



meeting

BUDGET SCRUTINY - SELECT COMMITTEE

date

29 JANUARY 2006

agenda item number

REPORT OF THE STRATEGIC DIRECTOR OF RESOURCES

CONSULTATION ARRANGEMENTS ON BUDGET PROPOSALS 2007/08

1. Purpose of the Report

- 1.1 To outline the consultation processes used for the Budget Proposals for 2007/08 and to invite the Select Committee's views and recommendations.

2. Background

- 2.1 Each year as part of the preparation of the County Council's budget the arrangements for consultation are subject to Scrutiny. This report sets out the processes that have been adopted in respect of the 2007/08 budget and requests the Select Committee to offer comments.
- 2.2 The consultation process has had regard to the Council's public engagement policy.
- 2.3 In the late summer and autumn of 2006 we worked closely with the media to draw attention to some of the major budget issues and held meetings with the press both at County Hall and in the north of the County. Members of the public were then invited via the Council's website to offer comments on what the Council should "spend more on" and what we should "spend less on". This was a new development for the 2007/8 budget round at the suggestion of the Cabinet Member for Finance and Property and meant that we had an early indication of public opinion at the crucial stage of budget development.
- 2.4 Extracts from the Council's Website are reproduced in **Appendix 1** for information. The Website gave some general background to the Council's budget under the section "Where the money goes"; made some fairly easily understandable comparisons between the Council's budgetary processes and general household management in the section "Your budget – our budget"; and highlighted some of our main challenges and opportunities.

2.5 People were given the opportunity to express views on which service areas should have more spent on them, and which less. These views have been taken into consideration as part of the budget process and were specifically considered at a Budget Awayday for all Members of the Majority Group. It was always recognised that this was an exercise where individuals self selected and thus the sample was not statistically representative.

2.6 The results of this consultation are set out in the following tables.

Spend more on...	%
Older people	46
Crime	41
Public transport	35
Environment	34
Physical disabilities	32
Waste management	30
Learning disabilities	29
Vulnerable children	27
Roads	26
Schools and pre-schools	24
Young people	21
Libraries	17
Arts and leisure	14
Regeneration	14
Community development	13
Standards, safety	9

Spend less on...	%
Regeneration	56
Community development	52
Arts and leisure	46
Standards, safety	44
Young people	31
Roads	31
Public transport	29
Schools and pre-schools	26
Libraries	25
Waste management	22
Environment	15
Crime	11
Learning disabilities	8
Vulnerable children	8
Physical disabilities	7
Older people	5

2.7 The response to the website vote was quite limited with only 190 people responding. It should be borne in mind that this was the first time that the Council has engaged in public consultation at this stage in the budget round and we would anticipate that there may be greater

engagement in future years. The views expressed have provided a helpful background against which Councillors have considered budget options. The outcomes of the consultation were also published on the Website – see **Appendix 2**.

- 2.8 In addition, the Leader, Deputy Leader and Cabinet Members for Finance and Property met with a range of stakeholders in October 2006 to explain the future budget pressures and to gain the views of these representatives from a service user's perspective. Amongst the organisations represented were :

- District councils
- Fire
- Police
- Health service
- And a range of voluntary and community organisations.

- 2.9 The Leader reported back to Council on 30 November in his portfolio report on the event. He explained he was 'shadowed' by Matt Curzon, Broxtowe Youth Council member and joined by several key partners of the County Council to consider the outcomes of the website budget consultation. The Deputy Leader and Cabinet member for Finance and Property also joined the Leader as did the Strategic Director - Communities. The aim of the event was to share details of the current budget situation of the County Council in an informal way with partners and also to reflect on the results of the website consultation. The main outcome was to build understanding of some of the budget pressures facing the authority, with people who represented organisations already connected to the County Council. This was an opportunity for the councillors and chief officer to take on board the partners' comments on the public consultation.

- 2.10 Formal consultation with the Trade Unions has taken place via the Corporate Joint Forum. The responses from the Trade Unions included a strong opposition to any form of "privatisation" and a preference for protecting existing front line services instead of funding new developments.

- 2.11 Two special budget related staff seminars were held which were aimed at identifying ways in which the Council can be run more efficiently. About sixty staff attended these events, one at County Hall the other in the north of the County. Again these budget specific staff seminars were a new innovation for the 2007/8 budget round. A range of ideas were forthcoming and these are being followed up within the Council. Details of the main ideas are contained in **Appendix 3**.

- 2.12 Once the main features of the proposed budget had been established and agreed for consultation purposes by Cabinet on 10 January, press releases were issued and officers have had discussions with local journalists. This has led to coverage in most of the local media. The

Council's website has also been used to publicise the proposals – see **Appendix 4** - and to seek views on three specific questions:

Are we concentrating on the right areas of additional expenditure to meet the needs of the people of Nottinghamshire?

