

**Report To: County Council**

**Date of Meeting: 9<sup>th</sup> December 2014**

**Lead Member / Officer: Councillor Julian Thompson-Hill /Paul McGrady**

**Report Author: Richard Weigh, Chief Accountant**

**Title: Budget 2015/16 – 2016/17 (Phase 2)**

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**1. What is the report about?**

The report outlines the latest budget position and presents Phase 2 of a programme of budget savings for approval in order to deliver the revenue budget for 2015/16 and to continue the process for 2016/17.

**2. What is the reason for making this report?**

Cabinet, having taken into account the discussions at the numerous all member budget workshops to achieve the £17.1m savings required, recommends that the savings listed in Appendix 1 to the report be taken to all members at Council for approval.

**3. What are the Recommendations?**

To approve the Phase 2 saving proposals listed in **Appendix 1** as recommended by Cabinet.

**4. Report details**

The council's budget strategy had previously identified a budget gap of up to £18m over two years. This was primarily driven by indications that the council's funding settlement would be cut by 4.5%. The Draft Local Government Settlement was published on 8<sup>th</sup> October. The Settlement indicates that the cash reduction to the council's budget will be 3.7% which equates to £5.3m. With cost pressures the council has to fund, such as pay, pensions and energy increases, the budget gap for 2015/16 is now approximately £8.3m and estimated to be approximately £8.8m in 2016/17 - £17.1m in total.

The process to identify the savings required to deliver the budget is called Freedoms & Flexibilities and began in April. It involved a review of every service and activity within services and an analysis of the council's entire revenue budget. The process incorporated a series of all-day budget workshops with elected members where all of the budget analysis was presented, along with saving proposals from each service. So far, nine workshops have taken place with a tenth scheduled on 12<sup>th</sup> December. Further workshops to focus on 2016/17 will take place in February and March.

At the workshops, members were asked to consider proposals under the categories of 'adopt', 'develop' or 'defer'. In September, council approved a set of proposals totalling £3.7m in 2015/16 and £870k in 2016/17 that was made up of items members had indicated they would adopt at the first four workshops over the summer. This completed Phase 1 of the budget process.

A number of other items were presented in the Phase 1 workshops that were classed as 'develop' – where members asked officers to provide more information or detail about proposals. These came back to the Phase 2 workshops held in the autumn and those where the majority of members in attendance were content to adopt the proposal are included as Appendix 1. The proposals total £3.6m in 2015/16 and £1.8m in 2016/17. Further narrative to help explain the Phase 2 proposals is included in an amended extract from the Cutting our Cloth paper recently issued to the public, members and staff which is shown as **Appendix 2**.

A graph showing the impact of the saving proposals being taken for approval in Phase 2, along with those already agreed in Phase 1 is shown as **Appendix 3**. The graph assumes that all of the Phase 2 proposals are approved. A summary of the budget process is included as **Appendix 4** for reference.

Phase 3 of the budget process will consider final proposals to balance the 2015/16 budget, including options for Council Tax and any use of reserves. These issues will be discussed at the member workshop in December before final approval in February. Phase 3 of the process will also continue to develop savings options for 2016/17.

**5. How does the decision contribute to the Corporate Priorities?**

Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

**6. What will it cost and how will it affect other services?**

The council may need to deliver savings of approximately £17.1m over the next two financial years.

**7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?**

An EqIA will be considered and completed by services for all relevant proposals. Summary impact assessments indicate whether a full EqIA is required.

**8. What consultations have been carried out with Scrutiny and others?**

There has been significant consultation around the budget process and it has been considered by CET, SLT, Cabinet Briefing and Council Briefing meetings. Two of the individual proposals have also been considered by scrutiny committees – these are CCTV (PPP08) and Provider Services

(ABS02). The latter proposal has also been the subject of a specific Task & Finish Group set up by the Performance Scrutiny Committee to examine options for delivering high quality care services.

By the end of the process, there will have been at least ten budget workshops held with elected members to examine service budgets and consider budget proposals.

The Wales Audit Office has just completed a review of the Council's financial planning. They have concluded that:

- The Council has a good track record of delivering identified savings within year against the planned actions that it approved
- The Council's future plans and arrangements to deliver savings are fit for purpose and are being effectively managed
- There are no proposals for improvement or recommendations arising from this review.

The Corporate Governance Committee has an oversight role and has received reports to each of its meetings since April. In its November meeting, the Committee minutes note the following: *"In order to test and seek assurance on the transparency of the budget process the Committee seeks further information on alternative options considered during the review of Welfare Rights, as a representative example. Members also agreed that the Rights of Way proposal be included"*. Both proposals were considered in Phase 1.

The Lay Member of the Corporate Governance Committee has attended several of the budget workshops and recently provided this feedback in respect of the process:

*"My own personal views that for those workshops I attended, the process seemed to be logical and well thought through, and the papers provided for each phase were clear and relevant. The generally calm and considered debates that I observed I believe bore testament to these aspects. The relevant Members and Officers who designed and implemented Phases 1 & 2 of the process are, in my view, to be commended"*

The Phase 2 proposal PPP08 (CCTV) was referred to Performance Scrutiny Committee on 20<sup>th</sup> November as part of the budget process and the Committee noted the following points and resolution:

