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**Meeting of the Cabinet – 31<sup>st</sup> October 2012**

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

**Revenue Budget Strategy 2013/14**

**Purpose of Report**

1. To consider the Revenue Budget Strategy for 2013/14 and Medium Term Financial Strategy (MTFS) 2014/15 – 2015/16.
2. To present spending and funding options for consultation.

**Background**

3. When the Revenue Budget and Council Tax for 2012/13 was approved, the Council endorsed a Medium Term Financial Strategy (MTFS) which recognised the following basic assumptions:
  - (a) Income from Business Rates plus Top-Up funding (see para 13 below) for 2013/14 and 2014/15 is in line with the totals announced in the Comprehensive Spending Review, as adjusted following the Autumn 2011 Budget Statement;
  - (b) Single Status and Equal Pay costs are no more than estimated;
  - (c) the impact of general levels of inflation (including the Integrated Transport Authority Levy), pay and interest rates do not vary materially from current forecasts.
  - (d) there will be no other unplanned expenditure (including any resulting from demographic pressures) or shortfalls in income, which cannot be met from reserves.
4. It was also noted that the loss of income from base in 2013/14 onwards resulting from the 2012/13 Council tax Freeze Grant being for one year only could be addressed by means of:
  - Council Tax rises up to the indicative limit above which a referendum would need to be held under the provisions of the Localism Act.
  - Exercise of expected local flexibility to vary certain Council Tax discounts for empty properties (subject to government consultation).

It was recognised that in the event that the above were not acceptable, it would be necessary to make further revenue savings beyond those set out in the approved MTFs. In the light of the spending totals announced in the Autumn 2011 Budget Statement, it was also recognised that it would be necessary to find further savings from the base budget (beyond those outlined in the MTFs) in order to ensure that the strategy remains robust from 2015/16 onwards.

5. In order to ensure that the Council could properly manage its financial affairs over the medium term, and ensure resources would be available to deal with new spending pressures and other unforeseen eventualities, the strategy was to:
  - (a) manage spending within approved budget levels;
  - (b) review spending priorities and the allocation of resources in line with Council Plan priorities;
  - (c) seek further efficiency and other savings;
  - (d) maximise opportunities for additional external funding;
  - (e) take action to replenish General Balances;
  - (f) regularly review risks and uncertainties and other relevant factors.

#### Forecast 2012/13 Position

6. Latest monitoring indicates favourable Treasury variances amounting to £1.8m resulting from better than expected cashflows.
7. Councils provide a number of support services to maintained schools funded through the Formula Grant mechanism rather than Dedicated Schools Grant. If a school converts to an academy, these services are no longer provided by the Council as they become the academy's responsibility. The Government top-sliced Formula Grant nationally in 2011/12 and 2012/13 in an attempt to reflect this transfer of function using a formula that did not reflect the actual number of academy transfers in each area. Potential legal challenge has resulted in Councils who were subject to a disproportionate top slice receiving a refund; while figures have not yet been finalised we are expecting a total refund for Dudley of around £1.1m this year.
8. It is proposed that Council be recommended to amend budgets to reflect these variances.
9. The budget for 2012/13 included a contingency of £1.0m to cover inflationary and other pressures in excess of those assumed when the budget was set. There are a number of service pressures that Directors are seeking to manage within existing budgets:
  - Children's Services. The Directorate is still experiencing high levels of referrals of children in need. These cases include an increasing number of children with complex needs and difficulties. This risk together with the associated budget pressures are currently being monitored on a monthly basis in order to remain within the Directorate's allocated resources. National changes are continuing to impact on the Directorate's planned activities resulting in higher costs.

- Urban Environment. Reduction in planning fee income due to recession in property development. Reduced bereavement income due to a new crematorium being opened at Wyre Forest.

The position will be carefully monitored and reported back to Cabinet as necessary. In the light of the issues set out above, it is proposed that the contingency be retained.

### General Fund Balances

10. The latest forecast position, compared to the original Approved Budget for 2012/13 and subject to the risks and uncertainties outlined above, is as follows.

	<b>Original Budget £m</b>	<b>Latest Position £m</b>
Forecast balance at 31 <sup>st</sup> March 2012	11.1	11.1
Effect of 2011/12 outturn	-	1.1
	<b>11.1</b>	<b>12.2</b>
Planned use 2012/13	-0.3	-0.3
Favourable current year treasury variances	-	1.8
Academies refund	-	1.1
<b>Forecast balance at 31<sup>st</sup> March 2013</b>	<b>10.8</b>	<b>14.8</b>

### Budget Strategy 2013/14

11. In formulating the Council's Budget Strategy and tax levels for 2013/14, Members will need to consider carefully:
- the levels of Government support allocated to the Council;
  - spending pressures, opportunities to free up resources (including savings), and Council Plan priorities;
  - the implications of spending levels in later years as part of the Council's medium term financial plan;
  - the views of consultees;
  - the external factors and risks inherent in the Strategy;
  - the impact on Council Tax payers.

