

**To the Chair and Members of  
COUNCIL**

**MAYORS DRAFT BUDGET PROPOSALS 2015/16 – 2016/17**

<b>Relevant Cabinet Member(s)</b>	<b>Wards Affected</b>	<b>Key Decision</b>
Mayor Ros Jones	All	K1244

**EXECUTIVE SUMMARY**

1. This report launches the Mayor’s budget proposals for 2015/16 and 2016/17 with particular emphasis on addressing the remaining £16.1m shortfall in the total budget savings of £109m (details in paragraph 14). Doncaster Council faces an unprecedented set of cuts and pressures on its budget having delivered £93m of savings and efficiencies in the 3 years from 2011 to 2014; we were faced in February 2014 with having to cut expenditure or raise money by a total of £109m between April 2014 and March 2017. Council approved £38m of budget savings for 2014/15 at its meeting in February 2014 and stated that a further report would be presented to Council with further savings options to balance the budget for the remaining years. The main cause of the £109m budget gap (2014/15 to 2016/17) is the Government austerity measures which represent cuts to Doncaster Council of £58m. The remaining £51m is needed to meet pay and price inflation, contracted costs and the cost of the growing numbers of older people requiring support and costs in Childrens Services.

At its meeting in February 2014 Council approved plans to cut expenditure and/or the raising of money of £54.4m for the financial years 2015/16 and 2016/17 but this still left a gap of £16.1m for these years to be funded by further savings options. The current position is summarised in the table below;

	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>Total £m</b>
<b>Total Funding Gap</b>	39.2	31.3	70.5
<b>Total Savings Identified</b>	-27.2	-27.2	-54.4
<b>Remaining Gap</b>	<b>12.0</b>	<b>4.1</b>	<b>16.1</b>

The figures for 2016/17 are indicative based on the likely trajectory of grants from Government. Further details are provided in Appendix C.

2. Whilst the financial circumstances that we face are mainly not of our making, it is our responsibility to ensure we propose a robust, clear and balanced budget and that we face up to and deliver changes to our services to the best of our abilities in these very challenging circumstances. The balanced budget proposed in this report is based on reduced but sustainable income and without taking money from reserves. Delivery of the budget depends on achieving the challenging reductions in spending and continuing to

deliver high quality key services. Achieving the budgeted income is highly dependent on income from Business Rates which are currently buoyant but volatile. Whilst the emphasis has been on reducing expenditure to match income there have been areas where we have included growth such as increasing the amount for assessments under the Deprivation of Liberty Standards and increasing the budget for Supported Living (see paragraph 15 for details).

### Budget Summary

3. This report summarises the savings plans and the additional proposals to close the remaining £16.1m gap for 2015/16 – 2016/17. It also notes additional growth initiatives that have now to be taken account of in setting balanced budgets for these years.

#### 2015/16 & 2016/17 Budget Gap Summary

	2015/16 £m	2016/17 £m	Total by 2016/17 £m
Estimated Reduction in Government Grants	24.6	14.3	38.9
Pay Inflation, Increments & Pension Contributions / National Insurance	4.5	6.9	11.4
Price Inflation including Landfill Tax	4.9	4.9	9.8
Service and Other Budget Pressures	5.2	5.2	10.4
<b>Total</b>	<b>39.2</b>	<b>31.3</b>	<b>70.5</b>

4. Despite the considerable funding reductions we are committed to being a council that promotes growth and prosperity for its residents. We must ensure that services are targeted and make a difference to those people who need them most, making the most of technology, re-designing our services so they are fit for the future and working in partnership with our local communities, voluntary, charity and faith sectors to deliver services together. The savings already approved at Council on 20<sup>th</sup> February 2014 and the additional proposals to close the £16.1m gap are summarised as follows:

#### Closing the £16.1m Gap – Summary

	2015/16 £m	2016/17 £m	Total to 2016/17 £m
Major Projects (Appendix A)	-18.5	-19.2	-37.7
Minor Projects (Appendix A)	-0.2	-0.6	-0.8
Additional Savings (Appendix A)	-6.9	-7.3	-14.2
2013/14 Approved (Appendix A)	-1.6	-0.1	-1.7
<b>Total Savings already approved</b>	<b>-27.2</b>	<b>-27.2</b>	<b>-54.4</b>
New Savings (Appendix Bi)	-12.9	-5.3	-18.2
New Growth Initiatives (Appendix Bii)	0.9	1.2	2.1
<b>Revised Total Savings Identified</b>	<b>-39.2</b>	<b>-31.3</b>	<b>-70.5</b>
<b>Remaining Gap</b>	<b>0.0</b>	<b>-0.0</b>	<b>-0.0</b>

5. The analysis, at Appendix E, shows the current position regarding earmarked reserves. The balance on the uncommitted General Fund reserve is currently £17.1m.

## **EXEMPT REPORT**

6. Not applicable.

## **RECOMMENDATIONS**

7. Council is asked to: -

- a. note the launch of the Mayor's draft budget proposals for 2015/16 & 2016/17 and that following consultation and after taking into account parish precepts, levies and the Final Government Settlement these will be proposed at Full Council on 3<sup>rd</sup> March 2015;
- b. note the additional revenue budget proposals required to close the remaining £16.1m budget gap for 2015/16 & 2016/17 set out in this report and in Appendix Bi (budget savings £18.3m) and Appendix Bii (Growth Initiatives £2.1m);

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER**

8. The Council will continue to care for and protect the most vulnerable in society but it is inevitable that as the Council becomes a leaner organisation that citizens will see services delivered in new and different ways.

## **BACKGROUND**

### **Summary Revenue Budget Position for 2015/16 to 2016/17**

#### **Overall Financial Strategy**

9. The Council needs to make significant further savings of £39.2m in 2015/16 and £31.3m in 2016/17. These savings are required mainly due to the expected decrease in government grant funding of circa £58m from 2014/15, which equates to a 28% reduction. Further details are provided in Appendix C which shows details of the original Medium Term Financial Plan for 2014/15 to 2016/17.
10. The financial strategy is driven by the priorities in our corporate plan and Doncaster Council's purpose to ensure Doncaster and its people thrive – ensuring value for money is at the heart of everything we do.
11. The process of identifying and delivering savings is robust but flexible so that options can be identified and plans can be amended as and when required. This strategy will enable the Council to become a more efficient leaner organisation with a greater understanding of the costs of delivering services and a sound financial base position.
12. Only savings that can be permanently delivered will be built into the budget to address the £109m budget gap. The financial strategy should be read in conjunction with other Council strategy documents including Capital Programme, HRA budget, Treasury Management Strategy, Borough Strategy, Council Plan and ICT Strategy.

## New Savings and Growth Initiatives

13. Further savings have been identified to close the remaining £16.1m budget gap for 2015/16 and 2016/17, this includes funding growth initiatives and revised savings where required. These are detailed below:

	Ref	2015/16 £m	2016/17 £m	Total £m
		<b>-27.20</b>	<b>-27.18</b>	<b>-54.38</b>
<b>Total Savings Approved</b>				
a) Remove Subsidies	NS01	0.00	-0.20	-0.20
b) Grants to Voluntary Organisations	NS02	-0.05	0.00	-0.05
c) Policy & Performance Review 2	NS03	-0.45	-0.35	-0.80
d) Transport	NS04	-0.20	0.00	-0.20
e) Transport Subsidies (SYITA)	NS05	-0.50	0.00	-0.50
f) Further Voluntary Early Retirement / Redundancy savings.	NS06	-0.15	0.00	-0.15
g) Elections	NS07	0.01	-0.19	-0.18
h) Markets/Town Centre	NS08	-0.20	0.00	-0.20
i) Streetlamp Initiative	NS09	0.00	-0.45	-0.45
j) Pensions Budget	NS10	-0.80	-1.07	-1.87
k) Business Rates – Additional	NS11	-1.14	-0.14	-1.28
l) Budget Book – All Services	NS12	-0.50	-0.47	-0.97
m) Insurance	NS13	-0.40	0.00	-0.40
n) Adult Social Care Commissioning	NS14	-1.50	-1.00	-2.50
o) Corporate Services	NS15	0.00	-0.30	-0.30
p) Planning & Building Control	NS16	-0.10	-0.10	-0.20
q) Reduced Price Inflation	NS17	-2.17	-0.54	-2.71
r) Treasury Management	NS18	-1.75	-0.25	-2.00
s) Parish Council Grant	NS19	0.01	-0.03	-0.02
t) Waste	NS20	-0.10	0.00	-0.10
u) Better Care Fund Realignment	NS21	-0.67	0.00	-0.67
v) Highways, Parking & Street Scene	NS22	0.00	-0.25	-0.25
w) Energy Team	NS23	-0.10	0.00	-0.10
x) Education Services Grant	NS24	-0.15	0.00	-0.15
y) Capital Receipts	NS25	-0.24	0.07	-0.17
z) Buildings Access and Management	NS26	-0.05	0.00	-0.05
aa) Welfare Provision Grant	NS27	-0.20	0.00	-0.20
bb) New Homes Bonus	NS28	-0.64	-0.10	-0.74
cc) Collection Fund Surplus (Council Tax)	NS29	-0.30	-0.00	-0.30
dd) External Audit Fee Reduction	NS30	-0.05	0.00	-0.05
ee) Revenue Investment Modernisation Fund (IMF)	NS31	-0.41	0.00	-0.41
ff) Equipment Budget	NS32	-0.01	0.00	-0.01
<b>Revised Savings/Growth Initiatives</b>	Para 15	0.77	1.25	2.02
<b>Total Additional Proposals</b>		<b>-12.04</b>	<b>-4.12</b>	<b>-16.16</b>
<b>Total</b>		<b>-39.24</b>	<b>-31.30</b>	<b>-70.54</b>
<b>Budget Savings 2014/15</b>				<b>-38.00</b>
<b>Grand Total</b>				<b>-108.54</b>

14. Further details on the above proposals for 2015/16 and 2016/17 are provided below:

a. Remove Subsidies (NS01) - £0.2m 2016/17

Not all services that are charged for by the council either fully recover their costs or have a clear member decision that they will be subsidised e.g. some pest control services. The remaining services need to be reviewed and further options for removing subsidies identified.

b. Grants to Voluntary Organisations (NS02) - £0.05m 2015/16

The level of grants have been reviewed twice over the last 3 years and only limited reductions are therefore being considered at this time. £0.05m savings have been identified involving the discontinuation or reduction of grants to the Industrial Communities Alliance, Doncaster CAB, Doncaster Rape and Sexual Abuse Counselling Service (DRASACS) and Choice for All Doncaster (ChAD). Grants to Voluntary Organisations will continue to be reviewed and, where required, the above grants may still be paid in 2015/16 and met from one off funding sources which will be spread over 3 years.

c. Policy & Performance Review 2 (NS03) – £0.45m 2015/16 and £0.35m 2016/17

This would be the second phase of the Council's review of Policy and Performance. The first phase has already delivered savings of around £0.6m from budgets that are spread across all departments. The savings are mainly salaries as staff providing policy advice is reduced. The focus has been switched to performance management. By continuing this approach it is anticipated that an additional £0.8m could be delivered from a total budget of £3.3m.

d. Transport (NS04) - £0.2m 2015/16

A savings target of £1.58m (including £0.337m in 2015/16) was allocated to Transport following a review of the service. The savings generated so far have been examined and it has shown that a further £0.2m of savings can be achieved. These savings include further car allowance savings as a result of the pool cars scheme, improved procurement of passenger transport contracts and reduced fuel and repairs costs.

e. Transport Subsidies (SYITA) (NS05) - £0.5m 2015/16

Further savings are expected from a reduction in the Passenger Transport Authority Levy. This will include savings such as the removal of paper timetables and changes to offices in South Yorkshire.

f. VERs (NS06) – £0.15m 2015/16

Further Voluntary Retirement/Redundancy savings. 190 staff left under Voluntary Early Retirement and Voluntary Redundancy in March and April 2014. A review is being carried out to see whether any of these were in addition to staff that needed to leave in order to help deliver existing budget savings. The scheme was launched over the summer in order to seek further staff savings. Early indication is that this saving is deliverable; based on an additional 5 posts at an average of grade 8 there should be £0.15m savings in 2015/16.

g. Elections (NS07) – growth initiative -£0.011m 2015/16 and saving £0.187m 2016/17

Review of Elections costs, boundaries, commissioners and members budgets. Given the significant changes in this area, including all out elections, Individual Voter

registration, reduced numbers of Councillors etc., the budget has been reviewed. Additional costs have been identified in 2014/15 and 2015/16 financial years leading to the possibility of reduced annual budgets from 2016/17 onwards. The planned savings of £0.1m in ASRF18 will fall short by £0.011m in 2015/16, therefore growth has been included, and there will be an increase in savings of £0.187m in 2016/17. There will be no staff reductions but there will be fewer temporary staff employed and the total spent on councillors' allowances will be reduced.

h. Markets/Town Centre (NS08) - £0.2m 2015/16

The efficiency of the Market and Town Centre teams can be improved. A review of staff levels and the introduction of cashless rent collection are expected to save £0.11m and a further £0.09m will be realised through the re-alignment of budgets to reflect actual expenditure.

i. Streetlamp Initiative (NS09) – £0.45m 2016/17

It now appears likely that the Streetlamp Initiative could save a further £0.45m per annum from 2016/17. The Highways savings agreed at 20th February 2014 Council included £0.3m through a street light replacement programme that enables the Council to not only save money but to also significantly reduce its carbon footprint. The Council will invest £10m in street lighting over the next few years largely financed from the government's energy scheme. The project will protect the Council against future rises in energy costs, enable far better control of all street lights from a central location, provide the public with much better lighting conditions and completely modernise the service. The overall saving for the Council will be £0.75m.

j. Pensions Budget (NS10) – £0.8m 2015/16 and £1.07m 2016/17

The budget in February 2014 was based on estimated figures provided by the Actuary. Following extended discussions with the four Councils in South Yorkshire revised figures of £35.258m were provided for the period 2014/15 to 2016/17, which were signed off by the Actuary. The deficit contributions have also been reduced on an annual basis for Academy schools who take their pension deficit with them. The adjusted figures were compared to the budget and a saving identified. This is detailed in the table below:

**Pension Saving**

	2014/15 £'m	2015/16 £'m	2016/17 £'m	Total £'m
DMBC Estimate of Deficit Contribution	11.556	11.728	11.974	35.258
Less: Charge to Schools	-1.834	-1.678	-1.638	-5.150
Less: Charge to HRA	-0.930	-0.930	-0.930	-2.790
Less: Rechargeable Pensions Adjustment		-0.170		-0.170
<b>Adjusted Deficit Contribution Required</b>	<b>8.792</b>	<b>8.950</b>	<b>9.406</b>	<b>27.148</b>
2014/15 Adjusted Deficit Contribution Budget	8.189 <sup>1</sup>	8.189		
Additional Funding Required 2014/15 (funded from Earmarked Reserve)	0.603			
<b>Additional Funding Required</b>		<b>0.761</b>	<b>0.286</b>	<b>1.047</b>
Budget Approved February 2014		1.553	-1.356	-2.909
<b>Total Additional Savings</b>		<b>0.792</b>	<b>1.070</b>	<b>1.862</b>

<sup>1</sup> Consists of Deficit Contribution £11.008m, Charge to Schools -£1.889m and Charge to HRA -£0.930m.

