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**MEDIUM TERM FINANCIAL PLAN  
2014/15 TO 2019/20**

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**Responsible Cabinet Member - Councillor Bill Dixon,  
Leader and all Cabinet Members**

**Responsible Director - Chief Officers Executive**

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**FOREWORD BY COUNCILLOR BILL DIXON  
LEADER OF THE COUNCIL**

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Darlington has an enviable track record of achievement, evidenced with data showing that its population is growing, by a community survey that shows continued high satisfaction with the borough as a place to live, as well as with Council services. Notwithstanding the impact of the recession on employment, there are signs of confidence that manifest in the forthcoming new leisure development, incoming businesses and continued growth in sectors such as Subsea Engineering and in building commencing at Central Park.

Nevertheless the Single Needs Assessment recently presented to the Health and Well-Being Board clearly demonstrates on-going inequalities in life expectancy and life outcomes, while the impact of the recession and welfare reforms have further depressed incomes and resulted in a rise in poverty.

The Council, as community leader, a major employer and a provider and commissioner of services plays a vital role in facilitating action that tackles inequalities and enables the borough to thrive. However, as is being experienced across the north east, Darlington is no longer receiving the levels of funding support from Government it needs to undertake its agreed priorities.

During the period 2010/11 to 2013/14 the Council's government funding has reduced by £13.9m (19.9%) and in response has reduced expenditure by £22.2m leading to workforce reductions of 496. The reductions have mainly been achieved by changing HOW we deliver services and WHO delivers them, despite some high profile service reductions only £4.1m of the total reductions relate to WHAT services we provide. This should be seen as a success as the majority of services continue to deliver the same or similar levels for the public however with the level of reduction needed in the next phase of austerity such success cannot be achieved without radical change; this is something that was strongly advocated in our recent Peer Challenge.

It is predicted that Government grant will reduce by a further £24m by 2020 in addition to the £13.9m already lost since 2010. These reductions are unprecedented. The Council's main sources of income going forward are Council Tax and Business Rates. The ability to increase income to protect services and offset the loss of government grant is limited by the Government. The Council may only increase tax by 2% each year unless a public referendum is held. The level of business rates is set by the Government. In simple terms the only way we can collect more tax is to build more houses and attract more business to the Borough.

The challenge Cabinet faces when producing a MTFP for consultation is how to retain the services the public value whilst ensuring sufficient funding for services to keep the public safe. Darlington Council was ahead of others in making savings over the last few years which gives us some time now to consider what was said at our Money Talks events and what needs to happen for us to continue to deliver our vision. At the events we suggested that we could stop doing things the law does not require. If this was the route we chose to go down we would have no sports facilities, no parks, limited street cleaning and care for our environment, no theatre, no museums, limited libraries and no children's centres amongst other cuts. This felt like a place heading for decline not growth and with loss of jobs and businesses. A place people would choose not to visit and not to live. We knew that this was not our vision for Darlington and from what was said at the Money Talks events it's not what other people want either.

*“Culture - if the theatre goes, we will go. One of the reasons for moving here was that it has a bit more culture than other towns in the region” – “Economy – support high quality jobs and infrastructure investment”*

*“I am writing to 'have my say' regarding Darlington Council Services and in particular the provision of services for children and young people. As a mother of an 8 month old son I have found the Sure Start Centres (in particular Haughton and McNay Street) absolutely invaluable”*

*“Local leisure facilities should be available to all and it is important that the council encourages and invests in such initiatives and keeps investing in the wellbeing of all users, this will lead to a healthier, happier and more productive group”*

We have to do everything we can to cut our costs. The Council's Cabinet is setting out some proposals for spending £13.8m less in the short term. But there is a limit to how much we can cut spending without risking the growth we need. It is not possible to meet demands for services at their current level we simply do not have enough money to pay for them and demands are continuing to rise. There are two dimensions to future strategy; being very clear about the Council's priorities, and then establishing the conditions that give us the best prospect of delivering against our priorities.

It is critical that the Council is very clear about its priorities. These are set out in the Community Strategy - One Darlington Perfectly Placed (ODPP), developed in partnership with public services, business and the voluntary and community sector. For example, evidence suggests that a child's early years are fundamentally important to its life prospects, in education, employment and general well-being. Working to shift focus and spending from “cure” to giving every child the best start in life would be the right thing to do, and the most efficient way to spend scarce resources.

It is not proposed that the core ambitions or vision is re-visited. However, what is required is to decide, within the host of interventions and actions currently being delivered, which are the most vital to make the biggest impact on the long term goal. For example, evidence suggests that a child's early years are fundamentally important to its life prospects, in education, employment and general well-being.

It is proposed that the focus then needs to rest on putting in place the conditions that enable these ambitions to be achieved in a climate of significantly reduced public spending. If the following conditions were a description of what Darlington was like, then success would be more assured.

### **Building Strong Communities**

Every one of us can take responsibility for our own family and friends. Many of us are happy to look out for our neighbours and to look after the place around us. There is already a lot of good work going on. The Good Friends Scheme helps volunteers befriend the elderly and vulnerable. Foundation for Jobs has enabled 100 new apprentice jobs for young people to be created. The Darlington Cares project helps employees of companies donate their time. Creative Darlington enables Arts following the closure of the Arts Centre. Many people already devote time helping young people in sports and activity clubs; helping neighbours with shopping and joining litter picks. All this helps to build strong communities. They bring benefits to those who volunteer as well as the people they help. They also avoid the need for services paid for by Council Tax.

### **Spending Wisely**

We will continue to spend money on services but we want to use every pound we have wisely. It sounds simple but public bodies in Darlington are all facing cuts. We can reduce our costs if we work better together, we can use other bodies such as businesses or voluntary bodies to help us too. We will also improve our efficiency in the way we provide services currently but this is limited as we have already challenged all our services and made significant cuts. National analysis shows that Darlington is a very low cost Council.

### **Growing the Economy**

We want to create more jobs and grow successful business in Darlington. Business helps to provide jobs which means more money in the Darlington economy. Businesses also pay rates and new homes bring financial benefits. Creating our own wealth reduces our dependency on the declining grant we receive from government.

Cabinet has set out a budget using the resources we have in the short term to enable us to make these changes. Over the coming months we will work with the community so that solutions can develop. For example in 2015/6 we will close the Head of Steam Museum and Cockerton Library. But if local residents and others want to keep them open they have time to put together a plan to raise money and recruit volunteers to do so.

We propose that we can reduce our spending by driving down demand. Some ways in which we can do this include preventing some children from coming into care through getting help in earlier; by measures to help older residents to stay healthy longer and if we stop people dropping litter we can spend less and still have clean streets.

The proposals we are setting out enable us to continue to provide services until 2015/16. After that we need to have found ways to reduce spending by a further £13m every year. This concerns every one of us. Everyone who lives or works in Darlington will suffer if we allow spending cuts to drive our Borough into decline. We will all benefit if a thriving Darlington brings new facilities, opportunities and prosperity.

