

 Nottinghamshire County Council	<b>Report to Cabinet</b>
	<b>9 NOVEMBER 2011</b>
	<b>Agenda Item: 5</b>
<b>REPORT OF THE LEADER AND CABINET MEMBER FOR FINANCE &amp; PROPERTY</b>	

## **INITIAL BUDGET AND CAPITAL PROGRAMME PROPOSALS 2012/13 TO 2015/16**

### **Purposes of the Report**

1. To make initial proposals for consultation regarding the level of revenue expenditure for the period 2012/13 to 2015/16.
2. To make proposals for capital expenditure for the period 2012/13 to 2015/16.
3. To highlight the magnitude of the financial challenges facing the Council over the medium term.
4. To outline measures which will reposition and reprioritise Council services over the medium term to ensure that the Council's limited financial resources are directed at areas of highest need, and deliver quality services together with longer term financial stability.
5. To indicate the proposed level of Council Tax for 2012/13 for consultation.

### **Process**

6. Under the County Council's Constitution, the Cabinet normally makes initial budget proposals and issues them for wider consultation with the public, representatives of business ratepayers and other stakeholders. In the last budget round initial proposals were considered at the Cabinet meeting on 15 December 2010 and consultation ran through to late January 2011.
7. This year the process will commence a month earlier and the measures set out in last years report form part of these budget proposals. Consultation has already commenced on a number of specific issues and general consultation through the Big Budget Conversation is continuing. A summary of the consultation processes and responses received to date are set out later in this report.

## **Section 1 – Corporate Financial Overview**

8. As was outlined last year, the County Council, like all local authorities, continues to face an extremely challenging financial future. When the budget was set in February last year, the initial savings requirement for the 4 years to 2014/15 was £184.8m. The transformation programme now underway is forecast to deliver in excess of £70m of savings in the current year, and a further £58.8m of savings are already planned for 2012/13 – 2013/14. The latest forecast position for the current financial year is shown in a separate report on today's agenda.
9. The formal approval of the budget and the setting of the Council Tax will be debated at the County Council budget meeting on 23rd February 2012. The County Council has a statutory responsibility to issue its precept for 2012/13 by 29 February 2012.
10. Following on from the Comprehensive Spending Review (CSR) of Summer 2010, and the subsequent settlement announcement in December, local authorities faced a reduction in funding of 25% over 4 years, with a significant proportion of this front loaded (although the detailed settlement only incorporated confirmed figures for the 2 years to March 2013.)
11. This, coupled with the significant cost pressures facing the authority was the main reason why the £168.7m of savings were required. Of this total, £73m was needed to re-invest in services to meet the unavoidable cost pressures, notably in Adult Social Care and Children's safeguarding. This trend has continued and further savings over and above those already factored into the MTFS are now required.
12. Whilst there is an element of certainty regarding the anticipated reduction in Formula Grant for 2012/13, the situation beyond that remains unclear and is further complicated by changes to local government funding and other policy proposals that have potentially far reaching implications for the Council's service and financial planning.
13. The Council has a well established and robust budget preparation process which has been commented upon favourably by the Council's External Auditors for a number of years. The proposals contained in this report have been discussed with Portfolio Holders.
14. This report continues the theme adopted last year of setting out a detailed four year programme showing the individual savings which are proposed over the medium term, in order to give greater clarity and certainty to the future financial plans. Given the scale of proposals that were agreed last year, this report is primarily focused on setting out the additional proposals that the Council will need to implement in order to deliver a balanced budget over the next 2 years, as well as highlighting the significant financial challenges that are forecast for the 2 years to March 2016.

## **Section 1 – Corporate Financial Overview**

### **National context and local strategic priorities**

15. The Government's overarching priority remains the reduction of the national structural deficit but there were a number of proposals outlined in the Coalition's "Programme for Government" that are now in the process of being implemented that will have extensive implications for local authorities. These include changes to the administration of Council Tax Benefit, the reform of public sector pensions, the transfer of responsibility for Public Health from the Health Service to upper tier authorities, the introduction of a Localism Bill and, perhaps the most significant change from a financial perspective, the proposal to allow local authorities to retain a much greater proportion of locally generated business rates (the so-called "repatriation" of non-domestic rates), which is the first stage of an overall resource review of local government.
16. The consultation processes for the changes to both Council Tax Benefits and non-domestic rates were still underway at the time of writing this report but both are expected to be implemented by April 2013. The potential implications for the County Council will be presented to Members as further information becomes available over the coming months.
17. These changes do, therefore, add to the complexity and uncertainty associated with the Council's financial planning, in addition to the uncertainty arising from the detailed settlement beyond 2012.
18. Underpinning the Council's approach in these economically difficult times will be a continued emphasis on having an organisation that spends public money in a business like and professional way and is financially sustainable. The administration is committed to providing value for money to the citizens of Nottinghamshire and, within these parameters, to ensuring it delivers the best possible services.
19. The County Council provides vital services to every local community in Nottinghamshire. These services help support individuals, families, businesses and local organisations to develop and flourish. Education, roads and footways, social care, library services and local youth clubs are just some of the essential services the Council provides that help local people get on with their lives.
20. The Council's Strategic Plan contains a clear commitment to financial sustainability and value for money, with a priority of securing good quality, affordable services.

### **Budget Assumptions**

21. The Chancellor announced in October that he will make his autumn statement on 29 November. This will follow the Office for Budget Responsibility's (OBR) latest economic forecasts, which will be released earlier that day. The Chancellor uses his autumn statement to give an update on the state of the economy, as well as to respond to the latest analysis from the independent OBR. It is a pre-cursor to the Local Government Finance Settlement which usually takes place in December.

## Section 1 – Corporate Financial Overview

22. The Chancellor also announced that he would help to once again freeze the Council Tax for one year. However, unlike the money made available in 2011/12 which compensates authorities for the Council Tax foregone as a result of the 2011/12 freeze for the 4-years of the current CSR period i.e. to 2014/15, the funding for 2012/13 will be “one off”. This means that there will be a need to identify further resources to deliver a balanced budget in 2013/14. The impact of this has been factored into the MTFS and is incorporated in the table accompanying paragraph 37.
23. The actual amount of grant support is equivalent to a 2.5% increase in Council Tax, which for Nottinghamshire is £7.7m. The final amount of Council Tax Freeze Grant will not be known until March 2012 when final taxbase figures are received from the District and Borough Councils.
24. The grant settlement in December of last year confirmed the funding for local authorities for the two year period to 2013 i.e. the current financial year and the 2012/13 financial year. Despite this, significant uncertainties regarding the overall level of resources that will be available in 2012/13 remain, notably the possibility of further top slicing of the Local Authority Central Spend Equivalent Grant (LACSEG) resulting from the Government's Academy Programme.
25. As the position beyond 2012/13 is also unclear, particularly with the proposed implementation of the repatriation of business rates and the localisation of council tax benefits, it still remains that our Medium Term Financial Strategy has to be prepared on the basis of a number of assumptions, which are factored into the Council's financial model. The key assumptions which underpin this report are as follows:

- Council Tax

No increase in Council Tax is planned for 2012/13 and beyond.

- Formula Grant

The current spending review covers the Parliamentary period to 2014/15, but Formula Grant reductions are only confirmed for the current financial year and 2012/13. Coupled with the implementation of the changes to business rates, this represents considerable uncertainty in terms of forecasting Government funding beyond this period. The settlement confirmed the substantial front loading of Government funding reductions for local authorities, with the loss of grant of 12.66% for the current year and a further reduction of 8.6% for 2012/13.

Drawing from the Spending Review the assumed grant reductions in later years are as follows (with a further assumed decrease for 2015/16, which is outside the current CSR period)

- 2013/14 3.0% - last year assumed 0.9%
- 2014/15 3.5% - last year assumed 5.6
- 2015/16 3.0%

## Section 1 – Corporate Financial Overview

The figures represent a change to the previous year's assumptions, in order to acknowledge the inherent uncertainty that has already been referred to in this report and to mitigate against the risk of further reductions in Government grants. This of course does not guarantee that reductions in grants will not exceed these amounts and we will need to review the underlying assumptions in light of future announcements.

### • Other Grants

One of the Government's stated intentions as part of the settlement announcement last year, was the simplification of the funding arrangements for local authorities. They introduced the concept of a "revenue spending power" which amalgamated national and local (i.e. Council tax) funding into one overall measure of funding. This process also saw the removal of a significant swathe of specific grants. Those that were not cut in their entirety were reduced and then "rolled up" into the overall formula grant. Of the small number of specific grants that remain, notably Area Based Grant and Early Intervention Grant, these have been factored into the Council's medium term plans.

One new specific grant that will be allocated to local authorities in the medium term will be the transfer of funding for the new Public Health responsibilities. The Department of Health have announced that Shadow budgets will operate from 2012/13, with the actual transfer of resources coming into place in April 2013. At this stage the estimated budget for Nottinghamshire is between £30 million - £40 million.

As part of the Comprehensive Spending Review, Government announced an additional £2 billion per annum for Adult Social Care, split between Local Authorities and the NHS. For Nottinghamshire, the allocation in the current year was £9.624 million (£8.253 million from Nottinghamshire County PCT and £1.371 million from Bassetlaw PCT). For 2012/13 the corresponding total is £9.262 million (£7.942 million and £1.319 million respectively). The announcement of figures for 2 years is consistent with other Government funding announcements to date. However, it is worth noting that as part of the NHS reforms, PCTs will have been abolished by April 2013 and therefore the route of funding to Local Authorities will need to be revised to reflect changes in NHS structures.

Whilst the Department for Health has indicated that this funding will continue, the situation will need to be kept under review, and any reductions in funding will need to be factored into the Medium Term Financial Strategy.

In addition, the Learning Disabilities and Health Reform Grant funds commitments which have transferred from PCTs to local authorities on a permanent basis. £10.325 million in 2011/12 and £10.570 million in 2012/13 have been announced (figures for 2012/13 being indicative). Information from the Department of Health regarding levels of grant and the distribution process for future years is awaited.

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### **• Pay Award and Inflation**

As part of the Government's public sector pay freeze, no increase in pay for local government staff has been awarded in the current year and this trend is expected to continue given the underlying economic circumstances. The Medium Term Financial Strategy assumes no increase in pay for 2012/13 but acknowledges pressures on pay are likely to result in an increase in 2013/14 and beyond. The MTFS therefore assumes a pay increase of 2.5% for 2013/14 and beyond.

In terms of inflation on non-pay items, no inflationary uplift was provided for in the current year, other than for specific budget pressures in respect of highways maintenance and winter maintenance. This strategy is also proposed for next year and managers will be expected to control expenditure within their cash limited budgets. Where there is a specific business need to reflect inflationary pressures, these have been incorporated as budget pressures, which are set out later in this report.

### **• Taxbase**

As new houses are built each year the Council Taxbase increases. In light of the challenging economic climate and the particular pressures being experienced in the housing market, the assumption for growth in the taxbase has been revised downwards from 0.7% for 2012/13 to 0.3%.

Each year the budget assumptions will be re-validated in light of the changing economic circumstances and prevailing levels of inflation, Government grant settlements and changes in legislation.

## **Budget Pressures and Policy Initiatives**

26. When the budget for 2011/12 was approved in February, the forward look to 2012/13 and beyond identified additional budget pressures in respect of inflation, pension costs, care for older people and those with physical or mental disabilities, increased independent sector care home fees, waste disposal and meeting the administrations manifesto commitments of increased support for school transport and young carers. In total the scale of budget pressures identified at that time amounted to £37.0 million.
27. The budget pressures have been re-examined in the light of changing circumstances since the 2011/12 budget was set. A number of additional pressures have been identified which have been reviewed in detail by Cabinet Members and Corporate Directors to ensure that they are both critical and accurately costed. The result of this work is that budget pressures of £62.4 million will need to be built into the 2012/13 budget, including inflationary pressures that had previously been embedded.
28. The changes in budget pressures for 2012/13 since the budget was approved in February are as set out in the table below, with further details in Appendix A.

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29. Service growth over the four year period is currently estimated to be £62.4 million. Of the total pressures, an estimated £20.6 million will arise in 2012/13, which is a combination of those that had been foreseen in the Medium Term Financial Strategy (£15.6 million) and new pressures that have come to light as a result of changing circumstances, inflation, and detailed review (£5.0 million). Specific details of the cost pressures are set out in later in this report.

Portfolio	Original Pressures £m	Growth in Pressures £m	Total Pressures £m
Children & Young People	4.1	7.5	11.6
Adult Social Care & Health	32.2	9.9	42.1
Transport & Highways	(0.4)	7.2	6.8
Environment & Sustainability	0.0	1.3	1.3
Culture & Community	0.0	0.7	0.7
Deputy Leader	0.0	(2.5)	(2.5)
Finance & Property	0.0	0.1	0.1
Personnel & Performance	0.0	0.3	0.3
Corporate issues	1.1	0.9	2.0
<b>Total</b>	<b>37.0</b>	<b>25.4</b>	<b>62.4</b>

### Medium Term Financial Strategy

30. When the Annual Budget for 2011/12 and the Medium Term Financial Strategy were approved in February 2011 the anticipated budget pressures for the period were estimated to be of the order of £37 million. As can be seen from the section above these have now risen to £62.4 million (although £11.7m of the £25.4m growth is because the MTFS has been rolled forward another year into 2015/16).
31. A review was undertaken of the assumptions that underpin the preparation of the MTFS, which included a review of the central contingencies that have been established in previous years. This review identified that some adjustments in the core assumptions were feasible and that the current levels of contingency could be reduced. However, this approach is not sustainable into future years and further reductions of contingency would not be viable.
32. This approach provides the Council with some headroom to make the necessary transformational change that will deliver the further savings necessary over the medium term. The following table identifies the options which are proposed to deliver a balanced budget, over and above the existing savings within departments.

