

Financial Strategy 2016/17 to 2020/21

Report by Gary Fairley, Head of Finance and Integrated Service Support

1 Purpose of Report

This report provides Council with a further update on the Financial Strategy 2016/17 to 2020/21 to allow Council to determine its 2016/17 budget.

2 Background

This update focuses specifically on the requirement for Council to determine its 2016/17 budget by 11 March 2016. The reduction in grant funding for 2016/17 reinforces the importance of the Financial Strategy and of its core objective of securing the Council's continued financial sustainability during what is and will continue to be an extended period of significant financial constraint coupled with increasing service demands and increasing customer expectations.

3 Scottish Government Grant Settlement

The position remains as reported on 9 February 2016.

The Midlothian Integrated Joint Board (IJB) Financial Assurance report also on today's agenda sets out the proposed allocation of resources to the IJB to deliver the services delegated by Midlothian Council and NHS Lothian. This includes the utilisation of the IJB's £3.6 million share of the £250 million provided Nationally from the Health budget for Social Care services. Accordingly it is proposed that Midlothian Council allocate £37.086 million to the IJB in respect of delegated services. It is anticipated that the IJB will subsequently issue directions to the Council with a total value of £40.686 million.

The expectation remains that the next Scottish Government will publish a three year budget in the autumn of 2016. Only at that point will there be clarity on the level of grant funding local government can expect for future years. Given the extent of the reduction in the 2016/17 grant, it is considered prudent to take a more pessimistic view on future year's settlements than incorporated in previous Financial Strategy reports. Given the timing and continued uncertainty on aspects of the 2016/17 settlement and the influence decisions on Income Tax and Local Taxation will have on the Scottish budget, further work is required to assess the implications for the 2017/18 to 2020/21 budget projections and as such these will be reported to Council later in the year.

4 Council Tax

The position remains as reported on 9 February 2016.

5 Cost of Services

The position remains as reported on 9 February 2016.

The budget shortfall for 2016/17 as set out in table 1 is based on the current cost of service provision for 2015/16 together with inflationary cost and other uplifts. It also provides for costs arising from the General Services Capital Plan, both by way of debt charges to finance borrowing costs and revenue implications of investment.

Table 2 provides an analysis of the material year on year budget changes which reflects the following key assumptions and cost drivers:

- In respect of pay, the budget provides for the second year of the national two year pay settlement. This includes a commitment for the minimum hourly rate from April 2016 to be the 2015 Living Wage of £8.25 plus 1%, which equates to £8.33 per hour. The budget also includes a provision to fund costs expected to arise from the Council's ongoing Review of Local Government Pay and Grading;
- The impact of Pension Reform and anticipated changes in the Council's contribution towards employee pensions;
- Incremental pay progression;
- Contractual inflation linked to existing contractual conditions, many of which mirror pay inflation assumptions;
- Actual and projected forward purchasing prices for energy costs;
- Anticipated impact of contracts due for renewal during the period;
- Impact of current demand for services;
- Demographic impact of future demand for services;
- Future interest rate forecasts provided by the Council's Treasury Advisers;
- An updated assessment of the resources required in respect of Free School Meals and The Children and Young People (Scotland) Act 2014 based on actual and planned expenditure;
- Any new government policy requiring budgetary growth will be fully funded through increased Scottish Government grant, including the any amendment to the Education Bill to legislate for 25 hours of primary teacher class contact time;
- Council Tax income continues to grow in line with previous trends and planned future housing growth.

The projected budget shortfall reflecting the assumptions set out in sections 3 to 5 is as follows:-

Table 1: Budget Shortfall 2016/17 – 8 March 2016

	2016/17
	£m
Cost of Services	199.747
Less: Council Tax	(40.600)
Less: Scottish Government Grant	(151.516)
Budget Shortfall	7.631

As Council is aware, significant elements of the budget are either fixed or are challenging to change for a number of reasons including:-

- Historic decisions, for example, loan charges and unitary charge contractual payments;
- Specific conditions, for example the maintenance of teacher numbers and teacher pupil ratio; and
- Growing demand for services through demographic pressures.

In broad terms the budget shortfalls, set out in table 1 arise for the following reasons:

Table 2: Analysis of Shortfall – 8 March 2016

	2016/17
	£m
Opening Shortfall / (surplus)	(2.844)
Pay Inflation and Progression	2.882
Pensions Reform	2.041
Contractual Inflation	0.713
Demographics: Care	1.060
Demographics: School Rolls	1.937
Demand pressures: Children	0.500
School Estate Investment	0.520
Waste Disposal Costs	0.171
Borrowing Costs	(0.511)
Food Waste Collection	0.302
Scottish Government Grant	2.900
Council Tax Income	(0.600)
Financial Discipline	(0.416)
Decriminalised Parking and Traffic Wardens	0.112
Home to School Transport Service Demand	0.157
Re-profiling of Homeless service re-provision	0.108
Share of £250m for Social Care	(1.700)
Other Changes	0.299
Total	7.631

6 Financial Strategy

6.1 Delivering Excellence

The Delivering Excellence framework approved by Council on 23 June 2015 supports the repositioning of services to ensure they have a greater emphasis on and achieve better outcomes for those most disadvantaged and vulnerable in the community. The framework focuses on reshaping service delivery as the most sustainable way to address the financial and service challenges and maintain financial sustainability.

The framework sets out an approach that provides the means to:

- Realise savings of the scale and magnitude required and to continue to deliver high quality services by engaging staff, partners, stakeholders and citizens to determine the nature of service delivery, the level of service standards and the method of delivering these services;
- To perform successfully in this environment, the Council will require to forward plan for the period beyond known financial settlements, to prioritise the services to be delivered and to clearly identify those services which will no longer be funded or indeed provided or may be provided through alternative mechanisms or approaches; and
- To ensure that there is achievement of the outcomes and priorities of the Council and Community Planning Partners.