Consultation on our budget is different this year. We want your views on our proposals not just the specific savings but also our plans for the future. You can give your views through our online survey at [darlington.gov.uk/budget](http://darlington.gov.uk/budget). If you are unable to access documents online please ring 01325 406053 to request a hard copy. Alternatively you can attend the Cabinet meeting on 13 November 2013 when hard copies will be available to complete.

## SUMMARY REPORT

### Purpose of the Report

1. To propose a Medium Term Financial Plan for 2014/15 to 2019/20 for consultation including setting a budget for 2014/15.

### Summary

2. Darlington Borough Council has to date been proactive and successful in adapting to an environment of significant service pressure and resource reductions. The majority of spending reductions to date have been achieved without direct impact on the public, although it is regrettable that a significant number of jobs have been lost in the process. The approach was commended within the recent Corporate Peer Challenge and credit paid to the Council and its workforce for their response to an extremely difficult environment. As available resources continue to decline and following the Budget Advisory Panel process in the summer, this report sets out a forward strategy for the Council, including its resource plans.
3. It is recommended that the Council focus its planning and resources in three key areas that offer the best prospects of being in a position to continue to serve the public well into the long term; Building strong communities, Spending every public service pound well, and Growing our economy. These themes and the financial implications around them are detailed in the main report and propose plans to reduce spending by £13.802m and these rely on input from key partners and the public. The proposals, use of revenue balances and a proposed 2% Council Tax increase will deliver balanced budgets for 2014/15 and 2015/16 but beyond this period further cost reductions will be needed.

### Recommendation

4. It is recommended that :-
  - (a) The MTFP as set out in **Appendix 11** be approved for consultation, the budget includes :-
    - (i) A 2% Council Tax increase for 2014/15 and subsequent years.
    - (ii) Spending reduction proposals and plans totalling £13.802m by 2016/17.
    - (iii) Use of £8.9m of revenue balances to fund revenue expenditure.
    - (iv) Additional resources for shop mobility services of £3,000 and £16,000 in 2014/15 and 2015/16 respectively.
  - (b) That the results of consultation are presented to Cabinet in February 2014 prior to a final MTFP being recommended to Council.

## **Reasons**

5. The recommendations are supported by the following reasons :-
  - (a) To propose a MTFP from consultation.
  - (b) To enable final recommendations to be made in light of consultation.

## **Chief Officers Executive**

### **Background Papers**

No Background papers were used in the preparation of this report

Ada Burns/Paul Wildsmith : Extension 2010/2301  
TAB

S17 Crime and Disorder	The report contains proposals to continue to allocate resources in support of the Council's Crime and Disorder responsibilities
Health and Well Being	The report contains proposals to continue to allocate resources in support of the Council's Health and Well Being responsibilities
Carbon Impact	The proposals in the report seek to continue to support the Council's responsibilities and ambitions to reduce carbon impact in the Council and the Borough.
Diversity	There are no specific proposals that impact on diversity issues.
Wards Affected	All wards are affected
Groups Affected	All groups are affected by the Council Tax increase. Individual groups will be affected by specific proposals as they develop. In each case impacts will be considered before a decision is made to implement the proposal.
Budget and Policy Framework	The MTFP, Budget and Council Tax must all be decided by full Council-
Key Decision	The MTFP, Budget and Council Tax must all be decided by full Council
Urgent Decision	The MTFP, Budget and Council Tax must all be decided by full Council
One Darlington: Perfectly Placed	Within the constraints of available resources it is necessary for the Council to make decisions involving prioritisation. The proposals contained in this report are designed to support delivery of the Sustainable Community Strategy, within those constraints.
Efficiency	Efficiency savings have been included in the MTFP and future proposals are being developed as to how the Council operates.

## MAIN REPORT

### SECTION ONE - A VISION FOR DARLINGTON AND FOR PUBLIC SERVICES

6. It is critical that the Council is very clear about its priorities. These are set out in the Community Strategy - One Darlington Perfectly Placed (ODPP), developed in partnership with public services, business and the voluntary and community sector.
7. It is not proposed that the core ambitions or vision is re-visited. The goal of achieving a borough which is thriving economically, that offers opportunities for all and, that is an attractive place to live, and is environmentally sustainable remain well evidenced by data on needs, and interim consultation since the ODPP strategy was first agreed.
8. However, what is required is to decide, within the host of interventions and actions currently being delivered, which are the most vital to make the biggest impact on the long term goal. For example, evidence suggests that a child's early years are fundamentally important to its life prospects, in education, employment and general well-being. Working to shift focus and spending from "cure" to giving every child the best start in life would be the right thing to do, and the most efficient way to spend scarce resources.
9. It is proposed that the focus then needs to rest on putting in place the conditions that enable these ambitions to be achieved in a climate of significantly reduced public spending. If the following conditions were a description of what Darlington was like, then success would be more assured.

#### **Building Strong Communities - Enabling people to live fulfilling lives with less involvement from public services**

10. (a) People take personal responsibility
  - (b) People live in communities with strong social capital and where people look out for each other
  - (c) Communities come together to take ownership and responsibility for the neighbourhood they live in or care about
11. In essence this describes a rebalancing of what the state (in this case, the local authority) can offer to do for people and communities, and what people could do or organise for themselves, with leadership and support from their Council. Coupled with this is a growth in the relationships and networks that make people feel that they belong, feel able to ask for, or offer help or support to others, and invest in their community. Stronger social capital means less demand on services we can no longer afford, but it also offers significant well-being benefits.

#### **Spending Wisely - maximising value for all public expenditure**

12. (a) Public services are planned and where sensible commissioned together.
  - (b) Every pound spent is spent well on the things that make most impact.

13. What is needed here is a combined effort across public service organisations, within Darlington and amongst neighbours, to think together about how to spend the resources we still have (rather than what we will have cut) to maximise the impact.
14. For example, collaboration with the NHS or schools and colleges bring people together across organisational boundaries to re-design services and processes from the perspective of the citizen or user. Person centred public services focussed on enabling independence can ensure that people receive just enough help when they need it, for only as long as they need it. While there may not be significant cash savings here in the short term this approach can enable resources to go further and deal with changing demography.
15. Coupled with this is a continuing sharp focus on identifying and capturing efficiencies in the way in which we work – using evidence to guide service development, using assets and procurement effectively and re-designing processes to add value to users.
16. The Peer Challenge team noted that the Council had a range of opportunities and ideas in play, including cross-Tees Valley options, but recommended a faster pace to bring these to a conclusion.

### **Growing the economy - generate income streams, employment and opportunities**

17. (a) We have a strong and vibrant economy.  
  
(b) We achieve growth in the economy.
18. The outcome we would look for here will be more business rates and council tax income, reduced unemployment and worklessness, and higher incomes, it will be critical within this to see economic growth benefiting everyone, and contributing to narrowing inequalities.
19. These conditions do not apply comprehensively at present within Darlington. There are examples where they can be seen – the social capital at play in the creation of the Sunday People’s Market, in the Foundation for Jobs, in Darlington for Culture, but it is not widespread that community-led models or integrated public service planning are the norm. We have collaborations with other bodies and jointly commission with others however it is not as widespread as it could be. In terms of the economy Darlington is bearing up but the focus on growth needs to intensify if we are to achieve financial benefit from growth in the economy.
20. The following sections outline the financial context to this strategy, and picks up issues related to implementation.