In addition, on the 6<sup>th</sup> October the Council paid the 3 year pension deficit in one lump sum to South Yorkshire pensions. The Council received a discount for early payment reducing the settlement and making saving of £1.467m. The payment was funded from Prudential borrowing and by taking advantage of low interest rates we were able to minimize interest costs resulting in a net saving to the Council of £0.681m for the 3 year period, of this £0.136m relates to 2014/15. The £0.681m is not an ongoing budget saving. The budget that was set aside to pay the deficit will be used to repay the borrowing.

k. Business Rates – Additional (NS11) - £1.139m 2015/16 and £0.141m 2016/17

In April 2013, the business rates scheme changed with the introduction of the Local Government Finance Act 2012. With the new scheme 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority) and 50% is passed to central government.

The table below shows a comparison of current forecasted income to budget proposals set in February 2014. Despite reduced income due to the lower RPI increase in the Business Rates multiplier (£0.42m) we still anticipate an increase in income in 2015/16 and 2016/17. This is mainly due to a reduction in expected appeals; the Council set aside a provision of £6.24m for appeals plus £2m a year thereafter. The final outcome of the appeals and whether the funding set aside is sufficient is still uncertain; this will be closely monitored. Along with the on-going Compensation Grant of £0.28m, announced after we had set our budgets, we expect a net additional £1.139m income in 2015/16 and £0.141m in 2016/17.

**Retained Business Rates Summary**

	<b>2013/14 Budget £'m</b>	<b>2014/15 Budget £'m</b>	<b>2015/16 Forecast £'m</b>	<b>2016/17 Forecast £'m</b>
Central Government 50%	42.995	45.158	46.175	48.643
South Yorkshire Fire 1%	0.860	0.903	0.923	0.972
Retained by Doncaster Council 49%	42.134	44.255	45.251	47.670
<b>Total</b>	<b>85.989</b>	<b>90.316</b>	<b>92.349</b>	<b>97.285</b>
Specific Grants	1.277	2.294	2.207	2.272
Collection Fund Surplus/Deficit		-1.527	-0.141	0.000
<b>Total DMBC income</b>	<b>43.411</b>	<b>45.022</b>	<b>47.317</b>	<b>49.942</b>
<b>February 2014 Budget Proposal</b>			<b>46.458</b>	<b>48.942</b>
<b>Cumulative Gain</b>			<b>0.859</b>	<b>0.141</b>
Additional on-going Compensation Grant announced after 2014 Budget			0.280	
<b>Revised Cumulative Gain</b>			<b>1.139</b>	<b>0.141</b>

Anticipating commercial development in the borough is not certain and is subject to risks including growth in the economy, consumer trends and any development problems. The forecast for 2016/17 includes an additional £1m of growth, for example FARRRs and CCQ. There is a risk that the schemes which generate this growth are delayed/cancelled resulting in lower income for the Council in 2016/17. This is an on-going challenge and will be closely monitored.

l. Budget Book – All Services (NS12) – £0.5m 2015/16 and £0.471m 2016/17

The Budget book has been reviewed to identify potential efficiencies and budgets which underspent in 2013/14 that could be reduced. After challenging the spend in

directorates, on-going savings of £0.5m in 2015/16 and £0.471m have been identified. In 2015/16 the savings are as follows:

- Personalisation budget in Adults, Health and Wellbeing (£0.264m)
- Additional savings from the move to the Civic Office (£0.098m);
- Reduced spend in Democratic Services supplies and services (£0.075m) and
- Reduced budget held for the growth in demand for services (£0.063m).

For 2016/17 the savings are as follows:

- Equipment and adaptations budget (£0.135m);
- Management of change budget which is used to meet unachieved savings (£0.231m), and
- Budget not needed for Care Act implementation (£0.1m)

m. Insurance (NS13) – £0.4m 2015/16

There has been a significant down turn in insurance claims against the Council which in turn has reduced the costs of insurance. This will be reviewed at the end of 2014/15 to ascertain whether this reduction continues. Further measures have been taken to reduce costs including extending the existing insurance contract for an additional 2 years. There may be further scope for savings by increasing policy excesses and extending the items that we self-insure. It is likely to lead to annual insurance savings of £0.5m - £0.75m. The maximum additional General Fund saving is estimated at £0.4m (in 2015/16).

n. Adult Social Care Commissioning (NS14) – £1.5m 2015/16 and £1m 2016/17

Adult Social Care (ASC) provides a range of services to support adults - including home care, day care and residential care. Service users also purchase services via personalised budgets (including direct payments). Approximately three-quarters of services provided are commissioned from the voluntary and private sectors and it is this area that will be reviewed to identify additional savings. Approximately £80m is spent on commissioned service budgets and £1.9m savings have already been agreed for the period 2015/16 and 2016/17.

A review of commissioned service budgets is to be carried out to identify further savings which will include rationalisation of direct payments. It is anticipated that this could identify savings of up to a further £2.5m. Delivering efficiencies and savings in this area will require decisions based on complex interdependencies – such as modernising social care, the need to integrate more effectively with other Council services and the NHS although it provides an opportunity to rationalise and improve services and gain efficiencies. In achieving these changes Adults, Health and Wellbeing will move away from traditional/building based services to more community based and personalised services and create greater choice and control to users and carers – these changes in service style will themselves deliver efficiencies and reduced costs

o. Corporate Services (NS15) - £0.3m 2016/17

Savings from reducing Corporate Support Services in line with the reduction in the services that they support. Once the whole £109m of savings has been devolved down to team level, it will be possible to make savings in support services relating to those areas of the budget that are being reduced and which make significant use of support services. £2m is already targeted to be delivered from financial



administration and other amounts are already included within some existing service specific savings.

p. Planning & Building Control (NS16) - £0.1m 2015/16 and £0.1m 2016/17

A review of this service will be carried out in order to assess its value for money and identify any additional services for which it could charge. Some Council's are charging for things like advice on listed buildings issues and planning appointments etc. £0.1m has already been identified for 2015/16.

q. Price Inflation (NS17) – £2.17m 2015/16 and £0.54m 2016/17

£4.4m was available for inflation for 2015/16 and £4.0m in 2016/17 based on an assumed average inflation rate of 3.1%. Over the last 9 months the value of the pound has risen against major currencies which has reduced energy price rises and the price of other imports, and consequently lowered the RPIX measure of inflation which applies to many council contracts. The average inflation rate is 1.8% due to the key September RPI and RPIX rates being lower at 2.3% and the CPI rate being significantly lower at 1.2%.

Following a review of the inflation it is now possible to release ongoing savings due to contract price inflation being estimated at £2.2m for 2015/16 and £3.5m for 2016/17. Also previous purchasing decisions by YPO on gas have meant that no inflation needs to be applied on this budget head. The position is expected to reverse over the next 12 months as the pound loses value against major currencies resulting in higher energy and other import prices which will increase the RPIX inflation measure applicable to Council contracts. Given this expected reversal the maximum saving that can be assumed at this stage for 2016/17 is £0.5m.

A summary of the inflation to be allocated in 2015/16 is provided below.

	<b>£m</b>
Adults Contracts (1.2%, 2.3%)	0.590
Business Rates (2.3%)	0.055
CYPS Placements (1.2%, 2.5%)	0.162
Electricity (6%)	0.230
Gas (0%)	0.000
Highways Contracts (1.2%)	0.081
Pension / Retirement Costs (1.2%)	0.063
Schools catering provisions (1.5%)	0.037
Waste Contracts (2.5% and 3.5%)	0.384
Rotherham HR Shared Service Contract (2.3%)	0.035
Contingency for 0.2% additional on pay award in 15/16	0.137
Contingency for reduced top-up payment	0.170
Other Contracts & General	0.326
<b>Total</b>	<b>2.270</b>

In addition the Government has announced that for 2015/16 only the Landfill Tax escalator will increase by the RPI instead of £8 per tonne as in previous years. This will deliver savings of £0.08m in 2015/16. It is not yet what will happen after 2015/16 but at this stage it is assumed that the Landfill Tax escalator will resume its £8 per tonne increase per annum and this is included in the Medium Term Financial Plan.

The pay award has now been settled at an average of 2.2% from January 2015. For 2015/16 this is £0.137m more than originally budgeted however this can be funded from the price inflation budget and is shown in the table above.

r. Treasury Management (NS18) – £1.75m 2015/16 and £0.25m 2016/17

A review of potential savings in Treasury Management has been undertaken and, because of the continuing low interest rates and our current borrowing strategy, it is expected that a saving of £1.75m can be achieved over the next 2 years (£1.5m in 2015/16 and £0.25m in 2016/17) plus a further £0.25m saving in DRL interest costs resulting from borrowing that is not needed. However, it should be noted that a sustainable strategy cannot rely on short-term borrowing and as interest rates rise long-term borrowing needs to be considered. Some long term borrowing has already been arranged to take advantage of the historically low rates. The saving is based on the best estimates of future interest rates but it should be noted that if interest rates rise considerably then this saving will be at risk. Each 1% rise in interest rates could mean £0.32m of additional cost in interest payments.

s. Parish Council Grant (NS19) – growth initiative £0.011m 2015/16 and saving £0.031m 2016/17

The Council is proposing a staged reduction, over 2 years, of the financial support provided to Parish Councils which protects them from the adverse effects of the Local Council Tax Support Scheme. A 10% reduction is proposed for 2015/16 which is less than the 13% already approved in the 2014 budget (reference AD13), with a further 10% proposed for 2016/17.

t. Waste (NS20) - £0.1m 2015/16

The BDR Partnership's projected waste arisings for 2015/16 are now significantly lower than the tonnage assumed in the Waste PFI model. This is attributable to a number of factors including operational changes in waste management practice, increased recycling by the public and changes in the economic climate. This means that there is now expected to be additional spare capacity at the facility of around 18,000 tonnes per annum. The Councils will benefit from income generated from spare capacity at the facility but this is subject to a number of risks (such as performance of the plant, market demand for the facility, price of recyclates). The current negotiations should secure certainty over a minimum level of income. It is estimated that spare capacity expected at the Waste PFI facility can be used to generate a saving of £0.1m.

u. Better Care Fund Realignment (NS21) - £0.666m 2015/16

From 2015/16 the Telecare and HEART services have been realigned and are to be directly funded from the Better Care Fund and are, therefore, no longer a cost to the Council.

v. Highways, Parking & Street Scene (NS22) - £0.25m 2016/17

The Highways savings agreed at 20th February 2014 Council included £0.8m from the Street Scene service. The review work done to date shows that an additional £0.25m can be achieved as a result of an investment in new modern technology and improved ways of working (e.g. better routing and scheduling of work).

w. Energy Team (NS23) - £0.1m 2015/16

The Council can reduce its energy costs and generate income from selling excess energy into the grid by investing in solar panels using the Council's Investment and

Modernisation Fund. Panels are already planned to be fitted to several buildings, including the Holmes Carr Centre, and a plan for a solar farm is being developed with an application already submitted to Northern Power Grid. The existing budget savings include £0.1m for solar farms and roof panels; after further work it is felt that this can be increased by £0.1m (i.e. £0.2m in total).

x. Education Services Grant (NS24) – £0.15m 2015/16

The Government announced in the Comprehensive Spending Review that they were reducing this grant by 25%. Consequently we reduced the grant per pupil by the same amount. The national cut didn't impact on Doncaster as much as originally forecast providing an anticipated saving of £0.15m

y. Capital Receipts (NS25) – saving £0.24m 2015/16 and revised figure - £0.07m 2016/17

Using capital receipts the Council generates from non-housing land sales to fund some of the revenue costs arising from, or incidental to generating the receipts.

z. Buildings Access and Management (NS26) – £0.051m 2015/16

Bringing services in house and avoiding external holding costs.

aa. Welfare Provision Grant (NS27) - £0.2m 2015/16

Following the initial announcement to cease the Welfare Provision Grant from 2015/16, a successful legal challenge has forced the Government to undertake a formal consultation. However, the Government recently confirmed that it still intends to cease the grant from 2015/16. As a result the Council needs to review expenditure in this area to ascertain how savings could be generated; an initial target of £0.2m is suggested which represents 40% of the current budget.

bb. New Homes Bonus (NS28) £0.64m 2015/16 and £0.1m 2016/17

The October 2014 Council Tax Base return showed that the number of Band D equivalent properties eligible for New Homes Bonus had increased since October 2013 by 689. Of these, 636 were additions to the tax base and 53 were properties added to the tax base that had previously been identified as being empty for 6 months or more. There has been a continued drive to reduce the number of empty properties and 122 such properties have been identified and included in the tax base in recent months. As a result of this growth the New Homes Bonus Grant for 2015/16 is likely to be £0.64m more than currently in the MTFP and £0.1m more for 2016/17. However, this must be taken in context as the Council overall has lost £24.1m government grant funding over a 6 year period from 2011/12 to 2016/17.

cc. Collection Fund Surplus (Council Tax) (NS29) – £0.3m 2015/16

It is estimated that £0.3m additional funds could be released from the collection fund following a further review which is based on a long term assumed collection rate of 99.2%

dd. External Audit Fee Reduction (NS30) - £0.053m 2015/16

The external audit fee has reduced, which means that a budget saving of £0.053m can be achieved from 2015/16.

ee. Revenue Investment Modernisation Fund (NS31) – £0.41m 2015/16

A small proportion of the IMF was available to fund revenue costs in order to provide for invest to save schemes. There is the potential to reduce the on-going budget, but there remains a sizeable capital fund.

ff. Equipment Budget (NS35) – £0.015m 2015/16

This would be a targeted reduction to specific equipment budgets across the Council which underspent in previous years.