### Government Funding

12. The Government has undertaken a major review of Local Government funding from 2013/14 onwards, in particular the "localisation" of Business Rates and Council Tax Support.

13. From 2013/14, Formula Grant will be replaced by a new system, the basic elements of which are as follows:
- Councils will retain 50% of Business Rate income, rather than it being pooled nationally. The risks and rewards relating to retained Business Rate income being more or less than expected will therefore be shared between the Government and individual Councils.<sup>1</sup>
  - The 50% pooled Business Rates will be used, along with resources from national taxation, to fund Revenue Support Grant and continuing Specific Grants.
  - Councils will receive a Top-Up or pay a Tariff to, in principle, bring total resources initially into line with what would have been received in Formula Grant.<sup>2</sup>
  - There will be a system of levies to restrict gains from disproportionate growth in rate income, and safety nets to restrict losses.<sup>3</sup>
  - The main parameters of the new system, in particular the underlying needs and resource estimates will be fixed for 7 years.
14. There has been a series of consultations concerning the operation of the new system, and the Council has responded as appropriate. We have in particular raised the following issues:
- Under current “damping” arrangements Dudley receives less Formula Grant than it would otherwise be entitled to (£5.8m less in 2012/13). We have argued that this should be fully unwound on transition to the new system, over no more than say 5 years, to ensure it has a stable and fair starting point.
  - The assessment of a council’s ability to generate business rate income at the start of the new system should reflect its current circumstances. The latest proposals are based on historic 5 year averages, and do not take into account recent trends.
15. We are not expecting final details of the new system, or figures for Revenue Support Grant, Specific Grants and Top-Up funding until early December. However, the Government has indicated that the new system will operate for 2013/14 and 2014/15 within the national control totals set out in Comprehensive Spending Review (CSR) 2010, as amended in the 2011 Autumn Budget Statement. At present our best estimate of available funding from the new system for 2013/14 and 2014/15 is therefore a broadly proportionate reduction in line with the CSR figures, taking into account the latest government proposals on the allocation of resources between authorities. Likewise, we have assumed funding for 2015/16 will reduce further in line with the Autumn Statement although this was less detailed in terms of how Local Government funding will reduce compared with public spending as a whole.
16. We have at this stage assumed that income from Business Rates will be in line with current receipts. However, this could vary significantly depending on national and local economic factors, including the impact of appeals, and will need to be reviewed on an ongoing basis.

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<sup>1</sup> Of the 50% retained overall, in Metropolitan areas 1% will be passed to Fire Authorities and 49% retained by Districts. Police Authorities will be fully funded by Specific Grants outside the Business Rate Retention system.

<sup>2</sup> Tariffs and Top-Ups will thereafter rise in line with inflation. Dudley will be a recipient of Top-Up funding as our current share of national business rates income is lower than our share of the total national spending need assessment.

<sup>3</sup> On the basis of current proposals, we do not expect Dudley as a Top-Up authority to be subject to a levy. The Government has proposed that safety nets will limit losses to between 7.5% and 10% of the initial level of retained business rates +Top-Up/-Tariff.

17. A number of specific grants are being rolled into the Business Rate Retention funding mechanism from 2013/14 as follows:

- Early Intervention Grant (Children's Services)
- Learning Disability and Health Reform (Adult, Community and Housing)
- Homelessness (Adult, Community and Housing)
- Lead Local Flood Authority (Urban Environment – part transfer only)

Latest figures indicate that the roll in of Early Intervention Grant (EIG) will be combined with an effective reduction in funding of £2.8m for the Directorate of Children's Services once the ring-fencing of resources to cover the introduction of nursery provision for 2 year olds has been taken into account (see para 28).

18. In order to resolve the outstanding issues relating to the funding of support services provided to schools which become the responsibility of academies after conversion (see para 7 above), from 2013/14 these services will be funded by specific grant in respect of all schools. This Local Authority Central Spend Equivalent Grant (LACSEG) will be paid directly to academies, or to councils for maintained schools. This will be matched by a transfer of resources from the Business Rate Retention Mechanism. Concerns have been expressed nationally that, on the basis of the proposed methodology, this may result in a resource shortfall for many Councils – around £0.3m - £0.35m for Dudley.

