed to date, some of which are still subject to consultation and to final agreement at full Council are set out below. In addition to approximately £10 million of capital and revenue cuts in the current financial year, (resulting from a sudden loss of specific grants, particularly in Children's Services), the Cabinet has agreed to:-
 - limited changes in the terms and conditions of service of staff, in relation to removal of professional subscriptions, payment of costs involved in business travel and compensation for severance of employment, (saving just over £1.08 million);
 - efficiency savings to be initiated by service managers, which are unlikely to have a visible effect on the delivery of frontline services alongside other cross council savings, (saving £6.27 million);

- specific proposals for limited cuts in service delivery in some areas, subject to consultation and scrutiny, (saving £3.28 million);
- additional income from fees and charges.

In total, these provide savings of about £11.45 million in 2011-12, against an initial savings target of £15.78 million. This figure has been revised in the light of the recent CSR announcements to £19.2 million, because of the profile of the funding reductions, which have been front-loaded for 2011-12 by the Government. The figure of £19.2 million should, at this stage, be treated with some caution, but a more accurate figure (higher or lower) will not be available until the draft settlement is received in early December.

- 3.3 Council has also agreed Cabinet recommendations for a major review of the roles and responsibilities of Council managers, designed to reduce such overheads by 20% over the next 2-3 years, (although the bulk of such savings will not be realised until 2013). In addition, action is in hand by senior managers to explore the viability and potential benefits of a move to providing a range of "back-office" support services, on a shared basis, jointly with neighbouring local authorities or with other local public services within Shropshire. The reduced costs this would produce cannot yet be calculated, but will make a contribution to our total cuts target.
- 3.4 These initial expenditure reductions go some way towards meeting the savings target for 2011-12, although further work still remains to be done to fully bridge the estimated remaining gap for next year of £7.75 Million next year. The agreed cuts in spending have also been applied to particular services on the basis of a notional reduction target for each Directorate, which is proportionate to its total current expenditure. However, final decisions have yet to be made about how overall expenditure reductions should be applied to particular service areas, and what weighting or preference should be given to some services over others, in terms of the reallocation of resources to support our new priorities.
- 3.5 The overall savings target is estimated to be in the order of £66 million over the four years of the CSR and work so far has concentrated only on 2011-12. More importantly, decisions still need to be taken on the larger part of the overall spending cuts of £38 million to be implemented in 2012-13 and 2013-14, or about how savings should be spread across the next three years. This paper sets out a framework for Members' detailed decisions on this key element of the Council's Budget setting process for the next 3 years. It also sets out a timetable for such discussions, which recognises the need for an extensive dialogue within the Council, on the rationale for these service priorities, together with a public dialogue within our local communities, between now and Christmas, i.e. over the next three months, before final Budget decisions are taken at full Council in February 2011, or earlier if possible, on our proposed spending reductions.

4. The Initial Principles adopted by the Council

4.1 As part of its initial decision taking on the Council's medium term Budget preparations, the Cabinet has established a number of key principles which have guided and underpinned Members' approach and sense of relative priorities. These are likely to continue to influence the further Budget decisions which are still needed, but must be added to and further elaborated, before final judgements can be made on the allocation of future resources to particular services and activities.

4.2 To date, Members have placed a strong emphasis on:-

- protecting services for safeguarding those local people at risk, (both adults and children), because they are the most vulnerable;
- finding savings by reducing bureaucracy, duplication, administrative and managerial costs, as a first priority, in order to protect frontline service (so far as is possible);
- reducing staffing costs, (through a partial vacancy freeze pending a wider review of future staffing needs and changes in terms and conditions), in ways which avoid compulsory redundancies, (if possible);
- increasing income from fees and charges, to compensate partially for loss of Government funding, (see section 11 below); and
- keeping future Council Tax increases below the current rate of inflation, (or reducing them to zero, particularly when the Government's current policy of capping Council Tax comes to an end).