15. Revised Savings/Growth Initiatives

The following growth initiatives have been identified, in addition to the forecast non-delivery of some savings approved in the 2014 budget:

	Ref	2015/16	2016/17	Total
		£'m	£'m	£'m
<b>Revised Savings</b>				
General – reduction to the 2016/17 youth services	NP01		0.50	<b>0.50</b>
Residents Parking – Activity levels have been lower than originally planned on Residents Parking £0.09m	NP02	0.09		<b>0.09</b>
Waste PFI – re-profiling the saving and taking into account the new cost of transporting a number of smaller waste streams to the PFI facility before the Waste Transfer Station comes on line.	NP03	-0.20	0.50	<b>0.30</b>
Removal of Home Care and Day Care subsidies – Revised proposal that involves a cap which has yet to be decided.	NP04	0.28	-0.08	<b>0.20</b>
<b>Growth initiatives</b>				
Deprivation of Liberty Safeguards (DOLS) - A supreme court ruling involving Surrey County Council is expected to result in a considerable increase in the number of authorisation requests. Applying this judgement has a significant impact on the Council's resources in terms of the number of experienced Social Workers to undertake the Best Interest Assessor role.	NP05	0.42		<b>0.42</b>
Supported Living - A number of housing schemes are being identified with housing providers to deliver supported living to around 100 service users currently awaiting that type of support at some point in the future. This is in addition to the budget pressure (BP03) approved in the 2014 budget of £0.785m (£0.260m 2014/15, £0.35m 2015/16 and £0.175m 2016/17). In total an additional £1.295m will be invested in supported living over the 3 years.	NP06	0.18	0.33	<b>0.51</b>
<b>Total</b>		<b>0.77</b>	<b>1.25</b>	<b>2.02</b>

**Further Opportunities**

16. The following further opportunities have been identified and further work will be carried out on these over the coming months.

- a. Review of the potential for Enforcement services in Regeneration & Environment to make savings is ongoing
- b. The Public Health commissioning responsibilities for 0-5 year olds are planned to transfer from NHS England to Local Authorities on 1st October 2015. The funding

will be reviewed to determine if it can be realigned to improve efficiency whilst maintaining service delivery.

- c. Review of Borough Investment Fund (BIF). The review will focus on the mechanism by which interest is charged to services.
- d. Insurance – The Council has a comprehensive insurance portfolio covering a range of insured perils. There is an opportunity to review the items insured and the perils against which we are insured to identify where it may be more cost-effective to self-insure and reduce the premiums payable

## **Post Reductions**

17. The scale of the budget savings over the remaining 2 years means that reductions in posts are inevitable. It is expected that the budget gap of £16.1m will be achieved by an additional 49 post reductions in 2015/16 and 27 in 2016/17. These are over and above the posts announced in the report to Council in February 2014. To achieve the savings the Council will initially look to delete vacant posts, and then seek volunteers, with compulsory redundancy being the last resort.

## **Reserves**

18. A summary of earmarked reserves is shown at Appendix E. The uncommitted general fund reserves at the end of the year are expected to be £17.1m although these will be reviewed by the end of the year which may release some one-off sums.

19. A full risk assessment of the Council's level of reserves is carried out each financial year, when setting the budget and updating the financial plan. This will be presented to Council when the 2015/16 Revenue Budget is formally approved by Council at its meeting on 3<sup>rd</sup> March 2015. The budget proposed is on a self-funded basis with on-going expenditure covered by on-going income. Reserves only being used for one-off issues as agreed in the report to Council in February 2014.

## **Public Sector Equality Duty (PSED)**

20. The Council must consider and have due regard to the three aims of the general equality duty, outlined below when developing and implementing the council's Medium Term Financial Strategy.

21. The Public Sector Equality Duty (PSED) created by the Equality Act 2010 came into force in April 2011. The new Equality Duty requires public bodies to have "due regard" to the need to:

- a. Eliminate discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
- b. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- c. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected groups are: age, civil partnership and marriage, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation.

22. The Council will ensure it makes fair and informed financial decisions, demonstrating its commitment to improving outcomes for the most vulnerable groups of people living in Doncaster. Amongst others, the “due regard” will be informed by:
- a. **Establishing the key equality issues across Doncaster (Equality Analysis) –** Our Draft Equality and Inclusion Plan 2013-2017 has been developed alongside our financial planning process and has included a significant analysis of equality information to identify the key equality issues across Doncaster. We have used the equality information to inform our planning and saving prioritisation process.
  - b. **Consultation**
    - i. The Mayor’s “Budget Conversation” took place between 23 October and 17 November 2013. During this period, a total of 599 people joined in the conversation. Participants were given detailed information setting out the scale of the challenge including details on spending statistics, a costs snapshot, our priorities and the size of the gap. Participants were then asked to complete a short online survey.
    - ii. Specific consultation will be undertaken on the specific programmes. In many cases the final decision on whether or not to implement a proposal included within this report will be a separate decision for Cabinet and Senior Council Officers properly informed by the outcome of the consultation and due regard work referred to.
    - iii. As this is the launch of the £16.1m budget proposals any comments made will be reviewed. It is unlikely that many of the proposals detailed in paragraph 14 will require separate reporting back to Cabinet. Two items that may require a further update are the Welfare Provision Grant and the Removal of Subsidies depending on the detailed proposals.
  - c. **Prioritisation and Planning –** Due regard considerations will be prepared for all major budget savings proposals.

### **Council Tax Capping & Referenda**

23. The Localism Act 2011 has removed the powers available to cap local authority budgets introduced by the Local Government Act 1999. In its place, from 2013/14, authorities will be required to seek approval of their electorate in a referendum if any proposed tax increase exceeds the principles set by Parliament. The government have confirmed the Council Tax Referendum Cap at 2.0% for 2014/15 for all authorities, which would apply on the Band D Tax of the Authority without any adjustments being made for levying bodies such as the South Yorkshire Integrated Transport Levy. This change to the use of the actual Band D Tax of the Authority was confirmed with royal assent of the Local Authority Audit and Accountability Bill on 30th January, 2014. However, the Council Tax Referendum Cap for 2015/16 will not be confirmed before the Provisional Local Government Finance Settlement 2015/16 is announced in mid December 2014 at the earliest and possibly confirmation will be delayed until early February 2015 when the Final Local Government Finance Settlement 2015/16 is announced.
24. Full details of the calculation will be presented as part of the Council Tax setting report to Council on 3rd March 2015.

### **OPTIONS CONSIDERED**

25. A menu of options for the savings have been produced and considered over the preceding months.

## REASONS FOR RECOMMENDED OPTION

26. The budget proposals seek the appropriate balance in meeting the savings whilst still delivering on the key priorities; protecting front-line services where possible in particular children's social care services.

## IMPACT ON THE COUNCIL'S KEY PRIORITIES

27. These are detailed in the table below: -

Priority	Implications
<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Be a strong voice for our veterans</i></li> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	<p>Council budget therefore impacts on all priorities</p>
<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	
<p>We will deliver modern value for money services.</p>	
<p>We will provide strong leadership and governance, working in partnership.</p>	

## RISKS AND ASSUMPTIONS

28. The additional savings proposals outlined in this report are underpinned by the Council's comprehensive risk management strategy which helps to minimise risk. The Council's Strategic Risk Register is reviewed and updated on a quarterly basis and each service has formally documented its key risks and the actions taken to mitigate those risks in service plans. Where specific risks have been quantified they have been included in the body of the report. Four key risks are:

- Care Act 2014 costs and funding – The aim of the Act is the modernisation of adult social care by placing people and their carers in control of their care and support and introducing a limit on the amount anyone will have to pay towards the costs of their care. The financial implications are difficult to quantify but there could be significant costs incurred to cover the costs of additional assessments and care and additional support to Carers. Further work is being carried out to determine the impact on the Council.

- Continuing Health Care Funding – NHS Doncaster CCG has reviewed their approach to funding Continuing Healthcare (CHC). The redesign of the assessment and review process has seen a shift in cases from Fully Funded (FF) CHC to either Social Care Only (SCO) or Joint Funded (JF). This means that Doncaster Council picks up a much higher contribution based on the number of minutes of specific health intervention required
- Business Rates appeals impact on the Business Rates income available for the Council and are therefore kept under continuous review. It is possible that the growth in Business Rates income that is projected in paragraph 14(k) above could reduce as a result of the actual appeals payable.
- The Government has provided no clarity on plans for grant reductions in years after 2015/16. This will be decided in the Comprehensive Spending Review following the 2015 General Election. It is therefore possible that the grant reductions implemented for 2016/17 will be more than currently assumed in the Medium Term Financial Plan in Appendix C and this will require additional savings beyond the total of £31.3m already anticipated for 2016/17. This is currently considered to be a very significant risk because the Government's deficit reduction plans for 2014/15 are off course. The 2014 Budget had assumed a national deficit of £95bn in 2014/15 but the experience of the first 6 months indicates that the deficit is likely to be at least £107bn in 2014/15.
- Possible non-delivery or delayed delivery of key projects/savings
- Potential rise in interest rates
- Increasing expenditure in Adults/Learning Disabilities and uncertain financial performance of the Children's Trust.

## **LEGAL IMPLICATIONS**

29. The Council must set a balanced budget ensuring that resources are sufficient to meet its proposed spending plans. The Chief Financial Officer is required to advise the Council of the adequacy of its reserves and the robustness of estimates used in preparing its spending plans.
30. The Local Government Finance Act 1992 places a duty on Local Authorities to set an amount of Council Tax on or before 10th March, in the financial year preceding that for which it is set. The setting of the tax involves a series of processes and calculations resulting in a separate amount of tax for properties in each of the 8 bands (A to H) in which properties have been valued under the 1992 Act.
31. The Localism Act 2011 has abolished capping and introduced a new Chapter into the Local Government Finance Act 1992 which makes provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State.
32. The Council will need to be satisfied that the budget set will ensure the Authority is able to discharge its statutory duties.
33. The additional savings proposals set out in this report are at a formative stage.
34. In setting out these proposals and in any subsequent consideration of the same, it is absolutely essential that Members keep an open mind. A final decision, whether made by the Council when determining the budget or subsequently by Cabinet or others prior



to implementing any proposal, can only be made when the decision makers fully understand and have “due regard” to the potential impact of their decision on people with relevant protected characteristics under the public sector equality act duty. The decision maker must consciously and actively consider the relevant matters in such a way that it influences the decision making.

35. In taking this decision, Members must be aware of their obligations under section 149 Equality Act 2010. This section contains the Public Sector Equality Duty (PSED). It obliges public authorities, when exercising their functions, to have ‘due regard’ to the need to:

- a. Eliminate discrimination, harassment and victimization and other conduct which the Act prohibits;
- b. Advance equality of opportunity; and
- c. Foster good relations between people who share relevant protected characteristics and those who do not.
- d. The relevant protected characteristics under the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Clearly it is age and disability which are most relevant in taking the decision on the future of the residential care homes.

36. Case law has established the following requirements for the PSED to be exercised lawfully:

- The equality duties are an integral and important part of the mechanisms for ensuring the fulfilment of the aims of anti-discrimination legislation.
- The relevant duty is on the decision maker personally. What matters is what he or she took into account and what he or she knew. The decision maker cannot be taken to know what his or her officials know or what may have been in the minds of officials in proffering their advice
- It is important to record the steps taken by the decision maker in seeking to meet the statutory requirements in order to demonstrate that the duty has been discharged;
- The decision-maker must assess the risk and extent of any adverse impact and the ways in which such risk may be eliminated before the adoption of a proposed policy. It is not sufficient for due regard to be a “rear-guard action” following a concluded decision;
- In order to be able to discharge the duty the decision-maker must have information about the potential or actual equality impact of a decision. This information will often be gained in part through consultation;
- The duty must be exercised in substance, with rigour, and with an open mind. It is not a question of ticking boxes; while there is no duty to make express reference to the regard paid to the relevant duty, reference to it and to the relevant criteria reduces the scope for argument;
- General regard to issues of equality is not the same as having specific regard, by way of conscious approach to the statutory criteria;
- Officers reporting to decision makers, on matters material to the discharge of the duty, must not merely tell the Minister/decision maker what he/she wants to hear but they have to be “rigorous in both enquiring and reporting to them;
- Although it is for the court to review whether a decision-maker has complied with the PSED, it is for the decision-maker to decide how much weight should

be given to the various factors informing the decision, including how much weight should be given to the PSED itself;

- The duty is a continuing one.

37. Members should in particular note that the duty is for them personally. It is not sufficient to rely on officers to discharge the duty by the preparation of the due regard statement and this report. Members must themselves read and actively take into consideration the due regard statement and the consultation materials.

38. Members should also note that as the duty is a continuing one, it will be necessary for decision-makers to have due regard again at the time at which subsequent decisions may be taken (such as the implementation of a particular policy or action resulting from a budget change). The additional savings proposals set out in this report are at a formative stage.

39. In setting out these proposals and in any subsequent consideration of the same, it is absolutely essential that Members keep an open mind. A final decision, whether made by the Council when determining the budget or subsequently by Cabinet or others prior to implementing any proposal, can only be made when the decision makers fully understand and have “due regard” to the potential impact of their decision on people with relevant protected characteristics under the public sector equality act duty. The decision maker must consciously and actively consider the relevant matters in such a way that it influences the decision making,

40. Alongside the “due regard” obligation, the Council must also balance other relevant factors. What constitutes a relevant factor will depend upon the function being exercised. Dependent upon the circumstances, it will be proper and reasonable for the Council to consider budgetary pressures, economic and practical factors. The weight given to the various factors will be a matter for the Council to consider. The appropriate level of engagement, consultation and due regard of equality issues will also be required for other issues included within these budget proposals.

41. The Council must comply with very specific legal duties set out at Section 149 of the Equality Act 2010 and which are summarised at paragraph 21 above.

42. The Equality and Human Rights Commission (EHRC) has recently issued a new code of practice which helpfully sets out guidance for the authorities to follow, including:-

- Sufficient accurate equality evidence is essential.
- Consultations are a key method of obtaining evidence.
- The decision maker must in considering the evidence:
  - Understand the effect of its policies, practices and decisions with regard to its equality act duties Consider whether further research or engagement is necessary
  - Consider whether there are ways of mitigating any adverse impact identified. This can include positive action where allowed by the Act.
  - Decide whether to modify or reconsider a policy, practice or decision.
- There should be a clear written record of how due regard has been shown.