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	£'m
<b>Options to Reduce Gap</b>	
Inflation (2012/13) requirement of £2.1m against total of £7.1m	(5.000)
Pay inflation (2012/13) @ 0% (MTFS assumes 0.5%)	(1.100)
Reduction in ASCH Pressures (2012/13)	(1.000)
50% reduction in redundancy contingency	(5.000)
50% reduction in non-achievement of savings contingency	(2.400)
Non-Pay Inflation (2013/14) @ 2% (MTFS assumes 3%)	(4.000)
Pay inflation (2013/14) @ 2.5% (MTFS assumes 3%)	(1.100)
Further reduction in ASCH Pressures (2013/14)	(1.000)
<b>Total Corporate Savings over 2 years</b>	<b>(20.600)</b>

33. However, even with the application of these corporate savings, further departmental savings are required in order to deliver a balanced budget. As such, a further savings target of £10m has been agreed by Corporate Directors, and Departments have identified a number of proposals which amount to £11.4m over the next 2 years.
34. These savings are needed to mitigate against the additional pressures that have come to light in Children's Services, as well as offsetting some of the other savings that have not been delivered due to policy changes and the fact that, given the speed, scale and complexity of the transformation programme, which commenced last year, some shortfall against the level of savings originally envisaged was inevitable.
35. A primary intention of the new proposals was to minimise the impact on front line services and where possible to deliver savings through efficiency measures and income generation, as opposed to service reductions. Of the total, £5.3 million are efficiency measures and £2.6 million relate to income generation, meaning that over two thirds of the measures do not impact directly on front line services.
36. The table below provides a Portfolio summary of the new savings that are contained within this report for consultation, along with the Departmental targets. Each detailed proposal is set out in the relevant section of the report, and a more detailed summary is shown at Appendix B.



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Portfolio	Additional Savings Target £000	Profile		Total £000
		2012/13 £000	2013/14 £000	
Children & Young People	(2,500)	(1,787)	(875)	(2,662)
Adult Social Care & Health	(4,660)	(2,534)	(1,840)	(4,374)
Transport & Highways	(958)	(470)	(251)	(721)
Environment & Sustainability	(146)	(986)	0	(986)
Community Safety	(96)	(49)	0	(49)
Culture & Community	(373)	(80)	(105)	(185)
Deputy Leader (incl. ACE)	(399)	(413)	(173)	(586)
Finance & Property	(737)	(1,135)	(626)	(1,761)
Personnel & Performance	(131)	(131)	0	(131)
<b>Total</b>	<b>(10,000)</b>	<b>(7,585)</b>	<b>(3,870)</b>	<b>(11,455)</b>

37. Taking these factors into account, in addition to the various changes to assumptions and budget pressures, as set out in the paragraphs 21 – 29, the following table summarises the County Council's overall Medium Term Financial Strategy for the four years to 2015/16.

	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	TOTAL £'m
Original Savings Requirement	45.6	27.0	30.4	31.2	<b>134.2</b>
Reality Checked Savings Identified	(44.8)	(21.4)	(7.8)	-	<b>(74.0)</b>
<b>Shortfall (+)/ Surplus (-)</b>	<b>0.8</b>	<b>5.6</b>	<b>22.6</b>	<b>31.2</b>	<b>60.2</b>
New Pressures	5.0	3.6	5.2	11.7	<b>25.4</b>
Additional Inflation/Pay/Pensions	1.1	1.8	2.4	17.8	<b>23.1</b>
Non delivery of Savings	6.3	1.1	0.4	-	<b>7.8</b>
Other	3.9	(2.4)	(8.7)	1.0	<b>(6.2)</b>
Changes in Taxbase	0.5	0.7	0.6	(0.9)	<b>0.9</b>
Reduction in Government Grant	1.7	4.7	(3.2)	5.1	<b>8.3</b>
Council Tax Freeze Grant	(7.7)	7.7		7.7	<b>7.7</b>
Additional Departmental Savings	(7.6)	(3.8)	-	-	<b>(11.4)</b>
Corporate Budget Assumptions	(4.0)	(16.6)	-	-	<b>(20.6)</b>
<b>Subtotal movement</b>	<b>(0.8)</b>	<b>(3.2)</b>	<b>(3.3)</b>	<b>42.4</b>	<b>35.1</b>
<b>Shortfall (+)/ Surplus (-)</b>	<b>0.0</b>	<b>2.4</b>	<b>19.3</b>	<b>73.6</b>	<b>95.3</b>

38. As can be seen from the table, the County Council is able to set a balanced budget in 2012/13 but will have to identify additional resources beyond next year to deliver a balanced budget over the medium term. The estimated gap in 2015/16 is £73.6m, and the cumulative gap to 2015/16 is an estimated £95.3m. This figure will undoubtedly change, and will be further refined in the coming months, and beyond. There is a particular risk that the gap in 2013/14 could be bigger due to the potential impact in the cost pressures in the Looked After Children arena and the possibility of further reductions in Local Authority Central Spend Equivalent Grant (LACSEG) as noted in paragraph 24.

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### Horizontal Savings

39. The Council has identified cross cutting measures resulting from improved performance of processes and the implementation of new systems, predominantly the Council's Business Management System. The savings against these initiatives continue to be monitored and whilst there may be some reduction in the overall level of savings originally forecast, over the course of the Medium Term Financial Strategy, significant savings are expected.

### Overall impact by Portfolio

40. The Government grant reductions in the table above clearly account for a considerable element of the County Council's need to continue to identify further cost savings over the period of the MTFS. However, it is also apparent that the considerable cost pressures, arising in the Council's priority services, are also a significant contributory factor in the forecast MTFS gap. This in turn is generating a re-prioritisation of resources across the whole of the County Council's budget, which is demonstrated in the table below. Figures relate to the period 2012/13 to 2013/14 and compare existing Departmental cost pressures and latest savings forecast.

Department	Saving £m	Re- investment £m	Net position £m
Children & Young People	(11.0)	10.6	(0.4)
Adult Social Care & Health	(37.1)	22.3	(14.8)
Transport & Highways	(3.5)	3.8	0.3
Environment & Sustainability	(1.0)	0	(1.0)
Community Safety	(0.4)	0	(0.4)
Culture & Community	(2.3)	0.7	(1.6)
Leader	(0.3)	0	(0.3)
Deputy Leader (incl. ACE)	(0.7)	(1.6)	(2.3)
Finance & Property	(4.3)	0.1	(4.2)
Personnel, Performance	(0.6)	0.3	(0.3)
Horizontals	(9.0)	1.0	(8.0)
<b>Total</b>	<b>(70.2)</b>	<b>37.2</b>	<b>(33.0)</b>

41. In order to be able to continue to provide priority services the Council will need to continue to radically transform existing service provision, to release the necessary resources and capacity and to mitigate against the cost pressures currently being forecast.

### Capital Programme

42. Capital expenditure can be financed from a number of sources including government grants, borrowing, capital receipts and revenue contributions. When the 2011/12 budget was set in February 2011 the proposed Capital Programme for the period 2011/12 to 2014/15 was as follows:

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	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
<b>Capital Expenditure</b>	<b>113</b>	<b>101</b>	<b>79</b>	<b>85</b>
<b>Funded from:</b>				
Other Borrowing	59	50	38	43
Capital Grants, etc.	54	51	41	42
<b>Total Funding</b>	<b>113</b>	<b>101</b>	<b>79</b>	<b>85</b>

43. Capital receipts are set against amounts borrowed. Forecasts of these receipts have been reviewed regularly throughout the year and the values anticipated when the 2011/12 budget was set, and still considered attainable, are as follows.

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
<b>Capital Receipts</b>	<b>17</b>	<b>27</b>	<b>16</b>	<b>5</b>

44. Since the Budget Book for 2011/12 was compiled, there have been a number of changes to the Capital Programme:
- Net reductions of £2.6 million in 2011/12 have been the subject of County Council, Cabinet and Finance Portfolio reports.
  - There has been slippage of £29.4 million from 2010/11 to 2011/12.

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
<b>Capital Expenditure</b>	<b>140</b>	<b>104</b>	<b>78</b>	<b>83</b>
<b>Funded from:</b>				
Other Borrowing	78	50	36	41
Capital Grants, etc.	62	54	42	42
<b>Total Funding</b>	<b>140</b>	<b>104</b>	<b>78</b>	<b>83</b>

45. A number of proposals for additions to the Capital Programme are set out in Appendix D for consultation. At this stage the majority of these are indicative and their approval will be subject to the availability of capital resources, in addition to the development and approval of a detailed business case.
46. As with the situation regarding the Council's revenue budget, there is uncertainty regarding future allocations of capital grants, and the Council has submitted a bid for the Government's recently announced school refurbishment programme (following the James review). The overall affordability of the Capital Programme will therefore need to be assessed, in particular the potential impact on the Council's revenue budget of undertaking additional borrowing.

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47. This work will take place between now and February, when the final Capital Programme will be included within the 2012/13 budget report that is presented to County Council on 23 February 2012.

### **Financial Risks, Balances & Contingency**

48. The County Council has to set a balanced budget for each financial year. It has also prepared a four-year medium term financial strategy. This report has already identified the significant risks and uncertainties associated with the current operational environment that local authorities are operating within, both short and medium term. It is therefore of paramount importance that the County Council takes appropriate measures to mitigate against these risks, whilst acknowledging that, given the level of uncertainty, overall contingency plans may not be sufficient.
49. The main financial risks associated with the initial budget proposals are as follows:
- the Government may increase the top-slicing of the LACSEG
  - the Government financial settlement for 2013/14 and beyond may be more severe than the assumptions built into the report
  - the as yet unquantifiable financial risk associated with the re-patriation of business rates and the localisation of council tax benefits
  - the budget pressures, particularly for Looked After Children, are higher than have been provided for and further unexpected budget demands emerge during the financial year
  - the proposed savings will not be achieved within the timescales anticipated thus resulting in budget overspends during the financial year
  - there may be a degree of double counting between the departmental and “horizontal” savings.
50. A number of measures have already been taken to mitigate against these risks:
- The profiling of Government grant reductions has been adjusted and revised downwards
  - The assumption regarding growth in the Council taxbase has also been reduced
  - Corporate budget assumptions and contingencies have been adjusted and applied to deliver a balanced approach in addition to the identification of further savings over and above those already factored into the MTFS. This provides a degree of in-year flexibility to manage additional cost pressures.
  - Reviews to deliver further savings will continue throughout the financial year e.g. further restructuring.

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51. This is why the County Council must maintain an adequate level of balances and contingency in order to provide short term flexibility to manage unforeseen events, and to allow for the necessary longer term changes to be implemented in a managed and sustainable fashion. The current level of balances is shown in the table below. The County Fund Balances are the Council's "general reserves", which do not have any specific criteria attached in terms of how they are applied. Earmarked reserves have to be applied to specific schemes or programmes, and a large proportion of this balance relates to the reserves that support the County Council's PFI schemes in Waste and Schools. It is also important to stress that given reserves are "one-off" funds, their use should really be limited to supporting one-off expenditure, and not to fund on-going costs.

<b>Current Forecast level of Balances &amp; Reserves</b>	<b>£'m</b>	<b>£'m</b>
<b>Brought forward:</b>		
County Fund Balances	28.1	
Earmarked Reserves	142.6	<b>170.7</b>
<b>Planned use in current year:</b>		
County Fund Balances	(5.1)	
Earmarked Reserves	(2.2)	<b>(7.3)</b>
<b>Expected Year-end Balance:</b>		
County Fund Balances	23.0	
Earmarked Reserves	140.4	<b>163.4</b>

52. The continuing financial uncertainty is also a key driver behind the need for the County Council to maintain the tight spending controls introduced in the previous financial year.

### **Council Tax implications**

53. At this stage it is proposed to maintain the Council Tax at the 2011/12 levels (i.e. no change) and contain the budget changes without any increase.
54. The proposed levels of Council Tax for 2012/13 are set out in the table below.

<b>Band</b>	<b>Proposed 2012/13 Council Tax (£)</b>
A	795.45
B	928.03
C	1,060.60
D	1,193.18
E	1,458.33
F	1,723.48
G	1,988.63
H	2,386.36

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### **Staffing implications**

55. The precise staffing implications of the various proposals included in this consultation report are significant and will require careful management. The table in the preceding section demonstrates that as well as making savings the Council is also investing in service growth which will provide some new employment opportunities. A number of Section 188 Notices have already been issued covering staff in certain categories, and a voluntary redundancy process has commenced.
56. As far as possible the net staff reduction will be managed through a variety of measures including:
- strict vacancy control over the coming months
  - deletion of currently vacant posts,
  - turnover and natural wastage
  - redeployment to the new posts arising from budget growth and any residual vacancies
  - voluntary redundancies
  - retraining and re-skilling
  - job seeker support
57. The following table provides an indication of the potential reduction in posts. This information has been compiled using the data included in the Section 188 Notices. Every attempt will be made to keep the number of compulsory redundancies to a minimum.

<b>Department</b>	<b>Potential decrease</b>
Children, Families & Cultural Services	175.09
Adult Social Care, Health & public Protection	136.70
Environment & Resources	16.00
Policy, Planning & Corporate Services	54.30
<b>Total</b>	<b>382.09</b>

## Section 2 – Departmental Analysis – Children, Families & Cultural Services

### Departmental Context

58. The Children, Families and Cultural Services Department brings together the services within the Children and Young People's portfolio with the cultural services from the Culture and Community portfolio. The ambition for the department is:

*"We want Nottinghamshire to be a place where children are safe and happy, where everyone enjoys a good quality of life, and where everyone can achieve their potential."*

59. This vision is underpinned by a set of principles, priorities and milestones.
60. Nationally, a number of recent policy changes and new or planned legislation have an impact on the work of the department. The most significant of these include:
- the Big Society approach
  - the Munro Review of social work and child protection
  - the Health White Paper – Equity and Excellence: Liberating the NHS and the Health and Social Care Bill 2011
  - reform of the schools system through the Education White Paper, 'The Importance of Teaching' and the Education Bill 2011
  - the Wolf review of vocational education (March 2011)
  - the James Review of Education Capital (April 2011)
  - the national review of early years strategy (spring 2011)
  - the creation of an all age careers service (spring 2011)
  - the youth justice payment by results initiative (2012/13)
  - the modernisation review of public libraries
  - the removal of recent Children's Trust legislation, allowing a more flexible local approach to partnership
  - the Child Poverty Act 2010
  - the report by Graham Allen MP, Early Intervention: The Next Steps 2011
  - the Special Educational Needs and Disability Green Paper 2011
  - the relaxation of the national performance framework.
61. There are political manifesto commitments to developments in the following service areas:
- Young carers support
  - Support for academies conversion
  - School transport (discretionary funding)
  - Library services.