### **SECTION 2 - FINANCIAL INFORMATION AND ANALYSIS - INCOME**

21. The Council has to be income led in terms of its high level financial planning, income is finite and diminishing so the Council must understand what income is at its disposal in the short to medium term and this section explains income

projections.

## Core Government Funding to Local Government

22. The Comprehensive Spending Review for 2014/15 and 2015/16 was announced on 25 July 2013 setting out the government plans for spending overall and local government, the key headlines are set out below :-
- (a) Revenue Support Grant will reduce by 28% between 2014/15 and 2015/16. This is much higher than previously anticipated.
  - (b) From 2015/16 and beyond approximately £0.6m of Darlington's New Homes Bonus funding (34% in that year) will form part of the Government's Local Growth Fund. This means the Council will lose £0.6m direct funding for services.
  - (c) The Government are to hold back an additional £95m of business rates to meet their potential costs of applying the safety net within the new business rates reduction system. If this is not used, it will be returned to Local Government.
  - (d) The capitalisation fund which currently stands at £100m is to be reduced to £50m. Again if this is not used, it will be returned.
23. The above changes have a detrimental impact on our existing MTFP. In addition to the 2014/15 and 2015/16 settlement detail, further projections of Local Government Funding go beyond 2015/16 and although indicative are the best information available and represent a continuation of the existing austerity measures. The production of the income projections in future years are based on information provided by the Local Government Association (LGA) and confirmed by LG Futures a well renowned consultancy working in the area of Local Government finance. Consequently, the projections in the following paragraphs represent a sound projection for up to 2020 however they could change if Government policy changes.
24. Set out in the table below is the analysis of government funding from the current financial year to 2019/20 which demonstrates an expected reduction in the region of a further 70% (£24m).

	2013/14 £m's	2014/15 £m's	2015/16 £m's	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's
Revenue Support Grant	30.080	24.461	17.541	11.571	6.765	5.074	3.805
Top up Grant	3.830	3.955	4.066	4.192	4.334	4.503	4.679
New Homes Bonus	1.019	1.571	2.027	2.509	2.532	2.606	2.706
New Homes Bonus Top Slice	0.000	0.000	(0.565)	(0.572)	(0.587)	(0.610)	(0.641)
TOTAL	34.929	29.944	23.069	17.770	13.044	11.573	10.549

25. What happens to Local Government funding beyond 2020 is unknown, the Government is committed to a "reset" of the system which will take account of local needs and ability to raise local taxation however there is no detail about how this

will happen, it is essential that this is explained as soon as possible to enable better financial planning as we near 2020.

## Council Tax Income

26. Council Tax is now the largest single funding stream and it will become an increasing percentage over the coming years as it represents 41% of all income in 2013/14 increasing to 57% by 2019/20, this is due to reducing government funding and planned annual increases of 2%, the maximum allowed without a referendum. The ongoing increases reflect the Cabinet's continued view that income from Council Tax must increase to protect key services. Members will recall that a 1% increase in Council Tax increases annual revenue by £300,000 and that Darlington has the second lowest Council Tax in the North East Region. The Government has again offered Councils a Council Tax freeze grant equivalent to a 1% increase for one year only and in developing Cabinet's approach to Council Tax this offer has not been included in the plans as it would reduce council tax income by £300,000 in 2014/15 and £600,000 each year after therefore removing total funding of £3.2m for this plan.
27. Members will recall that w.e.f. 1 April 2013 the Council took over responsibility for the funding of and the setting of a scheme for council tax support. Funding from the Government was initially reduced by 10% for 2013/14 and subsequently the funding continues to reduce in line with Revenue Support grant for 60% of previous funding whilst the other 40% is funded by business rates collected. To make the new scheme affordable all people in receipt of Council Tax support were asked to pay 20% of their Council Tax with the exception of pensioners who are protected by Government legislation. As a result of the change, Council agreed to reduce Council Tax collection rates from the established 99% to 97.5% to reflect the risk of collecting from people on council tax support. After six months of operation of the CTS scheme and taking into account general income collection levels a collection rate of 98% is recommended for future years. The impact of this is additional annual income of approximately £150,000.
28. Under the local government funding regime that commenced on 1 April 2013, all increases and reductions in the Council Tax base are attributed to the Council and not reflected in the government grant received. Over the period of this plan net growth is expected in housing numbers at a rate of 150 (0.5%) per annum based on recent completion levels. Clearly should this be any different income levels will differ. See later in the report with regard to option to increase income in this area.
29. Taking the above into account Council Tax income over the period of this plan is estimated as follows :-

	2014/15 £m's	2015/16 £m's	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's
Council Tax Income	37.469	38.409	39.373	40.362	41.371	42.405

## National Non Domestic rates (NNDR)

30. The new financial regime means Councils retain 49% of NNDR collected and can gain or lose depending on whether the net tax collected increases or decreases.

The Government via the valuation office sets rateable values and the rate paid in the pound is increased each year in line with the Retail Price Index (RPI). The business taxbase is far more volatile than the council tax base and requires very close monitoring. In addition to the potential to “lose” income due to business closures the Council also carries the risk of losing appeals by business against valuations. The Council is currently facing 273 appeals and has an annual provision of £1.718m (5% of rates collectable) to allow for backdating payments and ongoing reductions in amounts collectable.

31. The ability to increase NNDR is a key tool to improve the Council’s financial position, proposals later in this report relate to that potential. Currently however the majority of major planned increases have been used to either pay for upfront investment required or to fund subsequent need e.g. the new Multi Storey car park so despite some significant investment in the town centre at the current stage the additional funding is not available to fund services.
32. The in-year collection rate target for NNDR is 97.2% and as at the end of August 2013 the actual collection figure is 49.96% as opposed to the equivalent figure in 2012 of 50.45%. At this stage it is not suggested that any amendments are made to the projected outturn income.
33. Taking the above into account set out below are projections of NNDR over the period of the plan.

	2014/15 £m’s	2015/16 £m’s	2016/17 £m’s	2017/18 £m’s	2018/19 £m’s	2019/20 £m’s
NNDR	17.260	17.744	18.294	18.916	19.673	20.460

### Other Grants

34. Set out below are details of other grants receivable these are included in service budgets to offset the specific expenditure for which they are granted the most significant being the public health grant of £7.184m which although shown as continuing is subject to a distribution review and provisionally there have been suggestions that a redistribution may be detrimental to the North East region. Members will also note that all these grants are subject to change in the short term so represent a risk going forward for the financial plan.