43. This is a significant obligation on the Authority and one that can only be discharged in relation to the relevant functions when the engagement and consultation referred to above has been concluded, reported back to the decision maker(s) and thereafter properly and fully considered by the decision maker(s) before a final decision is made. The obligation is to consider before and at the time a decision is taken and not after the event and must be kept under review.
44. It is permissible, and indeed appropriate, to consult and undertake the formulation of material to inform the “due regard” stage whilst the proposals are a formative stage as long as there is no predetermination on the part of the decision maker.
45. The on-going consultation and “due regard” work is being co-ordinated through the Council’s Budget Community Engagement Plan.
46. In considering any impact on its public health function it will be necessary to have regard to the Authority’s health protection duty which only recently passed to the Authority under the provisions of the Health and Social Care Act 2012.
- The Authority must also comply with its human rights obligations under the Human Rights Act 1998. This includes, amongst others, the limited right to a private life, home and correspondence.
47. With regard to workforce changes in creating a modern and flexible workforce, any contractual change will usually require the employee’s consent and may require union consultation, particularly if there are deletions of posts or major amendments.
48. The Council must set a balanced budget ensuring that resources are sufficient to meet its proposed spending plans. The Chief Financial Officer is required to advise the Council of the adequacy of its reserves and the robustness of estimates used in preparing its spending plans.
49. The Local Government Finance Act 1992 places a duty on Local Authorities to set an amount of Council Tax on or before 10th March, in the financial year preceding that for which it is set. The setting of the tax involves a series of processes and calculations resulting in a separate amount of tax for properties in each of the 8 bands (A to H) in which properties have been valued under the 1992 Act.
50. The Localism Act 2011 has abolished capping and introduced a new Chapter into the Local Government Finance Act 1992 which makes provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State.
51. The Council will need to be satisfied that the budget set will ensure the Authority is able to discharge its statutory duties.

## **HR IMPLICATIONS**

52. The implications of some of the proposals contained within the 2015/16 and 2016/17 Budget are that a number of post reductions will be required to deliver the required efficiencies. Timely and meaningful consultation must take place with affected staff and trade union representatives with appropriate formal notifications. While every effort is made to manage post reductions through vacancies and volunteers and to redeploy at risk employees into alternative employment there is an increasing likelihood of the need to make compulsory redundancies following the statutory procedure.

## **EQUALITY IMPLICATIONS**

53. These are contained within the body of the report.

## **FINANCIAL IMPLICATIONS**

54. These are contained within the body of the report.

## **CONSULTATION**

55. The additional proposals over and beyond those approved by Council at its meeting on 20<sup>th</sup> February 2014 have been considered by Directors and Cabinet at several meetings between April and October 2014.

56. This report has significant implications in terms of the following:-

Procurement	X	Crime & Disorder	X
Human Resources	X	Human Rights & Equalities	X
Buildings, Land & Occupiers	X	Environment & Sustainability	X
I.C.T.	X	Capital Programme	X

### **Background Papers:**

- Council Report – Revenue Budget & Council Tax 2014/15, February, 2014.

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**Simon Wiles**  
**Director of Finance and Corporate Services**

## Appendices Contents

<b>Title</b>	
Appendix A	Revenue Budget Plans Approved 20 <sup>th</sup> February 2014 2015/16 and 2016/17 <ul style="list-style-type: none"><li>• Major Projects</li><li>• Minor Projects</li><li>• Additional</li><li>• 2013/14 Approved (decision already taken)</li><li>• Budget Pressures</li><li>• All Service Review (ASR) Proposals</li></ul>
Appendix B	New Savings and Growth initiatives 2015/16 & 2016/17
Appendix C	Medium-Term Financial Plan (MTFP) and key assumptions (£109m)
Appendix D	Council Tax Comparators
Appendix E	Earmarked and Uncommitted Reserves

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Major Project	MJ01	Council-Wide	Assets	It has been long known that the council has too many assets and many of those assets are underutilised. We currently spend £12m on these buildings. A radical shake up of the buildings we use is now required. The key proposal is that the Council's core functions will be delivered via 5 service hubs which are based in Doncaster town centre, Thorne, Rossington, and 2 others that are yet to be identified.	-1,750	-3,250	-5,000	0.00	8.00	8.00
Major Project	MJ02	A&C	Residential Care Homes	This is an area where we are considerably more expensive than the private sector. Proposals include: 1. The transfer of the assessment unit from Tickhill road to Home Covert and the subsequent savings from the existing Home Covert operational costs of £773k with an effective date of the 1st July 2014. 2. The future care provision for the existing in - house service users. An indicative profile has been provided	-1,524	-236	-1,760	98.33	0.00	98.33
Major Project	MJ03	Council-Wide	Business Process Re-engineering (BPR)	As part of the All Service Reviews (ASR's) a number of services would benefit from having an end to end review undertaken. Many services have been bolted together over the past and are therefore inefficient; this is the case for many of the processes in Adult Services. This is still subject to further review to identify exactly how the savings will be delivered.	0	-2,000	-2,000	0.00	80.00	80.00
Major Project	MJ04A	Council-Wide	Enterprise Resource Planning (ERP)	The new financial system went live on the 30th September 2013. From this date, all orders will be raised on line prior to goods being received. It is also aimed that the system implementation will remove a number of the manual processes currently operating. This should release savings across the Council, including within Transactional Support.	-530	-740	-1,270	-11.00	6.00	-5.00
Major Project	MJ04B	F&CS	Financial Management	Linked to the implementation of the new financial system, savings will be delivered by reducing staff in Financial Management.	-70	-260	-330	3.00	9.00	12.00

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Major Project	MJ05	Council-Wide	Productivity Improvement	There is currently a large amount of resources lost by unproductive time, which is mainly sickness. If we can see a reduction in sickness we will not need as many staff to provide those services. The exact costs and efficiencies that could be generated by these initiatives are not yet known. However it is expected that the majority of savings will be delivered through improved practices, ways of working and technology enhancements rather than staff numbers, although an estimate has been included for staff reductions. Now merged into Modern and Productive workforce.	-700	-1,100	-1,800	14.00	22.00	36.00
Major Project	MJ06	Council-Wide	Modern and Flexible Workforce	The current proposals on terms and conditions come to an end in April 2014. Proposals will be outlined in the next few months and Union negotiations will be entered into, in order to clarify and achieve the savings target for 2015/16 and 2016/17. Now merged into Modern and Productive workforce.	-1,600	-900	-2,500	0.00	0.00	0.00
Major Project	MJ07	A&C	Adult Social Care Commissioning	The Council has normally used a very traditional method of deciding it's requirements, whereas a modern council would decide that it does not need to provide all the services itself but can also commission providers to deliver services for it.	-900	-1,000	-1,900	0.00	0.00	0.00
Major Project	MJ08	Council-Wide	Fees and Charges	Following benchmarking many fees and charges are below their local comparators, the council needs to continue to look to raise additional income from Fees and Charges – but will need to ensure that this does not mean that unrealistic income targets are set. The figures provided are based on the current fees and charges proposals (a summary of the main changes is detailed in Appendix D). The £400k target for 2014/15 was approved in the 2013/14 budget.	-356	-425	-781	0.00	0.00	0.00
Major Project	MJ09	Council-Wide	Council Tax	A council tax increase of 1.95% is proposed which is expected to be below the referendum cap; subject to government announcement. This equates to £3.3m for the 2 year period (£1.63m 2015/16 and £1.67m 2016/17). The Council has a low council tax compared to others, and therefore cannot raise revenue as effectively as other councils. Additional growth has also been included for 2015/16 and 2016/17 - estimated at 360 band D equivalent properties equating to £412k 2015/16 and £420k 2016/17.	-2,039	-2,086	-4,125	0.00	0.00	0.00

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Major Project	MJ10	Council-Wide	Business Rates Growth	With the new business rate retention scheme (implemented April 2013) Doncaster Council retains 49% of locally raised business rates. This programme is looking at the potential changes in business rates to ascertain the impact on the medium-term financial plan. It considers new businesses investing in Doncaster which will be improved by the creation of new roads making business land more accessible thereby leading to more jobs and additional business rates. It also covers the impact of appeals, small business rate relief, potential incentives to attract businesses. The savings shown include the impact of business rates increasing by the multiplier (September RPI but capped at 2% for 2014/15) and £1m growth shown in 2016/17.	-1,436	-2,484	-3,920	0.00	0.00	0.00
Major Project	MJ11	Council-Wide	Digital Assumed	As part of the All Service Reviews (ASR's) and Welfare Reform it has been identified that many Council services still deal in paper and only receive paper applications for their services. It is felt across the country that with the introduction of Digital Services, that the council should move towards providing services on line, this will also considerably help residents.	0	-1,000	-1,000	0.00	10.00	10.00
Major Project	MJ12	Public Health	Public Health Utilisation	Public Health funding for 2014/15 is £20.2m to deliver all services; this is ring-fenced. The council has identified that a number of outcomes overlap with those provided by council services. In order to release savings over the next 3 years it has been decided to review the contracts currently in place and target savings to the contracts, whilst at the same time asking providers to come up savings which do not impact on public health outcomes.	-1,469	-91	-1,560	0.00	0.00	0.00
Major Project	MJ13	A&C	Day Centres	This is currently based on a very traditional model, many councils have made savings in day centres by empowering residents to have a personalised budget. It will involve rationalising the number of centres and removing the transport subsidy.	-1,150	-589	-1,739	19.60	0.00	19.60
Major Project	MJ14	A&C	Adult Eligibility	There are a range of services with Adults (e.g. Homecare) that are delivered on the moderate standard of service provision. It is felt that this can be modernised and combined with personalised budgets to mean that the assessment is carried out to a higher service standard.	-250	-310	-560	0.00	0.00	0.00



Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Major Project	MJ15	CYPS	CYPS	Proposals are to reduce social care staffing costs by recruiting to permanent posts and reducing agency costs, reviewing structures, caseloads, staff ratios and span and layers delivers £1.2m. Children placed in care costs will be reduced through actions to reduce admissions to care, quicker discharges and placements which are appropriate and cost effective including reduction in Out of Authority (OOA) residential care and independent fostering, increase use of in-house fostering and supported accommodation for 16+ and commission the independent sector to provide the supervised contact service. Reducing costs of Children in Care are expected to deliver savings of £1.95m for 2015/16 and 2016/17.	-1,234	-716	-1,950	7.50	7.50	15.00
Major Project	MJ16	CYPS	Integrated Family Support Service (IFSS)	A whole scale multi-agency review of all Early Years, Early Help and Intervention has been started to deliver a targeted, multi-agency service, this saving will be delivered by reducing staffing. This work will enable us to bring forward detailed options in December for significant service improvements alongside options to reduce costs, including the reduction in the number of buildings used. Note, without effective early interventions, too many children will need social care support and will enter the care system.	-700	-600	-1,300	0.00	23.00	23.00
Major Project	MJ18	R&E	Highways, Parking and Street Scene	The service has now completed a review and identified a number of efficiencies. Plans are now being put in place to deliver these efficiencies. Efficiencies through merging Highways & Streetscene; more efficient working practices; reduced street lighting costs; review of service provision and frequencies; and parking enforcement.	-700	-110	-810	TBC	TBC	TBC
Major Project	MJ19	A&C	Leisure	This is now identified in many Councils as an area where savings can be made, there are still many centres that are running at a loss. A range of options have been considered to achieve the necessary savings and are recommending a three year strategy that will leave five leisure facilities fully utilised and the remaining facilities will be reviewed for alternative service arrangements. £375k will be funded from the Public Health Grant in 2014/15, £34k 2015/16 and £91k 2016/17, providing £500k funding after the 3 years.	-791	-673	-1,464	0.00	0.00	0.00
Major Project	MJ20	A&C	Safe, Clean Neighbourhoods	As part of All Services Review (ASR) it was identified that there is still considerable element of Neighbourhoods are chasing the Council to deliver services.	-350	0	-350	15.00	0.00	15.00

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Major Project	MJ21	Council-Wide	Transport Subsidies (South Yorkshire Integrated Transport Authority - SYITA)	The Council pays £19m into the SYITA Levy. A levy reduction of £8.3m (9.6%) is proposed for 2014/15. This £8.3m includes of reprofiling of capital financing costs and savings in support departments through downsizing and changes to terms and conditions, removing contingencies built into the 2013/14 levy which could not passed through to District Council budgets in 2013/14 due to Council Tax capping restrictions	-800	-400	-1,200	0.00	0.00	0.00
Major Project	MJ22	Council-Wide	All Services Reviewed	Covered in specific ASR proposals	-156	-208	-364	1.00	0.00	1.00

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Minor Projects	MN06	Council-Wide	Pensions	There is a need to review the funding for pensions and pensions liabilities due to the actuarial review this year. These savings have been identified through the centralising of the pension deficit budgets, on-going service contribution being less than included in the medium-financial plan assumptions and annual charge to the HRA for the on-going contribution towards the pension deficit. The changes are: <ul style="list-style-type: none"> <li>• Future service contribution less than initially estimated £586k.</li> <li>• Additional contribution for the pension deficit greater than initially estimated £350k</li> <li>• Funding identified to contribute towards the increased deficit £1.24m. This reduces due to estimated increases in Academies 2015/16 £268k and 2016/17 £39k.</li> <li>• Charging the annual pension deficit to SLHD Housing ALMO £643k.</li> </ul>	-209	-406	-615	0.00	0.00	0.00
Minor Projects	MN02	R&E	Commercialisation and Marketing	Many authorities are now considering trading their best services in the open market to increase opportunities for income. Key examples include schools catering, building control and construction services. To do this properly we would need to invest in appropriate sales and marketing expertise. We would also need to decide if this is an area of expansion we would want to invest in as a Council to bring in more income.	0	-100	-100	0.00	0.00	0.00
Minor Projects	MN03	Council-Wide	Income Management	Ensure the Council is taking advantage of all opportunities to manage income, including consistent debt collection, write offs and taking payment in advance of services provided.	0	-100	-100	0.00	0.00	0.00
Minor Projects	MN01	Council-Wide	Schools and Academies support	We supply a significant amount of support to schools and academies that they pay us for. There is a need ensure we are giving them value for money and quality services. In turn, this support is disjointed and the way we approach and support schools could be improved significantly reducing their costs and our costs at the same time. Any loss in such business could see a significant reduction in income. By marketing our services it is envisaged savings would be delivered.	-25	-25	-50	0.00	0.00	0.00