## **Section 2 – Departmental Analysis – Children, Families & Cultural Services**

### **Financial Context**

62. The department has a net budget of approximately £151 million (excluding capital charges), held in what is called the Local Authority (LA) retained budget - in other words budgets which are at the disposal of the County Council.
63. This excludes the Individual Schools Budget (ISB), amounting to £461 million, which is delegated to individual schools and is funded by the ring-fenced Dedicated Schools Grant (DSG). It also excludes a further £48 million centrally managed expenditure also funded by the ring-fenced DSG which cannot legally be used for purposes other than supporting children and young people in schools and other forms of education. It is not within the gift of the County Council to make savings directly against those budgets, although under the some circumstances, some costs currently in the Local Authority budgets can be charged against the centrally retained element of the DSG.
64. Children's social care services currently account for approximately £67 million (44%) of the department's LA retained budget. That said, if the current budget pressures for social care are approved, this will rise to more than £73 million. Against a backdrop of reducing budgets elsewhere in the department, social care has become the predominant element of the department's expenditure.

### **Forecast cost pressures**

65. Budget pressures falling on the department are assessed and reviewed on an annual basis, as part of our budget monitoring procedures and in the light of changes to demand, costs or the policies and strategies of the Council. Where possible, the department will always attempt to cover such costs from within the budgets available to it but where that is not possible additional funding is sought from the County Council. The summary of existing service pressures is shown at Appendix A.
66. Two bids for additional funding from the County Council are being submitted owing to budget pressures beyond our control:

- **Priority School Building Programme (PSBP)**

This programme is to be paid for under a 'private finance' arrangement and, whilst initial guidance has been received, more detailed information is awaited on many of the procurement and funding processes. Nottinghamshire does, however, have considerable experience of privately financed schools projects under PFI at East Leake and across Bassetlaw and there will inevitably be costs associated with the infrastructure required to deliver the new Priority School Building Programme. These delivery costs may not be required if the Government moves to a fully centralised procurement model. Additionally, these costs do not cover any associated affordability gap in respect of the programme as we cannot, at this stage, estimate what these may be.



## Section 2 – Departmental Analysis – Children, Families & Cultural Services

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total Budget required in year	250	400	400	400
Incremental budget required	250	150	0	0

### • Children's Social Care (CSC)

The number of Looked After Children (LAC) continues to increase, albeit at a slower pace than in recent years. In March 2011, there were 687 Looked After Children and it is predicted that there will be 809 by March 2012. The major cost for these children and young people relates to external and/or specialist placements. The cost for these has been renegotiated in our favour as part of an East Midlands consortia project. At the same time, we are striving to recruit more internal Foster Carers. That said, although the balance between internal and external placements is important in that it offers a net saving, there are consequences of increased numbers of internal placements, including increased Foster Carer allowances and associated costs, such as school transport and general living support for the children and young people. At the same time, the increased LAC population means that our legal and other associated costs (such as Special Guardianship and contact costs) are increasing. As a matter of context, rates of Special Guardianship have increased by 60% nationally.

A piece of work has been undertaken to estimate the future position on all LAC costs, including those for placements and support to internal Foster Carers. This includes an analysis of recent trends and assumptions about future cost drivers. The Children's Social Care Division is also about to consult on its new operating model, which may (over time) impact on the number of new entrants into care and those that exit to permanent arrangements. In recent months, the arrangements for exiting children and young people to permanent arrangements have improved, and this has also had a bearing on costs by shortening the length of stay in temporary placements. All of this has been taken into account in the forecast for future demand.

In spite of the work that is underway to improve practice, control costs and forecast demand, the demand continues to increase. It would therefore be prudent to include a budget pressure bid for 2012/13 and 2013/14. The submitted bid is based on meeting partially the potential impact of demand continuing at current rates in the short term but levelling out at around the national average of 59 LAC, per 10,000 head of the population. The current rate for Nottinghamshire is 43 LAC per 10,000.

The bid also assumes continuing improvements in the exit arrangements into permanent placements. It also assumes that there will be some efficiency savings from within the department and Children's Social Care Division, in order to mitigate the gross effect of increased numbers in the care system. This will depend to some extent on the implementation of the new operating model over the next two years, and the rate of increase slowing to around the national average. Neither of these can be guaranteed at this stage. As a consequence, it is recommended that this issue is kept under constant review.

## Section 2 – Departmental Analysis – Children, Families & Cultural Services

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total Budget required in year	3,000	6,000	6,000	6,000
Incremental budget required	3,000	3,000	0	0

### **Proposed Savings**

67. The corporate improvement programme and savings targets drive the work of the entire department. Some of the projects scheduled within this programme are:

- Inclusion services
- Review of early years provision
- Social Care Transformation Programme
- Family and parenting support
- Services to schools
- Changes to country parks, libraries, cultural services
- Infrastructure – management structure, joint use facilities, planning, commissioning, data management and performance review, workforce development and culture.

68. In the current year the department has been required to find savings amounting to £22.7 million. This will be achieved with the majority of projects either completed or on target. The shortfall over the two years 2012/13 and 2013/14, totalling £1.6 million, has been built into the medium term financial strategy. A summary of these savings is shown at Appendix C. The following sets out the new savings that are proposed.

### **Children & Young People Portfolio**

#### **• Management Structure CFCS (CFCS1)**

Given the need to deliver further savings and the priority of protecting frontline services as far as possible a further reduction in management infrastructure is considered possible. It is felt that this will not adversely affect service delivery.

This proposal is to review the senior management structure of the CFCS Dept with a view to further streamlining the management structure which will focus on statutory provision and core services. This relates to Service Director and Group Manager tiers in the senior management structure.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	200	-	-	-	200

## **Section 2 – Departmental Analysis – Children, Families & Cultural Services**

### **• Young People's Service (CFCS 2)**

This proposal is to disestablish the Extended Services Team and its functions and to restructure the Play Service to ensure equitable County-wide arrangements.. In 2013/14 it is proposed to reduce the play function to provide one technical specialist and wholly commission play provision across all seven Districts.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	195	255	-	-	450

### **• Reduction to Connexions Funding (CFCS 3)**

Subject to the passage of the Education Bill, the Council will no longer have a statutory responsibility to deliver universal vocational advice, information and guidance services to young people aged 13-19. This responsibility will pass to schools from September 2012 and enable the Council to reduce its budget for this provision.

In 2010-11 the funding allocated for this activity was £6,066,000; under the Council's Improvement Programme it was due to be reduced to £3,454,000 by 2014-15. Reviewing the County Council's ongoing statutory responsibilities in this area of work has identified that additional savings could be made, and earlier than planned. The proposal is to reduce the funding for 2012-13 to £2,350,000 allowing an additional £1,074,000 to be saved from 2012-13. The remaining funding will be targeted to ensure that vulnerable young people have continuing access to this provision.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	574	500	-	-	1,074

### **• Education Standards and Inclusion (Education Improvement and 14-19/Futures) (CFCS 4)**

As more schools, particularly secondary schools, move to academy status, the need and rationale for school improvement in its current model will reduce. In addition, the service is still funding a number of posts that were set up specifically to respond to the emerging 14-19 agenda with the introduction of Diplomas and other 14-19 Development work, as well as the removal of the LSC and responsibility for post-16 provision being passed back to local authorities. Since the election in May 2010, DfE funding for 14-19 Developments been withdrawn and the local authority is no longer directly responsible for Post-16 funding (though still has a role with ensuring quality and accessible provision). The income target for the EIS service has relied heavily on grants and this is no longer a realistic target. Part of the overall savings for EIS is to reduce this target (and therefore gross and net budget) by £150,000.

## Section 2 – Departmental Analysis – Children, Families & Cultural Services

This proposal is to remove historic 14-19 posts and budgets, to accelerate and increase the reduction of advisor posts within the Education Improvement Service including 1 team manager post and to reduce the income target of EIS by £150,000.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	500	-	-	-	500

### • Reduction in Departmental Overheads (CFCS 5)

This proposal is to reduce Departmental "overheads" (ie general infrastructure costs such as furniture, equipment, stationery etc).

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	100	100	-	-	200

### • EIG and former Area Based Grant monies (CFCS 6)

From the current financial year (2011/12) part of the Area Based Grant has been classified as the Early Intervention Grant and "un-ringfenced", with the rest subsumed within the Revenue Support Grant or deleted altogether. In anticipation of this change, some programmes of expenditure within the CFCS Department were reduced / re-engineered and the funding recycled within the Department. This relatively small amount of budget provision is available as a saving.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	218	20	-	-	238

## Culture and Community Portfolio

### • Cultural and Enrichment Services - Community Sports and Arts (CFCS 7)

The proposal is to delete an additional post from the structure. The post of Arts Sports events coordinator would be deleted from the existing service structure leading to an additional saving of £30,000. This would be in addition to the planned saving of £93,000 from 2012/13.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	30	-	-	-	30

## Section 2 – Departmental Analysis – Children, Families & Cultural Services

### • Country Parks and Green Estate (Car Park income & opening hours – CFCS 8)

The Country Parks and Green Estate Service is operating at a minimum level to ensure a reasonable visitor experience, therefore no further reductions in staff savings are proposed. The service plans to generate additional income through a range of measures, which will not impact unduly on visitors but at the same time will allow country parks to make a contribution to the Council's financial challenges.

The package of income generation schemes for 2012/13 includes:

- Extending car parking charges to all half terms and holidays.
- The short term closure of some commercial outlets during January/February.
- Extending opening hours of parks in summer to capture late afternoon/early evening catering and retail opportunities, with a corresponding reduction in opening hours during the winter months.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	50	50	-	-	100

### • Country Parks & Green Estate (Orangery Development – CFCS 9)

This proposal is to develop the Orangery of Rufford Abbey into an approved venue, to celebrate weddings and civil partnerships, and to refurbish the Savile Restaurant at the Abbey as a venue for weddings at a cost of £79,100 with a payback period of 2 years. After the initial investment has been repaid, this development should contribute £55,200 per year in additional income.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	-	55	-	-	55

## **Capital**

69. The capital investment strategy for the department includes some programmes that are nearing completion, with others in earlier stages. Some of the larger programmes are listed here, and there are many other programmes contributing to the activities of the department. Significant capital projects that are due to be completed in 2011/12 include:

- £33.5 million allocated to improvement to school premises (replacing whole primary schools, maintaining secondary schools and implementing recommendations from the special education needs review)
- £16.7 million on the primary schools capital programme
- £6.5 million on Westfield Folk House Young People's Centre
- £2 million on Eastwood Young People's Centre
- £3.3 million on the rebuild of Mansfield Library.

## **Section 2 – Departmental Analysis – Children, Families & Cultural Services**

70. The continued programme of capital investment for the department includes a number of projects which have been developed in outline, and are awaiting formal approval. These include:
- phase 2 of the capital programme for school refurbishment, with an estimated spend of £30 million over three years from 2012/13
  - the School Basic Need Programme, with an estimated spend of £17 million over three years from 2011/12 (this programme aims to ensure that school places are available to meet changing demand as a result of changes such as population numbers or new housing developments)
  - the Big House redevelopment, with an estimated spend of £1.7 million
  - a further £4.9 million allocated to develop West Bridgford Library.
71. There are a number of other projects which are being progressed via Cabinet and which need to be factored into the capital programme, including:
- National Watersports Centre
  - Sherwood Forest Visitor Centre

## Section 3 – Departmental Analysis – Adult Social Care, Health and Public Protection

### Departmental Context

72. It is the ambition of Adult Social Care, Health and Public Protection that:

*“We will commission services which embrace personalisation and promote safety and wellbeing and are accessible and affordable”*

This ambition is based on the following approach:

- Commission Services
  - Embrace Personalisation
  - Promote Safety
  - Promote Health & Wellbeing
  - Ensure Accessibility
  - Ensure Affordability
73. The most significant change for adult social care is personalisation, and offering choice and control to people through use of Personal Budgets. From October 3rd 2010, all new service users were put onto a Personal Budget and this has taken place alongside reviewing every service user eligible for a Personal Budget. This was associated with a new system of assessment followed by reablement.
74. In addition to this, the County Council is working on preventing people, wherever possible, from becoming dependent on services. This also assists in managing demand for services. The County Council is also aiming to provide good advice and information which helps to direct people to other solutions where possible and work is taking place with the Customer Services Centre to put this into effect. The County Council is working to ensure that communities and families are assisted to support and care for family members or vulnerable people in their own homes as far as possible.
75. Over the last few years, a significant amount of the County Council's service provision has been outsourced. This includes contracted arrangements with 162 residential and nursing homes, 59 homes for younger adults, 32 home care agencies and 22 Supported Living providers. The nature of adult social care is that most of what is provided is done in the context of shared services, either in partnerships, through external contracting or other integrated arrangements.
76. In terms of the national context, The Commission on Funding and Support of Social Care, headed up by Sir Andrew Dilnot, published its recommendations and report in July. Prior to that, The Law Commission had published a report proposing the need for a major review of the law relating to adult social care. The Government has now opened a consultation called Caring for our Future: shared ambitions for care and support encompassing all of the above-named issues and encouraging the expression of views on the wider care system. The consultation will feed into the Government's White Paper in April 2012.