	2014/15 £m
Public Health Grant	7.184
PFI	3.200
Troubled Families Grant	0.436
Discretionary Housing Payments	0.224
Youth Justice Board	0.296
Local Reform & Community Voices	0.057
Social worker Grant	0.027
Family Initiative Childrens Health (FISCH)	0.031
Local Sustainable Transport Funding	0.730

Social Fund Administrative Funding	0.079
ERDF	0.036
Housing & Planning Delivery Grant	0.168
Adoption Reform Grant	0.248
Social Fund Programme Grant	0.407
Homeless Grant	0.600
Total	<u>13.723</u>

### New Homes Bonus (NHB)

35. The current financial projections are included in the Government grant section as the funding has come from top slicing RSG therefore £2bn of government funding will be distributed based on new housing numbers and as Members will be aware this has a negative distributional impact on the North East region, see consultation responses for more details. Despite the overall negative impact the Council can work to offset the estimated loss by increasing housing numbers, the financial rewards in terms of NHB is £1,439 per band D property with an additional £350 for affordable housing. A note of caution, the income is payable on net increases so any demolitions reduce income. See later in the report for proposals to increase income.

### Total Income

36. The table below shows the Council's estimated income for the period of this plan which shows a cash reduction of £13.8m however after allowing for annual inflation of 2% this would represent a real term loss of £24.7m.

<u>Resources - Projected and assumed</u>	2013/14 £m's	2014/15 £m's	2015/16 £m's	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's
Council Tax	36.061	37.469	38.409	39.373	40.362	41.371	42.405
Business rates retained locally	16.234	17.260	17.744	18.294	18.916	19.673	20.460
Top Up	3.830	3.955	4.066	4.192	4.334	4.503	4.679
RSG	30.080	24.461	17.541	11.571	6.765	5.074	3.805
NHB	1.019	1.571	2.027	2.509	2.532	2.606	2.706
NHB required to fund £400M nationally	0.000	0.000	(0.565)	(0.572)	(0.587)	(0.610)	(0.641)
<b>Total Resources</b>	<b>87.224</b>	<b>84.716</b>	<b>79.222</b>	<b>75.367</b>	<b>72.322</b>	<b>72.616</b>	<b>73.414</b>

## SECTION THREE - FINANCIAL INFORMATION AND ANALYSIS - EXPENDITURE

37. As in previous years officers have prepared base budgets on existing policy and service levels and set out in **Appendix 1** are the assumptions used. The cost of providing current services has increased due to price and demand pressures and reduced income from fees and charges, set out below is a summary of such pressure and **Appendix 2** contains more detail.

	Estimate 2014/15 £m's	Estimate 2015/16 £m's	Estimate 2016/17 £m's	Estimate 2017/18 £m's	Estimate 2018/19 £m's	Estimate 2019/20 £m's
<b>Summary of Pressures</b>						
Service Demand	0.244	0.115	0.127	0.127	0.127	0.127
Price Inflation	0.045	0.058	0.058	0.509	0.509	0.509
Reduced Income	0.821	0.841	0.863	0.884	0.884	0.884
Other shortfalls	0.591	0.546	0.514	0.441	0.442	0.443
Contingencies	0.390	0.500	0.600	0.730	0.730	0.730
Additional Savings offsetting pressures	(1.078)	(0.849)	(0.914)	(0.667)	(0.667)	(0.667)
	1.013	1.211	1.248	2.024	2.025	2.026

38. The Council raises income from fees and charges and these are reviewed each year. **Appendix 3** proposes revision to existing levels and if approved these will increase income by £35k and estimates have been prepared assuming their approval. The increase expected is lower than previous years as account has been taken of price resistance and the economic climate.

39. Taking the above into account projected expenditure based on current service levels and policy is set out in the table below :-

	2013/14 £m's	2014/15 £m's	2015/16 £m's	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's
People	51.585	50.417	51.355	52.435	53.520	54.325	55.142
Place	16.981	17.971	20.006	20.684	21.455	21.760	22.069
Resources	14.091	15.131	15.503	15.737	16.017	16.255	16.497
Financing costs	3.899	4.421	4.368	4.208	4.053	4.053	4.053
Council Wide	0.041	0.007	0.007	0.007	0.007	0.007	0.007
Contingencies	0.893	1.283	1.393	1.493	2.623	2.623	2.623
Contribution to/(from) revenue balances	(0.266)	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	87.224	89.230	92.632	94.564	97.675	99.023	100.392

NB Increases from 2013/14 to 2014/15 in Resources reflect the 2013 restructure and transfer of services from the People and Place groups to Resources.

40. In addition to current policy Cabinet wish to propose additional funding for Shopmobility. Shopmobility supports people to visit the town centre independently and helps contribute to the economy of the town centre. There are over 1,000 registered users of the service. Before 2010 the Council provided both grant and rent subsidy to DAD to help them provide this service; in total a financial input of about £60,000. The grant was withdrawn by the Council and DAD are being moved onto a full commercial rent on a phased basis, in line with previous decisions of Council and Cabinet. There was an expectation that it may be

possible to run Shopmobility as a charged service. DAD have worked hard earn income from the service and creatively improved the efficiency of operations, but officers agree with DAD that in the current premises there does not seem to be an option that allows Shopmobility to continue without subsidy. It is therefore proposed to re-instate a grant of £3,000 in 2014/15 and up to £16,000 in 2015/16, as an interim solution to enable Shopmobility to continue whilst officers work with DAD on the potential for Shopmobility to move to more cost effective premises.

## **SECTION FOUR - FINANCIAL INFORMATION AND ANALYSIS - REVENUE BALANCES**

41. Revenue balances are available to cover financial risks and to meet one off expenditure which includes bridging budget gaps in financial years to assist with implementing cost reductions in a planned and sustainable way. Each year an estimate is made of the amount that should be retained to cover risks and this is set out at **Appendix 4**. Taking the assessment into account and the latest financial projections for 2013/14 (see **Appendix 5** for detail), the balances position is set out below :-

	<b>£m's</b>
Revenue Balances at 1 April 2013	17.032
Less Planned Usage	(4.414)
Add Projected in year savings	<u>2.080</u>
Closing Balances at 31 March 2014	14.698
Less Risk Balances	<u>(5.800)</u>
Balances Available to use	<u>8.898</u>

42. It is proposed that the available balances are used as follows to assist in funding the transitions the Council must make to reduce budgets.

	<b>£m's</b>
2014/15	1.066
2015/16	6.141
2016/17	<u>1.691</u>
	<u>8.898</u>

## SECTION FIVE - FINANCIAL INFORMATION AND ANALYSIS - INITIAL REVENUE BUDGET PROJECTIONS

43. Set out in the table below is the estimated costs and income for the Council up to 2019/20 assuming no changes to current services and demand levels.

	2013/14 £m's	2014/15 £m's	2015/16 £m's	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's
Estimated Expenditure	87.224	88.217	91.421	93.316	95.651	96.998	98.366
Add Pressures / Additional savings		1.013	1.211	1.248	2.024	2.025	2.026
Less	87.224	89.230	92.632	94.564	97.675	99.023	100.392
Estimated Income	(87.224)	(84.716)	(79.222)	(75.367)	(72.322)	(72.616)	(73.414)
Use of Revenue Balances		(1.066)	(6.141)	(1.691)			
<b>Budget Deficit</b>	0.000	3.448	7.269	17.506	25.353	26.407	26.978

44. The above table demonstrates the significance of the financial challenge the Council faces. Section Eight and beyond of this report seeks to address the challenge.