Actions which contribute to the Financial Strategy, particularly for later years will be developed through the framework.

6.2 Transformation Programme

The position remains as reported on 9 February 2016.

6.3 Asset Management

The position remains as reported on 9 February 2016.

6.4 Efficiency and Financial Discipline

As reported on 15 December 2015, the Chief Executive had asked each Director to bring forward savings options for consideration, with savings totalling £0.674 million in 2016/17 rising to £1.022 million in later years reflected in the budget position reported on 9 February 2016. Further operational savings of £0.264 million as summarised in appendix 1 have since been identified.

6.5 Budget Savings

Officers submitted draft savings proposals which would impact on 2016/17 through 2020/21 to a meeting of the Business Transformation Steering Group (BTSG) on 22 February 2016. These proposals were noted by BTSG and the final savings proposals are set out in appendix 2 for Council consideration. Fuller details on the proposals for increase in fees and charges are set out in appendix 3. In summary the savings proposals total £1.006 million in 2016/17 rising to £1.334 million in later years.

6.6 Summary of Financial Strategy

The final projections incorporating impact of the various strands of the Financial Strategy are as follows in table 3. It is proposed that the remaining budget gap of £2.603 million be addressed through the utilisation of reserves. A final service by service analysis of the 2016/17 draft budget is attached as appendix 4.

Table 3: Financial Strategy 2016/17 – 8 March 2016

	2016/17
	£m
Budget Shortfall (Table 1)	7.631
Less Strands:	
Full Year impact of 2015/16 approved savings	(0.987)
Transformation Programme (6.2)	(1.962)
Asset Management (6.3)	(0.135)
Operational Efficiency and Financial Discipline (6.4)	(0.938)
Savings Proposals (6.5)	(1.006)
Remaining Budget Gap	2.603
Utilisation of Reserves *	2.603

*Note * - On 16 December 2014 Council approved that any remaining budget gap for 2016/17 be offset from the budgeted surplus which would be transferred to reserves. At that time the anticipated remaining budget gap for 2016/17 was £2.223 million.*

7 Governance and Timeline

Each element of the Financial Strategy continues to have clear governance in place to ensure the timely delivery of the work stream, with proposals being reported through Business Transformation Steering Group and then to Council as appropriate.

It is recommended that Council determines its 2016/17 budget today so ensuring members meet the statutory duty, as set out in Section 93 of the Local Government Finance Act 1992 (as amended), to set its Council Tax and a balanced budget for the following financial year commencing 1 April by 11 March.

8 Focussing Resources to Key Priorities

The Financial Strategy is designed to ensure that available resources are as far as possible targeted on delivery of improved outcomes, particularly against the Midlothian Community Planning Partnership key priorities. A new Single Midlothian Plan, setting out the Partnership's priorities themes for 2016/17, will be presented to Council on 22 March 2016, with the proposals set out in this report supporting the priority themes included in the new plan.

The Partnership continues to prioritise the available resources towards the delivery of its priority themes and the Financial Strategy sets out for partners the parameters the Council is working within and provides a means to better facilitate the sharing of budget and resource planning information. The Delivering Excellence framework and Transformation Programme have a key role in ensuring that resources are directed towards the priority themes as set out in the new Single Midlothian Plan.

9 Reserves

The position remains broadly as reported on 9 February 2016 with useable reserves as at 31 March 2016 projected as follows:-

Table 4: Useable Reserves – 31 March 2016

	Total	Uncommitted
	£m	£m
General Fund Reserve	18.117	12.754
HRA Balance	24.520	2.224
Capital Fund	19.170	19.170
Repairs and Renewal Reserve	3.000	0.000
Total Useable Reserves	64.807	34.148

The uncommitted reserves set out in table 4 reflect the proposed utilisation of reserves as set out in table 3.

It is necessary for the Council to retain reserves to meet unplanned or unforeseen costs. In terms of the General Fund, Council agreed on 4 February 2014 that a prudent level of general reserve be around £8.000 million or 4% of net expenditure. Whilst the General Reserve exceeds this level the financial pressures facing the Council will require utilisation of reserves to balance budgets in the short term and to allow investment in areas where longer-term savings can be achieved. There will also be substantial one-off costs associated with further staff release and the reserve may also be required as a buffer to offset the risks associated with slippage in savings plans.

10 Report Implications

10.1 Resources

Whilst this report deals with financial issues there are no financial implications arising directly from it.

10.2 Risk

Within any financial projections, there are a number of inherent assumptions in arriving at figures and budget provisions and therefore risks that may be faced if costs change or new pressures emerge. The following key risks and issues are highlighted in the context of this report and future years financial prospects;

- The delivery of the conditions attached to the 2016/17 grant settlement;
- The resource implications associated with charging thresholds for non residential Social Care services;
- Decision by Scottish Government on future years grant settlements and grant distribution;
- The next Scottish Governments response to the commission on Local Tax Reform;
- Non-delivery or late delivery of planned savings, including those arising from reductions in the staffing establishment;

- Future year pay award settlements and the implications of future years Living Wage increase;
- Impact of economic climate on range of factors including: inflation, interest rates, employment, tax and income levels, service demands;
- Cost pressures exceeding budget estimates;
- Impact of Welfare Reform and pension changes;
- The costs of implementation of national policies varying from the resources provided by government; and
- Capital investment requirements and associated cost.