4.3 This approach has helped local people understand the Council's careful and sound management of the initial Budget setting process, (and seems to have been generally welcomed), as well as preparing the public for the unavoidable effects on our services, given the scale of cuts in Government funding. However, it has not yet enabled us to identify sufficient spending reductions to meet our projected targets over the medium term (3 years), as the scale of the total cuts required lie well beyond such initial efficiency measures.

5. The Need to Clarify our Future Priorities

5.1 It is essential, therefore, that Members now make clear their priorities, to guide the next phase of work by Council managers on options, so that they are able to advise on how further cuts can best be implemented. In other words, we need to be clear where Members wish to protect (or even enhance) the allocation of resources for key services or activities, which must be carried out to high standards, and where they believe that particular services can be significantly scaled-back or even decommissioned altogether.

5.2 Members also need to bear in mind that our notional savings target for next year does not yet include the costs of staff severance or of necessary investment in our Transformation Programme, which are still being estimated.

5.3 In facing the next round of Budget decision making, Cabinet Members will need to be clear about:-

- what is politically acceptable;
- what is operationally feasible, (i.e. can be implemented in the required timescale);
- which services and activities require investment (either now or in future as money becomes available), as part of our Transformation Programme, in order to realise savings;
- which services can be scaled-back, delivered differently, or decommissioned, (because they are less effective or less valued by local people in enhancing their quality of life);
- the balance of risk versus reward, ie the size of potential savings relative to the potential "fall-out" from the decision to implement them; and
- where income can be increased through (further) revisions to fees and charges or through our services "trading" with other purchasers to create a surplus. (See sections 10 and 11 below).

5.4 It is expected that further savings can be made from a more rigorous approach to the commissioning and procurement of goods and services, in future. However, because wages and salaries are our main financial commitment, it is likely to be unavoidable that Members will need to seek a major element of the final wave of spending reductions from cuts in our overall staffing costs, as a result of their decisions on service changes and reprioritisation. These are likely to come from a combination of:-

- a down-sizing and reshaping of our (non-schools) workforce;
- further changes in terms and conditions of employment for Council staff, to ensure maximum flexibility, (proposals for these are being worked on currently); and
- improvements in staff productivity, (as a result of new ways of working and the introduction of new technology).

5.5 However, such changes will require skilful management, if staff morale and commitment is not to be adversely effected, and a consequent dip in our performance in the short term is to be expected. We also need to retain sufficient capacity, capability and competence in key areas to cope with future challenges.

6. What do we want to be known for doing well?
 - 6.1 In our approach to dealing with the need to make major reductions in our expenditure, there will be merit in the Council adopting an approach based on making choices to significantly scale back or to decommission “low value” services, in order to reallocate funding to those that the public would most wish to see protected from cuts. This will best be done as part of our plans to localise public services, and to extend local choice and engagement in service delivery. Such an approach also responds to the messages in the CSR about increasing the flexibility of local councils to do this, through a transfer of power and responsibility, and through fiscal devolution, so that we are not merely agents of central Government. Otherwise, we will simply be “passing on” Government cuts.
 - 6.2 In other words, Members’ decisions on service priorities in Shropshire are important in determining the likely public reaction to such changes, as the effect of many Government cuts will be felt locally. The message so far, that we are willing to take the difficult decisions to make necessary cuts is not enough by itself. We also need to articulate a more positive view about how we will take advantage of new opportunities to do some things better, so as to create hope for the future. There is a need also for Members to address the whole funding problem we face over the next few years, then to express this in terms of annual targets for spending reduction (rather than focusing on year-by-year targets alone).
 - 6.3 To do this effectively, we must answer the key question of what kind of organisation do we expect or want to be in three years time? This will enable Members to more clearly articulate our priorities, which must be done now rather than later, because the pace of change gives us little time to rethink and implement new forms of service delivery. Decisions on this need to go well beyond our current approach to getting the basics right, such as good refuse collection, streetscene, roads maintenance and winter gritting activities, which the public now regard as an “entitlement”!
 - 6.4 In the past, Shropshire County Council tried to provide good quality and relatively low cost services across the board. The scale of funding cuts we face makes it impossible to maintain this approach in future. So, we should focus on what we do well in making a difference in the quality of life of local people. In other words, what are we most proud of and what do we want to be known for doing particularly well? Ultimately, our Budget setting process is about people, not about numbers – and it recognises the truth of the maxim that “to govern is to choose”.
 - 6.5 On this basis, once our priorities have been more clearly articulated by Members, all our activities (and our resources) should be refocused on delivering those priorities. In other words, our choices are likely to be about creating new types of services and new forms of service delivery, as well as creating a more diverse “market” of local service providers, rather than simply devising cheaper services at a lower level of overall quality. We will need, therefore, to “buy into” things, not merely spend on them, in order to secure the desired outcomes for local people.