19. As reported to Cabinet in June, the Government is localising council tax benefit from April 2013, alongside reducing the subsidy it pays to Councils by 10%. This will involve the abolition of the current national council tax benefit scheme and the introduction of new localised 'council tax support' schemes designed and administered by individual councils. It was proposed to absorb the impact of the reduction in government grant (approx £2.4m), as the basis for consultation, the results of which are considered in a separate report on this agenda. In addition, the subsidy will be rolled into the new Business Rate Retention funding mechanism and will no longer change in line with actual claims. Therefore, the Council will also be exposed to the impact of any increases (or benefit from any reductions) in the number of eligible claimants and the value of their claims. We have currently assumed that the underlying value of benefit/support will continue at current levels.

20. The Government has recently indicated that:

- Council Tax Freeze Grant will be offered to Councils who freeze their Council Tax in 2013/14, equivalent to a 1% increase in Council Tax. The funding would continue into 2014/15.
- The maximum Council tax increase for 2013/14, above which a referendum would need to be held, will be 2% (not 3.5% as in the current year).

21. Under the provisions of the Health and Social Care Act 2012, Public Health functions will transfer from the Primary Care Trust to Dudley Council from 1<sup>st</sup> April 2013. It is anticipated that final funding allocations will be known by mid-December, and further details will be reported back to Cabinet in February. We are currently assuming that the transfer of the function will be matched by an equivalent allocation of resources.

## Base Budget Forecasts

22. The following key assumptions have been made (and are also referred to in the risk analysis in paragraph 33):
- (a) We are expecting pay awards for local government to be frozen or settled at very low levels in the next few years consistent with Government announcements about public sector pay. The budget provision for prices assumes that competitive contract management and tendering will continue to minimise the impact of price rises on Council budgets. We are therefore proposing a provision of 1% for pay and 2% for prices each year for the duration of the MTF5;
  - (b) Interest rates will continue to have a relatively low impact in the medium term;
  - (c) Whilst the final costs of Single Status and Equal Pay Back Pay (EPBP) still remain uncertain, new pay and grading structures have now been introduced. Some provision has been included in the Base Budget forecasts and reserves previously set aside. It has been assumed that any costs relating to schools will be funded from school resources.
23. Details of Base Budget Forecasts for the next three years are set out below.

	2013/14	2014/15	2015/16
	£m	£m	£m
2012/13 Base	236.8	236.8	236.8
Pay & Prices	4.0	7.9	11.7
Capital Programme	1.4	1.9	2.1
Funding transfers (see paras 17-18)	15.1	15.1	15.1
Other Adjustments (*)	-1.2	-3.0	-2.0
<b>Base Budget Forecast</b>	<b>256.1</b>	<b>258.7</b>	<b>263.7</b>
% change year-on-year (like for like)	1.7%	1.0%	1.9%

(\*) Major items contained within "Other Adjustments" are the beneficial impact of repaying debt relating to past capital spend, and favourable cashflow movements. It also includes the building into base budgets of the £550,000 allocated from New Homes Bonus funding in each of 2011/12 and 2012/13 for private sector housing grants.

## Spending Pressures

24. Having reviewed existing budgets in the light of Council Priorities, additional legislative requirements and service pressures, the following package of additional spending to target key service areas for investment over the next three years is proposed:

	2013/14	2014/15	2015/16
	£'000	£'000	£'000
<b>Adult, Community and Housing</b>			
Increased numbers of adults with learning disabilities	400	400	400
Increased number of clients with dementia	367	367	367
Increased numbers of people with a physical disability and some transfers of people from children's services	415	415	415
	<b>1182</b>	<b>1182</b>	<b>1182</b>
<b>Children's Services</b>			
The demand for placements of looked after children (LAC) exceeds the 2012/13 base budget of £9.7m by £2m (at worst case which assumes that the children will remain in place for the remainder of the year and no other placements are made). There is a growing number of families experiencing financial difficulties leading to greater family need and breakdowns which gives rise to more children needing higher levels of support and care from the local authority.	2000	2000	2000
	<b>2000</b>	<b>2000</b>	<b>2000</b>
<b>Urban Environment</b>			
Waste that goes to landfill is subject to a Landfill Tax set nationally	105	242	379
Domestic waste entering the incinerator is subject to an inflationary contractual 'gate fee'	54	110	167
Car parks have a shortfall in budgeted income and in addition there is no contribution from reserves towards parking enforcement activity as there has been historically	325	325	325
Green waste vehicles need to be replaced which were previously grant funded	244	244	244
	<b>728</b>	<b>921</b>	<b>1115</b>
<b>Total</b>	<b>3910</b>	<b>4103</b>	<b>4297</b>

## Savings

25. Following a detailed budget review process, which considered the need to redirect resources to the spending pressures and priorities set out in paragraph 24, a range of savings has been identified from existing budgets as follows. Detailed proposals are set out in Appendix A.