**Budget Proposals 2015/16 to 2016/17**

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Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Additional	AD08	Council-Wide	Budget Pressures	Budget Pressures have been reduced from the original estimate of £10.4m.	-3,886	-4,585	-8,471	0.00	0.00	0.00
Additional	AD18	CYPS	Youth	Further £1m saving has been included for 2016/17 as this is a non-statutory service. Updated in growth initiatives	0	-1,000	-1,000	0.00	40.00	40.00
Additional	AD11	Council-Wide	Inflation	The saving included here represents the reduction in inflation compared to the initial estimate of £4.4m included in the Medium-term financial plan. The main areas of inflation are Adults contracts, Waste contracts, CYPS placements and Electricity. Inflation is expected to be lower due to YPO action on energy costs and agreements on the Adults contracts; however it looks very likely that these will increase in future years. September 2013 RPI is 3.2% and CPI 2.7%. In addition a reduction in the Landfill Tax escalator will deliver savings of £0.627m in 2015/16 and 2016/17. The standard rate of landfill tax has been increasing by £8 a tonne from 2011 up to 2014/15 when landfill tax will be £80/tonne.	-827	-827	-1,654	0.00	0.00	0.00
Additional	AD01	R&E	Waste & recycling	The BDR Waste PFI facility will divert 95% of the Council's waste away from landfill, saving a significant amount on the cost of disposal. The facility is due to be fully operational from July 2015 and the saving is phased over 2 years to take this into account and to allow for any additional costs in the transitional period.	-1,700	-500	-2,200	0.00	0.00	0.00
Additional	AD14	Council-Wide	Management	Reduction in Senior Management costs. In line with the reduction in the size of the Council and other changes such as the Children's Trust, proposals will be brought forward to reduce the number of senior management posts.	-300	-300	-600	7.00	0.00	7.00
Additional	AD12	Council-Wide	Capital Programme	Reduction to the initial assumptions for revenue contributions required for the capital programme.	-80	-75	-155	0.00	0.00	0.00
Additional	AD17	Council-Wide	Changing the Pay Date	Move the pay date to the end of the month gradually over a 2 year period. This would deliver savings in treasury management and will also assist with overpayments.	-25	-12	-37	0.00	0.00	0.00
Additional	AD15	Council-Wide	New Homes Bonus	New Homes Bonus allocation 2014/15 for increase in new homes (Band D equivalent of 377) and a reduction in empty properties (Band D equivalent of 372)	-10	-10	-20	0.00	0.00	0.00

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Additional	AD13	Council-Wide	Parish Council Grant	Reduction in the Parish Council Grant which is distributed to Parishes to offset the changes due to the implementation of the Localisation of Council Tax Support. The grant will be reduced by 13%, which is in line with the government funding reductions for Doncaster Council. This has now been reduced to 10% in 2105/16 with a further 10% proposed in 2016/17.	-41	0	-41	0.00	0.00	0.00
Additional	AD07	F&CS	Legal & Democratic Services - Legal Services	Staff reductions in year 2 to fund the Court Bundling pressure	-12	0	-12	0.00	0.00	0.50
Additional	AD02	R&E	Street Scene	Charge Parishes for servicing of play equipment based on inspections, which is currently free, subject to appropriate consultation.	-8	0	-8	0.00	0.00	0.00

**Budget Proposals 2015/16 to 2016/17**

**Appendix A**

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
2013/14 Approved (Decision Taken)	A&C E15	A&C	Older People Independent Residential Homes (Institutional Care)	Buy fewer residential places in independent sector care homes as people access alternative services. This target links to rehabilitation, reablement, Individual Budgets, assessment and extra care support being effective.	-1,000	0	-1,000	0.00	0.00	0.00
2013/14 Approved (Decision Taken)	A&C E17	A&C	LD Support Services	Efficiencies have been achieved in Learning Disability transferred funds from the NHS, through the re-procurement and implementation of new contracts in 3 areas of Supported living/ Day Care / Residential Care. The contract commenced on 3.6.13 to deliver £186k in 2014/15 and a further £31k in 2015/16. The remainder of £80k for residential and £34k for Day services will be top sliced from existing contracts to meet the savings with new contracts implemented later. <i>(Full Year Effect Saving)</i>	-31	0	-31	0.00	0.00	0.00
2013/14 Approved (Decision Taken)	A&C E27	A&C	Client Fees	To remove the Day Care and Home Care subsidy from 2014/15. Actual fees paid by clients will follow a means tested financial assessment, and will be capped increase across an individuals support package. <i>(73% of clients are not affected by the fee increase and will remain on their existing rate as they are already paying the maximum as financially assessed). Under testing arrangements the initiative is</i>	-147	-39	-186	0.00	0.00	0.00
2013/14 Approved (Decision Taken)	R&E NE36	R&E	Energy Team	Referral fees from Energy Companies - £150k saving in 2013/14 reduces in 2014/15 and 2015/16 due to Government schemes coming to an end. This has been partially offset by additional scheme income from private business in 2016/17 which is over and above the loss of grant income. <i>(Full Year Effect Saving)</i>	12	-25	-13	0.00	0.00	0.00
2013/14 Approved (Decision Taken)	R&E NE50	R&E	Trading Services	Transport savings of £1.52m after 4 years, through introducing changes to service delivery. This will be delivered through a number of strands which include: amalgamating dispersed transport functions across the Council into one Integrated Transport Unit (complete); reduction of the fleet; expansion of the Pool Car scheme; restructure of the new team; re-tendering of education transport routes; re-tendering of parts and materials contracts; and implementation of new IT systems. <i>(Full Year Effect Saving)</i>	-337	0	-337	0.00	0.00	0.00

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
2013/14 Approved (Decision Taken)	R&E NE51	R&E	Trading Services	Construction review delivers savings of £640k after 4 years. This will be delivered through a number of strands which include: o Increasing income with a focus on schools; o Restructures of the team including a reduction in staff numbers; o Increasing efficiency and decreasing non-productive time; o Re-tendering materials contracts; and o Implementation of mobile working IT systems. <i>(Full Year Effect Saving)</i>	-70	0	-70	0.00	0.00	0.00

**Budget Proposals 2015/16 to 2016/17**

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Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Budget Pressure	BP34	F&CS	Legal & Democratic Services - Legal Services	Court Bundling: Manually intense process to prepare trial bundles for child care cases. Inefficient and time consuming. Efficiency gains, increased accuracy and greater data protection resilience through moving to an automated system. £10k initially and £2.5k maintenance per year thereafter; £12k saving in 2015/16.	-10	0	-10	N/A	N/A	N/A
Budget Pressure	BP15	CYPS	Children & Families	2 new link workers, at Grade 8 from mid 2014/15, to support the increased numbers of in-house foster carers.	32	0	32	N/A	N/A	N/A
Budget Pressure	BP07	CYPS	Children & Families	Improvement Plan - Principal Social Worker grade 12. Costs are covered in 2014/15 by the non-recurrent Improvement plan budget.	62	0	62	N/A	N/A	N/A
Budget Pressure	BP10	CYPS	Children & Families	Additional Safeguarding staff identified as part of the Improvement Plan. Two grade 10 posts to deliver extra audit work. Funded by Improvement Plan in 14/15.	90	0	90	N/A	N/A	N/A
Budget Pressure	BP22	R&E	Construction Services (Public Buildings Maintenance - PBM)	PBM responsive repairs charge out rates are being reviewed and are likely to reduce as they are currently too high. There will also be a strategic reduction in the corporate building assets. Combined these will put pressure on achieving the currently agreed budgeted surplus.	100	0	100	N/A	N/A	N/A
Budget Pressure	BP04	A&C	Shared Lives - Personalisation	Shared lives provides personalised care for people in accommodation delivered & supported by families in the community. This provides a Doncaster solution to the delivery of personalised non expensive care to people directly in a home environment. The scheme is aimed at all client groups although the focus at the beginning is for people with Learning Disabilities, which tend to be the more expensive client group to house in residential homes, with existing costs ranging from £408 to £2,500 (some children in transition moving from CYPS cost more). Although the scheme will grow in 2014 & provide a service to existing clients it will grow rapidly in 2015/16. Shared Lives is a critical element of the adults commissioning strategy which has a focus on keeping people at home longer & maintaining independence. The pressure provides funding for 10 places at an estimated cost of £15.6k per annum.	156	0	156	N/A	N/A	N/A



Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Budget Pressure	BP01	A&C	Extra Care New Apartments	<p>Extra Care Housing is designed with the needs of the frailer older people in mind and with varying levels of care and support available on site. People who live in extra care housing have their own self contained homes, front doors and a legal right to occupy the property. Extra care Housing schemes link accommodation with care and are becoming nationally, a key service to provide older people with their own high quality accommodation, with access to housing related support and a personal care package that is close at hand. The 2015/16 cost is for the new scheme in Edlington from March 2015 onwards which will provide 86 apartments. The extra care provision will delay or stop people going into residential homes. There are currently 3 schemes providing 142 apartments, this will increase the number of apartments to 228. Extra Care is a critical element of the adults commissioning strategy which has a focus on keeping people at home longer &amp; maintaining independence. These extra places will reduce the demand on residential homes service and either eliminate or reduce the stay in residential homes. The £159k pressure in 2015/16 will help the service meet the efficiency savings on residential services A &amp; C E15 of £1.5m (approved in the 2013/14 budget £0.5m 2014/15 and £1m 2015/16) and reduce future growth. The cost of an elderly person residential placement is £22k per annum compared to £2k for the extra care, therefore this represents a saving of £1.7m for 86 clients in growth not required (£20k per client).</p>	159	0	159	N/A	N/A	N/A

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Budget Pressure	BP09	CYPS	Children & Families	<p>Recruitment &amp; Retention Policy (ii) Golden handcuffs. Social workers in CMARAS , TFS and CIC will be paid, if meet conditions, £2k once after 12 months. There are 116 FTE SW's (excluding managers), some 36 are vacant and estimate 5% won't meet conditions. Estimated cost in 2014/15 is £170k, which will be met by the non-recurrent Improvement Plan budget. Team Managers will receive £2k for 3 years. There is likely to be pressure of £20k (£2k *10) in 15/16. There may be an on-going pressure for such payments with further turnover of staff on-going additional cost - say for 9 staff per year (5%).</p> <p>We will need to honour existing commitments but service plan is to move to a competency based payment as part of new Workforce Development Strategy to aid recruitment and retention. The service will be exploring the finances of recruiting a mixture of Advanced practioners and Newly Qualified Social Workers (NQSWS) as a way of minimising agency staff but will need that to be pretty much cost neutral. (This funding will now be transferred to the Trust)</p>	38	18	56	N/A	N/A	N/A
Budget Pressure	BP08	CYPS	Children & Families	<p>Recruitment &amp; Retention Policy (i) Annual increments following PDRs and increases of grade 8/level 2 social worker - estimated cost c. £42k in 2013/14 (33 to date) and estimated to be £70k extra for next couple of years - this takes account of turnover at 27% and staff reaching the top of grade (equates to roughly 60 staff receiving an increment). If staff continue to progress through to the top of grade 9 this would take 10 years. The costs are funded by the non-recurrent Improvement Plan budget up to 2014/15. (This funding will now be transferred to the Trust)</p>	70	70	140	N/A	N/A	N/A

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
Budget Pressure	BP03	A&C	Supported Living	A number of housing schemes are being identified with housing providers to deliver supported living to around 100 service users currently awaiting that type of support at some point in the future. Supported living is aimed at meeting the demand for young people moving through transition services to adult social care and the older carer becoming too old to care for them. There is an increasing demographic of older carers. Supported Living is a more person centred and individualised type of care (costing between £21k and £52k per client) compared to 24 hour institutional care, which is frequently more expensive (costing between £21k and £130k per client). Supported Living is a critical element of the adults commissioning strategy which has a focus on keeping people at home longer & maintaining independence. The growth in service will be provided through the recently awarded contracts with Care UK, Lifeway's, Mencap and St Anne's. The estimate is based on growth of 10 per year starting during 2013/14 to 2015/16. The additional costs are estimated at £954k, of which £169k can be funded from current underspends. (This has further growth in 2015/16).	350	175	525	N/A	N/A	N/A
Budget Pressure	BP05	A&C	Help to live at home model - Personalisation - Independent Home Care	We are currently forecasting a considerable underspend in the traditional independent home care budget, however this a complex budget that is made up of personalised care packages & traditional domiciliary care support. It is envisaged that as adult social care promotes the Help to live at Home model based on Doncaster requirements & re-script of social care support that the demand for outcome based personalised care will increase. The changes will be seen from January 2014 as managed accounts, managed re-scripts and the pilot scheme are introduced before the full scheme is put in place by October 2014 with subsequent impact on budgets for 2015/16 & 2016/17. The £159k pressure in 2015/16 will help the service meet the efficiency savings on residential services A & C E15 of £1.5m (approved in the 2013/14 budget £0.5m 2014/15 and £1m 2015/16) and reduce future growth.	200	200	400	N/A	N/A	N/A

**Budget Proposals 2015/16 to 2016/17**

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Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
ASR	ASRF18	F&CS	Civic Office	Estimated savings from the reduction in the number of members as a result of the boundary review.	-100	-8	-108	0.00	0.00	0.00
ASR	ASRR102	R&E	Energy Team	Provision of renewable energy options to provide long term income for the Council; options for solar farms are currently being reviewed. Three sites have been shortlisted for a solar farm all of which belong to the Council. These sites are being investigated and if found to be suitable feasibility studies will be undertaken to ascertain the level of investment required and expected returns.	0	-100	-100	0.00	0.00	0.00
ASR	ASRR114	R&E	Major Projects Team	Staff reductions to achieve overall savings of 30%.	-12	0	-12	0.00	0.00	0.00
ASR	ASRR117	R&E	Business, Commerce & Tourism	To procure on-going sponsorship of £24k by 2015/16 from existing events, websites, visitor's guide, etc. and to lever £100k of new external funding including European Regional Development Fund (ERDF) grant to replace core funding for posts by 2016/17 when existing contracts expire and eligible match funding becomes available	-4	-100	-104	0.00	0.00	0.00
ASR	ASRR123	R&E	Strategy & Projects and Economic Strategy	Staff reductions on conservation management, Doncaster has comparatively more staff than other Councils.	-35	0	-35	1.00	0.00	1.00
ASR	ASRR77	R&E	Bereavement Services	Additional income generated through the introduction of a pet cemetery. Charges to be introduced in 2014/15 but costs in the initial year will offset any additional income.	-5	0	-5	0.00	0.00	0.00

**Budget Proposals 2015/16 to 2016/17**

**Appendix Bi**

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Saving	NS01	Council-Wide	Remove Subsidies	Further review of services that are subsidised/not fully self-financing. Not all services that are charged for by the council either fully recover their costs or have a clear member decision that they will be subsidised. For example some pest control services. The remaining services need to be reviewed and further options for removing subsidies identified.	0	-200	-200			
New Saving	NS02	Council-Wide	Grants to Voluntary Organisations	The level of grants have been reviewed twice over the last 3 years and only limited reductions are therefore being considered at this time. £0.05m savings have been identified involving the discontinuation or reduction of grants to the Industrial Communities Alliance, Doncaster CAB, DRASACS and ChAD. Grants to Voluntary Organisations will continue to be reviewed and, where required, the above grants may still be paid in 2015/16 and met from one off funding sources which will be spread over 3 years.	-50		-50			
New Saving	NS03	Council-Wide	PPR2	This would be the second phase of the Council's review of Policy and Performance. The first phase has already delivered savings of around £0.6m from budgets that are spread across all departments. The savings are mainly salaries as staff providing policy advice is reduced. The focus has been switched to performance management. By continuing this approach it is anticipated that an additional £0.8m could be delivered from a total budget of £3.3m. This equates to a reduction of an additional 27 posts.	-450	-350	-800			
New Saving	NS04	Council-Wide	Transport	A savings target of £1.58m (including £0.337m in 2015/16) was allocated to Transport following a review of the service. The savings generated so far was examined and it has shown that a further £0.2m of savings can be achieved. These savings include further car allowance savings as a result of the pool cars scheme, improved procurement of passenger transport contracts and reduced fuel and repairs costs.	-200		-200	22.00	5.00	27.00