The Financial Strategy aims to mitigate a number of these risks by setting out the key assumptions on which forward plans are based, and through the Delivering Excellence framework setting out the early identification of future saving proposals.

10.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

10.4 Impact on Performance and Outcomes

The Financial Strategy is central to the way Council allocates and uses its limited resources and as such has fundamental implications for service performance and outcomes. Earlier budget projections indicated that in 2020/21 the Council would have available in the region of £200 million for the provision of services and the pursuit of key outcomes as set out in the Single Midlothian Plan.

10.5 Adopting a Preventative Approach

Whilst the proposals in this report do not directly impact on the adoption of a preventative approach, an effective Financial Strategy in turn allows resources to be prioritised to support prevention.

10.6 Involving Communities and Other Stakeholders

The Delivering Excellence Community Engagement report approved by Council on 22 September 2015 set out proposals for engagement and consultation on the service and financial challenges Council faces and the options which will emerge to address these. This will be adapted to highlight the implications of the 2016/17 grant settlement on the Council budget and the measures taken to address this.

In addition, there continues to be engagement with the recognised Trade Unions on the Council's financial position and service challenges.

10.7 Ensuring Equalities

There are no equality implications arising directly from this report. As part of the development of budget proposals EQIA's have been prepared together with the overarching EQIA encompassing the revenue budget which is attached at Appendix 5.

10.8 Supporting Sustainable Development

There are no direct sustainability issues arising from this report.

10.9 IT Issues

There are no direct IT implications arising from this report.

11 Summary

The report provides:-

- An update on the resources to be provided to the Midlothian IJB in respect of delegated services;
- Savings proposals for consideration;
- A proposal to utilise £2.603 million of reserves to balance the 2016/17 budget.

12 Recommendations

Council is recommended to:-

- a) Approve the allocation of £37.086 million to the Midlothian Integrated Joint Board for 2016/17 in respect of delegated services;
- b) Note the additional operational savings summarised in appendix 1;
- c) Consider and approve the savings proposals totalling £1.006 million in 2016/17 rising to £1.334 million in later years as set out in appendix 2 and 3;
- d) Subject to recommendations a) and c), approve the utilisation of £2.603 million of reserves in 2016/17 to balance the budget; and
- e) Approve the 2016/17 service budget analysis as set out in appendix 4.

Date: 01 March 2016

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2016/17 BUDGET OPERATIONAL SAVINGS

	INCREMENTAL				CUMULATIVE			
	2016/17	2017/18	2018/19	TOTAL	2016/17	2017/18	2018/19	TOTAL
HEALTH AND SOCIAL CARE	£m	£m	£m	£m	£m	£m	£m	£m
Customer & Housing Services: Financial Discipline	0.114	0.000	0.000	0.114	0.114	0.114	0.114	0.114
RESOURCES								
Finance & ISS: Voluntary reduction in hours	0.150	0.000	0.000	0.150	0.150	0.150	0.150	0.150
TOTAL	0.264	0.000	0.000	0.264	0.264	0.264	0.264	0.264



Budget Overview and Savings Proposals

2016-2017

8th March 2016



Introduction

The public sector continues to face significant service delivery challenges.

Demand for public services in Midlothian continues to increase as a consequence of changes in the size and profile of the County's population, with greater numbers of young people, older people and those with physical or learning disabilities. These demands combined with continued funding constraints, inflationary cost pressures and additional legislative burdens requires services to investigate alternative ways of working and to ensure resources are used effectively. The Council must continue to prioritise expenditure on public services which prevent negative outcomes from arising and simultaneously secure maximum benefit from all available resources.

The Commission on the Future Delivery of Public Services (The Christie Commission) report highlighted that public service providers must work much more closely in partnership to integrate service provision and thus improve outcomes for residents. Midlothian Council through the Single Midlothian Plan is fully engaged in this process and on 1 April 2016 Health and Social Care services will be fully delegated to Midlothian Integrated Joint Board (MIJB), a partnership with Midlothian Council and NHS Lothian.

Midlothian Council requires making significant savings over the coming years. The projected budget shortfall for 2016/17 is £7.631 million. The Council has approved a Financial Strategy and this document supports that strategy, setting out details of the additional actions proposed to maintain the financial sustainability of the Council.

This document provides an overview of the proposed changes in services that require to be made to ensure that the Council can maintain financial sustainability and balance its budget for 2016/17. For each of the proposals an Equalities Impact Assessment has been prepared and is published online alongside these proposals.

The sections which follow set out:-

- 1) Background information and an overview of the budget position.
- 2) A summary of the proposals.
- 3) Detail for each of the savings proposals.

Background

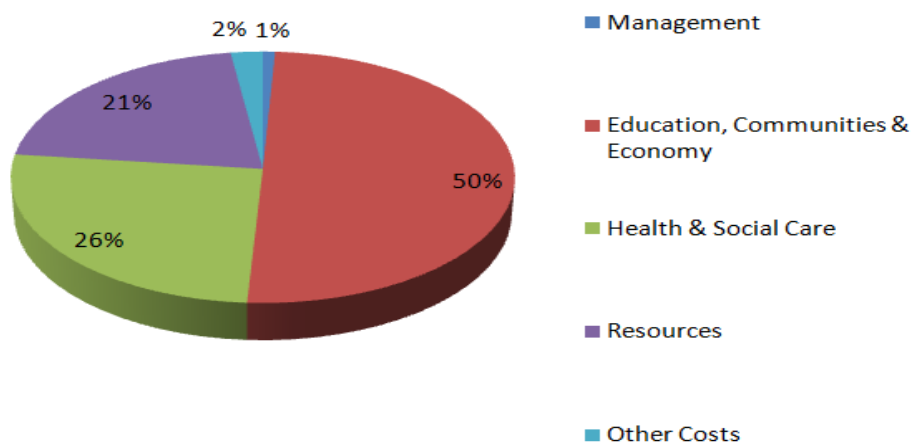
The provision of Council services in Midlothian is funded through a combination of government grant, non-domestic (business) rates, Council Tax and fees and charges for some services. Income from fees and charges is netted against expenditure.