6.6 The real challenge for elected Members is to be clear about what the Council is for, and about its role in delivering local public services. Local people are still not always clear about this, not least because our engagement with them in the past has been too low key, despite the major impact we have on their everyday lives. We need to be better at building on people's sense of local identity and pride.

7.0 Setting New Service Priorities

7.1 On the basis set out above, Members need to agree a limited number of key priorities, and that resourcing these well need to drive our budget allocations – even if this requires scaling back some less vital services and moving funding between current services. Recent discussions with the Leader and Cabinet Portfolio Holder, drawing on evidence from public consultation, indicate that these priorities should be:-

- Economic growth, (jobs and prosperity for local people).
- Flourishing Shropshire Communities, (resilient, self-sufficient local towns and villages).
- Public confidence, (being open, transparent and democratically accountable to local people).
- High quality schools, (giving our local children the skills for future work, and the opportunity for social mobility).
- Modern infrastructure, (a framework for all local residents to equip them for life in the 21st Century).

(Each of these is listed in more detail below).

7.2 Economic Growth

Recent opinion polls confirm that, in the midst of the current recession, this remains the public's main concern. The Council rightly prides itself on its close, productive relationship with the local business sector, and this has been an important aspect of our recent successful submission to Government for a new Marches Local Enterprise Partnership. Also, the Government plans to incentivise our role in this area by allowing the Council to keep monies raised from local growth in Business Rates and new house building. Reducing our support and services for local businesses (including tourism) at this time would risk slowing or undermining our economic recovery, with consequent increased demands on public services from local residents. Consequently, even if we seek greater impact and efficiency from our resources in this area, they should be ring-fenced, or enhanced, to compensate for Government funding cuts, not least in relation to grant aid for new business start-ups and kick-start investment in key regeneration projects. In short, we need to create hope of more jobs and prosperity for people locally

in the future, by committing ourselves to doing all we can to ensure the Shropshire economy comes out of recession quickly and strongly.

7.3 Flourishing Shropshire Communities

If we are to facilitate and support the development of more resilient, self-sufficient local communities in Shropshire, and of an increased role for the local voluntary and community sector in this context, we will need to invest in increasing both the social and organisational capacity of those who will need to play a bigger part in running community services and facilities in future, to ensure that they have the capacity and skills to take this on. We need a long term investment in creating a revitalised civil society, to change the expectations and behaviour of local people about state welfare provision. This needs to involve creating new incentives to encourage greater volunteering, and to give greater tangible recognition to the contributions of individuals, handing over local assets to be run directly by people in our communities, and promoting the "corporate social responsibility" of local firms to invest in supporting these developments. The further development of LJC's and of new frameworks for community engagement are an important part of this, but will require the protection of current resource levels and a new "invest to save" approach, so that direct costs to the Council can be reduced over time, as we cease to provide such services ourselves. A new single Task Group needs to be established quickly to design and co-ordinate our future strategy for joint working with the third sector, and a fuller report on our response to the Coalition Government's "Big Society" initiative is being prepared for Cabinet consideration. An essential element of this will be forming a new team of "community capacity builders", as part of the resources available to our new Area Directors, in order to build robust social networks, enhance the use of "place based resourcing" with our local partners, and give a higher profile to the Community Leadership role of local Members.