	2013/14 £'000	2014/15 £'000	2015/16 £'000
Adult, Community and Housing	3988	6138	7938
Urban Environment	2460	3850	5642
Children's Services	2991	3491	4991
Corporate Resources	1089	1723	2691
Chief Executive's	229	329	530
<b>Total</b>	<b>10757</b>	<b>15531</b>	<b>21792</b>

26. The Local Government Finance Bill includes a number of options that will enable the Council to reduce council tax discounts and exemptions given in respect of unoccupied properties, as well as the power, in the form of the Empty Homes Premium, to increase the council tax payable on properties that have been empty for more than two years. It is proposed that these flexibilities are used with effect from 1st April 2013 as follows:
- For furnished but unoccupied properties (except where the liable person resides at another property which is job related), e.g. second homes, the current council tax discount of 10% of the applicable charge is removed, resulting in full council tax being payable in these circumstances.
  - For properties which have been empty (i.e. unoccupied and unfurnished) for less than six months, the current exemption from council tax is removed completely, resulting in full council tax being payable in these circumstances, as is currently the case with most properties that have been empty for more than six months.
  - For properties which have been empty and require or are undergoing major repair work to make them habitable, the current exemption from council tax (up to a maximum of 12 months) is removed completely, resulting in full council tax being payable in these circumstances.
  - For properties which have been empty for more than two years, an Empty Homes Premium of 50% is applied, resulting in a 150% council tax charge being payable in these circumstances.

These proposals assume that the Local Government Finance Bill will be granted royal assent shortly and the relevant powers will then be enacted as the Government currently intends. They will all help to incentivise the bringing back into use of some of the Borough's housing stock in line with the Council's Empty Homes Strategy, which should in turn help the local economy. It is anticipated that around £1.5m per annum of extra income will be generated.

27. It is also proposed to remove the 20% discretionary rates relief currently awarded by the Council to Voluntary Aided (VA) schools from 2014/15. This will be funded from Dedicated Schools Grant rather than impact on individual schools. The 80% mandatory relief for VA schools will continue. This will save £84,000 of which half will be retained by the Council under the Business Rates Retention proposals.
28. It is proposed that the impact of the reduction in EIG (see para 17 above) be addressed as follows:
- Savings of £0.5m already identified from 1<sup>st</sup> April 2013 as set out in Appendix A.
  - Further savings of £2.3m per annum are likely to be required. Detailed proposals will be reported back to Cabinet in February, and be subject to subsequent consultation for implementation in 2013/14.

### Human Resource Implications

29. Details are set out in the separate report on this agenda. Redundancy costs 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) and general balances.

### Use of Balances

30. The table in paragraph 10 shows that we forecast to have available around £14.8m at 31<sup>st</sup> March 2013.
31. Resource forecasts for 2013/14 and the period of the MTFs as a whole remain uncertain, particularly in the context of the many radical and simultaneous changes to Local Government finance. Based on current forecasts:
- If the Council were to decide to freeze Council Tax in April 2013 and accept Council Tax Freeze Grant (see paragraph 20), it would be necessary to identify around a further £9m from savings over and above those set out in this report in order to ensure that the strategy remains robust over three years.<sup>4</sup>
  - If the Council were to decide to increase Council Tax by 2% in April 2013 (the maximum amount that would not require a referendum), then it would be necessary to identify around a further £5m over and above those set out in this report.<sup>5</sup>
  - If the Council were to decide to increase Council Tax by more than 2%, this would require a referendum to be held by the first week in May. If the increase were upheld by the referendum, then the requirement for budgetary savings would be reduced (the extent to which this would be the case would depend on the level of the increase). However, if the increase were overturned, then a 2% increase would have to be applied<sup>6</sup>, necessitating a further £5m from savings over and above those set out in this report.

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<sup>4</sup> This option assumes that Council Tax would then increase by 2% in each of the following years.

<sup>5</sup> This option also assumes that Council Tax would then increase by 2% in each of the following years.

<sup>6</sup> Either by a refund in year or a retrospective adjustment in the following year.