### **Section 3 – Departmental Analysis – Adult Social Care, Health and Public Protection**

77. As we know, the Commission identified that under the current system adult social care expenditure will need to increase from £14.5 billion to £22.8 billion, the equivalent of £125 million for Nottinghamshire by 2025. This analysis is consistent with the identified budget pressures for adult social care in the Medium Term Financial Strategy.
78. During this year Public Protection has joined with Adult Social Care and Health as a new Department. This integration has gone well, and these services are seeking to generate more income towards the Council's financial strategy whilst restructuring to make savings.

#### **Forecast Cost Pressures**

79. Budget pressures bids of £12.4 million in 2012/13 and a further £9.9 million in each of 2013/14, 2014/15 and 2015/16, a total of £42.1 million over 4 years, have been included within the MTFS. These bids are the same as those identified when the 2011/12 budget was set, with an allowance made for a further £9.9m of pressures factored into 2015/16. This means however that no new budget pressures have been identified to date. The summary of budget pressures is set out in Appendix A.
80. Consideration is being given as to whether the pressures bids in 2012/13 and 2013/14 can be reduced by £1 million in each of these years in the area of Learning Disability.

#### **Proposed Savings**

81. To date approved savings plans for Adult Social Care, Health and Public Protection of £64m have been identified to 2014/15, and a major transformation of our services is already well underway. A summary of these savings is shown at Appendix C. The following sets out the new savings that are proposed, which are summarised at Appendix B.

- **Income generation (ASCH&PP 1)**

Increase income budgets in line with projected out-turn for the year

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	1,500	-	-	-	1,500

- **Self Funders income (ASCH&PP 2)**

Increase in charge from £550pw to £650pw as per budget consultation last year.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	200	-	-	-	200



### Section 3 – Departmental Analysis – Adult Social Care, Health and Public Protection

- **HPAS Scheme (ASCH&PP 3)**

Increase in charge from £10 which is currently taken for adaptations up to the value of £250.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	50	-	-	-	50

- **Service Organisers (ASCH&PP 4)**

Centralise teams within Customer Service Centre Access team or Re-ablement service. Scope to reduce numbers by 4 Service Organisers + 2 admin as personal budgets are developed and service users manage their own services.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	-	150	-	-	150

- **Re-ablement for Younger Adults in Physical Disability (ASCH&PP 5)**

Provision of re-ablement is extended beyond Older People and provided for Younger Adults with physical disabilities. This would involve the creation of a new service with the department.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	150	150	-	-	300

- **Assistive Technology (ASCH&PP 6)**

To use a range of telecare and assistive technology (AT) to reduce overall expenditure on personal budgets.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	50	125	-	-	175

- **County Horticulture (ASCH&PP 7)**

County Horticulture & Work Training / Brooke Farm - reduction in the subsidy through a reduction in sites and staffing.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	100	-	-	-	100

### Section 3 – Departmental Analysis – Adult Social Care, Health and Public Protection

- **ICES Contract (ASCH&PP 8)**

Arises from re-tender of Integrated Community Equipment Service earlier this year. Savings already achieved.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	169	-	-	-	169

- **Community based services re-tender (ASCH&PP 9)**

Re-design and re-tender for a range of community based services.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	45	715	-	-	760

- **Adult Access Team (ASCH&PP 10)**

Underspend from the development of Adult Access Team within Customer Service Centre.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	75	-	-	-	75

- **Disabled Facilities Grant top up budget (ASCH&PP 11)**

Fund any Disabled Facilities Grant proposals through Community Care, budget releasing previously dedicated budget.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	45	-	-	-	45

- **Locality savings (ASCH&PP 12)**

Removal of underspend.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	150	150	-	-	300

### Section 3 – Departmental Analysis – Adult Social Care, Health and Public Protection

- **Shared lives (ASCH&PP 13)**

Development of a new service which allows adults to be placed in a 'shared life' setting reducing the support required by NCC.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	-	300	-	-	300

- **Sherwood Industries (ASCH&PP 14)**

Closure of Sherwood Industries - staff reduction. Allows for continued support to disabled employees in alternative posts.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	-	250	-	-	250

- **Trading Standards (ASCH&PP 15)**

During 2010 Trading Standards restructured in line with the County Councils organisational design principles, and in doing so exceeded the level of savings required at that time. The level of saving in this budget proposal reflects the additional saving made last year.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	49	-	-	-	49

### **Capital**

82. There are 2 schemes currently in the capital programme:

- The Day Service modernisation capital programme totals £4.3m until 2013. This includes development of Bassetlaw Specialist Day Centre.
- Extra Care Housing – the development of 7 ECH schemes (160 places) over the next 5 years at a cost of £12.65m.

83. Also under current consideration is the development of the Gilstrap Centre as the new Newark Register Office. There is no confirmed cost at present, as this is still subject to a feasibility study.

## Section 4 – Departmental Analysis – Environment & Resources

### Departmental Context

84. Environment and Resources is a diverse department covering critical public facing services such as highways, transport and waste and essential enabling and support services such as Finance, Property, ICT and Catering and Facilities Management. The key goal for all these services is to enhance performance while at the same time driving down costs significantly.
85. The existing MTFS proposals announced last year assume savings of some £21.7m over the four year period to 2014/15, equivalent to 25% reductions (excluding capital charges and the waste contract), with the deletion of approximately 245 posts. The department deliberately front loaded the savings with most taking place in 2011-12. Further additional savings of £3.7M have been identified for the 2 years 2012/13 and 2013/14 from E&R mostly through restructuring and efficiency initiatives.
86. Major restructuring has been undertaken in Highways, Property (staffing reduced by over 50%), and Transport & Travel Services resulting in efficiencies, with more planned for the future. The £2m+ subsidy to Catering and Facilities Management trading services costs has been removed through a major efficiency drive and further savings are projected on facilities management costs. Energy and maintenance savings are being achieved on Street Lighting, together with the part-night lighting programme. Energy costs have reduced by 20% through the centrally procured contract. This is a most successful outcome, although the original reduction was predicted to be 30% pre-dating the significant national energy cost increases.
87. Further major changes are planned within E&R over the coming year including the following:
- Highways. The priority is to maintain the fabric of the Nottinghamshire roads and footpaths as efficiently as possible. Highways has a total net revenue spend of some £25M/year, in addition there is some £12M of annual capital spend on highways. This is used to look after the 4,165 km of highway, 90,637 street lights, 1,036 bridges and culverts, 5,000 bus shelters and stops, 362 controlled junctions and crossings and 125,350 trees on the public highway. The Highways division faces significant further change over the coming 12 months. The Ashfield, Mansfield and Broxtowe Manage and Operate Partnerships will cease on 31 March 2012 and Highways will take on these services together with the associated staff. The new Bilsthorpe depot will open early in 2012 and this will result in a positive reshaping of current services. Sourcing options for highways operational services continue to be developed as part of the trading services review and there will also be further reviews and restructuring of the remainder of the division during 2012.
  - Transport. Further restructuring of transport services will take place over the next 2 years to develop an integrated commissioning model in order to reduce costs and improve coordination internally and with partners. This will address the £2.1M of savings identified last year that are still required from this area.

## **Section 4 – Departmental Analysis – Environment & Resources**

- Finance. Further reductions will be delivered following the implementation of the new Business Management System, and a planned restructure of the Finance Division is in development and will be implemented within the next 6 months. Realistically further major staff savings will not be attainable in finance until the last quarter of 2012.
- Waste. Strategically we need to address the issues surrounding waste disposal especially given the increasing costs associated with landfill taxes. A review of the waste contract is underway as a result of the submission of a Revised Project Plan from Veolia in the light of the planning rejection of the proposed ERF facility. The outcome will not be clear until Spring 2012.

### **Forecast Cost Pressures**

88. Most of the budget pressures impacting on E&R relate to inflation. Under the original assumptions most, although not all, of these, were subsumed by the corporate assumption on inflation of 3%. This assumption has been removed and departments are now bidding for inflation where it is necessary and overall this will result in a reduced budget requirement across the authority. E&R is particularly impacted by fuel, energy and oil related inflationary pressures that have been very significant over the past 2 years. In addition in the case of passenger transport the Government has reduced the Bus Service Operators Grant by 20% (8p/litre) with significant knock on effects. In total these cost pressures total some £4.3M over the 2012/13 and 2013/14.
89. The detailed cost pressures relating to Environment & Resources are shown below, with the summary of all cost pressures shown at Appendix A.

- **Highway Maintenance Inflation**

The highway maintenance revenue budget is used to deliver a range of routine maintenance works, winter maintenance service, energy costs and other transportation/safety issues. Type of works range from patching/pothole repairs, grass cutting, drain cleaning through to environmental weight restrictions and emergency call outs.

Labour, plant and materials are required to provide the highway service. Nationally the costs of goods and services is increasing with the annual inflation for 2010-11 being 5.3%, based on the Retail Prices Index excluding mortgage payments (RPIX). Within the highway industry, the price fluctuation mechanism used is the BERR Price Adjustment Formulae (formally known as the Baxter indices). The actual value used depends on the contract and material, but for coated macadam and bitumen works the increase is 3.3%. Material costs for bitumen based products have led to an increase of 14% on the price per ton of surfacing materials.

An increase of £0.5m on the 2011-12 revenue budgets of £21.765m would represent an increase of 2.3% to £22.265m in 2012-13. This increase is significantly less than both the RPIX and BERR indices, but should help minimise the effect of inflation.

## Section 4 – Departmental Analysis – Environment & Resources

This increase would be used in conjunction with measures such as reduction in core vehicle fleet, greater management and control to help contain the increase in fuel and consumables such as tyres; price of rubber that has seen increases of 25%.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total Budget required in year	500	1,000	1,500	2,000
Incremental budget required	500	500	500	500

### • Concessionary Travel

Concessionary bus travel for elderly and disabled persons is a statutory duty for which the funding is included within the RSG settlement. The budget for 2011/12 is £9.729M (although costs are anticipated to be £10M). Future budget requirement has been predicted using a 5% growth (each year on anticipated outturn) to reflect fuel and eligibility increases. This is a demand led budget, which is particularly sensitive to the demographic profile of Nottinghamshire. Reimbursement to transport operators is calculated/negotiated using the Department for Transport (DfT) issued calculator.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total budget required in year	771	1,296	1,847	2,426
Incremental budget required	771	525	551	579

### • Waste Disposal Landfill Tax Escalator Increases

Annual increase in Landfill Tax (LFT) based on £8/tonne/annum on 160,000 tonnes/annum of landfill from £56/tonne in 2011/12 to £80/tonne by 2014/15. No increase in LFT has yet been identified for 2015/16.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total budget required in year	-	-	1,300	1,300
Incremental budget required	-	-	1,300	-

### • Connectivity & ISP Inflation

An allocation for inflation is required to meet the costs from BT on our existing contract for Filtered Connectivity..

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total budget required in year	110	110	110	110
Incremental budget required	110	0	0	0

## Section 4 – Departmental Analysis – Environment & Resources

### • Local Bus and Schools

Passenger Transport Contract Budgets are Local Bus £5.4M and Schools £11.0M. For the last two years we have not awarded any inflation increases for our contracts. This has been a risk and is not sustainable. Bus service operators grant (BSOG) will reduce by 20% in April 2012 (8p per litre). It is anticipated that these pressures will create a reaction from our operators and a nil % increase in 2012 and onwards would be difficult to sustain. Each 1% increase adds £54K to the Local Bus and £110K to School transport costs. Nationally (ATCO) it is estimated that to maintain current service levels and standards a 4.9% increase is needed for local bus and 2.7% for school services. The costs below show a 3% increase.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total budget required in year	462	938	1,428	1,933
Incremental budget required	462	476	490	505

### • Mansfield Bus Station

Support and Management costs for the new Mansfield Bus Station. The total operating costs are funded by departure charges, district contributions and rents.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total budget required in year	-	-	100	100
Incremental budget required	-	-	100	-

### • Catering and Facilities Management

The OBC submitted for Catering, Cleaning & Landscape's projected, in addition to covering corporate contributions, a net profit to the authority of £500k by 31/3/2013. Above inflation increases in food costs and a desire not to increase selling prices would reduce the potential profit by £300k.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total budget required in year	300	300	300	300
Incremental budget required	300	-	-	-

### • Street Lighting Energy

The Street Lighting Energy Budget is used to pay for the energy costs of street lighting, including illuminated signs and bollards (a separate budget is used for the energy costs associated with traffic signals).

Electricity for street lighting is procured as part of the authority's overall energy procurement strategy using a Central Purchasing Body. The Central Purchasing Body use their flexible variable procurement model to make procurement decisions and the unit cost is therefore subject to variation depending on market conditions.

## Section 4 – Departmental Analysis – Environment & Resources

The unit price of electricity under the new procurement arrangements was expected to fall by about 30% in 2011/12 compared with the price paid in 2010/11. However because of market conditions this price reduction is now expected to be about 20%. Longer term electricity prices are expected to increase.

Factors that affect street lighting energy costs include:

- energy saving measures to reduce electricity usage
- inventory growth
- price per kWh achieved by the new procurement strategy
- climate change levy per kWh imposed by government

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total budget required in year	745	745	745	745
Incremental budget required	745	0	0	0

### **Proposed Savings**

90. As noted above, the existing MTFS proposals assume savings of some £21.7m over the four year period to 2014/15, equivalent to 25% reductions, with the deletion of approximately 245 posts. E&R is on track to deliver the 2011-12 and 12/13 savings apart from 2 main areas. As highlighted the energy costs have reduced by 20% rather than 30% through the centrally procured contract. This is still a successful outcome but has resulted in a budget pressure over the period. The intention is to try and absorb this within the departmental budget for 2011/12 but it has to be factored in for future years. The other area is BMS where, due to the significant reductions since the baseline was set (23% in finance), there has been a re-profiling and readjustment of savings to take account of this.
91. The following sets out the additional savings that have been identified within the Environment and Resources Department. The existing MTFS savings are summarised in Appendix C.

### **Transport and Highways Portfolio**

#### **• Highways (E&R 1)**

To accelerate implementation of the successful current street lighting part night lighting programme, to freeze recruitment to vacant posts whilst retaining a core and effective service, to reduce support for the Robin Hood line during its least well used periods (Sundays) in the lead up to operating costs transferring to Network Rail, and to implement a highway service review to reflect changing service priorities and operational procedures.