To set the savings proposals in context table 1 below summarises the Council's budgeted net expenditure for 2015/16:

Table 1: Total Budget – Net Expenditure 2015/16

Service	Budget £m
Management	1.588
Education, Communities and Economy	
Children's Services	16.817
Communities and Economy	2.500
Education	76.258
Health and Social Care	
Adult Social Care	37.487
Customer and Housing Services	11.989
Resources	
Commercial Operations	15.270
Finance and Integrated Service Support	11.432
Properties and Facility Management	13.241
Other Costs	
Lothian Valuation Joint Board	0.556
Central Costs	2.292
Non Distributable Costs	1.338
NET EXPENDITURE	190.768

Net Expenditure % Split



Income and Expenditure

The Council's financial projections indicate that service expenditure will continue to rise with income falling over the period to March 2021.

For 2016/17, income from Scottish Government and Council Tax is projected to be as set out in table 2. These reflect the continuation of a Council Tax freeze with Band D Council Tax remaining at £1,210 and reflecting the additional income from an increase in the number of properties.

Table 2: Revenue Budget 2016/17 Income

	2016/17
	£m
Council Tax	40.600
Scottish Government Grant	151.516
Total Funding	192.116

The overall projection results in the following budget shortfall which the Council needs to address to maintain financial sustainability:

Table 3: Revenue Budget 2016/17 - Budget Shortfall

	2016/17
	£m
Planned Expenditure	199.747
Expected Income	192.116
Savings Requirement	7.631

How will this be achieved?

The Council's Financial Strategy incorporates a series of work strands which aim to transform service delivery and to secure financial sustainability, table 4 provides details of the financial impact of the Council's existing Transformation Programme and an overview of current work strands.

Table 4: Current Strands 2016/17

		2016/17
		£m
Transformation Programme:-		
• Integrated Service Support	0.840	
• Customer Service	0.175	
• Education	0.473	
• Services to Communities	0.250	
• Children's Services	0.224	
Totals		1.962
Impact of 2015/16 Savings		0.987
Asset Management		0.135
Operational Savings		0.938
TOTALS		4.022

Service savings proposals of £1.006 million in 2016/17 rising to £1.334 million are set out in the following pages and these will be progressed alongside the existing work strands already approved by the Council. These will further reduce the projected budget in 2016/17 and beyond. In order to achieve a balanced budget for 2016/17 it is proposed to utilise reserves of £2.603 million in the year.

The overall position incorporating the proposals on the following pages is as follows.

Table 5: Revenue Budget 2016/17 - Overview

	2016/17
	£m
Planned Expenditure	199.747
Expected Income	192.116
Savings Requirement	7.631
Current Savings Plans (table 4)	(4.022)
Proposals on following pages	(1.006)
Remaining Gap	(2.603)
Transfer to/from earmarked reserves	(2.603)
	0.000

REVENUE BUDGET 2016-17 BUDGET SAVING PROPOSALS – SUMMARY

Education, Communities and Economy		
Communities and Economy		£m
1	Out of Hours Noise Service	0.028
Total Communities and Economy		0.028
Education		
2	0.5% One Off Budget reduction to DSM	0.000
3	Change DSM scheme to reduce cost of teacher absence	0.100
Total Education		0.100
Total Education, Communities and Economy		0.128

Health and Social Care		
Customer and Housing Services		£m
4	Midlothian Community Policing Team	0.250
Total Customer and Housing Services		0.250
Total Adult and Social Care		0.250

Resources		
Commercial Operations		£m
5	Bulky uplift charges	0.062
6	Efficiency savings in winter maintenance	0.050
7	Members Environmental Improvements	0.054
8	Increase burial charges	0.141
Totals Commercial Operations		0.307
Finance and Integrated Service Support		
9	Introduce some projected slippage into the General Services Capital Plan which will impact on in-year debt costs	0.400
Totals for Finance and Integrated Service Support		0.400
Property & Facilities Management		£m
10	Sport & Leisure - Increase ToneZone monthly charges	0.060
11	Sport & Leisure - Increase Golden Years monthly charges	0.025
12	Sport & Leisure-Casual income price increases	0.009
13	Increase cost of school meals in Primary & Secondary schools by £0.15	0.095
Totals Property & Facilities Management		0.189
Totals Resources		0.896

Council Wide		£m
14	Fees and Charges	0.060
Council Wide Fees and Charges		0.060
Overall Total		1.334

Budget Savings Proposals	2016-17	2017-18	2018-19	Total
	£m	£m	£m	£m
Cumulative savings				
Communities and Economy	0.028	0.028	0.028	0.028
Education	0.219	0.194	0.100	0.100
Children's Services	0.000	0.000	0.000	0.000
Adult and Social Care	0.000	0.000	0.000	0.000
Customer and Housing Services	0.000	0.250	0.250	0.250
Commercial Operations	0.221	0.261	0.307	0.307
Finance and Integrated Service Support	0.400	0.400	0.400	0.400
Property & Facilities Management	0.078	0.157	0.189	0.189
Council Wide: Fees and Charges	0.060	0.060	0.060	0.060
TOTALS	1.006	1.350	1.334	1.334

1: Communities & Economy – Out of Hours Noise Service

Directorate	Education, Communities and Economy
Service Area	Communities and Economy
Operational Proposal	Stopping of Out of Hours Noise Service

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.028	£0.000	£0.000	£0.028
Cumulative savings	£0.028	£0.028	£0.028	£0.028

Description of Savings Proposals

For a number of years, the Environmental Health Service has operated a service on a Friday and Saturday evening under which residents who are bothered by a noise nuisance (usually loud partying neighbours) can call our Out of Hours Noise team who can then visit the relevant premises. This is something the Police will not normally do.

