Agenda item 7

The EssexWorks Corporate Plan 2012/17, Revenue and Capital Budgets 2012/13 and Medium Term Resources Strategy

Report by Cllr Martin, the Leader of the Council, and Cllr Finch, Deputy Leader and Cabinet Member for Finance and the Transformation Programme

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Purpose of report

- The report presents information to enable the Council to consider and approve the new Corporate Plan for 2012/13 to 2016/17, the revenue budget and Council Tax precept for 2012/13 and the capital programme to 2016/17, and to consider the medium term resource strategy for the period to 2014/15 in the light of the best information available regarding funding.

Recommended:

- As regards the Essex*Works* Corporate Plan

  That the draft Essex*Works* Corporate Plan 2012/13 - 2016/17 (presented as an accompanying paper to this report) be approved.

- As regards the Revenue and Capital Budgets 2012/13 and Medium Term Resources Strategy

1. That the budget requirement be £855,786,463 (para. 2.4).
2. That the council tax requirement be £581,611,212 (para. 2.4)
3. That the net cost of services be £937,906,337 (para. 2.4)
4. That the Revenue Budget for 2012/13 be as set out in sub-sections 2 and 3 to this report.
5. That the second tranche of Council Tax Freeze Grant be accepted, thereby implying there will be no increase in the Band D Council Tax for 2012/13, which will therefore remain at £1,086.75 (the tax base for 2012/13 is 535,184 Band D Equivalents).

6. That the reserves and general balances be as set out in the budget book.

7. That £582,000 of the 2012/13 Transformation Reserve be used to support the development of the full business case for the Corporate Services Phase 2 programme (para. 3.5.4).

8. That the capital programme for the period 2012/13 to 2016/17, be as set out in sub-section 5 noting the funding sources and implications for the medium term resource strategy.

9. That the Executive Director for Finance, in consultation with the Cabinet Member for Finance and Transformation, be authorised to make adjustments to the phasing of payments between years should that be necessary as the capital programme is finalised, up until the presentation of the financial overview as at the first quarter of 2012/13, and to report any impact on the Prudential Indicators at the next available quarterly review.

10. That the 2012/13 Prudential Indicators, Treasury Management Strategy and Minimum Revenue Provision policy be as set out in sub-section 6 to this report.

11. That the Pay Policy Statement for 2012/13 be as set out in sub-section 7 and Appendix A to this report.

12. That authority be delegated to the Executive Director for Finance (section 151 Officer) and the Deputy Leader & Member for Finance and the Transformation Programme, to resolve any minor changes to funding that may arise from the release of the final financial settlement, through transfers to or from the general balance or other appropriate actions.

- That the Executive Director for Finance's (Section 151 Officer) statement on the robustness of the budget (para. 2.14) be noted.

- That the provisional Dedicated Schools Grant (DSG) figures set out in paragraph 2.7 be noted.

- That the summary equality impact assessment (EIA) as set out in Appendix B to this report be noted.

Structure of this report

- This report is presented in two main sections. Section 1 outlines the development of Essex County Council's (ECC's) new Corporate Plan. It outlines the purpose of the Corporate Plan, the structure and presentation of the Plan, how ECC will assess its progress in delivering the Plan's priorities, and links between the Corporate Plan and ECC's other strategic documents including its Vision.
- Section 2 outlines the proposed revenue and capital budgets for 2012/13 and the capital programme to 2016/17. It also sets out the medium term resource strategy for the period to 2014/15 based on the best information available regarding funding.

- Both the Corporate Plan and the budget have been considered by the Cabinet on 24th January 2012 and, at the time of writing this report, will be considered by the Executive Scrutiny on 31st January 2012.

- If these documents are agreed and adopted, they will be published on ECC's public website.

Section 1: The Essex*Works* Corporate Plan

Background

1. The Essex*Works* Corporate Plan is a high-level strategic document that articulates the council's priorities, the outcomes it aims to achieve and the measures it will use to track its success and assess its performance. The Corporate Plan is therefore relevant to all County Divisions.

2. The Essex*Works* Corporate Plan will shape the development of all other strategic plans. It will also guide and shape the operational plans prepared by individual directorates, teams and business units across ECC. These plans will set out the operational detail of how ECC will deliver the priorities and outcomes articulated in the Corporate Plan.

3. The Corporate Plan has been developed with input from officers and members. It draws on, and builds upon, recent work to develop ECC's Corporate Vision, the Essex*Works* Commitment 2012-2017. This was formally adopted by Council in December 2011.

The role of the Essex*Works* Corporate Plan

4. The Essex*Works* Corporate Plan plays a vital role in connecting the Essex*Works* Commitment 2012-17 (the corporate vision) with the operational planning frameworks that guide the work of commissioning directorates.

5. The Corporate Plan sets out the five strategic priorities that ECC will aim to deliver for Essex residents, businesses and communities over the period 2012-2017. These priorities are derived from the corporate vision for 2012-17 adopted by Council in December 2011. Corporate Plan Annex A sets out, for each strategic priority, why it is important, the relevant trends in ECC's operating environment and the work that is underway to support the delivery of the priority.

6. To support ECC's strategic priorities, the plan articulates 15 key outcomes (three per priority). The successful delivery of these outcomes will represent the successful delivery of the overarching priority. These outcomes have been derived from analysis conducted by the Transformation Support Unit in collaboration with service managers across ECC. They represent the outcomes on which ECC will focus its future commissioning activity.

7. Finally, the plan articulates a range of key activities and success measures that ECC will use to assess its progress in delivering outcomes and priorities. Corporate Plan Annex B sets out some of the most important pieces of information that Members and senior managers will use to inform assessments of performance. Where appropriate, ECC will set specific targets against these, and those targets will be brought before Cabinet for approval in March 2012 (once council have agreed final budget allocations). Performance assessments based on this information, and on wider evidential sources will be published at www.essex.gov.uk.

Resourcing the Essex*Works* Corporate Plan

8. It is important that ECC has the resources it needs to deliver the commitments it makes in its Corporate Plan. In developing its Corporate Plan and its budget for 2012-13, ECC has followed a process designed to ensure alignment between the outcomes ECC seeks to achieve and the resources it has available.

9. Work to articulate ECC's strategic priorities began in Spring 2011. An initial phase of research and development saw officers lead a programme involving:
   - consultation with partners, employees and communities
   - analysis of salient trends affecting ECC's operating environment
   - scenario planning exercises.

10. Informed by the intelligence gathered through this research phase, Cabinet Members drafted the five high-level strategic priorities that structure the Corporate Plan:
    - enabling every individual to achieve their ambitions by supporting a world-class education and skills offer in the county
    - securing the highways, infrastructure and environment to enable businesses to grow
    - improving public health and wellbeing
    - protecting and safeguarding vulnerable people
    - giving people a greater say and a greater role in building safer and stronger communities.

11. These strategic priorities provided context for the early stages of the budget development process. During this process, members of the Corporate Leadership Team (CLT), with their own Directorate Leadership Teams (DLTs), prepared documentation, articulating the financial challenges and opportunities associated with commissioning/delivering services that support ECC's strategic objectives. Following a series of service review sessions, led by Cabinet members, DLTs looked to develop specific delivery proposals to address key pressures, deliver necessary savings and hence balance the ECC budget.

12. In parallel with this work, specific outcomes and success measures were developed to complete the new Corporate Plan. Once final budget allocations are agreed by Full Council, work to define appropriate targets will begin. Again, these will be developed in consultation with Portfolio Holders, CLT members and DLTs. This process will be undertaken as part of wider directorate-level planning. By ensuring that targets in each area reflect the resources available, this stage of the process will finalise the alignment between the ambitions set out in the Vision, the commitments made in the Corporate Plan and ECC's resources.

13. It is anticipated that the link between resource allocation and strategic priorities will be enhanced in future years. It is anticipated that, subject to annual reviews, the priorities and outcomes articulated in the Corporate Plan will remain stable for the duration of the Corporate Vision (2012-2017). This stability will help ensure that

future decisions on resource allocations reflect ECC's strategic priorities and the outcomes it wants to achieve.

Managing performance under the Essex*Works* Corporate Plan

14. ECC will use the measures of success set out in Annex B of the Corporate Plan to help assess progress in delivering outcomes for Essex residents, businesses and communities. In order to assess performance, ECC will analyse a range of relevant sources of evidence which will include customer feedback, research and public engagement, statistical analyses and information collected as in commissioning and delivering services. These sources of information will allow Members and officers to form rounded judgements on ECC's performance in delivering outcomes.

15. Where appropriate, ECC will set targets against the measures in the Corporate Plan to provide an indication of whether it has been successful in delivering outcomes. These targets will be based on comparative and trend information but also take into account the financial challenges facing the council.

16. The measures in the Essex*Works* Corporate Plan 2012-17 are high-level and, as such, are often not the operational measures which will be used to help with day to day operational delivery. These will be presented in Directorate Plans and used to form the basis of directorate performance monitoring.

17. A range of stakeholders will continue to play a role in helping ECC to deliver the commitments made in the Corporate Plan. At a strategic level, this will include Cabinet and the Corporate Leadership Team alongside Executive Scrutiny Committee – whose role is to scrutinise delivery of the Council's Corporate Plan. Progress in delivering specific priorities may also be reviewed by other arrangements (e.g. Local Government Group's peer review may be considered for such purposes).

18. At the level of individual Directorates, the Portfolio holder and Directorate Leadership Team will continue to play a key role alongside the relevant Policy and Scrutiny Committee – who should have a role in scrutinising delivery of the relevant Directorate Business Plan. These Committees may also have an input into specific commissioning frameworks.