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Saving	NS05	Council-Wide	Transport Subsidies (South Yorkshire Integrated Transport Authority - SYITA)	Further savings are expected from a reduction in the Passenger Transport Authority Levy. This will include savings such as the removal of paper timetables and changes to offices in South Yorkshire.	-500	0	-500			
New Saving	NS06	Council-Wide	VERs	Further Voluntary Retirement/Redundancy savings. 190 staff left under Voluntary Early Retirement and Voluntary Redundancy in March and April 2014. A review is being carried out to see whether any of these were in addition to staff that needed to leave in order to help deliver existing budget savings. The scheme was launched over the summer in order to seek further staff savings. Early indication is that this saving is deliverable. Based on an additional 5 posts at an average of grade 8 there should be £0.15m savings in 2015/16	-150		-150			
New Saving	NS07	F&CS	Elections	Review of Elections costs, boundaries, commissioners and members budgets. Given the significant changes in this area, including all out elections, Individual Voter registration, reduced numbers of Councillors Etc., the budget has been reviewed. Additional costs have been identified in 2014/15 and 2015/16 financial years leading to the possibility of reduced annual budgets from 16/17 onwards. The planned savings of £0.1m in ASRF18 will fall short by £0.011m in 15/16, therefore a pressure has been included, but there will be an increase in savings of £0.187m in 16/17. There will be no staff reductions but there will be fewer temporary staff employed and the <del>total spent on councillors' allowances will be reduced</del>	11	-187	-176	5.00	0.00	5.00
New Saving	NS08	R&E	Markets/Town Centre	The efficiency of the Market and Town Centre teams can be improved. A review of staff levels and the introduction of cashless rent collection are expected to save £0.11m and a further £0.09m will be realised through the re-alignment of budgets to reflect actual expenditure.	-200		-200	0.00	0.00	0.00

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Saving	NS09	R&E	Streetlamp Initiative	It now appears likely that the Streetlamp Initiative could save a further £0.45m per annum from 2016/17. The Highways savings agreed at 20th February 2014 Council included £0.3m through a street light replacement programme that enables the Council to not only save money but to also significantly reduce its carbon footprint. The Council has invested £10m in street lighting over the next few years largely financed from the governments energy scheme. The project will protect the Council against future rises in energy costs, enable far better control of all street lights from a central location, provide the public with much better lighting conditions and completely modernise the service. It now appears likely that the Streetlamp Initiative could save a further £0.45m per annum from 2016/17. This is in addition to the £0.3m already agreed as part of the Highways savings agreed at 20th February 2014 Council giving a £0.75m overall saving.		-450	-450			
New Saving	NS10	Council-Wide	Pensions Budget	Review of Pension deficit budget required based on the updated valuation. Following the independent challenge to the Actuarial Valuation of the Pension Fund downward revisions to the estimated payments and deficit have occurred. This will produce savings of around £1.87m a year (£0.73m in 15/16, £1.07m in 16/17). This includes £0.17m saving on recharges to pensions costs.	-800	-1,070	-1,870	0.00	3.00	3.00
New Saving	NS11	Council-Wide	Business Rates	Review of Business Rates, taking into account the latest information on appeals and grants provided. The detailed outturn for 13/14 has been examined (in particular in terms of outstanding appeals and new business rate growth/business demolitions), which has led to better estimated medium term costs and therefore further budget savings can be anticipated. It has been identified that £1.28m will be delivered from this area. (£1.139m in 15/16 and a further £0.141m in 16/17). This includes additional grant from government of £0.28m in 15/16, which was announced in late February 2014.	-1,139	-141	-1,280			

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Saving	NS12	Council-Wide	Budget Book - All Services	<p>The 2014/15 budget book, has been reviewed and identified ongoing underspends that have not already been taken account of in budget reductions. This has identified a separate £0.971m that can be saved on 2015/16 and 2016/17. In 2015/16 the savings are as follows:</p> <ul style="list-style-type: none"> <li>• Personalisation budget in Adults Health and Wellbeing (£0.264m)</li> <li>• Reduced budgets for major systems replacements in the Civic Office (0.098m);</li> <li>• reduced spend in Democratic Services supplies and services (£0.075m) and</li> <li>• Reduced contingency for unforeseen pressures (£0.063m).</li> </ul> <p>For 2016/17 the savings are as follows:</p> <ul style="list-style-type: none"> <li>• Equipment and adaptations budget (£0.135m);</li> <li>• Management of change budget which is used to meet unachieved savings (£0.231m), and</li> <li>• Budget not needed for Care Act implementation (£0.1m)</li> </ul>	-500	-471	-971			
New Saving	NS13	Council-Wide	Insurance	<p>There has been a significant down turn in insurance claims against the Council which in turn has reduced the costs of insurance. This will be reviewed at the end of 2014/15 to ascertain whether this reduction continues. Further measures have been taken to reduce costs including extending the existing insurance contract for an additional 2 years. There is further scope for savings by increasing policy excesses and extending the items that we self-insure. It is likely to lead to annual insurance savings of £0.5m - £0.75m. The maximum additional General Fund saving is estimated at £0.4m (in 15/16).</p>	-400		-400			



Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Saving	NS14	AH&W	Adult Social Care Commissioning	A review of commissioned service budgets is to be carried out to identify further savings which will include rationalisation of direct payments. It is anticipated that this could identify savings of up to a further £2.5m. Delivering efficiencies and savings in this area will require decisions based on complex interdependencies – such as modernising social care, the need to integrate more effectively with other Council services and the NHS although it provides an opportunity to rationalise and improve services and gain efficiencies. In achieving these changes Adults, Health and Wellbeing will move away from traditional/building based services to more community based and personalised services and create greater choice and control to users and carers – these changes in service style will themselves deliver efficiencies and reduced costs	-1,500	-1,000	-2,500			
New Saving	NS15	F&CS	Corporate Services	Savings from reducing Corporate Support Services in line with the reduction in the services that they support. Once the whole £109m of savings has been devolved down to team level, it will be possible to make savings in support services relating to those areas of the budget that are being reduced and which make significant use of support services. £2m is already targeted to be delivered from financial administration and other amounts are already included within some existing service specific savings.		-300	-300	0.00	10.00	10.00
New Saving	NS16	R&E	Planning & Building Control	A review of this service could be carried out in order to assess its value for money and identify any additional services that it could charge for. Some Council are charging for things like advice on listed buildings issues and planning appointments etc.	-100	-100	-200			

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Saving	NS17	Council-Wide	Reduced Price Inflation	<p>Following a review of the budget that was held for inflation it has been able to release £2.711m of ongoing savings as a result of lower inflation and control on additional spending requests. The value of the £ has risen against major currencies over the last 9 months so reducing energy price rises and the prices of other imports and therefore the RPIX measure of inflation which applies to many council contracts is lower than was expected a year ago. This results in the £2.168m saving in 2015/16. The position is expected to reverse over the next 12 months as the £ loses value against major currencies resulting in higher energy and other import prices which will increase the RPIX inflation measure applicable to Council contracts. Given this expected reversal the maximum saving that can be assumed at this stage for 2016/17 is £0.543m.</p> <p>In addition the Government has announced that for 2015/16 only the Landfill Tax escalator will increase by the RPI instead of £8 per tonne as in previous years. This will deliver savings of £0.08m in 2015/16. It is unclear what will happen after 2015/16 but at this stage it is assumed that the Landfill Tax escalator will resume its £8 per tonne increase per annum and this is included in the Medium Term</p>	-2,168	-543	-2,711			
New Saving	NS18	Council-Wide	Treasury Management	<p>A review of potential savings in Treasury Management has been undertaken and, because of the continuing low interest rates and our current borrowing strategy, it is expected that a saving of £1.75m can be achieved over the next 2 years (£1.5m in 15/16 and £0.25m in 16/17) plus a further £0.25m saving in DRL interest costs resulting from borrowing that is not needed. However, it should be noted that a sustainable strategy cannot rely on short-term borrowing and as interest rates rise long-term borrowing needs to be considered. Some long term borrowing has already been arranged to take advantage of the historically low rates. The saving is based on the best estimates of future interest rates but it should be noted that if interest rates rise considerably then this saving will be at risk. Each 1% rise in interest rates could mean £0.32m of additional cost in interest payments. Therefore £1.75m on Treasury Management and £0.25m DRL saving makes £2m overall saving.</p>	-1,750	-250	-2,000			

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Saving	NS19	Council-Wide	Parish Council Grant	The Council is proposing a staged reduction of the financial support provided to Parish Councils which protects them from the adverse effects of the Local Council Tax Support Scheme, over 2 years. A 10% reduction per year is proposed which is less than the 13% that was originally proposed. Along with the saving already approved in the 2014 budget (reference AD13) this would result in a reduction of 10% in 2015/16 and further 10% in 2016/17.	11	-31	-20			
New Saving	NS20	R&E	Waste	The BDR Partnership's projected waste arisings for 2015/16 are now significantly lower than the tonnage assumed in the Waste PFI model. This is attributable to a number of factors including operational changes in waste management practice, increased recycling by the public and changes in the economic climate. This means that there is now expected to be additional spare capacity at the facility of around 18,000 tonnes per annum. The Councils will benefit from income generated from spare capacity at the facility but this is subject to a number of risks (such as performance of the plant, market demand for the facility, price of recyclates). The current negotiations should secure certainty over a minimum level of income. It is estimated that spare capacity expected at the Waste PFI facility can be used to generate a saving of £0.1m.	-100		-100			
New Saving	NS21	AH&W	Better Care Fund Realignment	From 2015/16 the Telecare and HEART services have been realigned and are to be directly funded from the Better Care Fund and are, therefore, no longer a cost to the Council.	-666		-666			
New Saving	NS22	R&E	Highways, Parking and Street Scene	The Highways savings agreed at 20th February 2014 Council included £0.8m from the Street Scene service. The review work done to date shows that an additional £0.25m can be achieved as a result of an investment in new modern technology and improved ways of working (e.g. better routing and scheduling of work).		-250	-250	14.00	9.00	23.00
New Saving	NS23	R&E	Energy Team	The Council can reduce its energy costs and generate income from by selling excess energy into the grid by investing in solar panels using the Investment and Modernisation Fund. Panels are already planned to be fitted to several buildings, including the Holmes Carr Centre, and a plan for a solar farm is being developed with an application already submitted to Northern Power Grid. The existing budget savings include £0.1m for solar farms and roof panels; after further work it is felt that this can be increased by £0.1m (ie £0.2m in total).	-100		-100			

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Saving	NS24	L&O:CYP	Education	The Government announced in the Comprehensive Spending Review that they were reducing this grant by 25%. Consequently we reduced the grant per pupil by the same amount. The national cut didn't impact on Doncaster as much as originally forecast providing an anticipated saving of £0.15m	-150		-150			
New Saving	NS25	Council-Wide	Capital Receipts	Using capital receipts the Council generates from non-housing land sales to fund some of the revenue costs arising from, or incidental to generating the receipts.	-240	70	-170			
New Saving	NS26	Council-Wide	Building access & management	Additional savings on buildings access and management have been identified and can be delivered from bringing services in house and avoiding external holding costs. £0.051m saving in 15/16.	-51		-51	8.42		8.42
New Saving	NS27	AH&W	Welfare Provision Grant	Following the Government's December 2013 decision to cease this grant to local authorities from 2015/16 a successful legal challenge has forced the Government to undertake a formal consultation on this matter which is now underway. An announcement on 13th October made it clear that the grant will be cut. The spending incurred by the Council in this area should therefore be reviewed to ascertain how savings could be generated. An initial target of £0.2m is suggested which represents 40% of the current budget.	-200		-200			
New Saving	NS28	Council-Wide	New Homes Bonus	The October 2014 Council Tax Base return showed that the number of Band D properties eligible for New Homes Bonus had increased since October 2013 by 689. Of these, 636 were additions to the tax base and 53 were properties added to the tax base that had previously identified as being empty for 6 months or more. There has been a continued drive to reduce the number of empty properties and 122 such properties have been identified and included in the tax base in recent months. As a result of this growth the New Homes Bonus Grant for 2015/16 is likely to be £0.64m more than currently in the MTFP and £0.1m more for 2016/17. However, this must be taken in context as the Council overall has lost £24.1m government grant funding over a 6 year period from 2011/12 to 2016/17.	-640	-100	-740			

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Saving	NS29	Council-Wide	Collection Fund Surplus (Council Tax)	It is estimated that £0.3m additional funds could be released of from the collection fund following a further review which is based on a long term assumed Collection rate of 99.2%	-300		-300			
New Saving	NS30	F&CS	External Audit Fee Reduction	The external audit fee will reduce in 2015/16, which means that a budget saving of £0.053m can be achieved.	-53	0	-53			
New Saving	NS31	Council-Wide	Revenue IMF	A small proportion of the IMF was available to fund revenue costs in order to provide for invest to save schemes. There is the potential to reduce the on-going budget, but there remains a sizeable capital fund.	-410		-410			
New Saving	NS32	Council-Wide	Equipment Budgets	This would be a targeted reduction to specific equipment budgets across the Council which underspent in previous years.	-15		-15			

**Budget Proposals 2015/16 to 2016/17**

**Appendix Bii**

Proposal	New Ref	Directorate	Service/Saving Proposal	Proposal Narrative	2015/16 £000	2016/17 £000	Total by 2016/17 £'000	2015/16 FTE	2016/17 FTE	Total by 2016/17 FTE
New Pressure	NP01	Council-Wide	Revised savings - General	Reduction in original budget savings of Youth Services in 16/17, so the saving is £0.5m overall		500	500			
New Pressure	NP02	R&E	Revised savings - Residents Parking	Activity levels have been lower than originally planned on Residents Parking £0.09m	90		90			
New Pressure	NP03	R&E	Revised savings - Waste PFI	Re-profiling the saving and taking into account the new cost of transporting a number of smaller waste streams to the PFI facility before the Waste Transfer Station comes on line.	-200	500	300			
New Pressure	NP04	AH&W	Revised savings - Client Fees Subsidy	Revised proposal that involves a cap which has yet to be decided.	283	-82	201			
New Pressure	NP05	AH&W	Deprivation of Liberty Safeguards	A supreme court ruling involving Surrey County Council is expected to result in a considerable increase in the number of authorisation requests. Applying this judgement has a significant impact on the Council's resources in terms of the number of experienced Social Workers to undertake the Best Interest Assessor role.	417		417			
New Pressure	NP06	AH&W	Supported Living	A number of housing schemes are being identified with housing providers to deliver supported living to around 100 service users currently awaiting that type of support at some point in the future. This is in addition to the budget pressure (BP03) approved in the 2014 budget of £0.785m (£0.260m 2014/15, £0.35m 2015/16 and £0.175m 2016/17). In total an additional £1.295m will be invested in supported living over the 3 years.	180	330	510			

**Medium-Term Financial Plan (MTFP)**

This is the initial Medium-Term Financial Plan based on key assumptions at that time.