It is not a statutory service; the statutory duty is to investigate complaints of noise nuisance.

The Out of Hours noise team nominally consists of four part time posts. Only one post is currently filled, and that is by a part time officer who acts on a range of Environmental Health Public Health duties. In practice, because two officers are needed, there are some weeks when the service does not operate. The other three vacant posts could be deleted, giving a saving of c. £28K.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA

The negative impact would be upon residents who are the victims of noise nuisance and who cannot be assisted at the time when the noise nuisance is being perpetrated. However, where there is persistent noise nuisance, Environmental Health will investigate and advise during normal office hours.

The Anti Social Behaviour Team can also become involved in investigations where noise nuisance is persistent. However, they are concerned that the lack of evidence from 2 officers investigating may impact on the time taken to serve notice.

This may impact on one member of staff. However, the staff member is a full time permanent employee within Environmental Health Team.

2: Education – Reduction to DSM	
Directorate	Education, Communities and Economy
Service Area	Education
Operational Proposal	0.5% One Off Efficiency Saving to DSM

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.156	£(0.062)	£(0.094)	£0.000
Cumulative savings	£0.156	£0.094	£0.000	£0.000

Description of Savings Proposals
0.5% efficiency saving to DSM for the academic year 2016/17 (one off saving only – note this is not a recurring saving)

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA
This is a one-off efficiency saving for 2016/17 only and applies to the DSM budget. This saving is only achievable for 2016/17 because of the current shortage of supply teachers. We are working to create a permanent pool of peripatetic supply which will require the full utilisation of this budget in later years. The mitigating actions applied have been a budget discussion with the Secondary and Primary Head Teacher Executive to ensure that this one-off saving can be delivered.

3: Education - Reduce Budget for Teacher Absence

Directorate	Education, Communities and Economy
Service Area	Education
Operational Proposal	Change DSM Scheme to more efficiently manage the cost of staff absence

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.063	£0.037	£0.000	£0.100
Cumulative savings	£0.063	£0.100	£0.100	£0.100

Description of Savings Proposals

To save £100,000 by changing the mechanism within DSM by which we reimburse schools for staff absence. This saving will be in line with current requirement/projections based on the robust application of the maximising attendance procedures and the effective management of the permanent pool of supply staff.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA

The potential impact on service outcomes is estimated to be with little or minimal impact as we move forward with our mitigating actions to recruit a permanent pool of peripatetic supply staff which will be allocated to each associated schools group.

4: Customer & Housing Services - Midlothian Community Policing Teams	
Directorate	Health & Social Care
Service Area	Customer & Housing Services
Operational Proposal	Midlothian Community Policing Team

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.000	£0.250	£0.000	£0.250
Cumulative savings	£0.000	£0.250	£0.250	£0.250

Description of Savings Proposals
<p>Midlothian Community Policing Teams At present the Council funds 2 x Community Policing Teams operation in Midlothian at a cost of £500,000.</p> <p>With a background of restricted resources and prospects which will remain challenging for an extended period of financial constraint, funding provided for the Midlothian Community Policing Teams is reduced by £125,000 for 2016/17 and a further £125,000 in 2017/18. This saving equates to half of one of the Community Policing Teams following the reduction in funding arrangements approved in the Council's Financial Strategy from 2016/17.</p> <p>Proposal is for withdrawal of the remaining funding of £250,000.</p>

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA
<p>Tactical Police response to crime and ASB in Midlothian - Non statutory.</p> <p>Concentrating the efforts of all services on delivering integrated services to deliver results.</p>

5: Commercial Operations – Waste Services – Financial Discipline

Directorate	Resources
Service Area	Commercial Operations Waste Service
Operational Proposal	Charge for all bulky uplifts

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.062	£0.000	£0.000	£0.062
Cumulative savings	£0.062	£0.062	£0.062	£0.062

Description of Savings Proposals

Currently the Council offers the first bulky uplift each year free of charge. The intention is to have all bulkies charged for at a minimum of £20.

The number of chargeable/non chargeable bulkies for the preceding years was as follows;

Bulky Uplift performance information	2013/14	2014/15	Average
Chargeable	650	569	610
Non chargeable	5094	5445	5270
Total	5744	6014	588

The proposal assumes a reduction in uplifts of 30% resulting in increased income of £62,000 per annum.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA

There is a concern that this proposal may lead to increased fly tipping which would require resources to remove.

6: Commercial Operations – Winter Maintenance

Directorate	Resources
Service Area	Commercial Operations Roads Service
Operational Proposal	Efficiency savings in winter maintenance

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.050	£0.000	£0.000	£0.050
Cumulative savings	£0.050	£0.050	£0.050	£0.050

Description of Savings Proposals

A number of service enhancements have been made in relation to Midlothian's winter service provision over recent years whilst a number of other local authorities have reduced their service levels. Furthermore some authorities do not provide the level of service currently available in Midlothian.

Rather than reduce the service it is proposed that when appropriate, gritting which would normally take place after a normal days work, will be undertaken in the later part of the normal working day. This will reduce overtime cost for the service whilst having a minimal impact on other works.