19. Performance against Corporate Plan commitments, and underlying operational activity, will be reported through a series of Management Information Scorecards. In 2012-13 this will mean:

    a. continued monthly operational reporting at a Directorate and Corporate Leadership Team level. Scorecards will continue to be shared with the relevant Policy and Scrutiny Committee on an informal basis (with areas of concern being referred for formal discussion to the relevant Committee)

    b. quarterly outcomes based monitoring to Cabinet and to the Executive Scrutiny Committee in line with the programme for quarterly financial reporting. This will focus on delivery of the Corporate Plan priorities and outcomes, drawing on comparative information where available and on other relevant outcomes based information as appropriate

c. annual reporting on progress made against the priorities outlined in the Essex*Works* Corporate Plan (as well as a financial summary) to Cabinet and to the Executive Scrutiny Committee.

Section 2: Revenue and Capital Budgets 2012/13 and Medium Term Resource Strategy

Executive Summary

- The draft financial settlement for local authorities for 2012/13 indicates available revenue resource of £937.906m. This will be subject to final settlement information due in February (currently expected 8th February). Whilst this is slightly higher than the estimated sum discussed in December, the extra sums relate to additional responsibilities or re-classification of cost, as detailed in the budget book.

- Draft revenue budgets were prepared for 2012/13 at the time that the 2011/12 budget was published, and due to this careful planning it has now been possible to refine these draft plans to ensure that proposed budgets can be presented within the available financial envelope for the coming year. The service and portfolio breakdown of the total budget are contained in tables within the main report and attached budget book.

- Draft budgets for 2013/14 have also been refreshed, and initial plans for 2014/15 have been drafted. We know from the Chancellor's autumn statement that further austerity is likely to impact significantly on the public sector, and more specifically on local authority funding, but at present we can only make assumptions as to the magnitude of this impact.

- The draft budgets for 2013/14 and 2014/15 are not, therefore, currently balanced. At the moment there is a shortfall of around £6m projected for 2013/14 and a more significant shortfall of around £35m in 2014/15. The shortfall in 2013/14 has been contained by the careful planning undertaken previously by this Authority. It reflects the continuing impact of the Transformation Programme and the three-year medium term resource strategy put in place in February 2011.

- The larger shortfall in 2014/15 reflects the fall-out of the one-year Council Tax Freeze Grant and the level of pressures likely to be experienced in services, especially in adult social care where significant cost and demographic pressures continue to impact the service. Continuing to maintain safe and effective systems which target resources for children and families most in need remain a priority to Schools Children and Families and further cost pressures are evident to meet the challenges next year and beyond.

- Taking account of the future funding prospects makes it even more important that the Council maintains a prudent level of reserves and balances to provide for known exceptional expenditure, unexpected demands and the potential for slippage in savings delivery plans.

- The Council has also reviewed its capital programme to identify how priorities can be met within a diminishing capital funding envelope. A prioritisation process was established to review all capital requirements against an agreed set of principles and taking into account the change to mainly non-ringfenced grants.

- In December 2011 the Department for Education announced that the capital grant for ECC for 2012/13 would be reduced by £13.6m, reflecting the conversion of schools to academies, which further impacted on the planning process under way.

- The composition of the Capital programme for 2012/13 – 2016/17 and associated financing is included in tables in the main section of the report. Total new capital expenditure planned in 2012/13 is £134.581m, which is reduced compared to earlier years. Slippage from 2011/12 is currently estimated to be £59.908m, making the total expenditure in 2012/13 £194.489m. This total sum will now need to be financed in 2012/13.

1. Background

1.1. It is essential to the delivery of the Council's objectives that there are robust revenue and capital budgets in place, not only for the forthcoming year but for years beyond that. This enables the Council to plan more effectively, especially in an era of declining resources. The Government is also announcing many new funding and administrative arrangements for local government, which the Council must take into account in its planning framework.

1.2. Members will recall the report to the Cabinet on 6 December 2011, which set out the budget strategy. This report aims to build upon the information contained in that document and the subsequent report to Cabinet on 24th January 2012. In December, it was not entirely certain that the Government would adhere to the Formula Grant figures that had previously been announced for 2012/13. There were suggestions of changes for academies and pensions. In the event these changes did not happen and there was slightly more money given through Formula and other grants than anticipated, although some came with more responsibilities or were due to the rephasing of grants such as that for PFI. It was anticipated that the Council would have funding totalling £930.333m, but the provisional settlement revealed £937.906m. The budget book contains a table which shows the detailed comparison.

1.3. The figures in Appendix A are also predicated on the assumption that the second tranche of Council Tax Freeze Grant will be accepted, which implies that there will be no increase in the Band D Council Tax set by the Council.

1.4. The confirmed tax base for Essex County Council for 2012/13 is 535,184 Band D equivalents, an increase of 0.5% on the 2011/12 base. Although this is slightly higher than the anticipated amount, there is no longer the surplus on the collection funds of billing authorities that was anticipated. The position is now a net deficit across the county and the County Council share of this amounts to £0.624m, a reduction of £2.356m.This movement in available resources is offset by a withdrawal from the General Balance.

1.5. Final settlement figures will not be available until 8th February, but it is not anticipated that there will be any change. The Council is required to determine the level of Council Tax to be charged by defining the council tax requirement and dividing this by the number of Band D equivalent properties. It is recommended that any minor funding changes that may arise at final settlement are managed through additional movements on the General Balance, under the authority of the Executive Director for Finance (section 151 officer) and the Deputy Leader and Cabinet Member for Finance and the Transformation Programme.

2. Revenue Budget 2012/13

2.1. In December 2011 the net cost of services reported to the Cabinet was as set out in the table below ('December' column).

Controllable Net Budget	Draft 2012/13 Budget	
Directorate	**December 2011**	**February 2012**
	£000	**£000**
Adults Health & Community Wellbeing	360,916	354,470
Schools, Children & Families	211,261	204,892
Environment, Sustainability & Highways	174,699	189,171
Finance	21,722	21,722
Strategic Services	11,967	10,968
Transformation	25,718	24,792
Central & Other Operating Costs	117,180	131,891
Asset Charges	2,660	-
Building Maintenance	4,210	-
Total	**930,333**	**937,906**

2.2. This compares to a latest 2011/12 budget of £924.816m. These figures assume substantial savings plans in order to absorb the pressures arising from demographic growth, inflation and other cost pressures. The savings and efficiencies incorporated into the 2011/12 budget amounted to £98m. The equivalent amount in the draft 2012/13 budget amounts to £123.3m, comprised of both business as usual savings and those derived from the Transformation Programme (see para. 2.8).

2.3. As indicated above, when the provisional settlement was announced, the funding allocations and arrangements changed giving a revised funding envelope (shown below) and hence budget requirement. In addition, there have been many internal technical adjustments to the budget since December, including centralising the budget for past service pensions deficit (£13m), centralising remaining elements of the facilities management budgets (£3.5m) and other movements.

2.4. In addition to setting its budget requirement the Council now also has to carry out an additional budget calculation under sections 42A and 42B of the Local

Government Finance Act 1992, as inserted by the Localism Act 2011. This calculation is required to be made in order to arrive at a Council Tax requirement for the year.

Revised Funding Envelope 2012/13	
	£000
Gross expenditure	2,144,396
Income	(175,129)
Specific Govt Grants (excluding DSG)	(116,348)
Specific Govt Grants (DSG)	(915,013)
Net cost of services	**937,906**
Withdrawal from General Balance	(2,356)
General Government Grants	(79,764)
Budget Requirement	**855,786**
Collection fund net deficit	624
NNDR	(269,574)
Revenue Support Grant	(5,226)
Council Tax Requirement	**581,611**

2.5. The Band D Council Tax is therefore calculated as follows:

	£
Council Tax requirement	581,611,212
Band D equivalent properties	535,184
Band D Council Tax	1,086.75

2.6. So while the requirement for savings or efficiencies from services have not changed, the budget figures have been altered to reflect the adjustments described in the paragraph above. The resultant figures are also shown in the table above (‘February’ column) under paragraph 2.1.

2.7. To date, the revenue budget has been prepared on the directorate basis, but now that the figures are in a position to be approved by the Council, they have been recast into portfolio format. This is in accordance with the normal practice of presenting the budget book to the Council in line with Cabinet Members’ respective responsibilities for discharging the functions of the Council (i.e. the portfolio format, with policy lines) and, of course supports the principles of good financial control as set out in the Financial Regulations (included elsewhere on this Council meeting agenda).

2.8. The revenue budget in portfolio format is shown in the table below.

Controllable Net Budget	**2012/13 Draft**
Portfolio	**£000**
Adults, Health & Community Wellbeing	338,835
Children's Services	173,033
Communities & Planning	5,573
Deputy Leader	16,476
Economic Development and Waste & Recycling	64,545
Education & 2012 Games	41,922
Environment & Culture	14,023
Highways & Transportation	91,316
Other Operating Costs	113,852
Procurement Property & Major Projects	1,489
The Leader	7,986
Recharged Strategic Support Services	68,854
Net Cost of Services	**937,906**

Notes to table:

1. *Other Operating Costs* includes debt financing costs, emergency contingency and contributions to and from reserves.

2. *The Leader* portfolio includes costs associated with the democratic process, members' support and corporate policy.

3. *Recharged Strategic Support Services* are central overhead services which are subsequently charged out to the other services.

