

DRAFT

NOTES OF INFORMAL MEETING BETWEEN DCC CLLR ROBERT GOULD AND JIM BIGGIN OF ACRA

1. The meeting was held at DCC on Friday 8<sup>th</sup> November with the objective of updating the current DCC financial position as described in the note of the previous meeting held 17<sup>th</sup> July 2013 (which can be viewed at [www.wcresidents.co.uk](http://www.wcresidents.co.uk) ) and communicating that to ACRA members
2. Whilst the overall 2013-14 budgetary position looks reasonable (projecting a financially insignificant over-spend) the underlying position leaves no room for complacency with over-spend in: Adult and Community Services £2.9 million; Children's Services £2.8 million; Environment £800 thousand. This over-spend in demand led services approximately balanced by under-spend in centrally controlled budgets continues a similar picture to that experienced in 2012-13
3. Projecting this position into the future based upon the latest understanding of such capricious variables as Central Government actions indicates that further savings will be required amounting to approximately: £12 million in 2014-15; £13 million in 2015-16; £20 million in 2016-17. One of the major assumptions here is that Central Government will continue to squeeze Local Government by reducing central grant funding from £10.7 million in 2013-14 to £5 million in 2016-17. *Purely for planning purposes* they also assume a 2% increase in Council Tax in both 2014-15 and 2015-16 (inflation is currently running at about 2.7%).
4. It is clear that over the last two years the DCC managerial attack upon levels of controllable expenditure has achieved results by primarily tackling obvious areas of waste and poor practice. However, there is a limit to such opportunities and future initiatives are going to involve new methods of approach. This is intrinsically more complex and carries a higher risk factor. Eventually it may be necessary to first invest in order to subsequently save. *(Thereby creating the classic J-curve as initially negative internal rates of return created by the investment become positive as the investment pays dividends. Strong nerves may be required! JB)*
5. The new system that allows local authorities to retain business rates is now operational but it is too soon to make other than cautious predictions based upon such limited experience. This position will change over time.
6. The new combined funding arrangements for Health and Social Care that oblige local authorities to work hand in glove with the local NHS are taking shape. Part of this funding will be performance related and work is in hand to define suitable measures. *(On a personal note, as a retired businessman such concepts worry me when applied to healthcare. I know from first-hand experience the distorting effect that such measures can have upon the way in which an operation functions and the unforeseen consequences that can result. JB)*
7. The reduction required in the subsidy paid to bus operators remains at £800 thousand. Central Government will not allow a contribution to be claimed from pensioners using their

bus passes (asking them to pay say 50% of the standard fare). This means that savings must be made on such things as bus routes that support small outlying communities, in some cases stopping them altogether. *(In such areas pensioners will thus have bus passes that they can't use because there is no bus. No doubt this makes sense to somebody. JB)*

8. DCC is working on a new system of calculating the bus subsidy that incentivises the bus company to run services that people can sensibly use.
9. Turning off the street lights after midnight has produced savings of £300 thousand a year which should increase to £350 thousand a year. The Police say that there has not been a statistically significant increase in crime associated with this action.
10. The future education needs of Dorset in general and Christchurch in particular are under review. A new school is needed in Christchurch – the key question is where it should and could be built. We can expect a public consultation on this topic.
11. The Highways budget is being looked at and a whole new way of organising this activity is being examined.
12. The outstanding Icelandic money continues to reduce with over £20 million now recouped
13. Finally, DCC is looking to completely rationalise its Property Portfolio. It already has a plan to reduce its property holding by 25% by end 2014-15 and this programme is currently on schedule. However a more radical approach is now called for that will take money out of building running costs and make those funds available for other purposes.
14. DCC currently owns some 400 properties in 20 principal locations. Conceptually DCC needs no more than 2 or 3 buildings in each of 13 to 15 locations – say around 35 properties in total (this all excludes schools, of course). This massive reduction could be achieved by using hub offices based in locations such as Christchurch, Gillingham, Lyme Regis, Portland, Shaftsbury, Sherborne, Sturminster Newton, Swanage, Wareham, Weymouth and Wimborne. These hubs would be supported by core centres located in say Blandford, Bridport, Dorchester and Ferndown and would rely heavily upon IT support.
15. This approach assumes that: DCC will in future commission some services rather than provide them internally; buildings will be multi-purpose and occupied by other public sector service providers in addition to DCC; buildings need not be owned by DCC. The overall objective is to place DCC in the heart of the communities that it serves whilst as a consequential benefit saving large sums of money on property maintenance.
16. Our next meeting will be held in February-March 2014

Jim Biggin

November 2013