7.4 Public Confidence

As quickly as we are moving to break down "silos" within the Council, and barriers to better joint working with our local public sector partners, some of the changes planned by the Coalition Government risk creating new ones. For example, in the Health Service, the new Foundation Trust hospitals and GP Commissioners are not linked clearly with local councils. The same will be true of Academy and Free Schools, as well as of the new Police Commissioners. These need to be democratically accountable to local people and open to council scrutiny. Significant fragmentation of local delivery structures could well make future collaboration and partnership working more difficult, to the detriment of local people. We should publicly commit ourselves to overcoming this and to open up our own activities and decision making to the public, by developing a Public Confidence policy. This would seek to understand what most frustrates people about the operation of local public services, giving greater transparency to the information we will make available about what we do and spend, as well as giving local people greater say and influence over our decision making, for example through "participatory budgeting" processes and other forms of community engagement. This, in turn, is an essential part of our response to the "Big Society" challenge. It will

also allow us to show that we are doing a good job, in terms of listening and providing real value for money, through an effective process of regular dialogue with local residents about their needs, aspirations, and concerns.

7.5 High Quality Schools

Shropshire rightly prides itself on providing local children with the best possible start in life, and the positive relationships between local schools and the Council continue to be a source of real strength, given future uncertainties over the effects on the school system of new Government policy. This is a real asset we should maintain and build on. A significant minority of local schools need substantial levels of support. Also in terms of equality of opportunity and social mobility, it is important that we maintain a full range of essential improvement and support services for local schools, whoever actually provides these services in future, and whether schools are charged for them. Surveys show that the public want to retain the involvement of local councils in the running of schools, not least to ensure fairness over admissions. Part of our response to this will be about working more closely with our schools, as key centres of local resources for the whole community, not just as learning institutions, and as having an important role in community engagement and leadership. We must also be clearer about the future pattern of school provision in Shropshire in the light of falling pupil numbers, and the need for a better local funding formula for our schools in the future.

7.6 Modern Infrastructure

If all our local communities are to flourish and to offer a good quality of life, they will need to be properly equipped for life in the 21st century. In particular, this means that they need to be fully connected, so that local people are able to access and take advantage of job opportunities, access to services and facilities, and opportunities to join up with family, friends and neighbours. As well as a well maintained road network and urban streetscene, this also involves universal access to a reliable Broadband service. There is a similar need in relation to public utilities, such as gas, electricity and water supplies, as well as to environmentally sound facilities for the disposal of waste. The Council must continue to play a vital role in providing and modernising aspects of this essential infrastructure, and in working closely with private sector providers to extend such networks into our more rural communities. Such an approach fits in with the National Infrastructure Plan of the Government also.

8.0 Invest to Save

8.1 As part of this process of prioritisation, we need a more robust framework for investment now which will reduce service demand and costs in future. The main elements for this are:

- Prevention, early intervention and reablement activities;
- Behaviour change by local people; and

- Organisational development.

(Each of these is listed below in more detail).

8.2 Prevention, Early Intervention and Reablement

It can be tempting to cut back on expenditure in these areas, when under financial pressure, because their benefits largely tend to become apparent only in the longer term. However, such an approach will be a false economy, in that it will fail to reduce demand for more expensive forms of future service provision. We need to define clearly, however, which of our activities fits best within this category, on the basis of current evidence of what is most effective. This could cover a wide range of interventions from pre-school provision for those who are disadvantaged, to some forms of youth provision (as a diversion from crime and anti-social behaviour), as well as elements of family support and of social care for older people and for those with disabilities, such as reablement of those discharged from hospitals or intervention at the point of crisis for those suffering mental illness.

8.3 Behaviour Change by Local People

The most obvious example of this is the activities needed to reduce environmental crime, (such as littering, fly-tipping, graffiti, and criminal damage), by a small minority of local people, which result in major costs for the Council and which direct our resources from higher priorities. As well as a greater emphasis on "education" and enforcement, other techniques, such as "social marketing" can also be effective in "nudging" people to make important changes in their lifestyle choices. This is true, for example, in areas such as tobacco and alcohol misuse, as well as other aspects of public health, although more controversially it often works best when people are given positive rewards and financial incentives to change their behaviour. As the Council acquires greater control of such resources from the Health Service, under new Government policy changes, it will be important to seize the opportunity to integrate them with appropriate forms of social care (including greater personalisation of budgets), to reduce overall costs in this area. This approach gives us the ability to legitimise co-funding with the service recipient and to tap into other resources in that person's family.