2.9. Sub-section 3 of this part of the report describes the impact of the budget on services. This makes it clear there are considerable cost, service and demographic pressures on most services and that significant savings are necessary in order to balance the budget. The extent of this business activity clearly brings with it a degree of risk and it is therefore imperative that the Council takes a prudent view of the reserves held by the Authority.

2.10. Services will be assisted in the delivery of further savings through the ongoing pursuit of the Transformation Programme. This Programme will have delivered approximately £197m of savings to March 2012. Over the period to the end of March 2013 a further £67m is programmed to be saved. Adding "business as usual" savings (para. 2.2) takes the four-year total to more than £329m. The Programme is a forward thinking set of projects that are reducing headline expenditure in both front line and support service activity, enabling the Authority to live within the reducing budgets available.

2.11. While schools' expenditure, predominantly funded through Dedicated Schools Grant (DSG), lies largely outside of ECC's control, it is important to report it here. The forecast for the Dedicated Schools Grant (DSG) for 2012/13 is in the table below; the final DSG 2012/13 will be determined following the January Schools Census. It is expected that pupil numbers will be available in mid to late February. The Pupil Premium for 2012/13 is £1.25 billion nationally and will increase to £2.5 billion nationally by 2014/15. Resources will be delivered to schools on the basis of the numbers of 4-15 year olds who are currently or have been in the last six years entitled to a free school meal. The per pupil rate increases from £488 in 2011/12 to £600 in 2012/13. Looked after children receive the same rate and children from a military background will be supported at £250 per pupil. The Department for Education will release data for local authorities to estimate their allocations in February.

Year	Amount per pupil (GUF) £	Pupil Numbers	Gross DSG £,000	Academies Deductions £,000	DSG remaining with LA £,000
2011-12 (updated) DSG	4,816.13	193,896	933.848	(174.638)	759.209
2012-13 DSG (estimate)	**4,816.13**	**193,896**	**933.848**	***(312,909)**	**620.939**

GUF – Guaranteed Unit of Funding

* the 2012-13 Academies deduction is based on the schools which have or will have transferred to Academy status by 31 March 2012 according to a national formula. Numbers change on a monthly basis as more schools opt to transfer. There has been no increase in school funding per pupil, year on year, and there is unlikely to be any increase in per pupil funding through 2012-15.

2.12. The reserves, set out in the attached Budget Book, fall into two broad categories: earmarked and general balances. Both are equally important to the Council's financial wellbeing. The former are amounts set aside for very specific policy purposes, the most important of which is preparation for significant future expenditure, which would otherwise cause very uneven cash flows. In turn, that would have potential negative effects on the Council Tax increases or on service budgets.

2.13. The General Balance does not have a specific purpose, but is set aside to allow the Council to deal with unexpected events or costs without impacting services at short notice. A generally accepted guideline is that such balances are 5% of the budget requirement. Essex County Council is proposing general balances of £45.3m at the beginning of 2012/13. It is proposed to withdraw £2.356m from the General Balance in 2012/13, which will leave an estimated balance of £42.9m. This is slightly less than 5%, but combined with a proposed £8m contingency in the revenue budget, the 5% guideline is achieved.

2.14. Having such reserves and balances at a time when the Council has to find significant savings in its operating budgets is essential. This allows the Council to have some measure of safety net should the unexpected occur or should some savings plans not deliver the required figures at the required time.

2.15. An integral part of the budget preparation process is for the Section 151 Officer (Margaret Lee, Executive Director for Finance) to give her view on the robustness of the budget. She has guided the Council through its preparations of this budget and is therefore thoroughly acquainted with it. Her statement is as follows:

2.15.1. I have considered carefully the pressures upon all services, along with the plans to mitigate those pressures by finding efficiencies and savings. Coming as they do, after several years of efficiency programmes, I do not underestimate the challenge that the large, front-line service directorates will have in doing more. Similarly, the support directorates have faced many years of reductions but are key to enabling service delivery. They too will find the further reductions difficult.

2.15.2. However, the County Council has an impressive track record in sound financial management and in the delivery of savings and efficiency programmes, while continuing to deliver high quality services. Many programmes began in 2011/12 and earlier in order to deliver benefits in 2012/13 and beyond, and these are making good progress. Continued tight monitoring of delivery plans by directors, portfolio holders and corporate groups will be required throughout 2012/13 in order to deliver the savings and efficiency programme totalling £123.3m required to balance the budget.

2.15.3. The continued provision of adequate earmarked reserves and general balances is essential to my confidence in the ability of the Council to successfully manage its financial affairs within a tight cash limit. Without these reserves and balances the Council may need to take remedial action within year to address budget shortfalls; such urgent action is seldom satisfactory nor without longer term consequences.

2.15.4. On that basis I am pleased to recommend to Council the budget for 2012/13 as being robust. However, I would wish at the same time to flag that our own funding projections, based upon the best information available, show increasing funding gaps in the years beyond 2013/14. Only by taking early and positive action, while preserving reserves and balances, will it be possible to ensure that future budgets are robust.

3. Service Implications of the Revenue Budget 2012/13

3.1. This section of the report will describe the most significant issues confronting each main service area.

3.2. *Adults, Health and Community Wellbeing*

3.2.1. In this directorate, the most significant pressure area is that of adult social care (ASC). Pressures come mainly from demographic growth, estimated at £14.2m for 2012/13, but also from price inflation. This has meant that the directorate has had to continue with the savings programme from 2011/12 and identify new initiatives to offset the increased pressures.

3.2.2. The savings for the Strengthening Commissioning programme in 2012-13 are £200,000 and in 2013/14 £4.8m. These are from the Joint Commissioning work stream of the project which will identify the opportunities and associated efficiencies from joint commissioning with health. The other work streams within the Strengthening Commissioning project have required investment of £546,000 in 2012/13 to deliver the Council's new statutory responsibilities resulting from the Health and Social Care Bill. The NHS is also facing pressures and there will be future risks to manage as they seek efficiencies, which could impact on the ECC budget. Good partnership working will mitigate some of this but the reform programme in the NHS and other areas of the welfare system present tough financial risks to manage.

3.2.3. The Authority is also confronting the transfer of public health to local government. At present the government has not made any announcements on what the future budgets for public health will be. There is likely to be less money in the system but it is too early to understand the impact of this. District and borough colleagues are also involved in the public health development work.

3.2.4. The majority of the proposals for budget reduction have been classified as delivering further efficiency savings, which have the potential to impact positively on the service user experience. However, there are £50m of pressures to offset in total in 2012/13, which will have a direct impact on providers and the way customers access our services in this challenging economic climate.

3.2.5. There is a proposal that is identified as a service reduction, although the impact will be for new service users only. It is to reduce 12 weeks' free monitoring to 6 weeks for new assistive technology (Telecare) users. This is in line with other intermediate care services including existing supporting people care line and will bring us in line with other local authorities. This will be reviewed and monitored for an adverse impact on take up.

3.2.6. In relation to any specific reductions:

3.2.6.1. Grant funding will be replaced by a commissioning approach to services and inevitably some organisations will not receive grants for certain activities. However existing funding is for one year only and it was stated specifically there would not be a roll over

3.2.6.2. The Supporting People position is as agreed with no change

3.2.6.3. In relation to service times and their reduction, we are working with primary care consortia to look at increasing the ease and scope of contact.

3.2.7. The Equalities Impact Assessment (EIA) at Appendix B makes reference to the reduction in expenditure on mental health services for adults through procurement and operational activities, and to the remodelling of the meals service contract. Cabinet are advised that impact assessments have been undertaken with mitigating actions put in place.

3.2.8. For the Library, Arts and Heritage Service there are proposals to increase income from bidding for additional contracts. If these are successful it will alleviate the necessity for significant service reductions. The service reductions currently proposed are:

3.2.8.1. Special Services to the public such as Community Information Points (CIPs), Answers Direct (e.g. homework help and business advice) and increased charging for performing arts (e.g. music scores). The reduction in CIP's could have a consequential effect on our partners and the reduction in Answers Direct could have an impact on Chambers of Commerce.

3.2.8.2. One off in 2012/13 reduction in the Resources (book) Fund.

3.2.8.3. Reduction in local and cross-county activity which increase the use of libraries and services by adults, families and children.

3.3. *Schools, Children and Families*

3.3.1. This Directorate is facing some £17m of new pressures for 2012/13, of which some are mitigated by existing efficiency and savings plans. This is a significant challenge, especially as we continue on our improvement journey.

3.3.2. The number of Children in Care (CIC) remains a cause for concern both locally and nationally. Whilst a downward trajectory is evident in Essex with numbers decreasing from 1,590 as at January 2011 to 1,537 as of 31st December 2011, the volume continues to put pressure on the Schools, Children and Families budget. Overall demand for social care intervention remains high and the service is managing the demands by ensuring resources are reasonable and appropriately targeted whilst developing services to support vulnerable families.

3.3.3. The placement plan is a long-term strategy with the objective of stabilising the placement expenditure. This includes increasing the number of in-house foster carers and negotiating lower prices with external providers. Further short term investment is required whilst we continue to manage placement demand and achieve the service mix which will achieve the best outcomes.

3.3.4. The demand for fostering placements is high due to the number of CIC. It has been necessary to increase the level of fees paid to in-house foster carers to ensure we remain competitive with the Independent Fostering Agencies. The use of in housel carers will enable closer working with Council staff, improved experience for CIC and reduction in the use of more expensive placements.