## SECTION SIX - GOVERNMENT CONSULTATION OF FINANCIAL MATTERS

45. There are three consultation documents in relation to financial matters which were consulted upon during the Autumn namely :-

- (a) The draft Local Government Finance Settlement
- (b) New Homes Bonus and the Local Growth Fund
- (c) Use of capital receipts from asset sales

46. Attached at **Appendices 6-8** are the responses jointly prepared by ANEC Councils and submitted under the ANEC banner, the submissions were agreed by the ANEC Leaders and Elected Mayors. Whilst the details are included in the appendices below is a brief summary :-

- (a) **Draft Local Government Finance Settlement** - Reduce the amount of deduction from RSG by £1bn thus increasing the overall sum available to Local Government and redistribute the reductions in grant based on total spending power not just RSG, this would have the impact of reducing the amount of reductions for deprived areas.
- (b) **New Homes Bonus and the Local Growth Fund**- The response requests the freezing of the new homes bonus scheme and recommends none transferring of funding to LEP's.
- (c) **Use of Capital Receipts for Asset Sales** - The response welcomes the ability to fund certain areas of revenue costs such as redundancies from capital receipts but requests that such usages is not subject to Government Control

and limitations.

## SECTION SEVEN - BUDGET ADVISORY PANELS AND THE PUBLIC SERVICES ANALYSIS

47. The BAP's set out to answer the very challenging question "can the Council fund its legal obligations at current service levels in the future given its decreasing resource base". The aggregated analysis set out below gives us the answer and it is very clearly a NO unless whole scale change can be achieved.

	2014/15 £m's	2015/16 £m's	2016/17 £m's	2017/18 £m's	2018/19 £m's	2019/20 £m's
Cost of legally required services <sup>(1)</sup>	84.6	86.4	88.1	89.8	91.6	93.5
Total Council revenue	84.7	79.2	75.4	72.3	72.6	73.4
DEFICIT	(0.1)	7.2	12.7	17.5	19.0	20.1

(1) Increased annually by 2% to represent inflation and demand

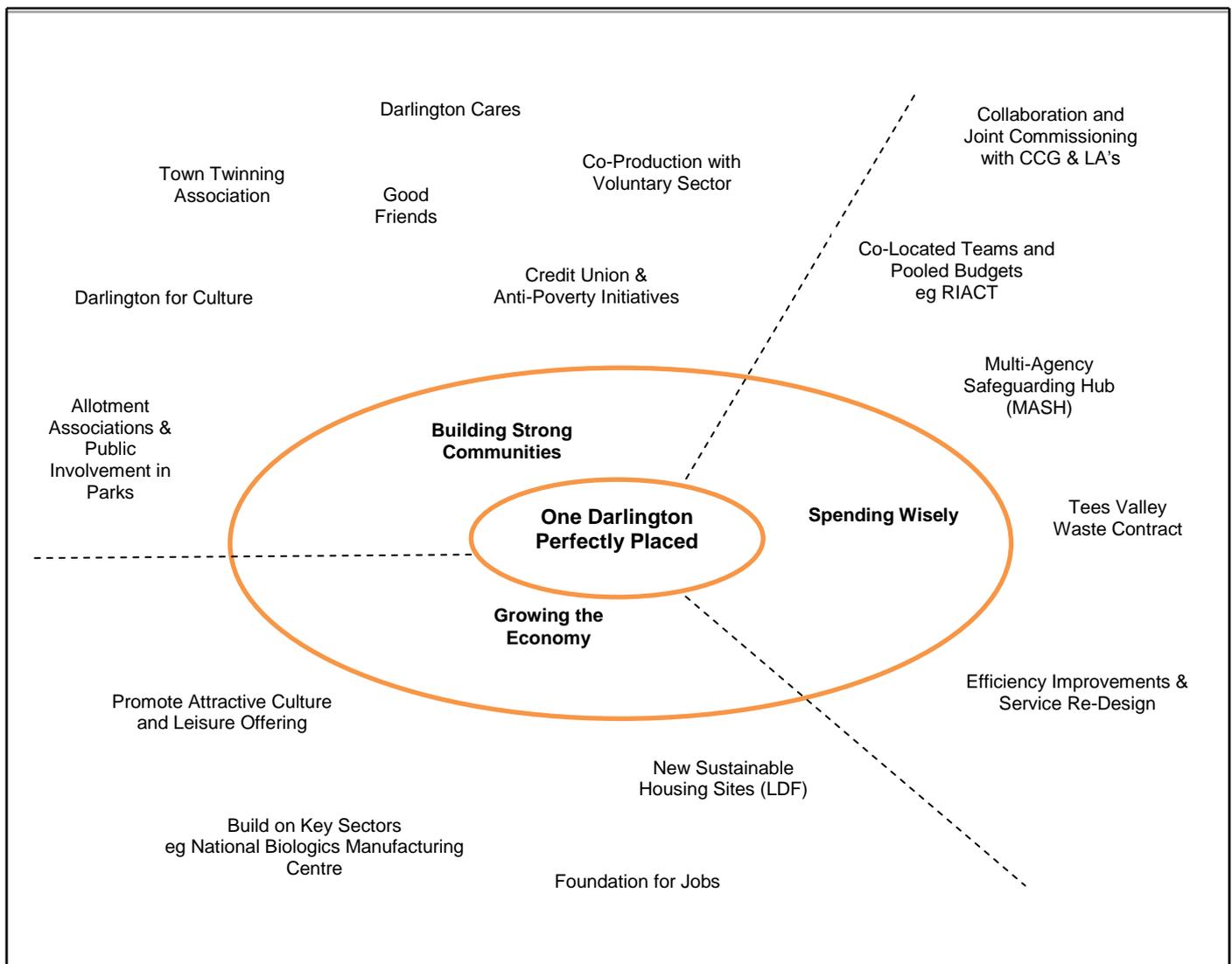
48. Analyses of the budgets estimated discretionary service spend in 2013/14 at £5.5m. The high level analysis is set out in **Appendix 9**.
49. The analysis shows that the MTFP could not simply be balanced by ceasing all discretionary service spends. It requires radical change to legally required services. The Borough depends highly on discretionary services to create the conditions for growth and prosperity which will be key to a thriving future for the Borough therefore plans must include the continued provision of some discretionary services. In short, the Council needs to address how it delivers legally required services and to what level it provides them as well as looking at what and how it delivers discretionary services and all such considerations need to be taken against the top priorities of One Darlington Perfectly Placed (ODPP) and the legal framework within which Local Government operates.

## SECTION EIGHT – TAKING FORWARD A VISION FOR DARLINGTON AND PUBLIC SERVICES

50. The early part of this report sets out a proposal for how Darlington could thrive against a background of diminished resources. In summary it is proposed that we:-
- (a) Determine, within the context of the One Darlington Perfectly Placed long term strategy, which are the most vital outcomes necessary to give confidence that as a place we can be where we want to be by 2020. For example, evidence would suggest that if every child has the best start in life, then a host of other outcomes become more likely, from better adult health to participation in the labour market. If this were therefore one of the small number of priority interventions then investment and action would follow, and de facto other priorities would receive reduced investment.
  - (b) Construct programmes to bring about the conditions; building strong communities, growing the economy, and spending wisely. The Council, as a

body corporate and in its elected Members, will have a pivotal role in bringing them about and will need to work quite differently. Much of the effort will be long term, particularly in terms of changes in people's expectations, wider social conditions, and economic growth.