8.4 Organisational Development

Increased investment in the development of the skills of our staff is a crucial element of the "New Deal" we have offered them. It provides an incentive to respond positively to the turbulence and uncertainty of change over the next few years, by helping to ensure relative "marketability" and job security. This is important at a time when earnings and pension entitlements will be reduced in real terms, and when there will be changes in terms and conditions of employment. Equally importantly, protecting such resources is essential if we are to move to having a flexible, multi-skilled workforce that is more productive. This is one of the main ways in which the Council will preserve

current levels of performance, while cutting its pay bill by employing fewer people.

Engaging our staff fully and positively in the change process and encouraging their creativity and innovative thinking will be essential to the successful delivery of our Transformation Programme. There is a clear and growing appetite amongst our staff for this. In addition, most of them are also local residents and they can act as “ambassadors” in our local communities for us on the changes we are making.

- 9.0 Things we will need to stop doing or need to do differently
- 9.1 The unavoidable consequence of prioritising some services and activities for funding in this way is that compensatory cuts must be made in other areas. Members need now also to form a clear view of those services which can be decommissioned or significantly scaled down relatively quickly, because they have less value in making a visible difference for local people, or which can be provided more cheaply by others, such as by locally based social enterprises or the voluntary sector. Proposals for those service areas to be reviewed in this way are set out in Appendix 3.
- 9.2 This is not an easy process. However, in terms of the current arrangement of service directorates, most of the likely priorities for such disengagement by the Council fall within the remit of Community Services. Many local councils expect provision for discretionary services such as the arts, heritage and leisure to be most vulnerable to cuts, and Members need similarly to review our extensive activities in these service areas. Care needs to be taken here, however, as aspects of these services contribute to our visitor economy, to employing local people, buying local goods, training local people, and to the well-being and social vibrancy of our local communities. Nonetheless, many aspects of this provision do not cover all their costs and need subsidy, so their continuation may well depend on users funding such services directly, rather than them being subsidised by the Council Tax payer – although care would need to be taken to ensure fairness.
- 9.3 Similarly, active consideration should now be given to devolving assets such as local libraries, parks, playgrounds, and even museums to local communities, for them to be operated directly by local people and voluntary groups, with advice and support from skilled staff in the Council, as an alternative to them being at risk of closure.
- 9.4 The same approach could be adopted in relation to facilities for young people, as well as some of those for older people (such as day centres). However, given the relatively small scale of overall funding in arts and leisure services, such bold approaches by themselves will not be enough to bridge our large funding gap. So, in relation to Social Care, the Council similarly will want to consider contracting more widely with the voluntary and community sector to overcome the disbenefits of exclusion, isolation and loneliness for some of our residents, through creating and maintaining social networks of support. As part of our wider approach to the “Big Society”, this would move Shropshire

closer to having “welfare communities”, rather than local people having a dependency on the welfare state.

(Under this approach, the Council could retain responsibility for “acute” services to the most vulnerable and needy, such as those with learning or physical disabilities, although it may choose not to deliver them directly in future, or to commission them to be jointly delivered with healthcare provision).

10.0 New Trading Opportunities

10.1 The Council already raises income to offset aspects of its operational costs, by selling services to other local authorities and public services. This is the case particularly in relation to Shire Services for cleaning and catering services, and to West Mercia Supplies for goods and energy supplies. On a smaller scale, for example, we also provide Finance, Pensions, and HR support to bodies such as the Fire and Rescue Service, as well as a range of similar support services to our local schools as direct purchasers.

10.2 New arrangements to be provided in the Coalition Government's forthcoming Localism Bill will give local councils additional powers to set up various forms of arms-length companies, in order to be able to trade at a profit and to apply such returns to fund other activities. (This is in addition to moving our corporate support services into a shared arrangement with neighbouring authorities, as a separate cost-cutting measure).