The forecasts set out above address the strategy over 3 years. On the basis of government budget announcements it is likely that further savings would be required from 2016/17 onwards.

The position could be better or worse than the forecasts set out above, dependent on the final Local Government finance settlement. It will be necessary over the coming months to closely monitor announcements about that settlement, to consider potential savings over and above those set out in this report and to consult on the options for Council Tax. Final proposals on savings and Council Tax will be brought back to Cabinet in February.

### Summary

32. The following table summarises the budget proposals:

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Base Budget Forecast	<b>256.1</b>	<b>258.7</b>	<b>263.7</b>
Spending Pressures	3.9	4.1	4.3
Savings	-10.7	-15.5	-21.8
To address reduction in EIG	-1.7	-2.8	-2.8
<b>Net Budget</b>	<b>247.6</b>	<b>244.5</b>	<b>243.4</b>
% change year-on-year (like for like)	-1.7%	-1.3%	-0.4%

### Estimates, Assumptions & Risk Analysis

33. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which may need to be reviewed and amended either before the budget and Council Tax for 2013/14 is set, during the course of that year, or indeed over the term of the MTFs. These may lead to further increases in expenditure and, therefore, the need to identify alternative funding sources, and include:

- (a) Revenue Support Grant and Top-Up Funding is in line with the national totals announced in the 2010 Comprehensive Spending Review, and 2011 Autumn Statement;
- (b) income from Business Rates will be in line with current receipts;
- (c) the introduction of LACSEG funding for all schools will not lead to a reduction in resources;
- (d) the underlying value of Council Tax Benefit/Support awarded will continue at current levels.
- (e) the transfer of Public Health functions to the Council from 1<sup>st</sup> April 2013 is matched by an equivalent allocation of resources;
- (f) there is no overall increase in employer pension contributions. The new Local Government pension scheme comes into operation from April 2014, which is also the commencement of a new valuation period. The impact of both is uncertain at this stage, but potentially significant.

- (g) Single Status and Equal Pay costs are no more than estimated;
- (h) general levels of inflation (including the Integrated Transport Authority Levy), pay and interest rates do not vary materially from current forecasts;
- (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 rises are in line with indicated referendum limits. Given the complexity of the detailed calculation, there is also uncertainty around how the headline 2% will translate to actual limits.

#### Medium Term Financial Strategy 2014/15 Onwards

- 34. Decisions about spending, funding and council tax levels in any one year need to be made in the context of the Medium Term Financial Strategy (MTFS), recognising that medium term projections need to be reviewed and revised on a regular basis.
- 35. In order to ensure that the Council can properly manage its financial affairs over the medium term, and ensure resources are available to deal with new spending pressures and other unforeseen eventualities, the strategy must therefore be to:
  - (a) manage spending within approved budget levels;
  - (b) review spending priorities and the allocation of resources in line with Council Plan priorities;
  - (c) seek further savings;
  - (d) maximise opportunities for additional external funding;
  - (e) take action to replenish General Balances;
  - (f) regularly review risks and uncertainties and any other relevant factors.

#### Consultation

- 36. Public consultation will be undertaken via the internet to seek views on the savings proposals detailed in this report and options for Council Tax levels. Detailed consultation is also being 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.
- 37. The Best Value Statutory Guidance issued by Government in September 2011 has set out the expectations for councils considering changing funding to local voluntary and community groups and small businesses. This includes observing a duty to consult, making sure that disproportionate savings are not passed on to voluntary and community organisations, considering the wider 'social' value of procurement decisions and engaging with and giving adequate notice to any such organisations who's funding is to be reduced or ended.

38. 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.
39. 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**

40. This report is financial in nature and relevant information is contained within the body of the report.
41. The cost of a council tax referendum could be met from the local elections budget, given that there are no local elections in 2013.

## **Law**

42. The Council's budget setting process is governed by the Local Government Finance Acts 1988 and 1992 and the Local Government Act 2003.
43. 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.
44. 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.
45. The Equalities Act 2010 created a new public sector equality duty. This has three objectives, namely to:
  - eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act.
  - advance equality of opportunity between people who share a characteristic and those who don't.
  - foster good relations between people who share a characteristic and those who don't.

The Equality Duty covers the following protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

## **Equality Impact**

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 (and other groups, e.g. looked after children) 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) Recommends to Council that 2012/13 budgets be amended as set out in paragraphs 6 & 7.
  - (b) Approves the preliminary strategy outlined above as a basis for further consultation.
  - (c) Notes the various issues and risks which will need to be taken into account in finalising Budget proposals for 2013/14, and the Medium Term Financial Strategy.