	2014/15	2014/15	2015/16	2015/16	2016/17	2016/17	Total
	£m	Gap	£m	Gap	£m	Gap	Gap
	£m	£m	£m	£m	£m	£m	£m
<b>Major Funding Sources</b>							
Retained Business Rates	42.134	0.000	42.134	0.000	42.134	0.000	0.000
Top Up	26.466	0.505	27.197	0.731	27.987	0.790	2.026
Revenue Support Grant	83.450	-16.829	60.030	-23.420	45.039	-14.991	-55.240
<b>Total Baseline Income*</b>	<b>152.050</b>	<b>-16.324</b>	<b>129.361</b>	<b>-22.689</b>	<b>115.160</b>	<b>-14.201</b>	<b>-53.214</b>
Specific Grants (Para. 9)	37.666	0.824	35.581	-2.085	35.382	-0.199	-1.460
Public Health Grant	20.198	0.550	20.198	0.000	20.198	0.000	0.550
Council Tax Income	78.173	-1.429	78.173	0.000	78.173	0.000	-1.429
Customer & Client Receipts	44.356	0.000	44.356	0.000	44.356	0.000	0.000
Other Income	60.994	1.516	60.994	0.000	60.994	0.000	1.516
Housing Benefit	99.170	2.852	99.170	0.000	99.170	0.000	2.852
<b>Total Income</b>	<b>492.607</b>	<b>-12.011</b>	<b>467.833</b>	<b>-24.774</b>	<b>453.433</b>	<b>-14.400</b>	<b>-51.185</b>
<b>Total Council Expenditure (Funded)</b>	<b>505.235</b>		<b>492.607</b>		<b>467.833</b>		
<b>Expenditure Changes</b>							
Change in Housing Benefit (nil impact on reductions required)	2.852	-2.852	0.000	-0.000	0.000	-0.000	-2.852
Grant decreases exit strategies (Para. 10)	-0.980	0.980	-0.202	0.202	-0.042	0.042	1.224
Expenditure funded from additional income	5.080	-5.080	0.000	-0.000	0.000	-0.000	-5.080
<b>Subtotal – Reduction in Government Grants</b>		<b>-18.963</b>		<b>-24.572</b>		<b>-14.358</b>	<b>-57.893</b>
Staffing (Para. 15)	5.756	-5.756	4.542	-4.542	6.822	-6.822	-17.120
Price Changes (Para 16–18)	5.120	-5.120	4.927	-4.927	4.927	-4.927	-14.974
Capital Programme (Para 19)	0.085	-0.085	0.080	-0.080	0.075	-0.075	-0.240
Levying Bodies (Para 19)	0.115	-0.115	0.120	-0.120	0.125	-0.125	-0.360
Budget Pressures	7.300	-7.300	5.000	-5.000	5.000	-5.000	-17.300
<b>Minimum Expenditure Requirement</b>	<b>530.563</b>		<b>507.074</b>		<b>484.740</b>		0.000
<b>Total Budget Gap</b>	<b>-37.956</b>		<b>-39.241</b>		<b>-31.307</b>		0.000
<b>Budget Proposals for cost reductions</b>	<b>0.000</b>		<b>0.000</b>		<b>0.000</b>		<b>0.000</b>
<b>Use of Reserves &amp; Collection Fund Surplus</b>		-0.617					-0.617
<b>Subtotal – Service and Other Budget Pressures</b>		<b>-8.117</b>		<b>-5.200</b>		<b>-5.200</b>	<b>-18.517</b>
<b>Gap Identified</b>	<b>37.956</b>	<b>-37.956</b>	<b>39.241</b>	<b>-39.241</b>	<b>31.307</b>	<b>-31.307</b>	<b>-108.504</b>
<b>Gross Budget</b>	<b>492.607</b>		<b>467.833</b>		<b>453.433</b>		
<b>Net Budget Requirement (incl. Baseline Income)</b>	<b>230.223</b>		<b>207.534</b>		<b>193.333</b>		

\*From 2014/15 Government has decided to include on-going Council Tax Freeze Grant received for 2013/14 (£0.969m) in the Council's Revenue Support Grant allocation.

## Medium Term Financial Plan (MTFP) Key Assumptions to Explain the £109m Gap

### Reduction in Government Grants

#### **Central Government Grant Settlements**

1. Over the last five years Government action in response to national and global economic events has placed unprecedented strain on public finances for the foreseeable future through the requirement to service a rapidly increasing National Debt and the on-going impact of the rapidly declining tax receipts and increased welfare payments. This culminated in the CSR10 announcement of October 2010 covering the 4 years 2011/12 – 2014/15. To summarise the position:
  - a. The public spending choice for the government was essentially about the balance between tax increases and spending cuts; the outcome is heavily slanted towards the latter with central government funding to Councils decreasing by 28%. The Government's Autumn Statements since December 2012 have continued to announce further grant cuts. The 2012 Autumn Statement and Comprehensive Spending Review of June 2013 indicated that the current austerity framework will continue up to 2017/18 and many commentators expect it to last until the end of the decade. The Government's Budget Statement of 20<sup>th</sup> March 2013 indicated significant grant cuts for the period 2011/12 – 2014/15 and added a further 1% grant cut in 2014/15 equivalent to £1.8m for Doncaster MBC. The Comprehensive Spending Review of June 2013 and the following Technical Consultation in July 2013 increased the grant cuts by a further 13% giving a total of 47% for the period 2011/12 – 2015/16.
  - b. There was a Provisional Settlement announcement for 2014/15 and 2015/16 on 18<sup>th</sup> December 2013 followed by a Final Settlement announcement on 5<sup>th</sup> February 2014. A table summarising the on-going grants (RSG & Top Up) compared to the MTFP assumptions is set out below. The on-going budget gap is reduced by £617k in 2014/15 enabling a larger budget to be set. Although on-going grant funding has increased by £349k in 2015/16 this is £268k less than the £617k increase for 2014/15 so the net impact is to increase the budget gap by £268k for 2015/16.

	<b>2014/15 £m</b>	<b>2015/16 £m</b>
RSG – MTFP Assumption	82.542	59.318
RSG – Final Settlement	83.450	60.030
<b>Change</b>	<b>+0.908</b>	<b>+0.712</b>
Top Up – MTFP Assumption	26.757	27.560
Top Up – Final Settlement	26.466	27.197
<b>Change</b>	<b>-0.291</b>	<b>-0.363</b>
<b>Total Change to On-going Funding</b>	<b>+0.617</b>	<b>+0.349</b>

#### Retention of Business Rates

2. From 1990 to 2013 business rates were collected by local authorities and paid over to Government. Local authorities would then receive a share of the re-distributed business rates through a needs driven formula grant mechanism to provide revenue support. In April 2013, the business rates scheme changed with the introduction of the Local Government Finance Act 2012. With the new



scheme 50% of local business rates income is retained locally (Doncaster retains 49% and passes on 1% to the South Yorkshire Fire & Rescue Authority) and 50% is passed to central government. Business rates income is based on debt raised less any anticipated bad debt rather than actual collection.

3. The new local retention of business rates model calculates the difference between each Council's individual business rate baseline and their calculated baseline funding level and either a top up or a tariff will be paid to Councils from Government. Doncaster Council will receive top-up funding of £26.466m for 2014/15, which represents the difference between our individual business rate baseline funding level £41.546m and the calculated baseline level £68.012m. The emphasis of these reforms is to move local government funding away from a needs based system to one based on business rates. The top-up is fixed until the business rates retention system is reset (currently assumed to be 2020) but is scheduled to be uprated by RPI each year (as at the previous September). However in its Autumn Statement of December 2013 the Government decided that for 2014/15 it would limit Business Rates increases to 2% instead of the September 2013 RPI figure of 3.2% and as a consequence the increase in the Council's top-up was also limited to 2%. As a consequence of the September 2014 RPI of 2.3% being lower than the 2.9% assumed in the 2015/16 Provisional Settlement it is anticipated that the Council's top-up funding will be £0.17m lower than previously announced and included in the MTFP above. A contingency figure of £0.17m has therefore been included in the main report for this anticipated change.
4. A safety net has been established to protect councils where there are substantial downward movements in the business rate base due to changes in the local economy. This is funded by levies imposed on Councils that are assessed to have "disproportionate" gains. To qualify for safety net funding the shortfall in business rates income will have to be 7.5% of a business rates baseline figure set each year by central Government which for Doncaster MBC will be a shortfall of £5.101m in 2014/15. (7.5% of £68.012m). In order to qualify for a safety net payment in 2014/15 the Council's retained income from Business Rates would have to fall below £36.445m (£41.546m - £5.101m) which is highly unlikely.

#### Localisation of Council Tax Support

5. The Council Tax Benefit system was abolished from 1 April 2013 and replaced with a form of local Council Tax Support called the Council Tax Reduction Scheme (which is now Doncaster's local scheme). Council Tax Benefit has therefore been replaced by a new Council Tax discount. This reduced the Council Tax Base for 2013/14 because individuals who are entitled to financial help under the scheme to meet the costs of their Council Tax are now deemed to owe less Council Tax in the first place. The council received a fixed grant to compensate for the reduction in Council Tax income, although the grant only covered 90% of the 2012/13 benefits and protected pensioners. The funding allocations are £17.1m for the Council and £9.6m for the South Yorkshire Police Authority and £4.4m for the South Yorkshire Fire Authority. From the Council's total funding of £17.1m, £0.3m is distributed to the Parish Councils to protect as far as possible Council Tax payers. This was reduced by 10% in 2014/15 and it is planned to reduce this by a further 10% in 2015/16 and 2016/17.
6. A local benefit scheme was introduced to reduce benefits to meet the grant shortfall; discounts and exemptions were amended and Council Tax charged on

empty properties and second homes to cover approximately £2.4m of the £3.3m funding shortfall.

7. It is important to note that the risks associated with the new scheme all fall on the Council; these include:
  - a. Increases in the number of claimants
  - b. Increases in the number of pensioner claimants due to an ageing population
  - c. Increases in the number of claimants following publicity surrounding the introduction of the new Council Tax Reduction Scheme
  - d. Changes in claimant behaviour, for example as individuals decide to change use of a property in order to qualify for a different discount
  - e. Losses on collection are likely to increase as individuals who previously qualified for benefit are now required to make contributions towards their Council Tax demand
  - f. Losses on collection may increase as it may not be economic to pursue collection of some small amounts
  - g. There is a major inconsistency between the business rates retention proposals and the localisation of council tax support proposals in that only the former includes a safety net. The loss of one or more major employers in a local authority area could quickly spark a major financial crisis for the local authority concerned due to the absence of a safety net for council tax income.
  
8. A one off ring fenced specific grant of £100m was provided in 2013/14 to assist Councils to limit the impact of this Government policy on Council Taxpayers in particular those having to pay a charge for the first time. Doncaster Council received a one-off grant of £0.46m. Police and Fire Authorities each received £0.056m and £0.026m respectively.

### Specific Grants

9. Doncaster Council receives a number of specific grant funds, which are non-ring fenced and can be redirected to other areas of service provision as required. These grants are much fewer than in previous Spending Review periods as Government has rolled in excess of £5 billion of these grants into the new baseline income for Business Rates Retention. A list of the main non-ring fenced specific grants is provided below. This details the amounts announced for 2013/14 and the assumptions for the 3 year period 2014/15-2016/17.

### **Specific Grants**

	2013/14 Grant £m	2014/15 Grant £m	2014/15 Change £m	2015/16 Grant £m	2015/16 Change £m	2016/17 Grant £m	2016/17 Change £m
Bikeability (CSR10 estimates)	0.030	0.030	0.000	0.030	0.000	0.030	0.000
Dedicated Schools Grant - Central Element (Includes Early Years)	16.865	19.461	2.159	19.461	0.000	19.461	0.000
Discretionary Housing Payments Grant	0.519	0.519	0.000	0.519	0.000	0.519	0.000
Education Services Grant returned (Formerly LACSEG)	3.900	3.350	-0.550	2.450	-0.900	2.150	-0.300
ERDF – SY Sector Growth	0.174	0.174	0.000	0.000	-0.174	0.000	0.000

	2013/14 Grant £m	2014/15 Grant £m	2014/15 Change £m	2015/16 Grant £m	2015/16 Change £m	2016/17 Grant £m	2016/17 Change £m
Higher Education Funding Council (cost reimbursement)	0.247	0.247	0.000	0.247	0.000	0.247	0.000
Housing & Council Tax Benefit – Core Administration Subsidy incl. LCTS element (assumed 12% per annum reductions after 2014/15 potential for a greater reduction with the introduction of Universal Credit)	2.720	2.330	-0.390	2.050	-0.280	1.804	-0.246
Housing & Council Tax Benefit - Administration Subsidy – Economic Downturn element	0.125	0.000	-0.125	0.000	0.000	0.000	0.000
Local Reform & Community Voices	0.264	0.264	0.000	0.264	0.000	0.264	0.000
<b>Local Services Support Grant</b>							
Lead Local Flood Authorities Grant (CSR10 estimates) – Partly passported into BRR baseline from 2013/14, £15m nationally remaining as specific grant	0.107	0.107	0.000	0.107	0.000	0.107	0.000
Music Services	0.590	0.357	-0.233	0.357	0.000	0.357	0.000
New Homes Bonus (2013/14 actual & for later years assumed increase of 250 Band D properties and 100 affordable homes)	1.314	1.666	0.352	2.055	0.389	2.444	0.389
New Homes Bonus – Refund of Retention Excess (2013/14 only)	0.565	0.000	-0.565	0.000	0.000	0.000	0.000
National Non-Domestic Rates (NNDR) Collection (no changes anticipated Business Rates Retention (BRR) Scheme)	0.335	0.335	0.000	0.335	0.000	0.335	0.000
PFI Schools (fixed for 25 years duration of PFI scheme)	3.478	3.478	0.000	3.478	0.000	3.478	0.000
Pupil Premium (Children in Care Element)	0.180	0.598	0.000	0.598	0.000	0.598	0.000
Skills Funding Agency - Adult Safeguarded Learning	0.796	0.674	0.000	0.674	0.000	0.674	0.000
Skills Funding Agency - Apprentices	0.396	0.396	0.000	0.396	0.000	0.396	0.000
Small Business Rate Relief (Specific Grant per 2013/14 Settlement)	1.277	1.345	0.068	1.345	0.000	1.345	0.000
Social Fund	1.092	1.092	0.000	0.000	-1.092	0.000	0.000
Troubled Families Grant	0.894	0.296	-0.598	0.296	0.000	0.296	0.000
Unaccompanied Asylum Seekers - Children (based on current numbers eligible)	0.085	0.085	0.000	0.085	0.000	0.085	0.000
Youth Justice Board	0.889	0.862	-0.027	0.834	-0.028	0.792	-0.042
<b>Revised MTFP</b>	<b>36.842</b>	<b>37.666</b>	<b>0.824</b>	<b>35.581</b>	<b>-2.085</b>	<b>35.382</b>	<b>-0.199</b>