10.3 We need to explore the likely benefits of such alternative vehicles for future service delivery, particularly because the private sector market in Shropshire is undeveloped and weak. A list of those service areas most amenable to this new approach now needs to be drawn up. As well as the current Shire Services, these could include, for example, school support services, directly provided transport services, and (with Health partners) new services to support GP commissioners. Some aspects of social care provision could also be delivered this way, and such an approach could be preferable to our staff, (as the rapid expansion in the use of personalised budgets makes “monolithic service provision” by the Council less viable), because it might well offer greater job security for our current staff working in these service areas.

10.4 Similar consideration needs to be given quickly to the best location for our IT support and development services. Early planning for delivery of our Transformation Programme has revealed a previously unidentified need for major investment in new IT systems and equipment, and for support beyond the capacity of our current in-house team. One solution to this is to look for a joint venture partnership with a major private sector IT company. (A similar approach could be applied to Property Services).

11.0 Fees and Charges

11.1 As part of earlier Budget decisions, the Cabinet agreed a new policy of increases in our fees and charges, (where we have such discretion), at levels

above the rate of inflation. This change is designed to increase our income, to partly compensate for cuts in Government funding.

- 11.2 Some aspects of this required more detailed consideration, and these are now brought forward for decision by Members in a separate report. Also, it is now recommended that, in order to maximise such income gains, the new charges are implemented from 1 January 2011, or as soon as possible thereafter, where notice of change is required.
- 12.0 The timetable for Decision Making and Communication with the Public
- 12.1 Attached is the timetable of Budget preparation meetings that will lead up to decisions by full Council in early January 2011, (when a special meeting is needed). We should seek to have determined most of our 3 year financial plan by then, taking on board the outcomes of the CSR, and make only minor additions or revisions at Council in late February 2011, when our final funding figures are known. (We will have details of our draft financial settlement from the Government in the first week of December this year). This will enable us to put service changes in place quickly, in order to have the full financial benefits of cuts in cost in the 2011-12 financial year.
- 12.2 We need to decide now, therefore, how we intend to inform the public of these changes, in the light of the feedback we have received from them as part of our consultation process to date. We have said that this will not be in the form of another round of asking opinions on our options and choices, but rather of explaining the rationale for the difficult decisions we have made. The attached appendix sets out the key messages from our recent public consultation exercises, which have strongly influenced the recommended approach set out in this report. Our approach to messaging the changes needed for local people has worked well so far, but now needs to move on to the next stage of sharing and explaining such information over the next few months.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Comprehensive Spending Review, Cabinet 10 November 2010

Revenue Budget 2011/12 and Medium Term Financial Plan 2011/12 - 2014/15,
Cabinet 15 September 2010

Human Rights Act Appraisal

The recommendations contained within this report are compatible with the provisions of the Human Rights Act 1998.

Environmental Appraisal

The eventual outcome of the budget process and medium term financial planning will have an impact on the resources available for the authority.

Risk Management Appraisal

The Medium Term Financial Plan provides a control mechanism for mitigating the financial risks facing the authority over the next three years.

Community / Consultations Appraisal

The Council's Budget Strategy for 2011/12 to 2013/14 has been subject to extensive public consultation over the summer and autumn of 2010.

Cabinet Member

Keith Barrow, Leader of the Council

Local Member

N/A

Appendices

Appendix 1 - Budget Cuts - Public Perceptions and Feedback from Consultation

Appendix 2 - Budget Timetable

Appendix 3 - Review Best Model of Delivery

Budget Cuts - Public Perceptions and Feedback from Consultation

1. Background

1.1 As part of the preparation of the Council's Budget Strategy for 2011/12 to 2013/14, we have engaged in an unprecedented and extensive public consultation process over the summer period. The main purposes of this were to:

- make sure that local people understood the scale of the likely cuts in Government funding to be faced by the Council over the next few years, and the consequent need for major changes in the standard, scope and method of service delivery across the Council;
- demonstrate that the Council had taken a pro-active approach to seeking greater efficiency savings and reducing overheads, as its first response, in order to protect essential frontline services; and
- seek the views of our residents on their sense of relative priorities and the value they placed on particular services.