It is also proposed that staff on standby will be allocated this role from within Midlothian boundaries thereby reducing mileage incurred from travelling from outwith the Council area.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA

The communities have become used to the current service levels and it is anticipated that there would be considerable adverse reaction if Council were to reduce service levels. These proposals should have no impact on service outcomes.

7: Commercial Operations – Members Environmental Improvements

Directorate	Resources
Service Area	Members Environmental Improvements
Operational Proposal	Remove the allocation currently allocated to each member

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.054	£0.000	£0.000	£0.054
Cumulative savings	£0.054	£0.054	£0.054	£0.054

Description of Savings Proposals

Currently each member of the Council is allocated £10,000 capital and £3,000 of revenue each year for local projects etc. This represents a total allocation of £180,000 capital and £54,000 revenue spend each year. In addition there are currently significant sums carried over from previous years of which approximately £200,000 of capital is uncommitted and £50,000 of revenue remains uncommitted.

If these resources were no longer allocated there would be an annual revenue saving to the Council each year of £54,000.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA

Over the years these budgets have been used to support a number of initiatives ranging from supporting local groups to the provision of environmental and other ward improvements.

Removing these budgets would have the effect that in future members could no longer support these initiatives.

8: Commercial Operations – Burial Charges	
Directorate	Resources
Service Area	Commercial Operations Land and Countryside
Operational Proposal	Increase burial charges

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.055	£0.040	£0.046	£0.141
Cumulative savings	£0.055	£0.095	£0.141	£0.141

Description of Savings Proposals
The proposal is to increase the various burial charges phased over three years to the point where they are set at the average of the charges across Scottish Local Authorities for Burial Services.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA
Potentially there may be a drop in income should customers decide not to use this service. Whilst increasing charges could impact on those with low income this has been considered as part of the EQiA process and no appropriate mitigation is considered necessary.

9: Finance & ISS – Finance – Budget for Project Slippage

Directorate	Resources
Service Area	Finance and ISS – Financial Services
Operational Proposal	Introduce some projected slippage into the General Services Capital Plan which will impact on in-year debt costs.

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.400	£0.000	£0.000	£0.400
Cumulative savings	£0.400	£0.400	£0.400	£0.400

Description of Savings Proposals

Recognising that there is regularly slippage in Council Capital Projects against the budgeted spend profile allows the deferral of planned external borrowing which in turn reduces the in-year cost of borrowing. Recent financial years Capital Plans have shown significant slippage which has contributed to underspends in loan charges. In 2014/15 the budget was set with anticipated external borrowing requirement of £9.179m to fund the General Services Capital Plan. The final position was external borrowing of £1.413m.

Whilst it is difficult to forecast with any degree of certainty where slippage will occur in future years however based on recent experience of in-year movement and spend profile across the General Services Capital Plan a reduction of £0.400m in loan charges is anticipated.

A budget reduction as a consequence of modelled slippage will only occur once and in the year that assumption is introduced.

There is no reduction in the level of capital spend or any reduction in the projects contained within the programme.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA

There is no impact on service delivery or existing policies and as such no mitigation or equality impact is considered necessary.

10: Property & Facilities Management – Sport & Leisure – Tonezone Charges

Directorate	Resources
Service Area	Property and Facilities Management
Operational Proposal	Increase Tonezone monthly charges

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.000	£0.030	£0.030	£0.060
Cumulative savings	£0.000	£0.030	£0.060	£0.060

Description of Savings Proposals

Increase Tonezone monthly charges up to 3% per annum based on benchmarked comparisons. This allows inflationary increases to apply however requires to be monitored against the competition providing similar services. At present the membership is priced to be competitive and to ensure a high level of uptake and retention of membership.

It is noted that the projected savings in 2016/17 will not cover the 2014/15 under recover of income compared to the existing budgetary provision.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA

This proposal is an inflationary adjustment to the price, however still considered good value compared to other service providers.

All groups in low economic situations will be affected but this increase has been benchmarked against other service providers. The resultant charge ensures value for money is maintained.

11: Property & Facilities Management – Sport & Leisure – Golden Years Charges

Directorate	Resources
Service Area	Property and Facilities Management
Operational Proposal	Increase Golden Years charges

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.013	£0.010	£0.002	£0.025
Cumulative savings	£0.013	£0.023	£0.025	£0.025

Description of Savings Proposals

Increase Golden Years monthly charges by 30% in year 2016/17 thereafter 2% per annum. Costs have been kept low with some users suggesting an increase in price would not be detrimental.

Individual session rates will be increased from £1.00 to £2.00.

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA

This increase offers value for money and represents a considerable concession to Golden Years users.

Only those 60+ will be affected by the increased charges. The increase however has been benchmarked against other service providers to ensure value for money is maintained.

12: Property & Facilities Management – Sport & Leisure – Casual Charges	
Directorate	Resources
Service Area	Property and Facilities Management
Operational Proposal	Increase Sport and Leisure Casual Charges

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.000	£0.009	£0.000	£0.009
Cumulative savings	£0.000	£0.009	£0.009	£0.009

Description of Savings Proposals
<p>Casual income price increases are proposed following a benchmarking exercise and still provides value for money.</p> <p>The areas affected will be those which are currently understated against the neighbouring authorities' benchmarks. The revised charges will remain pitched at competitive levels.</p> <p>It is noted that there is no impact on budget in 2016/17 as the increases proposed do not cover the 2014/15 under recovery of income.</p>

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA
<p>Still remains competitively priced and attractive to Service users.</p> <p>The EQiA has shown that all groups will be affected by increased charges. The increase however has been benchmarked against other service providers to ensure value for money is maintained.</p>