3.3.5. ECC has a duty to provide ‘reasonable contact’ for children who live separately from their birth families. The supervised contact service arranges contact for CIC with family members. It is a statutory provision in response to court direction. There are increased costs in relation to these arrangements and an increase in the number of CIC receiving some form of supervised contact.

3.3.6. Increased investment is required from 2012/13 to facilitate the provision for free places for disadvantaged two-year-olds as we move towards a legal duty to provide free places for all disadvantaged two-year-olds from 2013.

3.3.7. The service savings are classified as efficiencies, including new ways of working, these will be achieved through:

3.3.7.1. Supporting, through a range of services, more children and young people to live safely at home and therefore reducing the number in care

3.3.7.2. More effective and efficient commissioning of children’s services. This will focus on the development of an outcome focused mix of services that will be targeted to those that most need them

3.3.7.3. Development of alternative in county options for children with special educational needs to reduce the number of independent school places required

3.3.7.4. Service redesign and the provision of alternatives such as short breaks to provide respite services for children with disabilities more effectively and efficiently.

3.3.8. The following two models for alternative delivery are anticipated to have a potential impact on partner bodies.

3.3.8.1. Commissioning of locality services across the county; including direct support to the early years workforce, strategic development and reduction in small grants.

3.3.9. In mitigation of the above Child Care Settings will be assisted to self assess and access appropriate support services to drive up performance as oppose to receiving direct support from the local authority. The Early Years and Childcare Workforce Development Unit will be joined up with the wider Schools, Children and Families Workforce Development Unit. This will result in economies of scale which will enable efficiencies to be provided minimising impact on front line service delivery. The reduction in small grants may prevent some settings developing provision and the local authority will assist in helping them access other streams of funding.

3.3.11. The EIA in Appendix D refers to the reduction in Education Welfare Service expenditure, through a restructure that has been through consultation. Specific mitigations are in place around safeguarding and early intervention capacity.

3.3.12. The Schools Forum on 8th February will be asked to consider and/or give approval to the proposals put forward by the Council in relation to the balancing of the Dedicated School Grant (DSG) Budget for 2011-12, the impact on the year 2012/13, and the setting of the DSG' Budget for 2012/13.

3.3.13. The proposals presented to the Schools Forum will contain details of 2010/11 carry forward overspends, unfunded cost pressures within the 2011/12 centrally retained DSG and new cost pressures and savings identified in the DSG medium term resource plan. Agreement will be sought from the Forum that the 2010/11 and 2011/12 cost pressures are a first call on the 2012/13 DSG prior to determining available headroom for distribution when setting the 2012/13 budget.

3.4. *Environment, Sustainability and Highways*

3.4.1. In addition to £5.9m of pressures predicted from when the 2011/12 budget was created, a further £10.7m of pressures have been identified for 2012/13. The most significant of these derive from the increase in recycling costs and payments under the Inter-Authority Agreement (IAA) for waste, the increase in waste arising, scheme growth and demographic pressures on concessionary fares and winter (road) maintenance costs.

3.4.2. As with other services, attempts have been made to avoid service impacts when seeking to mitigate the pressures. Initiatives identified include:

3.4.2.1. Headline saving from the Highways Strategic Transformation project through delivering the requirements more efficiently. Due to the nature of the work of the Highways service, a full understanding of the budget can only be gained from reviewing the capital element of the service budget. Please see the capital programme sub-section (5) of this report

3.4.2.2. Savings from reduced property related costs across Essex County Council and savings from the new property management and facilities management service (PMFMS) single provider contract

3.4.2.3. Passenger transport savings through a range of measures including reduced subsidies to some local bus services. We will consult on any proposed changes

3.4.2.4. Applying the waste reserve to the increasing cost of waste in order to smooth the impact on the revenue budget.

3.4.3. Some smaller savings have been identified that may have a consequential effect on customers or partners. These include:

3.4.3.1. A recalculation of the volume to tonnage trade waste calculation, which could therefore have an impact on district councils' trade waste customers assuming costs are passed through

3.4.3.2. Ongoing negotiations with IAA partners to drive out savings requires district councils to make efficiency savings;

3.4.3.3. Potentially fewer supported bus routes following consultation could limit passenger accessibility and choice.

3.5. *Transformation, Finance and Strategic Services*

3.5.1. Combined, these three central directorates have pressures totalling some £5.7m, with the majority (£4m) being in Transformation. Of the £4m, £2.9m is attributable to the IS Modernisation Programme, recently approved, of which only £1m is ongoing; i.e. £1.9m contributes to the £4.1m set out in paragraph 3.5.2 below.

3.5.2. A significant amount of the pressures are being mitigated by plans that are already under way from 2011/12. However, a further £4.1m is derived from new proposals including restructuring of services, the First for Public Law project and reduced audit fees

3.5.3. Care is being taken to minimise the impact of reductions in support services on the ability to deliver services to front line departments.

3.5.4. The Transformation Support Unit has overseen the production of an outline business case (OBC) for the Corporate Services phase 2 programme, which embraces proposals for further IS investment. It is proposed that £582,000 is drawn from the Transformation Reserve in

2012/13 in order to provide the resources to create a full business case (FBC).

4. Medium Term Resource Strategy

4.1. Members may recall that the previous report to the Cabinet in December 2011 set out some of the challenges ahead. These have now been updated.

4.1.1. Further funding restraint as the Government wrestles with the problem of economic recovery while managing public indebtedness. We now know, from the Chancellor's Autumn Statement, that the Government anticipates that at least the two years beyond the current Comprehensive Spending Review (CSR) 2010 (i.e. 2015/16 and 2016/17) will be austere, with real terms reductions in public spending of 0.9% a year. This could translate into a central government reduction in support for local government of the order of 30% - 40% (via National Non-Domestic Rates (NNDR) and Revenue Support Grant). This latter projection is not used in this report.

4.1.2. The proposals for NNDR retention were issued in December 2011. The Government has continued with the theme of limiting the amount of NNDR that can be retained locally as mentioned above. Furthermore, the intention to support more grants from the pool of resource (including now the first tranche of Council Tax Freeze Grant), the need to support authorities who are less able to generate business growth and the need to periodically align resources with needs all lead to unpredictable volatility in the system. The Government has also indicated its intention to allocate 80% of NNDR to collecting authorities and 20% to precepting authorities where relevant. This will imply that most precepting authorities such as Essex County Council will be classified as a top-up authority.

4.1.3. The Government also issued proposals on Council Tax Benefit localisation in December. The plans are mostly as expected and will bring with them new responsibilities for precepting authorities, and challenges for all local authorities who will have to manage eligibility criteria within protective rules for pensioners and a 10% reduced grant allocation. The outcome of this new regime is difficult to quantify but it is certain that it will impact negatively on current Council Tax collection rates as well as imposing a direct financial burden on all local authorities, to compensate for gaps in benefits funding. Combined with many other proposed changes in the welfare system, concerns are emerging about the cumulative impact on those dependent on the welfare system and hence on our services.

4.1.4. The first tranche of Council Tax Freeze Grant will drop out in 2015/16, implying a funding gap of about £14m, all other things being equal. If the second tranche of funding is accepted, then there will be an earlier drop-out of the same amount in 2013/14.

4.1.5. The Government is currently consulting on the funding alterations that will ensue from schools converting to academies. This is likely to see substantial sums removed from local authority budgets that could be beyond the implied reduction in cost to those authorities. Modelling is under way to seek to predict more accurately the consequences of this change, although we now know that 2012/13 is not affected.

4.1.6. Discussions continue on the transfer of public health to local government in the absence of any information on the likely funding transfer.

4.1.7. Pension reforms are now unlikely to take place until 2014, and there will be only one set of changes. However, the Treasury target of £900m saving is likely to produce a grant adjustment (downwards) in that year and beyond.

4.2. Given the Government's funding constraints and the spending pressures brought about by demographic increases and inflation, an increasing gap between funding requirements and availability is certain. Based upon the best information available, the Finance Team has undertaken some modelling of likely funding settlement beyond 2012/13. This takes account of the CSR headline reduction in funding of 28% over the four years, Council Tax Freeze Grants, potential Council Tax rate and base increases. The table below shows a possible scenario based upon realistic assumptions.

	2012/13 **£m**	**2013/14** **£m**	**2014/15** **£m**
Revenue Support Grant	5.225	4.833	4.471
NNDR	269.574	250.443	232.748
Total Formula Grant	**274.799**	**255.276**	**237.219**
Council Tax	581.611	599.132	617.180
Collection Fund Deficit	(624)	(624)	(624)
Contribution from General Balance	2.356	-	-
General Gov't Grant	79.764	65.210	65.210
Total Revenue Resources	**937.906**	**918.994**	**918.986**

4.3. When the budget for 2011/12 was prepared, draft budgets for 2012/13 and 2013/14 were also considered. The projection for 2013/14 has now been updated using the best information available from the creation of the 2012/13 budget, and a projection for 2014/15 has also been prepared. Given that the funding envelope is imprecise at the moment, and that there has been no discussion of pressures, savings and priorities for years beyond 2012/13, the forward years are not balanced. However, the preparations so far identify the scale of the challenge. The table below shows the projected funding envelope and draft budget proposals created to date.