10. In accordance with the financial strategy, exit strategies are in place for the following grant reductions and therefore these are not included in the budget gap:

	<b>2014/15 Exit plan £m</b>	<b>2015/16 Exit plan £m</b>	<b>2016/17 Exit plan £m</b>
ERDF – SY Sector Growth		-0.174	
Music Services	-0.233		
Youth Justice Board	-0.027	-0.028	-0.042
Troubled Families	-0.598		
SFA – Adult Safeguarded Learning	-0.122		
<b>Total Exit Strategies</b>	<b>-0.980</b>	<b>-0.202</b>	<b>-0.042</b>

11. In its finance settlement announcement the Government made clear that ring fencing of all revenue specific grants has ended with the exception of:

- a. Schools grants
- b. The new Public Health grant from 2013/14 for 3 years
- c. Housing Benefits claims funded by DWP

12. In 2013/14 funding was transferred from the Business Rates Retention scheme to schools that have converted to academy status. Local authorities deliver a range of central education support services on behalf of schools which, when schools become academies, they have to secure for themselves e.g. governor support, asset management, HR employer functions. Up to and including 2012/13 academies received money for these responsibilities through the Local Authority Central Spend Equivalent Grant (LACSEG). From April 2013 LACSEG was replaced with a new grant (Education Services Grant) which is distributed by the Department for Education as a separate un-ringfenced specific grant to local authorities and to academies proportionate to the number of pupils for which they are responsible. In 2013/14 the Government removed £1,038m from the business rates retention scheme for this purpose. The Local Government Association (LGA) are of the view from their research that the true cost was only around £700m per annum and made this point in their response to the consultation. The grant receipt was estimated at £3.9m at 2013/14 Budget Setting (at Q3 the outturn estimate for 2013/14 remains £3.9m) and £3.35m for 2014/15. This grant is expected to fall in future years as more schools take up academy status but the precise rate of decline is difficult to predict well in advance. The June 2013 Comprehensive Spending Review announced a £200m reduction in the Education Services Grant from 2015/16, approximately 20% of the 2013/14 grant total. The initial forecast is that this will result in a £0.6m reduction in the grant that the Council receives. This £0.6m reduction has been built into the 2015/16 estimate of £2.45m.

## Council Tax

13. The key assumptions behind the figures in Appendix B are set out below:-

- The Doncaster Council element of Council Tax (£1,101.71 in 2013/14) does not increase for the duration of the Medium Term Financial Plan.
- The Council is in receipt of grant equivalent to a 1% Council Tax increase for a Council Tax freeze in 2013/14 and this grant is also received in 2014/15 and 2015/16 (£0.969m). From 2014/15 Government has decided

to include this Council Tax Freeze Grant in the Council's Revenue Support Grant allocation.

- The Tax Base for 2013/14 is 70,956 Band D equivalent properties.
- A 1.95% increase in Council Tax, which is below the 2% government cap.

### **Fees and Charges and Other Income**

14. The current MTFP assumes no changes in fees and charges and other income.

### **Pay Inflation, Increments & Pension Contributions**

15. The assumptions in the staffing costs are detailed below:

	2014/15 £'m	2015/16 £'m	2016/17 £'m	Total £'m
Pay Inflation – 1% (£1.14m) for 2014/15, (£1.09m) in 2015/16 & (£1.04m) in 2016/17	1.14	1.09	1.04	3.27
Increments	1.80	1.69	1.62	5.11
National Insurance Change brought forward to 2016/17 £2.4m			2.40	2.40
<b>Employers Pension Contribution:</b>				
Additional liability due to not inflating the lump sum pension fund deficit to be recovered from the 2010 valuation (1.8%)	1.59			1.59
2% to cover annual lump sum pension fund deficit increase following the September CPI uplift and reduction in staff base due to funding cutbacks and new academy schools		1.76	1.76	3.52
£1.2m contribution for current service liabilities (1.4%) – estimated rate 13.6%	1.23			1.23
<b>Total</b>	<b>5.76</b>	<b>4.54</b>	<b>6.82</b>	<b>17.12</b>

### **Price Inflation including Landfill Tax**

#### **Price Inflation**

16. A proportion of Council expenditure is tied up in contracts, which have inflation increase assumptions built into the terms and conditions. The financial strategy assumes that these cost increases will need to be built into future projections in full.

17. There are also a small number of areas of general expenditure on services and goods, where a general inflation factor has been estimated, based upon what is known of the market pressures and the R.P.I. projections. The initial estimates (£4.4m 2014/15, £4.2m 2015/16 and £4.2m 2016/17) are based on an average inflation rate of 3% (September 2013 RPI was 3.2% and CPI 2.7%), and providing for an expected increase in inflation rates (estimated at 3.33%). The current average inflation rate is 1.8% due to the key September RPI/RPIX rates being lower at 2.3% and the CPI rate being significantly lower at 1.2%.

## Landfill Tax

18. Landfill Tax is scheduled to increase by £8 per tonne per annum up to the end of 2014/15. After 2014/15 the amount of the annual increase is uncertain as the Government will review the annual uplift. The additional cost of this forecast annual uplift is estimated at approximately £0.7m per annum and this has been included in the Medium Term Financial Plan.

## **Services and Other Budget Pressures**

### Capital Programme & Levies

19. The current MTFP includes £200k per annum for increases in drainage levies charged by the Environment Agency/Drainage Boards and Management of Debt of the former South Yorkshire County Council and for revenue contributions required from the implementation of the capital programme.

### Service Pressures

20. An estimate has been included for service pressures at £7.3m for 2014/15 and a further £5m for 2015/16 and 2016/17; this is based on experience and indicative assumptions for growth and pressures.

### Other Pressures

21. The use of one-off funding in 2013/14 budget increases the budget gap for 2014/15. This includes the use of £0.3m earmarked reserve and £0.3m from the collection fund.

**Appendix D****Council Tax Comparators (Metropolitan Districts & Unitary Authorities Band D Council Tax)**

	<b>2014/15 Band D Council Tax £</b>			<b>2014/15 Band D Council Tax £</b>			<b>2014/15 Band D Council Tax £</b>	
1	Windsor & Maidenhead	926.40	33	Bath & NE Somerset	1,201.85	65	Bury	1,303.84
2	Bracknell Forest	1,093.95	34	Poole	1,209.60	66	Bedford	1,304.84
3	Trafford	1,105.23	35	Tameside	1,209.67	67	Blackpool	1,306.00
4	Doncaster	1,123.19	36	East Riding	1,215.68	68	Central Bedf'dshire	1,308.33
5	Thurrock	1,124.64	37	Cheshire East	1,216.34	69	Durham	1,308.39
6	Dudley	1,125.36	38	Wiltshire	1,222.43	70	Stockton-on-Tees	1,312.66
7	Peterborough	1,128.03	39	Barnsley	1,223.39	71	Brighton & Hove	1,312.89
8	Bradford	1,133.97	40	Luton	1,225.00	72	Isle of Wight	1,315.47
9	Birmingham	1,135.82	41	Darlington	1,238.64	73	Salford	1,326.31
10	Southend-on-Sea	1,137.42	42	Kirklees	1,242.91	74	North Tyneside	1,328.04
11	Milton Keynes	1,138.04	43	Bournemouth	1,244.97	75	Rochdale	1,330.36
12	Wakefield	1,138.77	44	South Gloucestershire	1,245.20	76	Reading	1,338.25
13	Kingston-upon-Hull	1,139.81	45	Knowsley	1,246.08	77	Wolverhampton	1,342.92
14	Leeds	1,145.89	46	Wokingham	1,246.21	78	Coventry	1,349.48
15	Swindon	1,146.09	47	Herefordshire	1,251.32	79	Newcastle City	1,354.42
16	Telford & Wrekin	1,147.49	48	Calderdale	1,251.43	80	Middlesbrough	1,355.03
17	Medway	1,164.24	49	Rotherham	1,253.34	81	Liverpool	1,357.52
18	Shropshire	1,164.72	50	Torbay	1,261.17	82	Redcar & Cleveland	1,390.14
19	North Somerset	1,164.84	51	West Berkshire	1,263.44	83	Bristol	1,391.87
20	York	1,165.54	52	Blackburn with Darwen	1,266.85	84	Oldham	1,392.95
21	Derby	1,165.83	53	Cornwall	1,268.92	85	Stockport	1,397.05
22	Portsmouth	1,171.53	54	North East Lincolnshire	1,271.35	86	Northumberland	1,399.77
23	Manchester	1,172.27	55	Cheshire West & Chester	1,275.23	87	Walsall	1,410.26
24	Slough	1,173.27	56	Leicester	1,276.55	88	Hartlepool	1,418.70
25	Solihull	1,173.72	57	Bolton	1,276.56	89	Rutland	1,430.51
26	Sandwell	1,175.73	58	Wirral	1,278.26	90	Nottingham	1,431.80
27	Halton	1,181.56	59	Sheffield	1,282.75	91	Gateshead	1,443.20
28	Warrington	1,182.09	60	North Lincolnshire	1,284.03			
29	Stoke-on-Trent	1,183.46	61	Southampton	1,287.90			
30	Sunderland	1,185.96	62	South Tyneside	1,291.53			
31	St Helens	1,189.68	63	Sefton	1,291.89			
32	Wigan	1,192.14	64	Plymouth	1,294.81			

## Appendix E

### Revenue Reserves

	Current Position
	£m
Total All Reserves as at 30th September 2014	70.908
<b>Less Earmarked Reserves</b>	
Schools, Individual School Reserves	-12.239
Borough Investment Fund (Capital Financing)	-9.649
Lake Aeration Maintenance	-0.054
Review of Leisure Management	-0.025
Council I.C.T. Fund (Capital Use only)	-0.019
Colonnades Tenants Repairs Fund	-0.044
Single Homeless Funding	-0.153
Charities & Donations	-0.050
E.U. Restoration Fund	-0.177
Capital Members' Flexible Budgets	-0.022
Support for Costs Incurred In Achieving Assets Review Savings	-0.200
Drainage Costs	-0.096
Highways – Potholes	-0.134
Work, Skills & Enterprise Programme (Elongation Programme)	-0.188
Change Programme	-0.425
Revenues and Benefits Systems Developments	-0.064
Reserve against Medium Term Financial Strategy Risk	-0.520
Reserve for severance costs (VR/VER)	-6.001
Adult Social Care System Implementation	-1.817
Low Carbon Vehicle Procurement Programme	-0.138
Section 278 Agreement – Teesland Doncaster Interchange	-0.694
Section 278 Agreements – Other Balances	-0.280
Section 106 Revenue Balances	-0.543
Section 106 Interest Applied to Capital & Revenue Balances	-0.420
Special School Transport Service	-0.215
Learning Disability (Travis Gardens)	-0.257
Safeguarding Adults	-0.030
Housing Options	-0.015
ICT- Schools Centralised Infrastructure Fund	-0.197
Revenues & Benefits – Discretionary Housing Allowances	-0.182
Revenues & Benefits – Updates required for legislative requirements	-0.220
Financial Management – improving financial systems	-0.160
Legal Services – court costs relating to personal searches	-0.013
Stadium Management Company	-0.008
Skills and Education (NEETS)	-0.121
Investment to Drive Improvement	-0.239
Committed Sums for Maintenance of Green Space & Trees	-0.021
PCT funding for Weight Management	-0.048



	<b>Current Position</b>
	<b>£m</b>
Adults and Communities – Essential Systems Upgrade	-0.004
Adults and Communities – Anti Social Behaviour	-0.008
Regeneration & Environment – High Street Innovation Fund - Markets	-0.100
Regeneration & Environment – Relocation of TIC to Mansion House	-0.030
Finance & Corporate – Benefits Agency Staff & Northgate Offsite Processing	-0.147
Finance & Corporate – Section 13A Discretionary Council Tax Support	-0.038
Finance & Corporate – Welfare Reform Grant To Provide Further Advice	-0.044
CYPS – Improvement Plan	-1.479
Adults and Communities – Military Covenant	-0.020
Regeneration & Environment – Business & Commerce	-0.002
Regeneration & Environment – Highways	-0.250
Regeneration & Environment – Development Management	-0.065
Finance & Corporate – Procurement Team	-0.150
Finance & Corporate – Implementation of Service Efficiencies	-0.175
Finance & Corporate – Customer	-0.134
Finance & Corporate – ICT Pressures	-0.500
Donation to Don View service users	-0.072
Public Health	-1.557
NPV Intervention Funding	-0.100
Service Transformation Fund	-6.921
Grant Clawback	-0.188
One off Pension Costs	-1.025
Business Rates – Contingency against Risks and Volatility	-0.415
Civic Office Major Systems Replacement	-0.294
Mexborough Drugs Team Building Improvements	-0.083
Police & Crime Commissioner Funding For Alleygates	-0.005
Grant Underspend to Extend Stronger Families Programme	-0.820
Markets - Capital Works	-0.110
Bentley Park Capital Works	-0.058
Examination in Public (LDF Sites & Policies)	-0.065
DfT Severe Weather Recovery Scheme	-0.330
Investment & Modernisation Fund - Revenue	-0.500
Regeneration & Environment – Assets & Property – Assets Review	-0.100
CYPS – School Improvement	-0.272
Dearne Valley Eco Vision Funding Contribution	-0.033
Revenue Contribution to the Capital Programme	-1.000
New Business Rates Discount Scheme	-0.500
Community Incentive Scheme	-0.500
<b>Uncommitted Reserve Balance as at 31st March, 2015</b>	<b>17.136</b>