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**List of Background Papers**  
Comprehensive Spending Review 2010  
Autumn 2011 Budget Statement

## Proposed Savings

<b>Adult, Community and Housing</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Older People Services – Uncommitted resources saved from the closure of Shenstone Elderly Persons' Home in 2011/12.	452	452	452
Housing General Fund - Continue to work in partnership with providers to undertake value for money reviews for Supporting People grants allocated to landlords, aligning funding with strategic priorities and using national benchmarking data and best practice to ensure appropriate levels of support and promote independence.	148	148	148
Learning Disability - Reduction in the levels of residential care and care packages for people including Supported Housing. This will be achieved following a remodelling 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 personalisation.	150	300	450
Quality and Commissioning - Remodelling and realignment of a number of services including commissioning, ICT, finance and community centre administration resulting in the loss of 9.5 posts; together with increased fee income targets for the finance section in respect of their work with the Court of Protection on behalf of people who lack capacity.	610	610	610
Quality and Commissioning (Social Care Learning & Development) - Further reductions in staffing by 1 post. Other efficiency savings including reductions in training fees and wider use of a range of training methods e.g. on-line learning together with reduced attendance at conferences.	129	129	129
Older People / Physical Disability Services - This would see changes in the balance between qualified and unqualified social workers, with qualified workers concentrating more on safeguarding issues and complex cases. There will be no risk to people who use services resulting from this proposal.	100	100	100
Directorate Management and Social Work posts - The Directorate has already commenced a modernisation programme which will see significant changes to the way in which people access and receive services. These savings, of which half will be management posts, will streamline systems and reduce management posts where they are no longer required.	50	250	450
Physical Disability – Will see a reduction in the levels of residential care and care packages for people, including Supported Housing. This will be achieved by reducing the cost of new placements with providers; delivering improved value for money from existing care packages; by increased use of telecare; extra care housing; and direct payments .	20	20	70

<b>Adult, Community and Housing</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Mental Health Services management and staffing - This would see a reduction in posts at both management, fieldwork and service provision level. In total around 4 posts would be lost. The mental health service is undergoing significant change as it embraces the personalisation agenda and ensures that the services it provides are appropriate. Although overall staffing capacity will be reduced, the impact on people using services will be minimal.	68	138	138
Library and Archive Service - Management restructure to deliver £75,000 efficiency savings. The method of achieving the balance of the savings target is currently being developed. The proposals to date will not impact on the service delivered to the public.	347	347	347
Mental Health Services - Reduction in the amount spent on residential care and care packages for people in supported housing. This will be achieved by reducing the cost of new placements with providers; delivering improved value for money from existing care packages; telecare; extra care housing; and Direct payments. This could impact on the existing care being provided to around 100 clients	50	80	236
Learning Disability Services - review of the People Using Local Services Everyday (PULSE) service, as part of the overall remodelling of learning disability services. There will be a strong focus on personalisation and employment	164	164	164
Older People -This would see either a reduction of services of 275 hours per week provided by our own internal home care team; or a transfer of hours to the private sector of 750 hours per week which can be provided at a lower cost than those provided internally. The transfer of hours to the private sector would not see any loss in care hours but they would not be provided by council staff.	0	300	300
Reconfiguration of the service delivery model - This proposal will explore different options for the delivery of services that would promote personalisation, see greater connectivity with a range of partners, potential to attract external funding sources and give better value for money.	0	0	1044
Older People Services - Closure of 2 reablement homes for the elderly with the transfer of required beds to Russell Court. This option will see the loss of 32 long term care beds. However the proposal should generate efficiency savings by having all the Directorate's residential reablement being provided through one building. A number of the beds at the home are already being used from short term care and this transfer would be phased over 2 years. There is no reduction in reablement beds and no direct impact on residents	585	1100	1100
Older People Services - This option would see the funding for some long term care switch from the Council's base budget to funding received via grant or from other partners. This switch in funding source would lead to the savings identified in this proposal.	965	1,650	1,850