13: Property & Facilities Management – Primary & Secondary School Meal Charges	
Directorate	Resources
Service Area	Property and Facilities Management
Operational Proposal	Increase cost of Primary and Secondary school meals by £0.15 per day

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.065	£0.030	£0.000	£0.095
Cumulative savings	£0.065	£0.095	£0.095	£0.095

Description of Savings Proposals
<p>Proposal is to Increase the cost of school meals in Primary and Secondary schools by £0.15 per day. School meals in Midlothian have not increased in price for three years and this approach can only be sustained so long. The proposal means school meals will increase by less than £1 per week and still provide healthy sustenance during the school day.</p> <p>Current Prices are £1.80 per day [£9.00 per week] primary and £2.00 per day [£10.00 per week] secondary.</p> <p>The current Midlothian price for school meals is extremely competitive when compared to other Scottish Councils.</p>

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA
<p>Primary 1 to 3 meals are unaffected and remain free. School aged children from Primary 4 and above will be affected by increased charges but this will be mitigated by free school meals to those households in receipt of benefits.</p> <p>The proposed increase is 75p per week on the basis of a meal being taken every day.</p>

14: Council Wide – Fees and Charges	
Directorate	All Directorates
Service Area	See below
Operational Proposal	Review of Fees and Charges

Forecast Savings	2016-17	2017-18	2018/19	Total
	£m	£m	£m	£m
Incremental savings	£0.060	£0.000	£0.000	£0.060
Cumulative savings	£0.060	£0.060	£0.060	£0.060

Description of Savings Proposals
<p>The Council previously reviewed fees and charges at its meeting on 24 June 2014. The proposals set out in the Appendix to this paper detail revisions to charges as proposed by individual Services.</p> <p>In preparing this paper a general uplift rate of 5% has been applied to recognise the time elapsed since the last revision to fees and charges, however variations are detailed in the Appendix.</p> <p>For the avoidance of doubt the amounts shown in the above table do not include (as these are outlined in earlier pages):-</p> <ul style="list-style-type: none"> • Commercial Operations 8 – Burial charges • Property and Facilities Management 1 – Sport and Leisure Tone Zone charges • Property and Facilities Management 2 – Sport and Leisure Golden Years charges • Property and Facilities Management 3 - Sport and Leisure Casual charges • Property and Facilities Management 5 – Primary and Secondary School Meal charges <p>The Service financial implications of these proposals are as outlined in the following table:</p> <p>Moving forward it is planned that price reviews will be presented to Council as part of the annual Revenue Budgeting cycle.</p>

Forecast Savings	2016-17
	£m
Health and Social Care	
Customer and Housing Services	£0.009
Adult and Social Care	£0.020
	£0.029
Education Communities and Economy	
Education	£0.013
Communities and Economy	£0.004
	£0.017
Resources	
Property and Facilities Management	£0.000
Commercial	£0.014
Finance and Integrated Service Support	£0.000
	£0.014

Potential impact on service outcomes and any mitigating actions proposed. This should take into account, where applicable, relevant strategic, service plan or community planning outcomes. Include EQUiA
<p>In general the proposals outlined are the first increases to be introduced by the Council since the previous report in June 2014. Furthermore the opportunity has been taken to introduce new charges where services consider that this is appropriate.</p> <p>Those in receipt of benefits may find the increased difficult but in most situations concessionary rates are in place.</p>

MIDLOTHIAN COUNCIL

Appendix 4

REVENUE BUDGET 2016/17 SUMMARY

Service Function	Budget 2016/17 £
Management and Members	1,640,852
<u>Education Communities and Economy</u>	
Childrens Services	15,526,823
Communities and Economy	4,313,771
Education	81,941,322
<u>Health and Social Care</u>	
Adult Social Care	36,593,860
Customer and Housing Services	11,938,366
<u>Resources</u>	
Commercial Services	15,942,812
Finance and Integrated Service Support	12,932,455
Properties and Facilities Management	13,313,382
Lothian Valuation Joint Board	555,551
Centrally Held Budget Provisions	620,895
Non Distributable Costs	1,338,436
GENERAL FUND SERVICES NET EXPENDITURE	196,658,525
Loan Charges	7,143,639
Investment Income	(300,000)
Council Transformation Programme savings targets	(1,962,000)
Operational Savings and Financial Discipline	(938,000)
Budget Savings Proposals	(1,006,000)
Allocations to HRA, Capital Account etc.	(4,877,164)
NET EXPENDITURE	194,719,000
Utilisation of Reserves	2,603,000
Scottish Government Grant	151,516,000
Council Tax	40,600,000
TOTAL FUNDING	194,719,000



Overview Equality Impact Assessment (EqIA)
on
Midlothian Council
Budget
2016 – 2017

08 March 2016

Midlothian Council
Equality Impact Assessment (EqIA) on Midlothian Council Budget
2016/2017