1.2 This process was co-ordinated as part of an initial communication plan, which was effective in meeting these objectives. The Council's approach has received wide coverage and, generally, has been well received by local people. During this initial period of consultation, it was made clear that the feedback received would be used to inform the decision making of elected Members on our Medium Term Financial Strategy, and that these decisions would be shared with the public, as proposed spending cuts are agreed by the Cabinet in the period October to December 2010.

1.3 Accordingly, it is now essential that, as we enter this final decision making phase, it will be helpful to look both at the main elements of the comments received from local people as part of our earlier consultation exercise.

2.0 The Main Messages from Local People

2.1 People locally are increasingly aware of the trade-offs that need to be made in making choices about where cuts will be applied, and that more ring-fencing of protected services by the Government reduces local choices and places the main burden of the cuts on other (locally delivered) services.

2.2 There is a strong desire to maintain key frontline services, (such as a visible Police presence on the streets), through "simple" solutions such as shared services with neighbouring councils, reducing bureaucracy, tackling staff sick absence, cutting the pay of senior staff, and reducing the cost of public sector pensions. However, there is concern to avoid job losses at a time of recession. In this vein, we also should support local businesses, e.g. by buying locally.

- 2.3 There is strong support for doing more through the 3rd Sector and for promoting volunteering, (particularly for the unemployed), by making it easier for local people to get involved. A focus on prevention and early intervention is supported, as is protection of those local people who are “vulnerable”, and of provision for children and young people.
- 2.4 There is real concern over health provision, such as protecting specialist services in remote rural areas and tackling health inequalities – as well as uncertainty about the benefits of GP commissioning. Issues like retaining respite care for carers are also a concern, and there is a strong desire to see more joint working between health and social care – and for local people to have a greater say over how such services are delivered.
- 2.5 Understandably, there is concern over the potential loss of local and personal services in rural communities. Local people want a “fair” system across Shropshire, i.e. not an urban/rural split.
- 2.6 There is a real appetite to better understand the detail, and cost implications, of the services we provide, so as to identify where we could do less, e.g. switch streetlights off at night, reduce the frequency of refuse collection, stop running golf courses, or saving cats up trees!
- 2.7 Local people wanted to be assured that we are using our resources well, e.g. in how we deploy our staff (e.g. less over-specialisation, more training in transferable skills, more home working, and utilising ideas from our staff for cuts and improvements), and whether we are disposing of surplus property and buildings, or sharing such assets with other agencies, (although some local people are averse to “selling the family silver”, even in hard times). We should also renegotiate contracts with other providers to deliver services differently and more cheaply.
- 2.8 There is support for doing more to help local businesses, particularly during the recession, for example, by favouring local suppliers. Some also want us to retain our commitment to our carbon reduction targets.
- 2.9 Local people are increasingly willing to question whether the Council should be doing particular things at all, and seem content that such decisions and priorities are based on an assessment of relative risk to service users and others. People are concerned that the Council takes an holistic view of cuts, and that savings in one area do not give rise to unintended costs or consequences in other areas.
- 2.10 People are eager to be clear about the likelihood and scale of school reorganisation, and see this as an inevitable development. There is support for a better system of (Government) funding which recognises the issue of rural sparcity for the provision of all public services in Shropshire.
- 2.11 There is support for the Council giving local people “the tools to help themselves” more, and for local people to be more “responsible” about making unnecessary demands on public resources.

- 2.12 Local people like to see collaborative partnership working and the sharing of customer information between local public services, to create a more seamless, joined-up and targeted approach to meeting their needs efficiently. They feel there should be closer joint working with town and parish councils.

- 2.13 Many people were complimentary about the opportunities the Council had provided for them to have their voices heard, but want us to extend this in future, to "get to people where they live" and to reach wider audiences.