## Section 4 – Departmental Analysis – Environment & Resources

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	370	151	-	-	521

### • Transport and Travel Services (E&R 2)

Efficiency savings through the reconfiguration of transport services by improving partnership working with operators and stakeholders to make more effective use of funding. Working together to meet the current challenges to achieve an effective and efficient transport network to deliver key services for passengers. The ongoing fleet project to reduce mileage for grey fleet use, improved efficiency of vehicles, the sale of surplus vehicles and better management information through vehicle tracking, to make vehicles work harder through greater integration of adult, health education and local bus services. To continue the ongoing review of contract routes and services to ensure value for money, increased revenue and greater savings through smarter commissioning.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	100	100	-	-	200

## Environment and Sustainability Portfolio

### • Energy Management – CRCEES Costs – Street Lighting Tariff (E&R 3)

Reduction in the budget required for the purchase of Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) allowances in 2012/13 and beyond in respect of the removal of Street Lighting costs from the CRCEES scheme. CRCEES costs associated with the purchase of allowances for Street Lighting have been excluded from the current CRC reporting regime by moving energy charging for Street Lighting to an alternative tariff during the 2011/12 financial year. Any budget savings achieved in 2011/12 will be declared as an in year saving and utilised to meet budget pressures elsewhere in respect of street lighting energy costs.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	220	-	-	-	220

Additional energy costs of around £50kpa will result from the change in tariff, however CRCEES savings of £270kpa will be achieved giving an overall benefit of £220kpa. Changes to the CRCEES scheme from 2014/15, at the end of Phase 1, may well result in this loophole being closed, however this will need to be subject to a budget pressure bid at the appropriate time.

## Section 4 – Departmental Analysis – Environment & Resources

### • Energy Management - Energy Contract Costs (E&R 4)

An increase in the mark up on energy prices charged through the County Councils energy purchase arrangements with Buying Solutions (now known as Government Procurement Service) to generate an income stream to the Energy and Carbon Management Team to cover costs associated with setting up and managing the contractual arrangements. This proposal is to increase the current mark up of 0.0006p/KWh to 0.001p/KWh generating an additional £97,000pa. The total mark up equates to a 1.5% levy on each user of the purchasing arrangements, set against a 20% plus saving in energy costs (against previous arrangements) delivered by the contract.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	97	-	-	-	97

### • Energy Management - CRCEES Costs – Academies (E&R 5)

NCC will be responsible for reporting, and meeting the cost of CRCEES allowances for all schools in Nottinghamshire (including academies) until the end of Phase 1 of the scheme in 2014/15, when the legislation driving the scheme will be revised. Until then CRC costs directly attributable to energy use (hence carbon emissions) in Nottinghamshire academies need to be met from grants received by CFCS direct from DFE for the funding of academies in the county. Changes made to schools financial regulations in 2011 allow the Council to treat CRCEES costs as a chargeable overhead when calculating schools budgets. The costs associated with the purchase of CRC allowances for Nottinghamshire academies can be passed back to the individual academies by the CFCS Department top slicing any ring fenced central academy funding received from DFE. Top slicing this money from schools budgets will ensure schools take reducing their energy use seriously, and provide a significant driver for change. The saving in 2012/13 is based on the current academies in the county, with the CO2 emissions based on the 2010/11 baseline report of 8,668 tonnes of CO2 created by these academies, at a current 2011/12 cost of £12/tonne.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	104	-	-	-	104

### • Energy Management - CRCEES Costs - County Schools (E&R 6)

NCC will be responsible for reporting, and meeting the cost of CRCEES allowances for all schools in Nottinghamshire (including academies) until the end of Phase 1 of the scheme in 2014/15, when the legislation driving the scheme will be revised. CRC costs directly attributable to energy use (hence carbon emissions) in Nottinghamshire schools could (and should) be met from central school funding received by CFCS direct from DFE. Changes made to schools financial regulations in 2011 allow the Council to treat CRCEES costs as a chargeable overhead when calculating schools budgets. The costs associated

## Section 4 – Departmental Analysis – Environment & Resources

with the purchase of allowances for NCC managed schools can be passed back to the CFCS department where they can be top sliced from any ring fenced central schools funding received from DFE. Top slicing this money from schools budgets will ensure schools take reducing their energy use seriously, and provide a significant driver for change. The saving in 2012/13 is based on 2010/11 baseline report of 47,125 tonnes of CO2 created by Nottinghamshire Schools (all Nottinghamshire schools 55,793t less current academies 8,668t) at a 2011/12 cost £12/tonne. Continued support for the implementation of energy efficiency measures will be available to schools through interest free loans from the Local Authority Energy Fund (LAEF) operated by the County Council, although this funding will almost certainly not be available to academies.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	565	-	-	-	565

### Finance and Property Portfolio

- **Property - Planned Maintenance (E&R 7)**

To make a further reduction to the planned maintenance revenue budget of £400,000, and to review this position on an annual basis.

The planned maintenance budget comprises a number of distinct elements; surveys/risk assessments, works, fees, contingency. Some of these elements, such as surveys/risk assessments, cannot be reduced as they are essential to successful delivery of the programme. The elements where some flexibility exists are works and contingency. The total value of these elements is c. £4m pa of which the contingency is £400,000 pa.

To successfully deliver a large and complex programme it is important to develop strategies to create flexibility. Over programming is used to avoid underspends. A contingency sum is included to offset possible overspends and to allow for emergency works to be undertaken, such as unexpected boiler replacements.

In order to minimise the additional risk introduced by the proposed reduction, it is necessary to minimise as far as possible, any reduction in the planned works required to address the backlog. The contingency fund may therefore be the most appropriate element to carry the reduction.

It is therefore proposed that a method of accessing other funds, such as balances and reserves is developed, and that these can be accessed on an urgent basis to deal with essential emergency works.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	200	200	-	-	400

## Section 4 – Departmental Analysis – Environment & Resources

### • Cleaning & Facilities Management (E&R 8)

The usage of large buildings like County Hall has seen a decline in footfall, particularly out of core hours and historically, standards and costs have been traditionally higher than market comparisons. Following a benchmarking exercise with industry norms, hours / productivity ratio's have been implemented in 2011/12 in line with market comparators.

This proposal is therefore to reduce the cleaning hours and site management costs of the County Office Buildings.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	303	-	-	-	303

### • Finance Capacity (E&R 9)

This proposal relates to the reduction in Finance capacity by the deletion of a further 3 posts in 2012/13 from the current establishment. This is in addition to the existing 2012/13 savings proposals which will see the deletion of 6 posts, together with savings in other running expenses. Further savings will be made in 2013/14, with approximately another 3 posts deleted.

A restructuring of Finance will be undertaken over the next year, taking account of the experience of the BMS implementation. The restructure will shift the focus of the Finance team to a “business partner” model, rather than the existing approach which focuses too heavily on transactional processing. However, given the financial challenges that the County Council faces, maintaining strategic financial capability will become increasingly important, and as such whilst further savings can be delivered, the balance also needs to be struck to ensure financial stability and control is maintained.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	81	76	-	-	157

### • Capital Financing (E&R 10)

In addition to the savings arising from headcount reductions, the proposals also include the option for a modest reduction in the capital financing budget. This budget meets the costs of repaying the County Council borrowing, and has underspent for a number of years. The proposed reduction of £300,000 is felt prudent, particularly in light of the ambitious capital programme that the County Council is implementing.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	300	-	-	-	300

## Section 4 – Departmental Analysis – Environment & Resources

### • Business Support & Development & Departmental Running Expenses (E&R 11)

Reduction of £101,000 in Business Support Development Group, via deletion of vacant posts and savings in Departmental running costs. This is in addition to staffing reductions of 42% delivered in this service area in 2011/12.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	101	-	-	-	101

### • Ways of Working – Accommodation Cost Savings (E&R 12)

The reduction in office accommodation planned as part of the Ways of Working Programme will result in savings in running costs. These will comprise savings in utility, cleaning, maintenance cost etc. The assumed savings reflect the current closure programme, are prudent at present, and may result in further savings. Additional savings are anticipated in 2014/15.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	150	350	-	-	500

## **Capital**

92. The existing Capital Programme includes the following schemes across the Department.

- Residual land compensation schemes etc.- £1m over the next 2 years
- Provision of the new Mansfield Public Transport Interchange, at a cost of £8.2m over the next 3 years
- Roads maintenance and renewals - £12m per annum
- Street lighting renewal - £2.3m
- Flood Alleviation and Road Safety - £3m over the next 3 years
- Integrated Transport Measures - £22.5m over the next 3 years
- Local Improvement Schemes - £3m per annum over the next 3 years
- Carbon Management - £850k over the next 3 years
- Planned Maintenance Building works - £16.6m over the next 3 years
- Property acquisition provision of £0.5m per annum over the next 3 years
- ICT development - £5m over the next 2 years

## **Section 5 – Departmental Analysis – Planning, Policy & Corporate Services**

### **Departmental Context**

93. The PP&CS department was created in April 2011 from the amalgamation of parts of the previous Chief Executives, Communities, Adult Social Care & Health and Children and Young People's Departments. In June 2011 HR and Customer Services were transferred into PP&CS from the Environment and Resources Department.
94. The department currently comprises the following:-
- Improvement Programme including the Procurement Unit
  - HR and Customer Services including the Customer Contact Centre
  - Communications and Marketing including Design and Print
  - Legal Services,
  - Democratic Services,
  - Planning including Development Control, Minerals and Waste Strategy, Spatial Planning and Conservation.
  - Localism and Partnerships including Community Safety, Economic Development and Grant Aid.
  - Corporate Performance, Research and a centralised Complaints handling service,
  - Policy and Business Support.

### **Forecast Cost Pressures**

95. Given the nature of the Department i.e. the costs are primarily staffing related, only one cost pressure has been submitted, as follows:

#### **Deputy Leader Portfolio**

- **Grant Aid**

In 2010/11 the Grant Aid budget was £3.6m, spread across varying Portfolios. Varying reductions were made to these budgets by the service review proposals agreed in February 2011. The Grant Aid budget has since been centralised within the Deputy Leader Portfolio, at a reduced level of £1.6m, a reduction of £2.0m compared to 2010/11. In addition, a transition fund for the Grant Aid budget was agreed for 2011/12 of £450,000. Since the reductions were made to the Grant Aid budget, Central Government has issued new guidelines in respect of grant Aid urging Authorities not to reduce budgets, and also requiring Authorities to give a minimum of three months notice of any reduction. In addition, a new Grant Aid Strategy, has been agreed by Council. This strategy recommends agreements for Grant Aid should cover a three year period, and recommends the date for commencement of such agreements should be moved from April to June to allow compliance with the Government requirements.

In light of the cumulative effect of the previous year reductions, the approach from Central Government and the refreshed approach to Grant Aid, coupled with the emerging Localism agenda, it is proposed that the budget be maintained at the increased level for the next two financial years. The support will then be reduced by 50% in 2014/15, with full removal of the additional funding in 2015/16.

## Section 5 – Departmental Analysis – Planning, Policy & Corporate Services

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Total budget required in year	450	450	225	0
Incremental budget required	450	0	(225)	(225)

### **Proposed Savings**

96. The PP&CS Department will make net additional savings of £717,000, allocated as follows:
- Assistant Chief Executive including Corporate Communications.- £526,000
  - HR & Customer Management - £191,000
97. The establishment of the new PP&CS Department resulted in a shortfall of funding of approximately £300,000, with the intention that posts would be held vacant pending experience gained from operating the new Department. Further, two previously agreed Service Review proposals, namely “Sharing the Chief Executive”, and “Outsourcing Debt Recovery” has proved to be undeliverable. Whilst other agreed service review proposals have also proved difficult, the required savings targets have been met. To date no alternative proposals for meeting the required savings from these two service reviews have been identified which total £67,000.
98. PP&CS also inherited a number of service review proposals from the former Communities Department. Whilst most have been delivered or are deliverable, it is felt that the reductions proposed within the Conservation Team are unworkable. If actioned, the planned reductions would result in the remaining staff being unable to provide any form of viable service which would adversely affect a number of community projects including Greenwood and the LIS Scheme. It is therefore proposed that a further £150,000 needs to be found to maintain service provision in this area.
99. The Department will therefore identify total savings of some £1.2m, of which £517,000 will be utilised to meet existing budgetary problems, with an additional £717,000 available to contribute to the Medium Term Financial Strategy.

### **Deputy Leader Portfolio**

- **Customer Service (PPCS 1)**

There is a savings target of £262,000 to be made from strategic and operational customer service functions in 2012/13 as outlined within the business case signed off in October/November 2010. The business case outlines at a high level how it is proposed to make these savings as part of the ongoing Customer Service Centre Improvement Programme. This proposal relates to the additional £60,000 saving to be made for 2012/13.

## Section 5 – Departmental Analysis – Planning, Policy & Corporate Services

This will be achieved by the deletion of a vacant post and relocation of some face to face customer service provision, to ensure that it is provided mainly from County Council premises (for example libraries) thus reducing charges for rental, running costs etc to the service.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	60	-	-	-	60

- **Assistant Chief Executive (PPCS 2 & PPCS 3)**

The proposal is to reduce staffing numbers by 23 posts, predominantly at managerial level, through reducing 5 Group Managers to 4 and reducing the number of Team Managers/Leaders or equivalent posts by 8. These reductions would bring the department more into line with Organisational Design Principles. The further reductions will be made by deleting vacant posts (12.4 FTE) and reducing staffing in all areas. There will also be savings of £13,000 made against the marketing budget.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	353	173	-	-	526

### Personnel and Performance Portfolio

- **HR Service (PPCS 4)**

Further reductions in HR management posts at Group Manager and Team Manager level (one post at each level) in line with the organisational design principles. Reduction of one HRA post due to co-location of the operational team. An additional £500,000 saving per annum for the next three years will be required from HR services from 2012/13 onwards, due to the implementation of BMS. This will mainly be achieved from savings in transactional HR activity following the implementation of the new business management system and establishment of the business support centre. However, this development is also likely to impact on operational HR roles as the distinction between the two areas of activity will be redefined once the BSC is fully operational and stabilised.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
Savings Profile	131	0	-	-	131

### Capital

100. The existing Capital Programme includes the following scheme across the Department.

- Investment in the Ways Of Working project - £5.9m over the next 3 years



### **Consultation**

101. The Budget Conversation forms the *initial* phase of the consultation process and commenced on 28<sup>th</sup> September 2011; the conversation will run until 27<sup>th</sup> January 2012. The *second* phase will concentrate on the specific budget proposals put forward by Cabinet and will run from 2<sup>nd</sup> November 2011 to 27<sup>th</sup> January 2012.