51. It is hard to underestimate the scale of change required; enquiries to Members and complaints all demonstrate the extent to which people believe that for their Council tax they can expect the Council to undertake a broad range of functions that could arguably be done by people themselves or with their neighbours. There will be new partnerships to be forged, with communities, with the NHS, the voluntary sector and a stronger focus on co-production of strategies within these.
52. For this reason the consultation on the budget proposals is wider than the specific elements of the budget and includes a wider discussion about the way forward. The Council's plan for delivery is integral to the budget proposals and therefore is subject to consultation before final decision alongside the MTFP at the Council meeting in February.
53. The following diagram illustrates, with some current examples and some proposals, how the conditions can drive activity:



## **SECTION NINE - DEVELOPING A TWO YEAR BUDGET WITHIN A 6 YEAR PLANNING HORIZON**

54. The Council is quite rightly thinking about its planning horizon at the present time as 2020 which in the eyes of many commentators represents the earliest time at which austerity measures may ease. This planning horizon establishes a financial context for the Council to plan but given the size of the challenge and potential uncertainties it is proposed that a phased approach is taken to the MTFP for a number of reasons:-
- (a) New approaches can be tested in the initial period to assist in gaining evidence for what is possible in the second phase of the plan.
  - (b) Financial resource planning is relatively firm to 2015/16 beyond this policy changes may be made that impact on Council finances.
  - (c) A further two years of operating within the new Local Government Finance system should afford Council's greater understanding of the system giving more certainty about projections and hopefully the Government will indicate how the funding "reset" in 2020 will happen so we can assess the impacts leading up to 2020 and beyond.
  - (d) The sheer size of change required over the period to 2020 means a staged approach is needed given the Council's capacity and the public's capacity to engage and understand the change required in the Borough.
55. As set out earlier in the report it is felt that as community leaders, the Council can deliver and/or facilitate a set of conditions within the Borough and there is an opportunity for the borough to emerge from the austerity decade as a thriving community but the transition from the current to the future will be an exceedingly challenging period
56. The approach proposed is to use the two year period to achieve cultural and service design changes which will mean that there will not be large scale service reductions in year one of the plan. Using Cockerton Library as an example, closure will not happen immediately in 2014/15 it will remain open until 2015/6. The period up to 2015/6 will allow all interested parties to express an interest in "saving" the library but if a viable option cannot be delivered the library will have to close. Public engagement and consultation will therefore be around solutions not about whether the Council could stop closure.

## **SECTION TEN - DELIVERING THE VISION AND FINANCIAL SUSTAINABILITY**

57. As explained above, the initial phase of delivery relates to the period 2014/15 to 2015/16 and will involve reducing expenditure by £7.269m after allowing for usage of revenue balances. The proposals in this report will lead to annual savings of £13.802m by 2016/17 which will contribute significantly to the 2016/17 budget gap although further savings in the region of £3.7m will be needed in that year. There is no one simple straightforward solution to meeting the financial challenge and new techniques and approaches will have to be tried and tested and some may not deliver so the Council have to adapt and change during the delivery period. The

approach will have higher financial risks than previous plans as we become more reliant on others to achieve expenditure reductions where in the past delivery was far more dependent on changes within the Council's control.

58. Set out below are the high level proposals to deliver £13.802m reductions, the final implementation plans will be subject to further detailed reports in many cases and ongoing Member, Public and Partner engagement so that final proposals will be co-produced with key stakeholders.

## **BUILDING STRONG COMMUNITIES**

### A - TRANSFER OF RESPONSIBILITY FOR SERVICES TO OTHERS - HEAD OF STEAM MUSEUM AND COCKERTON LIBRARY - £300k

59. The proposal allows for a two year period of engagement with interested parties to take over the operation of these two facilities at a nil cost to the Council. No funding will remain in the budget for these services after March 2016. It is thought that potential partners exist and may be able to take on these services.

### B - PUBLIC INVOLVEMENT AND DEMAND REDUCTION IN STREET CLEANSING AND PARKS AND OPEN SPACES - £600k

60. The proposed reduction would be achieved by members of the public and businesses taking greater responsibility for their environment by for example reducing the amount of litter dropped and by volunteering for litter picks and by adopting parcels of land to maintain. There are already many good examples from small scale one off projects through to regular programmed involvement from a range of organisations which can be built upon. The challenge will be expanding the programmes borough wide, if such involvement and support cannot be achieved, service standards will be reduced. There is a two year period over which the Council will reduce input to these services gradually therefore allowing time for involvement to grow. Whilst we expect to make significant progress over two years, this will just be the start of long term change programmes. For example, stopping people dropping litter will require long-term behaviour changes in society. So in the first few years Darlington may have more litter and less well maintained open space.

### C - VOLUNTARY SECTOR - CO PRODUCTION OF SERVICES - £200k

61. The proposal relies on closer working with the sector to reduce Council financial input in terms of grants by working together to :-
- (a) Identifying which outcomes are priorities for Darlington
  - (b) Reviewing and improving how the Council partners and contracts with the sector.
  - (c) Working with the sector to achieve better value for money for all concerned including reviewing how the Council provides services

- (d) To work with the sector to identify new funding sources, match funding and to maximise existing funding .
- (e) To identify ways to reduce costs for the sector and the Council.

## **GROWING THE ECONOMY**

### **D - ECONOMIC GROWTH - £1.5m**

62. This requires either the building of additional new homes over and above those already anticipated or significant additional business rates from new business within the borough. To put it into context the delivery of £1.5m will require approx. 565 additional band D homes to be built above the 696 already anticipated in the MTFP for this period or two new large business distribution centres being opened in the borough or 12 new office blocks or a combination of these. This target will be a real challenge and need commitment, focus and innovative approaches. To achieve this we must strengthen our approach to create new business and jobs and key to attracting new business will be our ability to maintain an attractive borough for investors including maintaining key cultural and leisure facilities.

## **SPENDING WISELY**

### **E - PUBLIC SECTOR COLLABORATION AND JOINT COMMISSIONING - £1.3m**

63. The Council will strive to reduce overall expenditure by working and commissioning with others. This will include potential partnerships with Tees Valley Councils around waste collection and disposal, the Darlington Clinical Commissioning Group and services generally with other Councils. This target will mean potentially significant changes to how services are delivered requiring different governance models and may lead to the Council having reduced control in the future on certain areas of spend relying more on influence than outright control to deliver good outcomes at lower levels of cost. There is a real opportunity to improve customer outcomes if services can be jointly commissioned and designed.

### **F - INTERNAL EFFICIENCY IMPROVEMENTS AND RESTRUCTURING - £800k**

64. The Council has delivered £18.1m from efficiency since 2010; further delivery without impacting on service delivery will be a real challenge however realistic given the size of financial challenge.