BUDGET TIMETABLE

Date	Meeting	Item(s) for Discussion	Meeting	Item(s) for Discussion
	First Wave of Budget Strategy		Second Wave of Budget Strategy	
Monday 18 Oct, 5 pm	Performance & Strategy Scrutiny Committee	Savings agreed at Cabinet 15 Sept 2010 <i>i.e. Savings with service implications and ABG Savings in CYPS</i>		
Wed 20 Oct – CSR Announcement				
Fri 22 Oct	All Party Member Briefing	CSR Announcement		
Wed 10 Nov, 12.30 pm	Cabinet Meeting	Draft Medium Term Financial Plan. <i>Additional ABG Savings in CYPS</i> <i>Update report for Fees and Charges</i>		
Wed 17 Nov, 2.30 pm	Performance & Strategy Scrutiny Committee	Draft Medium Term Financial Plan. <i>Additional ABG Savings in CYPS</i> <i>Update report for Fees and Charges</i>		
Late Nov/Early Dec – Draft Settlement				
Thurs 9 Dec, 10 am	Council	Draft Medium Term Financial Plan		

APPENDIX 2

			Savings agreed at Cabinet 15 Sept 2010 <i>i.e. Savings with service implications and ABG Savings in CYPs</i> Additional ABG Savings in CYPs Fees and Charges Report			
Wed 15 Dec, 12.30 pm*				Cabinet*		Draft Settlement Medium Term Financial Plan – Detailed Savings Proposals. Remaining 2011/12 savings to meet draft settlement implications Capital Programme
Wed 22 Dec, 2.30 pm				Performance & Strategy Scrutiny Committee		Draft Settlement Medium Term Financial Plan – Detailed Savings Proposals. Remaining 2011/12 savings to meet draft settlement implications Capital Programme
19 Jan 2011				Cabinet		
19 Jan 2011				Performance & Strategy Scrutiny Committee		
13 Jan or 20 Jan 2011*				Special Council*		Draft Settlement

APPENDIX 2

				Medium Term Financial Plan – Detailed Savings Proposals. Remaining 2011/12 savings to meet draft settlement implications Capital Programme
Jan – Final Settlement 15 Feb 2011			Cabinet	Final Settlement Final tranche of Medium Term Financial Plan savings to meet final settlement implications Final Budget recommendations for 2011/12
16 Feb 2011*			Additional Performance and Strategy Scrutiny Committee*	Final Settlement Final tranche of Medium Term Financial Plan savings to meet final settlement implications Final Budget recommendations for 2011/12
24 Feb 2011			Council	Final Settlement Set Medium Term Financial Plan for 2011/12 to 2013/14. Set detailed final

APPENDIX 2

				Budget for 2011/12
19 Mar			Performance & Strategy Scrutiny Committee	

Appendix 3

Service areas to be reviewed to identify the best way of delivery

CYPS Directorate

- Integrated Youth services.
- Sure Start Children's Centres.
- Commissioning and Social Work.
- Leaving Care.

Development Services

- Car Parking and Enforcement.
- Bereavement Services.
- Shire Services.
- Transport Operations Group.

Community Services

- Residential homes.
- Day Care Centres (Learning Disabilities and Older People).
- Libraries, Archives, Arts, Heritage (Cultural Trust).
- County Training.
- Leisure (Leisure Trust).
- Outdoor recreation.

Other

- IT Services.
- Property Services.
- Legal Services.
- HR Services.
- Finance Services.

Service areas to be reviewed in terms of scope and standards

CYPS Directorate

- School transport.
- Commissioning and Social Work.
- Leaving Care.

Development Services

- Street lighting.
- Strategic highways.
- Road safety.
- Animal welfare.
- Fair trading.
- Food safety.
- Pollution control.
- Trading standards enforcement.
- Health and Safety (External Regulation).
- Traffic management.
- Transportation and traffic studies.
- Highways development control.
- Waste management.
- Public transport.
- Pest control

Community Services

- Rights of way.
- Adult social care threshold.
- Libraries (consider numbers and/or opening hours)
- Museums (as above)
- Leisure facilities (as above)