### **Objectives**

102. The aim of The Budget Conversation is to:

- prepare the public for the forthcoming budget reductions over the next two years and to create an understanding of the impact they will have;
- give the public and relevant stakeholders an opportunity to have their say on where they think reductions should be made;
- raise awareness and an understanding of the different financial challenges the Council is faced with;
- encourage the public into thinking differently and coming up with innovative solutions/suggestions.

103. A key objective of the consultation process is to ensure that the budget proposals for 2012/2013 are made available to all citizens and stakeholder groups across the county.

104. It is crucial that the consultation exercise:

- demonstrates that the authority is committed to a meaningful and purposeful dialogue with its citizens;
- involves citizens and the wider community throughout the process;
- communicates the challenges inherent in setting the budget effectively, leading to an understanding of the constraints within which the authority must operate and in doing so, manage expectations of perceived value for money.

### **The Process**

105. The Budget Conversation is taking place on-line and in libraries and county information points across Nottinghamshire. In addition to raising awareness of the financial constraints facing the Council, the campaign will also attempt to gauge views on:-

1. What is the biggest single challenge Nottinghamshire faces in the next few years?
2. What is the most important thing residents like about where they live and would want to see maintained/developed in the future?
3. Do residents think any of the following services could be appropriately delivered through their local library? SureStart: Youth Clubs: Clubs for Older People: Local History Groups: any other services

## Section 6 – Budget Consultation

4. Do residents think there are too many road signs in our towns, or not enough to warn drivers of hazards?
  5. Would residents be willing to help out in their neighbourhood by clearing snow at care homes, local schools, or other voluntary activities they would be able to undertake?
  6. Are there any services provided by Nottinghamshire County Council which residents would like to see further improved?
  7. What additional services would residents like to be able to do/access online?
106. Particular attention has been given to accessibility and engagement to ensure the process is participatory and no one is precluded from taking part by -
- Giving residents the opportunity to set their own budget by using the on-line budget simulator.
  - Residents can complete an on-line comment form.
  - Making available a toolkit for residents/organisations to use if they want to run an event to discuss the budget. This is available to download from the public website.
  - Residents can join the conversation in our discussion forums.
  - Making comments cards available in reception points in Libraries and County information points, where members of the public can obtain assistance.
  - Publicising the Budget Conversation in youth clubs and at business community meetings via posters and flyers.
  - Residents are able to telephone the Customer Service Centre who will complete an on-line comment form for them.
  - A freepost address has been provided so residents can send in their comments in writing.
  - Nottinghamshire citizens' panellists have been given the opportunity to comment via a paper survey.
107. Processes are in place to ensure that all responses to the Budget Conversation are captured and recorded on a central database and updates are provided to the Leader, members of Cabinet and Corporate Leadership Team on a weekly basis.

### **Response to date**

108. As at 26 October 2011 a total of 156 individual responses have been received in response to the Budget Conversation [92 via on-line form: 63 via budget simulator; 1 via discussion forum]. Although less response has been received compared to the same period last year, the number of individual comments has increased by 23%.

## **Section 7 – Report Sign-off and Recommendations**

### **Statutory and Policy Implications**

109. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder, human rights and those using relevant service. Where such implications are material, they have been described in the text of the report.

### **Equal Opportunities Implications**

110. Public authorities are required by law to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between people who share protected characteristics and those who do not
- foster good relations between people who share protected characteristics and those who do not

111. Decision makers must understand the effect of policies and practices on people with protected characteristics. Equality impact assessments are the mechanism by which the authority considers these effects.

112. Equality implications have been considered during the development of the budget proposals and equality impact assessments are being undertaken on each proposal focusing on the equality implications for service users. In addition the Human Resources (HR) policies that will be applied to any staffing reductions have been the subject of EqlAs undertaken by HR staff. This includes assessments which are available as background papers on the following relevant HR policies:

- Enabling process
- Redundancy process
- Redundancy selection criteria
- Selection and recruitment process
- Re-deployment process

113. It is essential that Members give due regard to the implications for protected groups in the context of their equality duty in relation to this decision.

## **Section 7 – Report Sign-off and Recommendations**

### **Recommendation**

114. That the budget proposals and Council Tax implications set out in this report be issued for consultation, with a consultation deadline of Friday 27 January 2012.

**COUNCILLOR KAY CUTTS  
LEADER**

**COUNCILLOR REG ADAIR  
CABINET MEMBER FOR FINANCE AND  
PROPERTY**

### **Service Director – Finance Comments (PS 31/10/2011)**

115. The financial implications are set out in the report.

### **Legal Comments (JFW 31/10/2011)**

116. Cabinet has the authority to make recommendations to the Council regarding the Budget. The report provides information to enable consultation on proposals to take place to assist in making those recommendations to Council. Authority to approve the final budget and Medium Term Financial Strategy is reserved to Full Council.

### **Background Papers Available for Inspection**

Budget Pressures Forms  
Service Review Summary Proposals  
Equality Impact Assessments

## Appendix A

### Summary Of Departmental Cost Pressures

	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	TOTAL £'m
<b>Children &amp; Young People</b>					
Specialist Placements	3.0	3.0	-	-	6.0
Safeguarding Children	(0.2)	(0.2)	-	-	(0.4)
Academies (assume 10)	0.5	-	-	-	0.5
BSF Alternatives	-	3.0	-	-	3.0
Priority School Building Programme	0.3	0.2	-	-	0.4
Bassetlaw PFI Inflation	0.8	(0.3)	0.1	0.1	0.8
<b>Manifesto Commitments</b>					
School Transport	0.3	0.3	0.4	0.3	1.3
	<b>4.7</b>	<b>6.0</b>	<b>0.5</b>	<b>0.4</b>	<b>11.6</b>
<b>Adult Social Care and Health</b>					
Demand led - Mental Health & Learning Disability	6.2	6.1	6.1	6.1	24.5
Demand led - Older People Demographics	2.7	2.5	2.5	2.5	10.2
Demand led - Physical Disability	1.4	1.3	1.3	1.3	5.3
Independent sector care home fees	1.2	-	-	-	1.2
<b>Manifesto Commitments</b>					
Young Carers	0.9	-	-	-	0.9
	<b>12.4</b>	<b>9.9</b>	<b>9.9</b>	<b>9.9</b>	<b>42.1</b>
<b>Transport &amp; Highways</b>					
Increased highway maintenance and inflation	0.5	0.5	0.5	0.5	2.0
Concessionary Travel	0.8	0.5	0.6	0.6	2.4
Increased Highways Income	-	(0.2)	(0.2)	-	(0.4)
Local Bus & Schools Inflation	0.5	0.5	0.5	0.5	1.9
Mansfield & Newark Bus Stations	-	-	0.1	-	0.1
Street Lighting Energy	0.7	-	-	-	0.7
	<b>2.5</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>	<b>6.8</b>
<b>Environment &amp; Sustainability</b>					
Waste Disposal Landfill Tax Escalator	-	-	1.3	-	1.3
	-	-	<b>1.3</b>	-	<b>1.3</b>
<b>Culture &amp; Community</b>					
Green Spaces	0.2	-	-	-	0.2
Sport England - Holme Pierrepont (NWSC)	-	0.5	-	-	0.5
	<b>0.2</b>	<b>0.5</b>	-	-	<b>0.7</b>
<b>Deputy Leader</b>					
Ways of Working	-	(2.0)	(0.5)	-	(2.5)
Grant Aid	0.5	-	(0.2)	(0.2)	-
	<b>0.5</b>	<b>(2.0)</b>	<b>(0.7)</b>	<b>(0.2)</b>	<b>(2.5)</b>
<b>Finance &amp; Property</b>					
Connectivity & ISP Inflation	0.1	-	-	-	0.1
	<b>0.1</b>	-	-	-	<b>0.1</b>
<b>Personnel &amp; Performance</b>					
Increased Food Cost Inflation	0.3	-	-	-	0.3
	<b>0.3</b>	-	-	-	<b>0.3</b>
<b>Corporate Issues</b>					
Area Based Grant Reductions from 2011/12 (2%)	-	1.0	1.0	-	2.0
	-	<b>1.0</b>	<b>1.0</b>	-	<b>2.0</b>
<b>Total Cost Pressures at 18/10/11</b>	<b>20.6</b>	<b>16.7</b>	<b>13.5</b>	<b>11.7</b>	<b>62.4</b>
<b>Included in 2011/12 Budget Book</b>	15.6	13.1	8.3	-	<b>37.0</b>
<b>Movement</b>	<b>5.0</b>	<b>3.6</b>	<b>5.2</b>	<b>11.7</b>	<b>25.4</b>
<b>Inflationary Pressures</b>	<b>2.1</b>	<b>0.7</b>	<b>1.1</b>	<b>1.2</b>	<b>5.1</b>

## Appendix B

### Summary of New Savings Proposals

Dept	Scheme by portfolio	2012/13	2013/14	Total	Saving
		£000	£000	£000	Indicator
CFCS 1	CFCS Management Structure	200	-	200	Efficiency
CFCS 2	Young People's Service - Disestablish Extended Services Team, Restructure Play Function	195	255	450	Service Reduction
CFCS 3	Reduction to Connexions Funding	574	500	1,074	Service Reduction
CFCS 4	Education Standards and Inclusion (staffing reduction)	500	-	500	Service Reduction
CFCS 5	Reduction in Department overheads	100	100	200	Efficiency
CFCS 6	EIG and former Area Based Grant monies	218	20	238	Service Reduction
<b>Children and Young People Portfolio</b>		<b>1,787</b>	<b>875</b>	<b>2,662</b>	
ASCH&PP 1	Current Income level	1,500	-	1,500	Income
ASCH&PP 2	Self Funders income	200	-	200	Income
ASCH&PP 3	Handy Person Scheme	50	-	50	Income
ASCH&PP 4	Service Organisers (Centralise teams)	-	150	150	Service Reduction
ASCH&PP 5	Reablement for Younger Adults with Physical Disability	150	150	300	Efficiency
ASCH&PP 6	Assistive Technology	50	125	175	Efficiency
ASCH&PP 7	County Horticulture	100	-	100	Service Reduction
ASCH&PP 8	Integrated Community Equipment Service Contract	169	-	169	Efficiency
ASCH&PP 9	Community Based Services re-tender	45	715	760	Efficiency
ASCH&PP 10	Adult Access Team	75	-	75	Service Reduction
ASCH&PP 11	Disabled Facilities Grant top up budget	45	-	45	Service Reduction
ASCH&PP 12	Locality Savings	150	150	300	Service Reduction
ASCH&PP 13	Shared Lives	-	300	300	Efficiency
ASCH&PP 14	Sherwood Industries closure	-	250	250	Service Reduction
<b>Adult Social Care &amp; Health Portfolio</b>		<b>2,534</b>	<b>1,840</b>	<b>4,374</b>	
E&R 1	Part-night street lighting, Reduced Robin Hood line funding	370	151	521	Efficiency
E&R 2	Efficiency savings through the reconfiguration of transport service	100	100	200	Efficiency
<b>Transport &amp; Highways Portfolio</b>		<b>470</b>	<b>251</b>	<b>721</b>	
E&R 3	Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) allowances	220	-	220	Efficiency
E&R 4	Energy mark up (energy purchase arrangements with Buying Solutions/Government Procurement Service)	97	-	97	Efficiency
E&R 5	Recharge CRC Costs to Academies	104	-	104	Income
E&R 6	Recharge CRC Costs to NCC Schools	565	-	565	Income
<b>Environment &amp; Sustainability Portfolio</b>		<b>986</b>	<b>-</b>	<b>986</b>	

## Appendix B

### Summary of New Savings Proposals

Dept	Scheme by portfolio	2012/13	2013/14	Total	Saving
		£000	£000	£000	Indicator
ASCH&PP 15	Trading Standards service redesign	49	-	49	Efficiency
<b>Community Safety Portfolio</b>		<b>49</b>	<b>-</b>	<b>49</b>	
CFCS 7	Community Sports and Arts	30	-	30	Service Reduction
CFCS 8	Country Parks & Green Estate (Car Park income and opening hours)	50	50	100	Income
CFCS 9	Country Parks & Green Estate (Orangery development)	-	55	55	Income
<b>Culture &amp; Community Portfolio</b>		<b>80</b>	<b>105</b>	<b>185</b>	
PPCS 1	Customer Services	60	-	60	Efficiency
PPCS 2	Staffing Restructure	340	173	513	Efficiency
PPCS 3	Communications & Management	13	-	13	Efficiency
<b>Deputy Leader Portfolio</b>		<b>413</b>	<b>173</b>	<b>586</b>	
E&R 7	Property - Planned Maintenance Reduction	200	200	400	Service Reduction
E&R 8	Reduce the cleaning hours and site management costs of the County Office Buildings	303	-	303	Efficiency
E&R 9	Reduction in Finance capacity by the deletion of further posts	81	76	157	Efficiency
E&R 10	Review of the Authority's financing to reduce net interest payable and/or principle loan repayments.	300	-	300	Efficiency
E&R 11	Business Support & Development & Departmental Running Expenses	101	-	101	Efficiency
E&R 12	WoW Programme - Operational Savings	150	350	500	Efficiency
<b>Finance &amp; Property Portfolio</b>		<b>1,135</b>	<b>626</b>	<b>1,761</b>	
PPCS 4	HR Service	131	-	131	Efficiency
<b>Personnel &amp; Performance Portfolio</b>		<b>131</b>	<b>-</b>	<b>131</b>	
<b>Grand total</b>		<b>7,585</b>	<b>3,870</b>	<b>11,455</b>	