Directorate	2012/13 £m	2013/14 £m	2014/15 £m
Adults, Health & Community Wellbeing	354.470	367.893	387.491
Schools, Children & Families	204.892	200.263	203.443
Environment, Sustainability & Highways	189.170	194.438	200.025
Finance	21.722	20.851	20.971
Strategic Services	10.968	10.200	10.359
Transformation	24.792	19.584	19.745
Central & Other Operating Costs	131.891	112.391	112.369
Total projected spend	**937.906**	**925.623**	**954.405**
Gap	-	6.629	35.419

4.4. It is noticeable that the projected gap in 2013/14 has been quite well contained. This is largely because of the careful forward planning of the Authority, both the Transformation Programme and the three year medium term resource strategy put in place in February 2011. The latter saw many savings proposals take three years to come to fruition; i.e. not fully delivering until 2013/14. In addition, in accordance with previous planning, the contributions to the transformation and redundancy reserves are removed in that year. This position may have to be considered further. Contributions may be made from one-off underspends in 2011/12, but further contributions may also be needed in 2013/14 and 2014/15.

4.5. However, while those plans continue to deliver savings into 2014/15, new pressures emerge, especially relating to adult social care where there are significant cost and demographic pressures.

4.6. From previous experience, these predicted gaps are likely to prove optimistic. For example, there will almost undoubtedly be more emerging pressures on services. These could be price, demography or additional responsibilities assigned by the Government, and further turbulence in the economic markets, especially linked to the Eurozone, does mean that we are estimating in an unstable environment. Some growth in particular areas could also be desirable to address the Council's priorities. Any of these issues will extend the gaps beyond those shown above.

4.7. It is clear from the financial planning undertaken so far that there will be considerable pressure on savings programmes to deliver significant benefits in order to mitigate pressures and maintain key services. The Council already has begun planning for the next iteration of transformation and is formulating several workstreams both focused on internal structure and process and on working more closely with partners to sustain and improve services while reducing costs. Examples of such programmes include:

- Economic growth – identifying how the Council may best invigorate growth in the county, working in partnership with others. Ultimately this could benefit the public sector through the localisation of NNDR, thereby offering the potential for a virtuous circle

- All age commissioning – instead of commissioning for children's and adults' services independently, bringing the two together to offer both procurement and service benefits

- Systematic review of services – a review of the processes and soft-structure of the Council to ensure that it is working as efficiently as possible

- Community budgets – an innovative pilot project to enable the public sector and other partners to work more closely together to deliver services in a more efficient and effective manner.

5. Capital Programme 2012 – 2017

5.1. As part of the 2012/13 budget setting process the Council reviewed its capital programme to identify how its capital priorities could be met within a diminishing capital funding envelope. Services submitted capital proposals that were evaluated against capital prioritisation criteria that were derived from both the Council's Corporate Vision and priorities and from an evaluation of the proposed project's complexity and deliverability.

5.2. The prioritised capital projects were then compared to the available capital funding envelope to identify projects for inclusion in the capital programme. The prioritisation process was underpinned by the following principles for the financing of the capital programme:

5.2.1. Unringfenced grants would be held corporately and not allocated to the service for which they are notionally provided for by central government

5.2.2. Growth in unsupported borrowing was not budgeted for

5.2.3. Projects that are fully funded by external funding were evaluated against the capital prioritisation criteria to ensure proposed projects are congruent with the council's corporate priorities.

5.3. The capital prioritisation process began in summer 2011 and was based on the projections of capital grant funding provided as part of the 2011/12 local government finance settlement. In addition, the available capital funding envelope included a review of available Section 106 (S106) monies to identify where projects could use available and projected S106 contributions.

5.4. However, in December 2011 the Local Government Finance Settlement was announced and the level of 2012/13 capital grant provided by the Department of Education (DfE) to the Council was reduced by £13.6m. This is to reflect the conversion of maintained schools to academies as local authorities do not have maintenance responsibilities for these schools. In response to the reduced capital grant the council re-profiled and reduced the budgeted capital expenditure for schemes, allowing for £13.6mof additional borrowing in 2012/13 but not in subsequent years.

5.5. The financing sources and split of the proposed capital programme across service directorates and portfolios for the period 2012/13 to 2016/17 are shown in the tables below. It should be noted that these figures do not include slippage from the 2011/12 programme. When slippage occurs, the relevant financing is slipped at the same time to ensure a neutral impact on the budget. The figures reflected in the Prudential Indicators and Treasury Management strategy, that also forms part of this report, do take account of slippage.

Financing Source	2012-13 £m	2013-14 £m	2014-15 £m	2015-16 £m	2016-17 £m
Ringfenced Grants	17.183	25.899	7.434	0.000	0.000
Unringfenced Grants	59.707	52.005	47.447	47.197	47.447
Developer contributions	18.875	11.485	21.634	22.959	29.626
Capital Receipts	0.000	9.266	0.000	1.800	0.000
Unsupported Borrowing	37.657	37.332	18.906	13.227	0.000
Borrowing financed by revenue contributions	1.255	2.138	0.116	0.000	0.000
Total Financing Available	**134.678**	**138.126**	**95.537**	**85.183**	**77.074**
Financing not applied	(0.097)	0.000	0.000	(10.742)	(7.738)
Total Financing Applied	**134.581**	**138.126**	**95.537**	**74.441**	**69.335**

5.6. In building this programme, we have included ringfenced grants and developer contributions we are aware of. Clearly as further amounts under these streams are announced or negotiated, then these can be added to the programme. Similarly the level of capital receipts included in this draft programme reflects those which are known or agreed at this time. As more are realised these too could be either used to supplement the programme or repay debt (thereby reducing the ongoing impact on the revenue budget).

Directorate	Gross Capital Expenditure				
	2012-13 £m	2013-14 £m	2014-15 £m	2015-16 £m	2016-17 £m
Adults Health and Community Wellbeing	5.825	7.750	2.250	2.250	0.250
Environment Sustainability and Highways – Major Projects and Infrastructure	21.339	17.118	3.170	0.168	0.000
Environment Sustainability and Highways – Highways	52.594	52.511	32.618	25.200	25.168
Environment Sustainability and Highways – Essex Property and Facilities	1.200	0.950	0.750	0.000	0.000
Transformation	9.350	4.190	1.800	0.000	0.000
Schools, Children and Families	40.509	50.607	49.949	42.823	39.918
Strategic Services	3.765	5.000	5.000	4.000	4.000
TOTAL CAPITAL EXPENDITURE	**134.581**	**138.126**	**95.537**	**74.441**	**69.335**

Portfolio	Gross Capital Expenditure				
	2012-13 £m	2013-14 £m	2014-15 £m	2015-16 £m	2016-17 £m
Environment and Culture	0.625	0.550	0.250	0.250	0.250
Adults Health & Community Wellbeing	5.200	7.200	2.000	2.000	0.000
Economic Development, Waste and Recycling	23.339	22.118	8.170	4.168	4.000
Highways & Transportation	52.594	52.511	32.618	25.200	25.167
Major Projects and Commercial Services	1.200	0.950	0.750	0.000	0.000
Deputy Leader	9.350	4.190	1.800	0.000	0.000
Education & the 2012 Games	40.774	50.607	49.949	42.823	39.918
Communities & Planning	1.500	0.000	0.000	0.000	0.000
Total	**134.581**	**138.126**	**95.537**	**74.441**	**69.335**

5.7. The figures for the programme above do not include any slippage from 2011/12 at this stage as the Council is being asked to consider the new programme. However, slippage from 2011/12 is currently estimated to be £59.908m, making total expenditure in 2012/13 £194.489m, all of which will need to be financed in 2012/13.

6. 2012/13 Prudential Indicators, Treasury Management Strategy and Minimum Revenue Provision Policy

6.1. The Budget Book contains the Prudential Indicators, Treasury Management Strategy and the Minimum Revenue Provision Policy. In compliance with statutory regulations and Codes of Practice the Council is required to compile:

6.1.1. Prudential indicators that are intended to demonstrate that the borrowing the Council plans to undertake for capital financing purposes is at a prudent, affordable and sustainable level;

6.1.2. A treasury management strategy that explains how the Council's cash flows, borrowing and investments will be managed;

6.1.3. A policy that explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.

7. Pay Policy Statement 2012/13

7.1. Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year forward.

7.2. The pay policy statement must include:

7.2.1. The Authority's policy on the level and elements of remuneration for each chief officer

7.2.2. The Authority's policy on the remuneration of its lowest paid employees

7.2.3. The Authority's policy on the relationship between the remuneration of its chief officers and other officers

7.2.4. The Authority's policy on other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.

7.3. A draft pay policy statement has been considered by the Chief and Deputy Chief Officers Panel and is presented at Appendix A for agreement.

8. Conclusions

8.1. The public sector is facing severe financial pressures as the Government seeks to address the fiscal issues confronting the Country. This means that local government, amongst others, must seek to deal with increasing pressures on its services, seek to support the economy in its recovery, aim to be more efficient and ensure that through robust leadership and management, safe financial control is delivered. The budget proposals set out in this report, in conjunction with the Corporate Plan priorities and objectives will support effective service delivery and good financial management.

8.2. During the development of these budget recommendations, members and officers have considered many different proposals in order to address any budget gaps, both in revenue and capital. The proposals put forward in this report are seen to be the most effective in delivering the Council's objectives in line with the Corporate Vision and Plan for 2012/13 to 2016/17, whilst addressing the funding pressures.