### **G - SERVICE REDESIGNS - £1.652m**

65. The budget advisory panels identified that some statutory areas redesign could achieve the same outcomes and likewise the cost of some key discretionary services could be further reduced whilst ensuring their continuation, these are :-

- (a) Refuse Collection - Revised weekly Refuse/Recycling Service - £400,000
- (b) Dolphin & Eastbourne Leisure Facilities - Reshaping services delivered and maximising income through sales and partnerships with a health focus -

£440,000

- (c) Homelessness Service - Recommissioning and Design - £350,000
- (d) Lifeline Services - removal of subsidy by redesign/fees/partner contributions - £337,000
- (e) CCTV - Fees, partner contributions and service redesign - £80,000
- (f) Crown Street Library - reduced opening hours - £45,000

#### H - ADULT SOCIAL CARE - £3m

66. The achievement will require a variety of elements such as :-

- (a) Reduced demand for costly services by increasing low level support, the Good Friends scheme will assist.
- (b) New Contracts for Services such as Domiciliary Care
- (c) Reviews of existing support arrangements
- (d) Working with Partners
- (e) Increasing the use of direct payments to reduce the costs of some maintained services

67. There is no doubt this is a very challenging target and detailed reports on how the target will be achieved including full impact assessments will be presented to Cabinet when fully developed.

#### I - CHILDREN'S SOCIAL CARE - £1.75m

68. The controllable spend in children's social care is the number of children looked after at any one time. As the number increases (average of £50,000 per child per year) then so do other costs such as legal costs, travel etc. The proposal is to continue to provide an effective preventative service, closely aligned to partners and to social work teams, to provide early support for families where there is a risk the child may come into care.

69. Work will be undertaken to reduce the cost of placements, through reviewing the fostering service and making greater use of brokerage of placements.

#### J- PUBLIC HEALTH RECOMMISSIONING OF SERVICES - £2.7m

70. The Council currently receives a grant of £6.989m rising to £7.184m in 2014/15 to fund Public Health. The responsibility for public health transferred to Local Authorities on 1 April 2013, it was previously the responsibility of the Primary Care Trust. On 1 April 2013 the Council also inherited commitments against the grant. A full review of how the public health grant is used to achieve the wider determinants of health is being undertaken against the background of the changing face of public services and funding. The proposal anticipates that the grant will be used to commission services in different ways including the use of in-house Council services where these, such as sports facilities, which make a vital contribution to

improving health.

71. The phasing of the proposals against the required savings targets is set out in **Appendix 10** with a summary below :-

	Estimate 14/15 £M	Estimate 15/16 £M	Estimate 16/17 £M	Estimate 17/18 £M	Estimate 18/19 £M	Estimate 19/20 £M
Budget Deficit (after use of balances)	3.448	7.269	17.506	25.353	26.407	26.978
Less proposed Savings	(3.448)	(7.269)	(13.802)	(13.802)	(13.802)	(13.802)
Gap to be bridged in future years	0.000	0.000	3.704	11.551	12.605	13.176

Subject to the approval of the contents of this report at **Appendix 11** is the proposed MTFP and at **Appendix 12** are the supporting detailed estimates.

## Conclusion

72. The Council continues to face financial challenges and this plan has put in place a two year sustainable plan and proposals that will significantly contribute to bridging the budget gap in years three and beyond, however, best financial projections show that the Council will need to deliver either more income or further expenditure reduction by 2016/17. The next two years give the Council, its partners and the public the opportunity to test out new approaches and build learning and capacity to deliver financial sustainability beyond 2016/17.

## Consultation

73. The plan will be subject to consultation on the overall direction of the plan with the public and consultation will take place on specific proposals and equality impact assessments will be undertaken and reported back to Cabinet in February 2014.

## Equalities/Impacts and Inequalities

73. The Public Sector General Equality Duty set out in the Equality Act 2010 requires the Council to 'have due regard' to the duty to eliminate discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good relations. In making financial decisions it must have regard to the impact on nine 'protected characteristics': age, disability, race, religion/ sex, sexual orientation, gender reassignment, pregnancy and maternity; and marriage and civil partnership.

74. In addition to these statutory requirements, the appraisal includes additional local characteristics or priorities that result in inequalities,,: unemployed/low income, people with criminal convictions and geographical impacts.

75. The impact of the proposals are being assessed as part of the consultation process. The outcomes of the consultation and impacts will be provided to Members to consider when making their decision.
76. The impacts will be considered in three stages:-
- (a) The first is to consider the potential impact of the overall budget on protected characteristic communities and groups. This year the majority of budget proposals are of savings envelopes rather than specific budget savings proposals therefore it is not possible to assess the individual impacts in their entirety at the present moment. There will however be consideration of which groups may be affected by the proposals and what impacts can be identified now. This will need to be further considered throughout the budget process. Where the specific decisions will be taken after the budget envelope has been set there will be consultation in relation to individual impacts. Decisions will be taken with the benefit of that information after the setting of the budget. This will include looking at the level of impact of the individual proposals, cumulative impacts, whether or not to proceed and what mitigation is possible. The budget envelope does not dictate the outcome of those decisions.
  - (b) Secondly there are some specific proposals within the proposed budget most noticeably the proposed introduction of a New Weekly Collection Scheme and the proposed changes to Life Line Services. These proposals will be considered individually. and engagement activity will be undertaken to identify impacts. These impacts will be presented to Members at the time that the specific decisions will be taken as part of the ongoing budget decision making.
  - (c) Thirdly there is a need to ensure that Members are aware of the other impacts either those which have occurred already or those (so far as they are known) which will result from the decisions yet to be made within the budget to consider the cumulative impact on individuals of the budget as a whole.
77. **Appendix 13** is a summary providing an overview of the approach the Council proposes to take. It is important to note that it is not possible for the Council to deliver savings to the required level whilst avoiding all negative impacts.

### **Staffing Implications and Consultation**

77. Employees directly affected by proposals contained when this report will be consultation in line with the Council's agreed procedures, at this stage due to the medium term approach of the proposals it is not possible to aggregate accurately the number of potential staffing reductions.

### **Comments of the Director of Resources**

78. As the Council's Statutory Chief Financial Officer I must advise Council on the robustness of the budget and adequacy of reserves. The budget presented to Members in this report has been based on the most accurate information available therefore I can be confident that they are an accurate reflection of the Council's financial position. General Reserves are adequate however the Council is carrying a very significant risk in terms of the need to reduce expenditure, it is essential that

cost reductions are delivered on time otherwise reserves will very quickly become inadequate in future financial years. The Council will need to put plans in place to make further cost reductions for 2016/17 and beyond over the next two years to ensure its continued financial sustainability as by this time it will have minimum levels of reserves.

### **Capital Programme**

79. Proposals for the capital programme will be presented to a future Cabinet when there is more certainty about demand for expenditure and available resources.