<b>Adult, Community and Housing</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Older People / Physical Disability - Reduction in numbers of residential placements being made from 6 residential home equivalents per week to 5. This proposal would see a drop in the number of people that the council would support in long term care. This impact would be mitigated by the number of people who go into long term care who are self funding, and the increased effectiveness of reablement which currently sees 50% of people who go through reablement not needing residential care. The number of clients going into long term care could be flexed if the turnover of clients was significantly higher than that built into the budget.	0	200	200
Housing General Fund - This proposal would achieve efficiency savings in the Strategic Housing development team by losing 1fte post which is already vacant. The impact of this saving is already being covered by other staff working for and supporting the development team.	50	50	50
Review Racial Equality and Communications Service - This proposal would involve the loss of just under 3.5fte of which 2.5fte posts are already vacant. A review of services is planned in conjunction with the wider development work undertaken across the Directorate with a view to consolidation, value for money and more targeted use of resources	100	100	100
<b>Total</b>	<b>3,988</b>	<b>6,138</b>	<b>7,938</b>

<b>Urban Environment</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Service related savings</b>			
Reduction in the Road reconstruction and resurfacing programme	280	400	861
Reduction in the Footway reconstruction programme and public right of way maintenance	110	210	210
Reduction in routine Street Lighting, signs and bollards maintenance	50	50	100
Reduction in the number of Street Nameplates replaced	20	20	20
Reduction in Street Cleansing linked to increased community led litter picking	0	0	71
Reduction in Gully Drain Emptying with a greater focus on problem 'hot spots'	0	0	52
Closing the public toilet off Court Street in Stourbridge town centre	10	10	10
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	200	205	470
Shortening the collection period for Green Waste to between April and the end of October	100	200	200

<b>Office staff related savings</b>			
Staff related savings across all Divisions of the Directorate	832	1049	1697
<b>Income generation</b>			
Increase fees and charges for some highway related licences and permissions	31	31	31
Increase car parking charges by 20% in 2013 then a further 10% in 2014	225	450	450
Explore options to charge on currently free surface car parks and consider on street parking	75	75	75
Increasing charges for trade waste in line with the 'market'	27	27	27
Charging for replacement Green Bins when reported missing	25	25	25
Extra income generation from Himley Hall and other Hall venues, plus a review of management	55	55	55
<b>Other efficiency and contractual savings</b>			
Selling the spare capacity of the Incinerator at Lister Road Depot	0	313	313
Increased recycling at the Civic Amenity site to save landfill costs	250	250	250
Introduction of Wheelie Bins for domestic waste as part of wider waste minimisation strategy	0	100	100
Gym equipment contract negotiated savings	100	140	180
New technology within Street Lights will reduce light pollution and save significant energy costs	0	0	205
Broadfield House - explore the potential for an Asset Transfer to a third party	0	170	170
More efficient utilisation of existing Vehicle Fleet with reduced external hire	50	50	50
Construction of the new Salt Barn will reduce salt leaching	20	20	20
<b>Total</b>	<b>2,460</b>	<b>3,850</b>	<b>5,642</b>

<b>Children's Services</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education Services: Further reduce Dudley Performing Arts (DPA). The service will cease carrying out public events. The majority of staff will work on a traded services basis.	178	178	178
Quality and Partnership: Reduce voluntary and community sector commissioning for children with disabilities.	100	100	100
Quality and Partnership: Reduce voluntary and community sector commissioning budget to vulnerable children, especially those living in homes where adults abuse alcohol and drugs and where there is evidence of domestic violence.	0	10	60
Quality and Partnership: The commission for family based care for children with disabilities has been reviewed and a reduction of £50,000 has been made through commissioning efficiencies.	50	50	50

<b>Children's Services</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Quality and Partnership: Reduce the pooled budget which supports children with disabilities who require high levels of additional support will release £124,000.	124	124	124
Quality and Partnership: Review the grant funding allocated to children with disabilities for short breaks arrangements and redesign and reduce service provision.	0	100	100
Transforming Futures: Connexions service savings of £56,000 for 2013/14 will be made by reducing the training, car allowance and stationery budget and by rationalising the activity budget.	56	56	56
Transforming Futures: Redesign the information advice and guidance support to targeted groups of vulnerable young people. Achieve efficiencies and use different delivery models of support.	200	250	350
Transforming Futures: Significantly reduce and redesign universal Youth Service activity offered to 13-19/25 year olds in the Borough.	200	330	330
Transforming Futures: Further reduce the Youth Service.	0	50	250
Transforming Futures: Asset Management Services will be traded to bring in additional income and efficiencies will be made.	10	50	100
Children and Families: To achieve efficiencies implement a new policy for the leadership and management of the Children's Centre provision.	320	320	320
Children and Families: By 15/16 significantly reduce the targeted offer to parents and children made by the Children's Centres.	0	70	870
Directorate Savings: Accommodation savings and the relinquishing of property leases.	0	237	237
Education Services:: Restructure the Early Years activities to focus on the delivery of statutory duties - i.e. childcare sufficiency. A reduction will be made to the level of support provided to nursery and the private, voluntary and independent providers of 0-5 education.	150	200	200
Directorate: Due to the national and local requirements the Directorate will be reviewing and significantly redesigning its services from April 2013 in order to make further efficiency savings.	731	731	831
Quality and Partnership: Education Psychology Service. This saving will result in a reduction in the Council's statutory capacity to support vulnerable children.	60	60	60
Education Services:: The release of 1 vacant Education Improvement Advisor (EIA) post will achieve the saving required but reduce the Directorate's capacity.	40	40	40