Supporting Information

Internal and External Consultation

- The Essex*Works* Corporate Plan 2012-2017 draws heavily on the Essex*Works* Commitment 2012-2017 which was developed through extensive Member, public, partner and employee consultation. Both Cabinet and Council have received a report of this consultation process (see Cabinet Report FP/667/10/11 and item8 Corporate Vision Council Paper)

- As part of the Corporate Vision development process, Cabinet Members set out their views on the priorities that ECC should seek to deliver. The priorities that structure the Corporate Plan were drafted by Cabinet Members and the drafting process was informed by a programme of engagement involving all ECC Members. Cabinet Members have also been consulted, individually and collectively, about the specific outcomes and success measures that complete the EssexWorks Corporate Plan

- The Executive Scrutiny Committee will also be engaged in the development of the Corporate Plan prior to its consideration at Full Council. The draft corporate plan is being discussed by ECC's Executive Scrutiny Committee on 31st January 2012. The committee's findings will be used to inform debate and discussion at Council on 7th February

- In addition to the above, Cabinet and Executive Scrutiny members have been engaged in the budget process, and consultation has been undertaken with business groups and unions.

Legal Implications (Monitoring Officer)

- In each financial year the Council must make its budget calculation in accordance with section 43 of the Local Government Finance Act 1992. In particular, it must calculate the aggregate of -
  - the expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year
  - such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;
  - the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure; and
  - such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.

- The Council is required to set a balanced budget and in considering the budget the Council must have regard to the advice of its Chief Finance Officer appointed under section 151 of the Local Government Act 1972

- Under section 25 of the Local Government Act 2003 the Chief Financial Officer is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Cabinet is required to determine and submit to Full Council and are contained within this report. The Chief Finance Officer is also required to report on the level of reserves

- In deciding its Capital Programme for the year, the Council should have regard to the "Prudential Code" established in the Local Government Act 2003. This is addressed in the report

- The Council is required to consider the equality and diversity implications of all its policy decisions. In cases where services are likely to be reduced or cease or grants are likely to be reduced or ceased then there will need to be an equality impact assessment conducted in order to assess the equality and diversity impacts of any particular decision. As part of this process, the decision maker will need to consider different options

- In addition to setting its budget requirement, the Council now also has to carry out an additional budget calculation under sections 42A and 42B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011. This calculation is required to be made in order to arrive at a Council Tax requirement for the year

- The Council must issue any precept or precepts in accordance with section 40 of the Local Government Finance Act 1992. The section prescribes what must be included in the issue of the precept. It must be issued before 1st March in the financial year preceding that for which it is issued, but is not invalid merely because it is issued on or after that date

- The setting of the budget is a function reserved to Full Council but the Cabinet are required to consider the recommendations it wishes to make to Full Council on the various calculations the authority is required to make. Once the budget is agreed by Full Council, the Cabinet cannot make any decisions which conflict with that budget, although virements and in year changes may be made in accordance with the Council's Financial regulations which have been adopted by the Council. Similarly, any decision made by the Cabinet or by and officer exercising executive functions must be made in accordance with the policies, plans and strategies agreed by Full Council, including the Essex*Works* Vision and the Corporate Plan.

Finance and Resources Implications
(Section 151 Officer)

- The Budget and Medium Term Resource Strategy have been submitted by the Executive Director for Finance and as such, no further comments are required here, other than to reiterate the points made under para 2.14 (check).

Human Resources Implications

- Although the content of this report does not have any direct staffing implications, it is likely that the consequences of some of the savings plans will have such implications. Where this is the case, the impact for employees will be managed in accordance with the ECC Organisational Change policy and procedures.

Equality Impact Assessment

- As outlined above, the Essex*Works* Corporate Plan 2012-2017 is a high-level strategic document setting out the authority's focus over the next five years. It does not in itself provide services or policies on how those services should be provided. As such, Equality Impact Assessments will need to be in place for individual services and policies

- Advice from ECC's Head of Equality and Diversity suggests that, given the close ties between the Corporate Plan and the Corporate Vision, preparing an additional Equality Impact Assessment on the Corporate Plan itself would not add value. A range of Diversity and Equality groups shaped the development of the draft corporate vision through a process of consultation, providing comments on the emerging proposals

- Although the primary concern was the importance of equality and diversity issues during service delivery, specific issues, principally crime and fear of crime and the importance of high quality health care and access to services were considered to be particularly important. A number of key priorities focusing on safer and stronger communities, improving wellbeing and protecting and safeguarding vulnerable people will help address these concerns

- The Council has taken a qualitative approach to undertaking an overarching impact analysis of the budget. Further information on the impacts of this budget are available within the screening and the emerging full impact analysis of the agreed activity within developing directorate and service plans. More detail of the overarching impact analysis is contained in Appendix B of this report.

Background papers

- The following background papers can be referred to:
  - The EssexWorks Commitment 2012-2017; and
  - The EssexWorks Commitment 2012-2017 Equality Impact Assessment.
  - Report to Cabinet 6 December 2011, *Financial Strategy 2012/13 and Beyond,* FP/702/11/11.

Appendix A

ESSEX COUNTY COUNCIL – PAY POLICY STATEMENT

For the Year 1 April 2012 to 31 March 2013

1. Introduction

Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for 2012/13 and for each financial year forward.

The pay policy statement must include:

- The authority's policy on the level and elements of remuneration for each chief officer
- The authority's policy on the remuneration of its lowest paid employees
- The authority's policy on the relationship between the remuneration of its chief officers and other officers
- The authority's policy on other specific aspects of chief officer remuneration such as remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency

The Act defines remuneration widely as:

- Pay
- Charges
- Fees
- Allowances
- Benefits in kind
- Increases/enhancement of pension entitlement
- Termination payments

The Act also requires that the pay policy statement:

- Must be approved formally by Council
- In the first instance must be approved by the end of March 2012 and by the end of March in each subsequent year
- Can be amended in year by Council
- Must be published on the local authority's website
- Must be complied with

2. Determination of Grade

ECC policy is to evaluate all job roles covered by the NJC for Local Government Services and under local pay arrangements using:

- Local Government Single Status Job Evaluation Scheme – Bands 1-4

- HAY Job Evaluation Scheme – Bands 5-13

No evaluation process exists for Soulbury or Youth & Community conditions, but employees are placed within Nationally Defined grading structures.

Both job evaluation schemes used are substantial schemes used Nationally and Internationally, and provide the basis for grade determination based upon a range of established factors.

As a result, the grades of the must junior and senior roles in ECC are determined by job evaluation.

3. Background

ECC Policy is that remuneration at all levels of Essex County Council (the lowest to the highest paid employees) must be sufficient to attract, appoint and retain high quality employees while at the same time recognising that pay and benefits are met from public funds.

Pay policy at ECC is to apply National Conditions to roles at the Administrative, Technical and Clerical levels, and local pay and conditions to middle and senior management levels.

The National pay agreement in 1997, known as the Single Status Agreement, required local authorities to reduce the working week of former "blue collar" workers and to introduce a single pay spine for all employees (to replace the separate grading structures that existed). Following negotiation with the trade unions, ECC achieved Single Status in June 2001 and created a broad banded grading structure as follows:

Band 1 – national spinal points 4 -10
Band 2 - national spinal points 11 -16
Band 3 - national spinal points 17 - 25
Band 4 - national spinal points 26 - 34

Above this point, the national spine was retained for middle managers for a period of time while senior managers remained contracted on local pay arrangements.

In July 2007, following a commissioned grading review undertaken for ECC by the HAY Group, local pay arrangements were refreshed and Bands 7-13 created with wide pay scales subject to performance pay arrangements. From January 2008 this scheme was extended on a voluntary basis to middle managers who were able to opt in to newly formed Bands 5 & 6, and by November 2010 all employees at this level were employed on local arrangements.

As a result, while the bulk of the workforce remain employed on National Conditions as determined by the National Joint Council for Local Government Services or other national conditions for smaller employee groups as determined by the Joint National

Council for Youth & Community Workers and the Soulbury Committee, a significant proportion are now employed on local pay arrangements.

The values of the incremental points contained within Bands 1-4 (and other National grading structures such as Soulbury and Youth & Community) are as determined by national negotiations between the Local Government Employers and the trade unions. Pay claims, generally on an annual basis, are submitted by the trade unions and considered by the Local Government Employers (following consultation with local authorities). ECC Policy is to adopt any changes made to salary scales arising from National negotiation. No changes to the values of the National incremental spine due to cost of living awards have taken place, however, since April 2009.

Local performance pay grades are benchmarked against the HAY London & South East Industrial and Service market. The grading structure applied comprises broad salary bands with no incremental points and all employees are appointed at a spot salary.

The local performance pay grades applied are revisited from time to time to ensure they remain benchmarked against the identified market. Since introduction in July 2007 the salary ranges have been adjusted only once with effect from April 2010. No cost of living awards are applied to these salary ranges.

Details of the grading structure for Bands 1-13 are shown at Appendix A.

4. Definition of Lowest and Highest Paid Employees

As stated above, ECC Policy is that all grades applied to posts are determined by job evaluation and, subject to the results of evaluation, pay ranges fall within National Conditions or local performance pay arrangements.

The lowest paid employees fall within posts evaluated at Band 1, which comprises points 4 to 10 of the National Joint Council for Local Government Services pay spine (see Appendix A for values).

Other than the post of Chief Executive, the highest paid posts within ECC fall within posts evaluated at Band 13 (see Appendix A for values).

The relationship between pay at the lowest and highest levels at ECC is therefore controlled by job evaluation.

5. Pay Policy upon Appointment

ECC Policy is that there is no restriction upon points at which new recruits should be appointed, and appointing managers or Members may use any point within the evaluated salary scale to recognise a successful applicant’s experience, qualification, technical knowledge, technical skills and market value.

Where previously identified and approved, a salary supplement may be applied.

6. Governance

ECC Policy is to delegate authority for decision making to the appropriate level and to detail such delegations within the Constitution.