## Appendix C

### Summary of Existing Departmental Savings Proposals

Business Case Title	2012/13 Required	2012/13 Achievable	2012/13 Shortfall	2013/14 Required	2013/14 Achievable	2013/14 Shortfall	2014/15 Required
<b>CHILDREN &amp; YOUNG PEOPLE'S PORTFOLIO</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Management Restructuring	175	-	175	-	-	-	-
Improvements to the Youth Support Service's delivery and management structure including Skills for Employment, Youth Service, Integrated Youth Support and Positive Activity Young People's Grants (PAYP).	548	548	-	186	186	-	37
Connexions	601	1,411	(810)	418	-	418	392
Youth Offending Service Cost Reduction Programme	146	146	-	30	30	-	1
14-19 Strategy Team, including Study Support, Global Dimension and Post-16 Commissioning	274	274	-	-	-	-	-
ECAS	-	-	-	13	13	-	13
Enrichment Services - full cost recovery	166	166	-	153	153	-	35
Inclusion Services Remodelling	1,370	571	799	62	62	-	63
School Improvement Service – Remodelling	336	336	-	45	45	-	67
Premature Retirement Compensation Costs for School Staff-Natural wastage	25	25	-	25	25	-	25
Sure Start Early Years and Childcare Grant	750	750	-	1,000	1,000	-	1,000
Children's Social Care Placements	511	511	-	-	-	-	-
Social Care Fieldwork Services	-	-	-	204	204	-	406
Adoption Services	107	107	-	-	-	-	-
Family / Parenting Support (including CAF & early intervention projects)	485	485	-	-	-	-	-
CYP Business Support Services Review	1,350	675	675	-	-	-	-
Strategic Place Planning 0-19 and School Admissions	210	210	-	-	-	-	-
<b>TOTAL CHILDREN &amp; YOUNG PEOPLE'S PORTFOLIO</b>	<b>7,054</b>	<b>6,215</b>	<b>839</b>	<b>2,136</b>	<b>1,718</b>	<b>418</b>	<b>2,039</b>
<b>CULTURE &amp; COMMUNITY PORTFOLIO</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Restructure of Country Parks & Sherwood Forest Trust & Closure of Lakeside Garden Shop at Rufford	159	159	-	359	-	359	-
Libraries & Archives	780	780	-	216	216	-	-
Adult & Community Learning	96	96	-	-	-	-	-
Sports & Arts	93	93	-	115	115	-	-
Sports & Arts - Grant Aid	-	-	-	-	-	-	-
Deferral of capital projects	206	206	-	98	98	-	-
<b>TOTAL CULTURE &amp; COMMUNITY PORTFOLIO</b>	<b>1,334</b>	<b>1,334</b>	<b>-</b>	<b>788</b>	<b>429</b>	<b>359</b>	<b>-</b>
<b>TOTAL CFCS DEPARTMENT</b>	<b>8,388</b>	<b>7,549</b>	<b>839</b>	<b>2,924</b>	<b>2,147</b>	<b>777</b>	<b>2,039</b>



## Appendix C

### Summary of Existing Departmental Savings Proposals

Business Case Title	2012/13 Required	2012/13 Achievable	2012/13 Shortfall	2013/14 Required	2013/14 Achievable	2013/14 Shortfall	2014/15 Required
ADULT & SOCIAL CARE PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Increased income through increased charges (pre-agreed & current work)	251	141	110	-	-	-	-
Increased income through increased charges (additional)	55	55	-	26	26	-	-
Increased income - Revision to Fairer Contributions policy	300	300	-	-	-	-	-
Reablement & Homecare (Service Delivery Costs)	700	700	-	-	-	-	-
Reablement & Homecare (Staff Savings)	200	200	-	-	-	-	-
Day Services	2,434	1,216	1,218	3,035	3,263	(228)	-
Fair Access to Care eligibility	1,000	1,000	-	-	-	-	-
Sale of Residential Care Homes	2,500	1,300	1,200	-	-	-	-
Reduce use of residential care and increase alternatives	324	324	-	1,024	1,024	-	1,202
Interagency planning and Commissioning - Linkages efficiencies	152	152	-	256	256	-	296
Notts 50+ (Early Intervention and Prevention)	46	46	-	15	15	-	-
Notts 50+ (Early Intervention and Prevention)	160	160	-	-	-	-	-
Healthier Communities Service	-	-	-	-	-	-	-
Welfare rights cease	450	450	-	-	-	-	-
Learning Disabilities Teams	-	-	-	-	-	-	-
Learning Disability & Mental Health Community Care	1,281	1,281	-	1,281	1,281	-	1,281
Adult Placement Scheme	75	75	-	38	38	-	38
Mental Health commissioning	100	100	-	-	-	-	-
Learning Disability commissioning	109	109	-	150	150	-	11
Supported Employment – Balance - Cease provision	-	-	-	-	-	-	-
Reduce spend on Supporting People	4,000	4,000	-	3,000	3,000	-	500
Procurement and Market Management Unit staffing	-	-	-	-	-	-	-
ACFS - Moving to net payments and resulting reductions in staffing	150	150	-	-	-	-	-
Strategic Services	-	-	-	-	-	-	-
Administration	300	300	-	-	-	-	-
Organisational Re-design	1,109	1,109	-	-	-	-	-
Implementation of Putting People First	1,000	1,000	-	-	-	-	-
Carers Team	-	-	-	-	-	-	-
Market Management	-	-	-	-	-	-	-
Inflation reductions	6,000	6,000	-	-	-	-	-
Outsource Sensory Impairment Service	155	155	-	-	-	-	-
Learning Disability Short Breaks	100	100	-	403	403	-	-
Ordinary Residence	150	150	-	-	-	-	-
HIV AIDS	32	32	-	-	-	-	-
Assistive technology	25	25	-	-	-	-	-
Luncheon clubs	-	-	-	-	-	-	-
<b>ADULT &amp; SOCIAL CARE TOTAL</b>	<b>23,158</b>	<b>20,630</b>	<b>2,528</b>	<b>9,228</b>	<b>9,456</b>	<b>(228)</b>	<b>3,328</b>
COMMUNITY SAFETY PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Registration Service - Maximising Income Opportunities and Cessation of Security Guard	98	98	-	98	98	-	98
Trading Standards - Regional Working and Income Generation	77	77	-	0	-	-	0
<b>TOTAL COMMUNITY SAFETY PORTFOLIO</b>	<b>175</b>	<b>175</b>	<b>-</b>	<b>98</b>	<b>98</b>	<b>-</b>	<b>98</b>
<b>TOTAL ASCH&amp;PP DEPARTMENT</b>	<b>23,333</b>	<b>20,805</b>	<b>2,528</b>	<b>9,326</b>	<b>9,554</b>	<b>(228)</b>	<b>3,426</b>

## Appendix C

### Summary of Existing Departmental Savings Proposals

Business Case Title	2012/13 Required	2012/13 Achievable	2012/13 Shortfall	2013/14 Required	2013/14 Achievable	2013/14 Shortfall	2014/15 Required
<b>FINANCE &amp; PROPERTY PORTFOLIO</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Finance Reduced Capacity	227	227	-	29	29	-	-
Vertical review staffing	150	150	-	339	339	-	591
Vertical review ISP and connectivity rationalisation	160	160	-	150	150	-	180
Vertical review Apps rationalisation	100	100	-	50	50	-	190
Vertical review desktop strategy	179	179	-	79	79	-	129
Reduction in strategic function	139	139	-	381	381	-	-
Corporate performance and business services	79	79	-	-	-	-	-
<b>TOTAL FINANCE &amp; PROPERTY PORTFOLIO</b>	<b>1,034</b>	<b>1,034</b>	<b>-</b>	<b>1,028</b>	<b>1,028</b>	<b>-</b>	<b>1,090</b>
<b>PERSONNEL &amp; PERFORMANCE PORTFOLIO</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cleaning & landscape services, scls catering and ch fm services	500	500	-	-	-	-	-
<b>TOTAL PERSONNEL &amp; PERFORMANCE PORTFOLIO</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSPORT AND HIGHWAYS PORTFOLIO</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fleet Consolidation (Shared Transport Centre)	500	500	-	500	500	-	-
Street Lighting: Energy cost savings and reduced maintenance	185	185	-	184	184	-	144
Maximise Highways income and recharges	-	-	-	-	-	-	88
Highways Service Redesign - Structure Review and Increased Efficiencies	935	935	-	304	304	-	149
Nottinghamshire Transport Services / Shared Transport Centre	149	149	-	-	-	-	-
<b>TOTAL TRANSPORT AND HIGHWAYS PORTFOLIO</b>	<b>1,769</b>	<b>1,769</b>	<b>-</b>	<b>988</b>	<b>988</b>	<b>-</b>	<b>381</b>
<b>TOTAL ENVIRONMENT AND RESOURCES DEPARTMENT</b>	<b>3,303</b>	<b>3,303</b>	<b>-</b>	<b>2,016</b>	<b>2,016</b>	<b>-</b>	<b>1,471</b>

## Appendix C

### Summary of Existing Departmental Savings Proposals

Business Case Title	2012/13 Required	2012/13 Achievable	2012/13 Shortfall	2013/14 Required	2013/14 Achievable	2013/14 Shortfall	2014/15 Required
<b>PPCS</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>LEADER PORTFOLIO</b>			-			-	-
Share Post of Chief Executive with other public bodies	52	10	42	-	-	-	-
Merge /co-locate Legal & Democratic admin teams	48	48	-	-	-	-	-
Reduction in Special Responsibility Allowances	60	60	-	-	-	-	-
Additional staffing savings	-	70	(70)	-	-	-	-
<b>TOTAL LEADER PORTFOLIO</b>	<b>160</b>	<b>188</b>	<b>(28)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEPUTY LEADER PORTFOLIO</b>							
Outsource of Debt Recovery within Legal Services	25	-	25	-	-	-	-
Shared Legal Services with other public bodies	123	123	-	11	11	-	-
Legal Services – process efficiency and work reduction	100	100	-	50	50	-	-
Legal Services – managing demand reduction	75	75	-	38	38	-	-
Customer Services	262	262	-	281	281	-	-
Additional staffing savings	-	47	(47)	-	-	-	-
Grant Aid	450	450	-				
<b>TOTAL DEPUTY LEADER PORTFOLIO</b>	<b>1,035</b>	<b>1,057</b>	<b>(22)</b>	<b>380</b>	<b>380</b>	<b>-</b>	<b>-</b>
<b>ENVIRONMENT &amp; SUSTAINABILITY PORTFOLIO</b>							
Reduce service (Planning) development control	5	5	-	-	-	-	-
<b>TOTAL ENVIRONMENT &amp; SUSTAINABILITY PORTFOLIO</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CULTURE &amp; COMMUNITY PORTFOLIO</b>							
Restructuring of Conservation Specialists	381	231	150	-	-	-	-
Redesign of Economic Regeneration service	12	12	-	-	-	-	-
Additional staffing savings	-	100	(100)	-	-	-	-
<b>TOTAL CULTURE &amp; COMMUNITY PORTFOLIO</b>	<b>393</b>	<b>343</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PPCS</b>	<b>1593</b>	<b>1,593</b>	<b>-</b>	<b>380</b>	<b>380</b>	<b>-</b>	<b>-</b>

Business Case Title	2012/13 Required	2012/13 Achievable	2012/13 Shortfall	2013/14 Required	2013/14 Achievable	2013/14 Shortfall	2014/15 Required
<b>HORIZONTAL SAVINGS</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Passenger Transport Transformation	1,040	1,040	-	1,040	1,040	-	-
Charges to Schools	542	-	542			-	-
Procurement and Contracts	1,000	1,000	-	1,000	1,000	-	1,000
Strategic Services (policy, research etc.)	70	70	-	70	70	-	-
Customer Services	500	500	-	500	500	-	-
Learning & Development	1,021	1,021	-	10	10	-	-
Income Generation	150	-	150	350	-	350	-
Business Support and Administration	400	-	400	-	-	-	-
Marketing, PR and Communications	400	-	400	-	-	-	-
Business Management System	3,553	1,895	1,658	1,547	1,547	-	-
<b>TOTAL HORIZONTAL SAVINGS</b>	<b>8,676</b>	<b>5,526</b>	<b>3,150</b>	<b>4,517</b>	<b>4,167</b>	<b>350</b>	<b>1,000</b>

## Appendix D

### Capital Programme – Preliminary Bids

<b>Modernising Services for Older People</b>
<p><b>Brief description</b></p> <p>In recognition of the predicted increase in numbers of older people in the future and the associated increase in demand for services it is necessary to develop additional services that will help people live as independently as possible in local communities. We are already experiencing a significant increase in demand for services as we become more successful at helping people live at home and in particular the increase in specialist services meeting the needs of people with dementia related illnesses.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>In February 2010, the County Council approved a development programme for extra care housing committing £12.65 million for the development of 7 extra care housing schemes providing up to 160 extra care units with nomination rights to Nottinghamshire County Council.</p> <p>It is recognised and evidenced that there is a need to continue this modernisation programme into the future and beyond the initial 5 year period. Therefore additional funding will be required in order to provide additional extra care housing schemes, specialist services for dementia care and additional day services.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>Over a 10 year period it is anticipated that £25 million will be required for the programme. The £12.65 million already secured for the programme will enable the Council to secure a minimum of 160 places of extra care housing across the County over the next 5 years. The remaining £12.35 million (of which £7.35 million was provisionally approved via the 2011/12 Budget Book) will be used in the subsequent 5 years (Phase 2) and will secure an additional 140 places in refurbished/updated accommodation developed with partners. Thus, it is anticipated that a further £5 million will be required over the two years from 2018/19.</p> <p>The investment by the Council is expected to attract inward investment from the private sector of approximately £100 million.</p>