<b>Children's Services</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education Services: Special Education Needs (SEN). The national policy changes to SEN should allow for a service redesign to achieve £50,000 of efficiencies.	0	0	50
Quality and Partnership: The Special Education Needs (SEN) home to school transport budget for pupils will be reduced by £50,000 in 2015/16 through redesigning service provision.	0	0	50
Directorate Savings: Increased income contribution from traded services, the Dedicated Schools Grant and the reduction of the Early Intervention Strategy.	572	335	335
Children and Families: The budget savings of £100,000 will be achieved by a review and redesign of commissioned services for early intervention mental health work	0	0	100
Children and Families: The budget saving of £200,000 will result in the reduction of the commissioned therapeutic service for children with Mental Health needs.	200	200	200
<b>Total</b>	<b>2,991</b>	<b>3,491</b>	<b>4,991</b>

### **Savings to address impact of reduction in Early Intervention Grant funding**

<b>Children's Services</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Remove funding for positive activities for vulnerable young people	100	100	100
Reduce funding for young people 13-19	50	50	50
Reduce the budget for Information Services within the Quality and Partnership Division	100	100	100
Withdraw staff training and development budget for Early Years	100	100	100
Further Directorate efficiencies	150	150	150
<b>Sub-Total</b>	<b>500</b>	<b>500</b>	<b>500</b>
To be identified.	1,200	2,300	2,300
<b>Total</b>	<b>1,700</b>	<b>2,800</b>	<b>2,800</b>

<b>Corporate Resources</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Restructure of management team in Customer Services and Support section in ICT Services	28	28	28
Further reduction of service provision in Information Systems in ICT services	46	46	46
Restructure the management of the Information Systems and Customer Services teams within ICT Services	50	50	50
Rationalise KERN (automated enveloping) in ICT Services	30	30	30

<b>Corporate Resources</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Consolidation of corporate and directorate-based ICT Services	0	200	350
Value for Money (VFM) work (efficiency studies to be carried out by the Internal Audit section)	48	48	48
Internal Audit - management restructure	0	0	60
External Audit fee savings	100	100	100
Training - reduce training budget for Members	5	5	5
Relocation of Register office	35	35	35
Registrars' fees	10	10	10
CCTV - increase income streams and reorganisation of staff responsibilities	25	25	25
Health and Safety - efficiencies within staffing following restructure	20	20	20
Transforming Our Workplace office accommodation project	0	0	400
Procurement, Contract Management and Creditor Services - service redesign	50	50	50
Accountancy - further efficiencies from improved working practices	27	120	120
Reduced internal insurance premiums	100	300	300
Increase the charges for Council Tax and National Non Domestic Rates summons costs	50	50	50
A reduction in third party transactions charges - Paypoint / Pay Pal transactions	15	15	15
Pass on credit card charges (average 1.2%) to customers	35	35	35
Dudley Council Plus efficiencies	10	10	10
Reductions in Benefits staffing	0	0	100
4 temporary (2 years) principal HR officers.	160	160	160
Restructure of Human Resources and Organisation Development division including vacant posts and non pay savings.	178	247	432
Administration buildings - reduction in running costs	50	50	50
Review of leases including Cranham House	17	17	40
Divisional restructure and efficiency savings within Law and Governance	0	72	122
<b>Total</b>	<b>1,089</b>	<b>1,723</b>	<b>2,691</b>

<b>Chief Executive's</b>	<b>2013/ 14</b>	<b>2014/ 15</b>	<b>2015/ 16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Withdrawal of grant to the Black Country Living Museum	70	70	70
Rationalise and review communications and public affairs	52	52	52
Reduce contribution to Black Country Consortium (BCC)	20	20	20
Restructure within Chief Executives Directorate	60	160	260
Reduction in grants to Dudley Council for Voluntary Services and Centre for Equality and Diversity	0	0	40
Reduce general running expenses across the Directorate	27	27	88
<b>Total</b>	<b>229</b>	<b>329</b>	<b>530</b>