Under ECC's Constitution, the Chief Executive has delegated authority to appoint, dismiss and determine pay for all employees except where this function is specifically delegated to Members. Power is delegated by the Chief Executive to other officers to appoint and dismiss staff in most cases.

Members, forming the Committee to determine the Conditions of Employment of Chief & Deputy Chief Officers, have authority to recommend to full Council the appointment of the Head of the Paid Service, to appoint and dismiss Chief and Deputy Chief Officers and to consider and approve the recommendations of the Chief Executive and the Leader of the Council in respect of performance payments for Tier 1 Officers. A Remuneration Panel had been formed comprised of independent persons to advise on executive pay.

7. Pay Progression and Links to Performance Management

Since achieving Single Status in 2001, and in agreement with the trade unions, all pay progression at ECC has been subject to performance whether under National Conditions or local performance pay arrangements.

ECC Policy is to operate a five factor performance management scheme (branded as 'my performance') and performance outcomes are directly linked to reward.

The performance review year runs from 1 April until 31 March. Stretching objectives and values and behaviour statements will need to be in place within two months of the start of each review year (by 31 May) in order to ensure that employees have a clear idea of what is expected of them in order to achieve a specified level of reward.

Objectives should be contained within a 'my performance' contract and be stretching, SMART and link to the Corporate Plan, Service and Team Plans.

The scheme rewards only effective performance; ineffective performance is not rewarded. Performance outcome ratings of Level 1 (Not Met) and Level 2 (Part Met) will not attract any reward. Performance outcomes of Levels 3 (Fully Met), Level 4 (Exceeds) or Level 5 (Exceptional) may attract a base pay increase (in the form of an increment under National Conditions or expressed as a percentage of salary under local performance pay arrangements).

The scheme provides for bonus opportunity under local performance pay arrangements only. Performance outcomes of Level 4 (Exceeds) or Level 5 (Exceptional) may attract a bonus payment (expressed as a percentage of salary).

Levels of base pay increase and bonus payments are determined by ECC annually taking into account market conditions, benchmarking data and affordability. This decision may also result in a base pay freeze, a bonus freeze, or both. Policy allows the application of different arrangements for separate grading groups.

Guidance on the distribution of performance awards is based upon that expected in a highly performing organisation. This **does not** take the form of a “forced” distribution and guidance is as follows:

Not Met – 5% of eligible employees
Part Met – 10% of eligible employees
Fully Met – 60% of eligible employees
Exceeds – 20% of eligible employees
Exceptional – 5% of eligible employees

8. Other Reward Mechanisms

(a) In Year Adjustments – Local Performance Pay

Where a post has been evaluated as within locally determined performance pay grades (Bands 5-10), a Policy has been established and agreed by Corporate Leadership Team to consider business cases for in year adjustments to base pay.

Such cases are expected to be minimal, and will need to meet established criteria.

The governance arrangements to approve submitted business cases are as follows:

- Employees within Bands 5-10 (excluding direct reports) – decision to be made by Director unless recommendation exceeds a 10% increase
- CLT Direct reports – decision to be made by the Chief Executive
- Any case where recommendation is for an increase in excess of 10% - decision to be made by the Chief Executive
- In the event that a salary adjustment in year needs to be applied to a member of the Corporate Leadership Team, this matter to be submitted to the Committee to determine the Conditions of Employment of Chief & Deputy Chief Officers to consider

(b) Career Progression Schemes

A number of Career Progression Schemes have been developed and implemented within Services for posts graded within Bands 1-4 only (National Conditions).

Policy is that such schemes allow accelerated incremental progression dependent upon employees achieving specified qualifications and experience and, depending upon the terms of the scheme, may allow two reviews to take place in a one year period.

(c) Salary/Market Supplements

As a general rule, the National and benchmarked local performance grades provide relevant and adequate compensation to attract and retain employees for the majority of posts and the necessity to apply a salary supplement should not exist.

Policy is that there may be specific circumstances, however, where an additional market supplement may be required to either attract hard to recruit categories of employees or to retain such employees within the employment of ECC. Such a case currently exists with posts of Social Worker, where there is a National shortage of applicants and the evaluated grade of posts does not compare to recruitment packages at competitor local authorities.

In all cases a business case will need to be developed to support the payment of market supplements. The business case will need to be approved by the relevant Executive Director and the Executive Director for Transformation. Contracts of employment should reflect the nature and duration of the salary supplement. All market supplements applied should be kept under review and withdrawn should the recruitment position improve.

(d) Pay Protection

ECC has a pay protection Policy which provides a mechanism to assist employees to adjust to a reduction in pay arising from organisational change, job evaluation or redeployment.

Pay is protected for a period of 18 months following which the employee reverts to a level of pay within the new substantive grade.

(e) Allowances

ECC has determined a range of Flat Rate Allowances to replace a number of premium payments available under National Conditions. These Allowances were negotiated and agreed with trade unions under the Single Status Agreement.

In some cases, allowances available under the National Conditions remain in place.

(f) Pension

ECC operates the Local Government Pension Scheme and the Teachers Pension Scheme and makes pension contributions as required to all employees who elect to participate in either scheme.

ECC has determined policies around the discretions available under the LGPS.

(g) Lease Car Scheme

ECC operates a lease car scheme, and Policy is that employees at any level within the organisation may be offered participation within the scheme.

Such participation is not subject to seniority and depends entirely upon business need.

(h) Lease Car Cash Alternative Payment

ECC Policy is that employees occupying roles graded at Band 8 and above may either participate in the ECC car leasing scheme without having to demonstrate business need, or receive a cash payment as an alternative.

(i) Private Medical Health Insurance

ECC Policy is that employees occupying roles graded at Band 7 and above may receive Private Medical Health Insurance cover. Upon application, cover is provided for employee and spouse or employee and children.

Employees may upgrade to family cover at their own additional expense. Such cover provides a Benefit in Kind and is included in P11D statements resulting in a tax deduction for participating employees.

(j) Childcare Vouchers

ECC Policy is that all permanent employees may participate in the Childcare Voucher scheme through a salary sacrifice arrangement.

(k) Cycle to Work Scheme

ECC Policy is that all permanent employees may participate in the Cycle to Work scheme through a salary sacrifice arrangement.

9. Chief Officer Salaries 2011/12

The Council Policy on the recruitment of Chief Officers is as detailed at paragraphs 5 and 6 of this Statement.

The salary packages applied to posts of Chief Officer and other designated roles for the financial year 2011/12 are published on the Council website.

10. Appointments to Designated Roles 2011/12

The Council Policy on the recruitment of Chief Officers is as detailed at paragraphs 5 and 6 of this Statement.

11. Early Retirement/Termination of Designated Roles 2011/12

The Council Policy on the termination of Chief Officers is as detailed at paragraph 6 of this Statement and within the Constitution.

ECC early retirement Policy is that requests for early payment of benefits will be agreed (before the age of 60) only if there is a compelling business reason for doing so.

12. Compromise Agreements

In exceptional circumstances to avoid or settle a claim or potential dispute, ECC may agree payment of a settlement sum. All cases must be supported by a business case and take account of all legal, financial, contractual and other responsibilities.

APPENDIX A – SALARY RANGES BANDS 1-13

Grade		Point	Annual £
NJC/Band 1		4	**12144**
		5	**12312**
		6	**12486**
	Mid Capped	**7**	**12789**
		8	**13188**
		9	**13590**
		10	**13875**
NJC/Band 2		11	**14733**
		12	**15042**
		13	**15444**
	Mid Capped	**14**	**15726**
		15	**16053**
		16	**16440**
		17	**16830**
NJC/Band 3		18	**17163**
		19	**17802**
		20	**18453**
	Mid Capped	**21**	**19125**
		22	**19623**
		23	**20199**
		24	**20859**
		25	**21519**
NJC/Band 4		26	**22221**
		27	**22959**
		28	**23706**
		29	**24645**
	Mid Capped	**30**	**25473**
		31	**26277**
		32	**27051**
		33	**27849**
		34	**28638**

Band	Minimum	Maximum
Band 5	£28,500	£50,400
Band 6	£35,500	£59,500
Band 7	£46,000	£69,100
Band 8	£55,000	£85,500
Band 9	£66,000	£103,000
Band 10	£78,000	£121,300
Band 11	£94,000	£136,500
Band 12	£98,000	£149,400
Band 13	£135,000	£197,000
Chief Executive	Spot Salary	£225,000

Appendix B

Equality Impact Implications of the Revenue Budget 2012/13

1.1. This section of the report will describe the most significant equality impacts confronting each main service area. These impacts have the potential to be of medium to high impacts for voluntary sector organisations and/or our customers. The report also highlights those impacts which are intended to be positive or neutral.

1.2. *Adults, Health and Community Wellbeing*

1.2.1. The majority of the proposals for budget reduction have been assessed as delivering further efficiency savings, which have the potential to impact positively on customers' experience. There are also budgetary pressures that will have a direct impact upon older and disabled people.

1.2.2. The pressure of price inflation and demographic growth has meant that adult social care services will operate within a maintained zero per cent uplift within an economic climate of rising costs and inflation. There is a risk that this could impact upon the quality of care delivered by service providers, or in some circumstances result in providers ceasing to trade. This outcome would have a direct impact upon the customers they support. The impact would be especially felt by those voluntary sector providers whose margins are already being squeezed. The Council will continue to monitor the effect of this action. Cabinet is advised to understand this impact in advance of taking any decisions on price and demographic inflation in 2013/14.