***"CCTV and Out of Hours Service:*** *the Committee was advised that, due to budgetary constraints, the nature of the contents of this particular report had changed from the original request twelve months ago, which was to detail options for future investment in the CCTV Service to outlining proposals for disinvestment in the Service and exploring options for handing its delivery over to a third party. Members were advised that the proposal which would be presented to County Council in December would be to withdraw Council funding for the service with effect from April 2016. This would enable options for alternative delivery of the service to be explored and negotiated upon*

during 2015/16, with a view to reaching an agreement with a third party (or a group of stakeholders) to facilitate a seamless hand-over of equipment and the establishment of an alternative service of quality by April 2016. This particular disinvestment in the Service would affect Rhyl, Prestatyn and Rhuddlan only, other towns within the County already had alternative CCTV provision. Committee members:

- emphasised the importance of a managed hand-over process of the current Service to an alternative provider;
- acknowledged that the replacement service was not likely to be a like for like service, but that it should be a good quality service;
- supported the proposal to establish a multi-agency working group to devise and implement an exit strategy. This Group could in addition to looking at the current public space CCTV provision available in the three named towns also look at the wider community use of CCTV through the Community Safety Partnership (CSP), explore partners' joint capacity to deliver a CCTV Service and potential funding streams e.g. Police Commissioner Proceeds of Crime Fund monies for financing any alternative service;
- suggested that Scrutiny (possibly Partnerships Scrutiny Committee as the designated Crime and Disorder Scrutiny Committee) should monitor the development and implementation of the exit strategy and the Service's hand-over to a third party; and
- emphasised the need for the press and media to be regularly briefed, if possible in person, on the details of budget proposals to ensure that the proposals were factually reported to residents

The Committee resolved that:

- (i) the above observations in relation to the Freedom and Flexibilities project and proposals relating to the CCTV Service be reported to County Council on 9th December; and
- (ii) the progress made in devising, securing and implementing an exit strategy, and alternative solutions for delivering a CCTV Service in future be presented to Scrutiny in due course for examination"

In respect of the proposals to review or reduce public transport subsidies (H&E01), the Lead Member for Public Realm has requested that the results of a consultation on the proposal be made available to all members. A report outlining the results of the exercise can be accessed by using the following link:

<https://moderngov.denbighshire.gov.uk/ecSDDisplay.aspx?NAME=SD651&ID=651&RPID=1460761&sch=doc&cat=13536&path=13536&LLL=0>

On 21<sup>st</sup> October, Group Leaders met to consider and endorse the council's 'Cutting Our Cloth' public engagement exercise and agreed to seek the

public's views for a month. The exercise was launched on 27<sup>th</sup> October and closed on 27<sup>th</sup> November 2014.

The purpose of the public engagement exercise was to engage the public in a discussion about how the proposed cuts would impact on them and their communities and what can be done to lessen that impact. The introduction to the exercise was explicitly clear that the council was not consulting on whether or not these cuts were necessary. 822 survey responses and over 5,000 website hits is a good response from the public. The analysis of the outcome of that exercise is attached as **Appendix 5**. This includes an analysis of the suggestions made by the public and the relevant Head of Service's comments on those responses.

While the process has closed for the phase 1 and phase 2 proposals, officers are proposing that the 'Cutting Our Cloth' debate continues until the final budget setting in February 2015. This will allow members of the public to continue to express their views on any further proposals that might be made in order to balance the council's budget and also for any additional comments to be taken account of before implementation of decisions.

In addition to the public engagement exercise, the council had informed all Town and Community councils about the proposed cuts and hosted a meeting for all the councils to discuss and debate the proposals. There are ongoing discussions between some of the county council's services and some Town councils about the impact of the proposals and whether or not the Town councils would consider funding some of the activities if the cuts are made. These discussions are continuing.

The council has consulted its partners, through the joint Local Service Board, and, where requested, attended meetings to clarify the detail behind any of the proposals. For example, there have been a meeting between one of the council's corporate directors and the CEO of Denbighshire Voluntary Services Council to discuss the potential for the third sector to replace any of the cuts and there has been a meeting between Police colleagues and senior council officers to start exploring possible alternatives to the CCTV cut, if it is made. These discussions will continue if the proposals become decisions.

All members of staff have been kept informed about the budget setting process and where proposals become decisions the affected staff will be fully consulted, in accordance with the council's HR policies and procedures.

Trade Unions have been consulted through Local Joint Consultative Committee. A process for engaging with staff and their TU representatives was agreed at LJCC in September and is being adhered to. The same process also offered the Trade Unions an opportunity to make formal comment on budget proposals before they were considered by Council. The meeting to consider the proposals contained in this paper took place on 1<sup>st</sup> December. A summary of the points made is being compiled and will be shared with all Members prior to the Council meeting on 9th December.

Impact assessments for each proposal are available as supporting papers on this link:

<https://moderngov.denbighshire.gov.uk/ecSDDisplay.aspx?NAME=SD650&ID=650&RPID=1460146&sch=doc&cat=13536&path=13536&LLL=0>

A further report outlining the overall impact of the proposals from the first two phases of the budget process is included as **Appendix 6**.

## **9. Chief Finance Officer Statement**

This continues to be an extremely challenging process with some tough decisions having to be taken. Approval of the proposals in this report will mean that the remaining budget gap for 2015/16 is approximately £1m and proposals to address this will be considered at the December workshop. However, while the process has been challenging for all concerned, the outcome is that proposals to achieve 88% of the budget reductions required to deliver the 2015/16 have been identified in the first two phases of the budget process. The continued engagement and support of elected members and services in the process is crucial.

## **10. What risks are there and is there anything we can do to reduce them?**

This is the most challenging financial period the council has faced and failure to deliver an effective budget strategy will put further pressure on services in future financial years.

## **11. Power to make the Decision**

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.