Budget Saving Element:	<ol style="list-style-type: none"> 1. Stopping Out of Hours Noise Service 2. 0.5% one off efficiency saving to DSM 3. Change DSM Scheme to more efficiently manage the cost of staff absence 4. Midlothian Community Policing Team 5. Charge for all bulky uplifts 6. Efficiency savings in winter maintenance 7. Members Environmental Improvements - Remove the allocation currently allocated to each Member 8. Increase burial charges 9. Introduce some projected slippage into the General Services Capital Plan which will impact on in-year debt costs 10. Increase Tonezone monthly charges by 2% per annum 11. Increase Golden Years charges 12. Increase Sport & Leisure Casual Charges 13. Increase cost of Primary & Secondary school meals by £0.15 per day 14. Increase in Council-wide fees & charges
Service area	<ol style="list-style-type: none"> 1. Education, Communities & Economy – Communities & Economy 2. Education, Communities & Economy – Education 3. Education, Communities & Economy – Education 4. Health & Social Care – Customer & Housing Services 5. Resources – Commercial Operations Waste Service 6. Resources – Commercial Operations Roads Service 7. Resources – Members Environmental Improvements 8. Resources – Commercial Operations Land & Countryside 9. Resources – Finance & Integrated Service Support (FISS) 10. Resources – Property & Facilities Management 11. Resources – Property & Facilities Management 12. Resources – Property & Facilities Management 13. Resources – Property & Facilities Management 14. Education, Communities & Economy, Health & Social Care & Resources – All services except Children's Services
Overview of Budget Investment through the Financial Strategy	<p>The Delivering Excellence framework approved by Council on 23 June 2015 supports the repositioning of services to ensure they have a greater emphasis on and achieve better outcomes for those most disadvantaged and vulnerable in the community. The framework focuses on reshaping service delivery as the most sustainable way to address the financial and service challenges and maintain financial sustainability. The framework sets out an approach that provides the means to:</p>

	<ul style="list-style-type: none"> • Realise savings of the scale and magnitude required and to continue to deliver high quality services by engaging staff, partners, stakeholders and citizens to determine the nature of service delivery, the level of service standards and the method of delivering these services; • To perform successfully in this environment, the Council will require to forward plan for the period beyond known financial settlements, to prioritise the services to be delivered and to clearly identify those services which will no longer be funded or indeed provided or may be provided through alternative mechanisms or approaches; and • To ensure that there is achievement of the outcomes and priorities of the Council and Community Planning Partners. <p>Actions which contribute to the Financial Strategy, particularly for later years will be developed through the framework.</p> <p>In monetary terms this means that £192 million will be focused on preventative measures enabling positive outcomes for all those within Midlothian's communities.</p> <p>In negative terms £ 1 million worth of budget savings have to be made. This represents 0.5% of the total budget, and as will be seen from the individual equality impact assessments, further mitigating actions such as concessionary rates which already exist, are in place to mitigate the effects on those in most need.</p>
Completion Date	Monday 29 February 2016
Lead officer	Gary Fairley

Aims and Objectives

The public sector continues to face significant service delivery challenges due to reduced income streams, funding constraints, inflationary cost pressures and additional legislative burdens. Demand for public services in Midlothian continues to increase as a consequence of changes in the size and profile of the county's population with greater numbers of young and older people, those in poor economic situations, and those with disabilities be they physical, sensory, mental health or learning disabilities. The Council must continue to prioritise expenditure on public services which prevent negative outcomes for those within its communities whilst securing maximum benefit from all available resources. Accordingly, it is prudent that significant savings are made over the coming years and projected budget shortfalls stemmed. This will allow the Council to maintain its financial sustainability and also to ensure that all within its communities, irrespective of protected characteristics, (age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation plus in Midlothian poor socio-economic circumstances), are not unlawfully discriminated against, and that equality of opportunity and advancement of good relations is upheld between those who have a protected characteristic and those who do not.

1. Does the proposed budget affect people? Yes No

2. **What is/are the reason(s) for your proposed budget saving?**
 The budget savings are put forward to meet the Council's overall budget shortfall. Each saving has been individually equality impact assessed and these discrete assessments are publically available on the Council's website from 01 March 2016.

3. Impact
 Which of the protected characteristics* will the proposed budget savings have an impact upon?

Equality Target Group*	Positive Impact	Negative Impact	Relevant evidence/ information
Age	Concessionary charging is available in a number of circumstances.	Young and elderly people in poor economic circumstances maybe adversely affected.	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> <p>See individual equality impact assessments per budget saving proposal</p> </div>
Disability	Concessionary charging is available in a number of circumstances.	Disabled people in receipt of benefits may be adversely affected.	
Gender Reassignment	No impact	No impact	
Marriage & Civil Partnership	No impact	No impact	
Pregnancy and maternity	No impact	Single parents in low income households maybe adversely affected	
Race	No impact	No impact	
Religion or Belief	No impact	No impact	
Sex	Concessionary rates apply in many circumstances.	Men and women along with disabled men and women in low income households maybe affected.	

Sexual Orientation	No impact	No impact	
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4. Overall Impact of Budget

In terms of preventative spend (£192,000,000) all protected characteristic groups will benefit positively through focus of Council service expenditure on vulnerable groups for example, Early Years and Health and Social Care spend.

The Delivering Excellence framework approved by the Council on 23 June 2015 continues to help focus available resource on Council priorities. In addition, this framework supports the repositioning of services to ensure they have a greater emphasis on, and achieve better outcomes for, those most disadvantaged and vulnerable in our communities.

5. How will the implementation of proposed budget savings be communicated to those affected by any changes?

Information will be available on the Council's web site and communicated to affected businesses by letter, email, etc. In addition, information documents, as required, can be made available in different formats and languages. If an individual or group require this information in another language or format, then they should email equalities@midlothian.gov.uk or telephone the Equality, Diversity & Human Rights Officer on 0131 271 3658.

6. How will you monitor the impact of the changes proposed? When is the budget due to be reviewed?

Changes will be monitored through Covalent, the council's performance management system, discussion groups and forums, fees and charges income, and various other methods detailed in the individual equality impact assessments. The overall budget is reviewed on an annual basis.

7. Please use the space below to detail any other matters arising from the Equality Impact Assessment (EqIA) process.

As available, mitigating actions for each of the proposals have been outlined in the individual equality impact assessments.

Where no mitigating actions are possible it is considered that any negative effects are not unlawful and are justifiable on a benchmarking/inflationary basis.