1.2.3. A reduction in mental health services for adults will be achieved through service procurement and operational activities. Any efficiency achieved through procurement may impact on the financial viability of some Small Medium Enterprise providers. There is also a challenge to implement operational efficiencies to front line services without impacting on the quality of the customers' experience. Cabinet is advised that a full impact assessment has been undertaken of this reduction with mitigating actions in place.

1.2.4. The savings for the Strengthening Commissioning programme in 2012-13 will be achieved, in part, from joint commissioning with health. Working with health partners to develop and commission preventative services, transport services and efficiencies in the health and social care economies should provide savings with neutral impacts upon customers' access and experience of services. Service development will be supported by further detailed equality analysis.

1.2.5. The review of procurement activity such as residential care will achieve a shift from block to framework agreements with care providers.

Voluntary sector organisations contribute to the provision of residential and domiciliary care and may be more at risk of remaining financially viable and competitive. This situation will be monitored through contract management procedures.

1.2.6. There were 40,800 adults and older people accessing social care via Essex County Council during the year 2010/11. Of these, Essex has supported 8,100 in registered care and 12,140 with ongoing community-based services such as homecare, day care, or cash payments. A total of 1,840 people were supported with reablement only and 18,720 people were supported with either advice and information, equipment or Telecare. Part of the efficiency programme within adult social care is to support more people through reablement to become more independent through the use of assistive technology and less reliant upon the physical presence of staff. This is likely to have positive benefits to those customers who are confident to take up this opportunity.

1.2.7. Remodelling the meal service contract to remove the complexity of management will ensure customers will be able to interact directly with meal providers to improve service quality. The removal of the subsidy for meals on wheels creates the need to review current prices, which have not changed over the last five years. Customer engagement, as part of the full impact assessment revealed that people do not disagree with proposed cost increases but expected service improvements that the revised contract will achieve.

1.2.8. The transfer of public health to local government also presents the opportunity to achieve efficiencies. It is too early to determine the equality impacts to any changes in service provision. Equality analysis will be integral to the transfer and provision of any revised or new service.

1.2.10 As part of its savings target the libraries service has reduced expenditure on resources. The reductions will affect the full range of resources available. The reduction is likely to affect critical areas of service delivery of learning, information and literacy for both adults and children. These reductions affect all demographic groups in Essex.

1.2.11 Reduction in cross-county activity is likely to have an impact upon services. Customer services, complaints and enquiries may be affected because of reduced capacity. The ability to provide events, outreach activities and partnership building and maintenance is also restricted.

1.2.12 As with the general public, reductions in management capacity affect access and availability of both services and premises. Special services to the public, such as providing help with homework, advice for business and community information points, are useful resources for families and local business. These services will also be reduced. It is too early to determine the overall impact upon strategic objectives related to raising skills and education attainment. Cabinet is advised that the situation should be closely monitored.

1.3 *Schools, Children and Families*

1.3.1 The directorate is planning to reduce the number of children in care and to support more children and young people to live at home. Supporting families to remain together will have a positive impact upon the life chances of young people.

1.3.2 Efficiencies in the placements budget for out of county placements as part of the overall review of special educational needs will require a full impact assessment to ensure there are no unintended adverse effects upon young people and their families. This is planned to be undertaken during 2011/12.

1.3.3 Efficiencies in respite care homes for disabled children will be achieved through the redesign of the service with the provision of alternatives services, such as short breaks. There is expected to be no adverse impact on children or carers. Customers will also benefit from greater independence and choice.

1.3.4 The effect of a reduction in locality commissioning activities will be mitigated through the work of the Locality Children's Commissioning Delivery Boards (LCCDB). The Boards will continually review the impact of service reductions and changes (in ECC and partners' services) at a strategic level, supported by the data on service mix and gaps provided by the Multi-Agency Allocation Groups operating weekly in each district.

1.3.5 In West Essex, the MAAG is experiencing a rise in the numbers of referrals for support for child and young people with violent and aggressive behaviour and for family support for families experiencing domestic abuse and requiring support with behaviour management. Although neither the Council nor health have reduced their budgets for key services to respond to these needs there is a growing capacity issue within services and growing waiting lists resulting from increased referrals with more complex issues. Cabinet is advised to seek further clarification and a review of the situation.

1.3.6 A reduction in funding to support early years workforce development and small grants will be reduced by supporting child care providers to self assess and access appropriate support services to drive up performance, as opposed to receiving direct support from the local authority. The reduction in small grants may prevent some childcare settings developing provisions. The local authority will assist in helping them access other streams of funding. The council will continue to monitor the impact on children and families recognising that these services also play an important role in facilitating women's access to employment opportunities.

1.3.7 Primary Improvements – budget reduction. Reductions are a result of the government decision to transfer funding directly to individual schools' budgets for school improvement.

1.3.8 The reduction in Educational Welfare Service (EWS) budget has necessitated a reduction in workforce and the majority of the non statutory work is now traded to schools. The service has just completed a consultation and a selection process is currently in place to streamline the Service by end of March 2012. Remaining staff will be upskilled to be more flexible in order to meet statutory responsibilities and meet the need of customers. It is difficult to predict how many schools will buy into the EWS, as some will employ their own staff to carry out school attendance work. In order to try to mitigate concerns regarding safeguarding and the loss of early intervention capacity, the service intends to continue to offer free advice, seminars, consultations and casework for children in care and young people subject to a child protection plan.

1.4 Environment, Sustainability and Highways

1.4.1 As with other services, the directorate has sought to avoid service impacts when seeking to mitigate the funding pressures. The Highways Strategic Transformation project has been supported by a full impact assessment to support the development of the partnership arrangement. Equality issues are now being worked through into detailed service level agreements to ensure that employees who are transferred partner work conditions are afforded a fair work environment reflective of the Council's values and that we also provide considered services to our customers.

1.4.2 Savings from reduced property related costs and savings from the new management services continue to ensure that the Council operates from buildings with reasonable access, including accessible communications facilities. Customers will also continue to benefit from good customer service provided by employees with relevant training.

1.4.3 Reduction of local bus subsidies presents a risk of unintended impacts. A potential outcome could be a reduction in the frequency of services, termination of a service or a revision of fares. Fewer bus routes could potentially limit residents' travel choices and their ability to access services such as health, education, leisure and work opportunities. Geographical impacts are yet to be determined. Cabinet are advised to consult on the implementation.

1.4.4 There will be a transfer of some funds from Schools, Children's and Families for financing outreach work to ethnic minorities to fund the new Essex County Wide Traveller Unit, to deliver improved outcomes for the Gypsy and Traveller communities. These groups achieve poor education outcomes and there will be an expectation of greater outcomes for the community by pooling resources from all partners.

1.5 Transformation, Finance and Strategic Services

1.5.1 These three central directorates provide support to front of house services. More than 50% of the savings to be generated in these functions is attributable to the IS Modernisation Programme.

1.5.2 Care is being taken to minimise the impact of reductions in support services on the ability to deliver services to front line departments and particularly employees who require support as part of their reasonable adjustment.

1.5.3 The Corporate Services phase two programme supports the proposals for further IS investment. An initial equality screening will ensure that any changes to technology will be accessible to all employees including those requiring specific reasonable adjustments.

1.6 Our Employees

1.6.1 A substantial part of the Council's efficiency savings will be achieved by the change to a new operating model as part of the Council move to a commissioning organisation.

1.6.2 There has been no significant change to the ECC workforce profile over the past year, despite a reduction of 380 posts during 2010/11 and 623 posts during quarter one to quarter three in 2011/12, suggesting no adverse impact from the initial reductions in workforce numbers on the diversity groups we monitor.

1.6.3 Using early retirement and voluntary redundancy as part of the mechanism to avoid compulsory redundancies has not led to a disproportionate number of older people leaving the Council. Employees over 50 continue to represent 39% (as at November 2011) of the Council's total workforce. Disabled people also do not appear to be exiting the Council through the selection process.

1.6.4 Women in Essex are the majority of workers throughout the public sector. Given the high proportion of women within the workforce, women will continue to be disproportionately represented in the number of people leaving the Council. There has also been a slight drop in the number of people under 25 within the workforce.

1.6.5 There are no significant gender pay gaps within the Council. All Public Sector workers will continue to experience the impact of a two-year pay freeze.

1.6.6 During 2012/13 the Council will continue to reduce the number of agency workers and will review vacant posts particularly within youth services, to determine the opportunities for achieving further savings whilst maintaining service quality.

The headline comparisons are:

Group	2009/10	2010/11	Summary of percentage point changes in November 2011 compared to March 11 (overall headcount reduction 623)
ECC Black & Minority Ethnic employees	9%	9%	BME – 0.3% increase (actual numbers have decreased by 15)
ECC Disabled employees	3%	3%	Disability – 0.2% increase (actual numbers remain at 228)
ECC employees under 25	6%	5%	0.7% decrease (actual numbers decreased by 89)
ECC employees age 50+	39%	39%	0.5% increase (actual numbers increased by 201)
ECC employees gender profile	74% female 26% male	74% female 26% male	Male – 0.4% increase (actual numbers have decreased by 124) Female – 0.4% decrease (actual numbers have decreased by 499)

2 Conclusions

It is imperative that the Council continues to engage with customers on any changes to services and secures relevant data on service users including information on service uptake, customer satisfaction and outcomes.

Rationalisation of back of house services may also inadvertently impact upon front line services. Continuous monitoring will identify these risks.

Cabinet is advised to seek ongoing updates of the issues highlighted within this report to determine any remedial actions which may impact upon the development of the 2013/14 budget.