## APPENDICES

Appendix 1	Assumptions used to prepare estimates
Appendix 2	Budget Pressures
Appendix 3	Fees & Income Proposals
Appendix 4	Assessment of Risk Balances
Appendix 5	Projected Revenue Outturn 2013/14
Appendix 6	Consultation Response - Local Government Finance Settlement
Appendix 7	Consultation Response - New Homes Bonus and the Local Growth Fund
Appendix 8	Consultation Response - use of Capital Receipts for Asset Sales
Appendix 9	Analysis of Council Spend
Appendix 10	Savings Proposals
Appendix 11	Proposed Medium Term Financial Plan 2014 to 2010
Appendix 12	Detailed Estimates
Appendix 13	Impact Assessment Plan

**KEY ASSUMPTIONS USED IN PROJECTED  
RESOURCES, EXPENDITURE AND INCOME 2014-2020**

<b>Factor</b>	<b>Assumption</b>
<b>Resources</b>	
Council Tax base	0.5% growth in Council Tax base in each year.
Council Tax	2.0% increase in each year
Council Tax collection	98% collected
Government Grants	Government grants for 2014-15 as indicated in settlement, confirmed December 2013.
	Increase in Business Rates Scheme and Top Up Grant of 3.3% 2014-15, 2.8% 2015-16, 3.1% 2016-17, 3.4% 2017-18, 4% 2018-19 & 2019-20 (projected RPI).
	Reduction in Revenue Support Grant of 28% in 2015-16, 34% in 2016/17, 42% in 2017/18 and 25% thereafter.
<b>Expenditure</b>	
Pay inflation	2014-15 1%; 2015-16 onwards 2.0%.
Price inflation	Only contractual inflation on running costs
Local Government Pension Scheme	Employers contributions 18.5% of pensionable pay – the current rate
<b>Financing Costs</b>	
Interest rates payable	Average rate on existing debt 2014-15, 4.24%, 2015-16, 4.19%, 2016-17, 4.18% & 2017-18, 4.17%.
Interest rates payable	2014-15, 4.40%, 2015-16, 4.95%, 2016-17, 5.08% & 2017-18, 5.40%.
Interest rates receivable	2014-15, 0.50%, 2015-16, 0.50%, 2016-17, 0.75% & 2017-18, 2.25%.
New Borrowing	2014-15 £9.3m for Public Sector Hub, £5m Multi-Storey Car Park (MSCP), £1m General Capital spend, 2015-16 £1m MSCP, £1m General Capital spend, 2016-17 £1m General Capital spend, 2017-18 £1m General Capital spend, £0.75m Civic Theatre Refurbishment.
<b>Income</b>	
Inflationary increases	Various based on individual service considerations

## APPENDIX 2

Pressures	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m	£m
<b>Service Demand</b>						
Additional staff in Customer Services	0.073	0.040	0.000	0.000	0.000	0.000
Legal fees - Looked After Children cases	0.075	0.075	0.075	0.075	0.075	0.075
General running costs	0.028	0.032	0.034	0.034	0.034	0.034
Election costs	0.050	(0.050)	0.000	0.000	0.000	0.000
Maintenance of former Blackwell golf course grounds	0.005	0.005	0.005	0.005	0.005	0.005
Other Service demand	0.013	0.013	0.013	0.013	0.013	0.013
	0.244	0.115	0.127	0.127	0.127	0.127
<b>Price Inflation</b>						
Audit fees	0.010	0.018	0.018	0.018	0.018	0.018
Concessionary Fare Inflation (6%)	0.000	0.000	0.000	0.164	0.164	0.164
Coroners increase	0.009	0.010	0.010	0.010	0.010	0.010
Waste Disposal Inflation (3%)	0.000	0.000	0.000	0.056	0.056	0.056
Street Lighting electricity inflation (5%)	0.000	0.000	0.000	0.027	0.027	0.027
Other Inflationary rise above 1.5% RA	0.000	0.000	0.000	0.064	0.064	0.064
Staffing pay award @ 2% against RA 1.5%	0.000	0.000	0.000	0.082	0.082	0.082
Central House NNDR	0.003	0.007	0.009	0.012	0.012	0.012
Other inflationary increases	0.023	0.023	0.021	0.076	0.076	0.076
	0.045	0.058	0.058	0.509	0.509	0.509
<b>Reduced Income</b>						
Building Design Services - Turnover reduction	0.138	0.138	0.139	0.139	0.139	0.139
Trade Waste Loss of Business	0.199	0.219	0.240	0.261	0.261	0.261
Pollution & Clear Air - income not achievable	0.014	0.014	0.014	0.014	0.014	0.014
Construction - Turnover reduction	0.350	0.350	0.350	0.350	0.350	0.350
Reduced Income due to changes in DSG	0.100	0.100	0.100	0.100	0.100	0.100
Reduced Income 14-19 service	0.020	0.020	0.020	0.020	0.020	0.020
	0.821	0.841	0.863	0.884	0.884	0.884

<b>Pressures</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Other</b>						
Estates Officer - budget duplication	0.045	0.046	0.047	0.048	0.049	0.050
Beehive - occupancy until mid to late May 2014	0.040	0.000	0.000	0.000	0.000	0.000
HR restructure shortfall	0.023	0.018	0.018	0.018	0.018	0.018
Financing Costs due to reduced investment interest	0.370	0.297	0.245	0.090	0.090	0.090
Emergency Planning budget shortfall	0.000	0.016	0.016	0.017	0.017	0.017
Other pressures	0.113	0.180	0.202	0.292	0.292	0.292
	0.591	0.557	0.528	0.465	0.466	0.467
<b>Contingencies</b>						
Pension Fund Deficit increase	0.390	0.500	0.600	0.730	0.730	0.730
<b>Additional Savings offsetting pressures</b>						
Recycling - leasing & borrowing not needed	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)
Street Lighting electricity saving	(0.050)	(0.064)	(0.077)	(0.091)	(0.091)	(0.091)
Concessionary Fares partnership	(0.060)	(0.064)	(0.067)	(0.071)	(0.071)	(0.071)
Section 17 payments	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)
Through Care/After care staff changes	(0.028)	(0.028)	(0.028)	(0.028)	(0.028)	(0.028)
Family Support Running costs	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Adults various	(0.501)	(0.456)	(0.499)	(0.217)	(0.217)	(0.217)
Resources Restructure	(0.304)	(0.102)	(0.114)	(0.131)	(0.131)	(0.131)
Mayoral support	(0.015)	(0.015)	(0.008)	(0.008)	(0.008)	(0.008)
Town Hall Committee Rooms – ICT equipment	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
	(1.078)	(0.849)	(0.914)	(0.667)	(0.667)	(0.667)
<b>Total Pressures</b>	<b>1.013</b>	<b>1.222</b>	<b>1.262</b>	<b>2.048</b>	<b>2.049</b>	<b>2.050</b>

<b>Contingencies (from previous years)</b>						
Adults Packages	0.235	0.235	0.235	0.235	0.235	0.235
Car Parking – fall in patronage	0.158	0.158	0.158	0.158	0.158	0.158
Employers pension increase	0.400	0.400	0.400	0.400	0.400	0.400
Planning Fees	0.100	0.100	0.100	0.100	0.100	0.100
Increase in National Insurance				1.000	1.000	1.000
<b>Total Contingencies</b>	<b>0.893</b>	<b>0.893</b>	<b>0.893</b>	<b>1.893</b>	<b>1.893</b>	<b>1.893</b>