<b>Albion Close Day Centre</b>
<p><b>Brief description</b></p> <p>A project is underway to reconfigure the current Eastgate Centre at Worksop to provide a combined facility for those with age-related, physical or learning need. Additional funding is required to provide a secure garden and a new car parking area for service users, and some overnight parking for minibuses.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>The initial budget for Albion Close Day Centre included some external works, but the scope of these works has evolved through the consultation process.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>An additional £179,000 is required in 2012/13.</p>

## Appendix D

### Capital Programme – Preliminary Bids

<b>Newark Register Office</b>
<p><b>Brief description</b></p> <p>The current Newark Register Office is located in the County Offices building, Balderton Gate, which the County Council is surrendering back to Newark and Sherwood District Council as part of the 'Ways of Working' programme. The Register Office is a key focus of the community in Newark, and hosts nearly 400 marriages and civil partnership ceremonies each year. Alternative accommodation will be needed and capital funding will be required for acquisition of a property and the works required for it to be suitable for Registration services, including facilities needed to meet the requirements of the Disability Discrimination Act.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>A local Register Office is required for legal registration of births, still births and deaths, notices of civil marriage and civil partnerships, plus non-statutory celebratory ceremonies.</p> <p>Many of the services delivered by the Register Office are statutory. However the statutory fees that the Council can legally charge do not cover the cost of offering the service. The Council's non-statutory and enhanced services generate income that subsidise its statutory obligations. The greater the service income, then the lower the net cost of the service to the County Council.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>A feasibility study will provide indicative costs. However, an estimate at this stage would suggest that the acquisition and refurbishment costs could total approximately £600,000.</p>

<b>Bingham Library and former Health Centre - Conversion and refurbishment</b>
<p><b>Brief description</b></p> <p>Bingham Library is situated in the centre of Bingham town centre and is currently part of a shared building with the local health centre. The library receives over 120,000 visits per year and the current library space is 500 square metres, which is too small for the catchment population and does not meet Museum Libraries and Archives Council (MLA) standards.</p> <p>Bingham Library is included in the 15 Library Refurbishment Programme Phase 2, due to start in 2014/15. An estimated sum of £390,000 has been allocated to the Bingham project.</p> <p>The development of an extended and improved library is dependent upon the building of a replacement health centre for the current one. It is hoped that work on this will commence in 2013, but this activity is outside the influence of the County Council.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>It is anticipated that the costs of the capital scheme will be met from the £390,000 allocated within the postponed Libraries Refurbishment Programme, together with the capital receipts from the scheme. It is estimated that the funding will be required in 2013.</p>

## Appendix D

### Capital Programme – Preliminary Bids

<p><b>Highways Management &amp; Operate Partnership Termination: Vehicles &amp; Plant</b></p>
<p><b>Brief description</b></p> <p>Purchase of existing vehicles and plant used on the delivery of highway services by the district councils (Mansfield, Ashfield and Broxtowe) and / or purchase of new replacement vehicles and plant upon termination of the current Management and Operate Partnerships in April 2012.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>In March 2010, Cabinet approved a proposal to terminate the Manage and Operate Partnerships (MOPs) with Mansfield District Council, Ashfield District Council and Broxtowe Borough Council for the delivery highway construction and maintenance services in their districts. The transfer of these services to NCC will take place on 1 April 2012.</p> <p>The vehicles and plant used to deliver these services are currently within the ownership of each district council rather than the highway services and, as such, the vehicles and plant remain the property of those district / borough councils up to and following the termination of the MOP arrangement.</p> <p>From April 2012, NCC will require vehicles and plant in order to deliver the services and the options available include:</p> <ol style="list-style-type: none"> <li>1) Purchase of new vehicles and plant;</li> <li>2) Lease or hire vehicles and plant;</li> <li>3) Purchase existing (or selected) vehicles and plant from the district / borough councils upon termination.</li> </ol> <p>Option 3 is the favoured approach of the district / borough councils who will need to dispose of these fleets upon termination of the MOP arrangement.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>The estimated cost of vehicle and plant requirements is based upon:</p> <ol style="list-style-type: none"> <li>1) The current value of the MOPs owned vehicle and plant fleets where the equipment is suitable to buy (based on condition)</li> <li>2) New replacement vehicles and plant where condition assessment of the MOPs fleet has shown that it is life expired / beyond economic repair</li> <li>3) An assumed 15% (by value) reduction in the current fleet of vehicles and plant achieved through improvements in utilisation once merged into NCC teams</li> </ol> <p>The estimated requirement is £1,970,000, but is subject to ongoing review.</p>

## Appendix D

### Capital Programme – Preliminary Bids

<b>Street Lighting Infrastructure Replacement</b>
<p><b>Brief description</b></p> <p>Replacement of lighting columns throughout the county, targeting poor condition columns and those that have reached the end of their service life. Replacement will not only have asset management benefits, but also potentially improve the safety of all road users and pedestrians, reduce fear of crime and give a feeling of security to the public.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>Currently there are over 4,200 poor condition lighting columns (out of a total stock of 91,000) which need replacing. With an average life of 40 years to achieve a “steady state” regime of replacement the authority should be replacing a fortieth of the stock on an annual basis.</p> <p>If funding is not available for this work, there will be deterioration in the condition of the lighting stock leading to increased revenue costs for repair and potentially dangerous structural failure of columns.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>Funding for lighting column replacements was previously approved up to and including 2012/13. Ongoing funding of £1.5 million per year from 2013/14 would allow for the replacement of around 1,000 life expired columns per year.</p>

<b>Road Safety</b>
<p><b>Brief description</b></p> <p>This scheme supports the Nottinghamshire Road Safety Partnership, which promotes casualty reduction engineering schemes, safety cameras, safety awareness / education.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>There is a statutory requirement under section 39 Road Traffic Act to ensure accident problem sites are investigated and appropriate remedial measures implemented.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>Capital funding of £250,000 per year from 2013/14, in addition to the £350,000 already approved, is required for this element of the programme.</p>

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### Capital Programme – Preliminary Bids

<b>Highway Maintenance – Additional Capital Maintenance</b>
<p><b>Brief description</b></p> <p>Additional funding for highway capital maintenance is required to maintain the current levels of road condition. This will result in an expanded surface dressing and structural patching maintenance programme using an asset management approach.</p> <p>The additional maintenance works will not only have asset management benefits, but help to continue to provide a safe and serviceable network for all road users, help the authority defend itself against third party claims and support the revenue budget used to carry out reactive safety repairs such as potholes.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>The local road network maintained by the County Council consists of 418km of “A” roads, 286km of “B” roads, 769km of “C” roads and 2707km of Unclassified roads, giving a total length of local roads in the County of 4180km.</p> <p>The local road network deteriorates at varying rates depending on traffic volumes, percentage of HGV's, environmental factors, utility activities, maintenance regime, road construction types etc. This deterioration is managed by carrying out maintenance work that can be categorised into two areas:</p> <ul style="list-style-type: none"> <li>• Planned maintenance works - capital funding</li> <li>• Reactive maintenance works – revenue funding</li> </ul>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>An additional £2 million per year to supplement the existing capital budget of £12 million per year from 2012/13 to 2019/20.</p>



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### Capital Programme – Preliminary Bids

<b>Gamston Depot Salt Barn</b>
<p><b>Brief description</b></p> <p>A 3,250 tonne capacity salt barn is to be erected at Gamston Depot.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>Road salting has taken place from Gamston Depot since the mid 1950's, covering the areas requiring treatment in the urban fringe and the south of the County. It is ideally located within the road network to fulfil this function, and is not located within an urban area where the 24 hour service provided would affect local residents.</p> <p>Traditionally salt has been stored outside at the depot. However it got damp and potentially contaminated affecting its performance, as well as potentially contaminating the surrounding environment, primarily by leaching into the ground. Current Environment Agency guidance is to store salt inside, which minimises both these issues.</p> <p>During 2009/10, agreement was reached with Nottingham City Council to share their indoor supplies at Eastcroft Depot. This arrangement will cease after 2011/12.</p> <p>A number of severe winters and further Government guidance as to the amount of salt that Local Authorities should store, as well as the Environment Agency guidelines and the need to serve the southern area of the County, have generated the need for this development. An adequate sized barn can be provided within the existing depot to allow the statutory obligation for the County Council to salt roads to continue.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>Capital funding of £345,000 is required in 2012/13, in addition to the existing budget of £180,000 in 2011/12.</p>

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### Capital Programme – Preliminary Bids

<b>Worksop Bus Station</b>
<p><b>Brief description</b></p> <p>A new fully enclosed bus station is proposed for Worksop, based on the one opened at Retford in 2007. The new bus station will have 8 bays, a central town centre location, toilets, a staffed information point, driver restroom and office space for bus operator/s. Currently 865,000 passenger trips per annum are made from the town centre bus stops which will be merged and simplified through the new bus station.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>The existing on street bus stop arrangement at Hardy Street offers a poor quality waiting environment and has been the subject of significant criticism from the public, particularly since the opening of Retford bus station. A 1400 signature petition was submitted to NCC in February 2009 calling for a new bus station to be built.</p> <p>The bus station will concentrate all town centre stops, simplifying bus travel and linked bus to bus trips.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>Various options exist regarding the development of the bus station dependent upon its scope and the inclusion or otherwise of adjacent properties (which require acquisition). Fundamental also is the level of any second and third party financial support.</p> <p>The NCC contribution required for construction of the new bus station is likely to be in the region of £3.0 million and could be funded through a combination of Local Transport Plan funds and NCC capital allocations. Ongoing revenue costs will be incurred in respect of managing and operating the new facility and it is anticipated that, as with the Mansfield Bus Station, there will be a joint County/District agreement.</p>

<b>Nottinghamshire Archives Extension</b>
<p><b>Brief description</b></p> <p>The proposed extension and improvements will provide sufficient accrual space for the acquisition and storage of archives for at least the next 20 years, expanded space for the public to access archives, improved IT infrastructure to provide access to born digital and digitised archives, a co-located family history service with Registration, and a fully equipped learning and exhibitions room.</p>
<p><b>Reasons for proposing the scheme</b></p> <p>Nottinghamshire Archives will be full within 12 months. It is proposed that the Archives be extended to enable the service to continue its core function of acquiring, preserving and providing public access to archives.</p>
<p><b>Approximate cost (including phasing of costs)</b></p> <p>The estimated cost of this scheme is £3.1 million. However, there is scope to undertake a reduced scheme at a lower cost.</p>

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The following schemes may require capital funding, but involve uncertainties and/or their requirements are still being developed.

#### **Schools Condition, Basic Need, Priority School Building Programme**

County Council (19/05/11) approved capital funding over the three years 2011/12 to 2013/14 for:

- school refurbishment; and
- the School Basic Need Programme, which aims to ensure that school places are available to meet changing demand.

Following the James Review, the Council is awaiting the outcome of a bid submitted for the Government's recently announced school refurbishment programme. There is also uncertainty regarding future allocations of capital grants. Given the level of uncertainty, additional funding requirements from 2014/15 for schools schemes have not yet been developed.

Although the Priority School Building Programme is to be paid for under a 'private finance' arrangement, it is anticipated that there may be capital elements that may need to be met by the County Council. The level of funding required to meet these cannot be estimated at this stage.

#### **Broadband Match-funding**

The County Council is leading in the planning and delivery of super-fast broadband for Nottinghamshire. The Government's Broadband Delivery UK programme was announced in early 2011 and will invest £530 million to enable 90% of households and businesses to gain access to a superfast broadband service by 2015. Nottinghamshire has an indicative allocation of £4.25 million, requiring a funding match from the public sector of £4.25 million and a further £8.5 million from private sector businesses. Cabinet (12/10/11) noted that the County Council may be required to underwrite the public sector matched funding gap through its Capital Programme.

#### **National Water Sports Centre**

Cabinet (14/09/11) approved the undertaking of a "competitive dialogue" procurement process to secure an operating partner to manage, operate and develop the National Water Sports Centre on the Council's behalf. Cabinet noted that significant capital investment would be required to reshape the Centre. Cabinet also noted that the ongoing capital expenditure/maintenance requirements for the Centre are partly funded through the £2 million contribution provided by Sport England in 2009, of which approximately £1.4 million remains, and that this funding could be used to offset some of the capital expenditure required by the Council and/or a private sector partner. The existing Capital Programme includes further funding (from NCC) that was previously set aside for the National Water Sports Centre scheme and this is expected to be more than sufficient to meet the remaining capital funding requirements.

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#### **Sherwood Forest Visitors Centre**

Cabinet (14/09/11) approved the undertaking of a competitive process to offer and award a works and services concession to a third party operating partner for the design, build, finance and operation of a new visitor centre/attraction at Sherwood Forest. The existing Capital Programme includes approximately £5 million for a new centre from 2015/16. Cabinet noted that this capital funding may be required ahead of 2015/16. Capital funding requirements for Sherwood Forest Visitors Centre will be kept under review.

#### **A453**

County Council (30/06/11) authorised the contribution of £20 million to the Department of Transport, subject to the Government's approval and the commencement of the improvement of the A453 between the M1 junction 24 and the A52. Dependent on these conditions being met, this contribution will be incorporated in the Council's Capital Programme.

#### **Hucknall Town Centre**

County Council (30/06/11) approved capital funding of £650,000 for the Hucknall Town Centre Improvement Scheme. This scheme is awaiting the outcome of a bid to the Department for Transport. If this bid is successful, the Capital Programme will be amended accordingly.

#### **Vehicle Replacements**

The existing Capital Programme includes budget of £1,156,000 per year from 2011/12 to 2014/15 for vehicle replacements. Capital funding for vehicle replacements will be required beyond this timeframe. The Council's vehicle procurement strategy is to be reviewed.

#### **IT Infrastructure**

The existing Capital Programme includes budget of £1 million per year until 2015/16. Capital funding for IT Infrastructure will continue to be required beyond this timeframe.