Are we making the savings in the right places?

The Council proposes a council tax rise of 4%. Do you think this is reasonable?

2.13 The website consultation period ran until 23 January 2007. However, the picture that has emerged (as at January 15) from 80 responses to the website is shown in the attached **Appendix 5**. An update can be provided at the meeting.

2.14 There has also been correspondence with Nottinghamshire MPs and the formal statutory consultation with representatives of business ratepayers takes place on 6 February 2007. Further consultation has taken place with Trade Unions through the departmental Joint Consultation and Negotiation Panels, and there has been extensive consultation with schools about the schools' budget distribution arrangements via the Schools Forum.

2.15 All Strategic Directors have engaged in discussions or correspondence with key stakeholders and service users, whilst the listing below is not exhaustive it indicates the types and range of organisations contacted :

- Primary Care Trusts
- Health Trusts
- Supporting People Partnership
- Learning Disability Partnership
- Nottingham Regeneration Ltd
- Nottingham Development Enterprises
- Job Centre Plus
- Arts Council
- and a range of local voluntary organisations

2.16 A Summary of the budget proposals is also included for completeness as **Appendix 6**.

3. Statutory and Policy Implications

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

4. Recommendation

- 4.1 The Select Committee to consider the consultation process and offer advice to Cabinet.

ARTHUR DEAKIN
STRATEGIC DIRECTOR OF RESOURCES

APPENDIX 1

SAMPLE OF EARLY BUDGET CONSULTATION DOCUMENTS VIA WEBSITE.

How should we spend your money?

Welcome to this section of our website which tells you about the Council's budget planning for the next financial year, 2007-8.

Introduction

Where the money goes

Your budget – our budget

Challenges and opportunities

Introduction

This year (2006-07) the services the County Council pays for are costing £399m. £270m (68 per cent) of that will have come from council tax payers - local householders - and most of the rest from the Government.

What services are they? There's a summary of all the services we provide and how much they cost in the where our money goes section.

View full details of the 2006/7 budget agreed by councillors. Budget report [PDF 402KB]

Councillors are now beginning to think about our spending for next year. If we change nothing about our services then our costs will still go up a little – that's the effect of inflation. But things don't just stay the same. Every passing year the challenges facing the Council change.

For example, for next year we need to think about:
some costs that are rising faster than inflation – such as the cost of electricity supply
some services where demand is increasing – such as more older people need our help
some new opportunities to improve life for people in Nottinghamshire.

And we need to look closely at any ways in which we can save money or reduce the costs of existing services. The Government expects us to make some efficiency savings every year and we've a good record of doing so.

Have a read of the section entitled your budget - our budget – which explains the ways the Council can set about balancing its books and compares them to the way we all, as householders, tackle our finances.

Read more about the financial challenges and opportunities that we know are facing us next year.

The Council involves the public throughout the year in the decisions we make – both helping us agree the big issues which we set out to tackle in our plans and as we make decisions around individual services or affecting particular groups or communities. Find more details of our consultation work.

Read the next page to find out how the money is spent.

Where the money goes

In past years a big slice of the Council budget used to fund Nottinghamshire schools, but the Government has now changed the system so that schools receive their money direct from Westminster, and school governors decide how the money is spent. Here's a table that lists how much we're spending this year in the different areas of our work.

	Spending £	Services included
Looking after older people	76.7m	Older person's homes, homecare, payments to residential homes, older person's assessments
Looking after people with physical disabilities	16m	All services and support for people with physical or sensory disabilities
Looking after people with learning disabilities or mental health needs	59.5m	Mental health services and services to people with learning disabilities
Support to schools and pre-school	35.6m	Raising standards, citizenship, managing new school building projects, special needs policy and casework, school places, school transport, support to childminders and children's centres
Support to vulnerable children and children with disabilities	48.5m	Social work with children and families, respite care, looking after children without parents of their own, adoption and fostering, family centres
Support to young people outside school	10.9m	Youth clubs, youth workers, working to reduce crime in young people
Roads	29.7m	Transport planning, road and footpath maintenance, street lighting, gritting, road safety
Supporting public transport	20.5m	Supporting bus services, supporting the tram project
Looking after the environment	5.3m	Minerals plan, safeguarding our heritage, ecology, promoting green issues, land reclamation, rights of way
Waste management	21.1m	Waste disposal, reducing waste, recycling
Tackling crime and fear of crime	1.5m	Work to help reduce crime and disorder, reduce social exclusion, combat drugs and domestic violence
Community development and partnerships	4.2m	Working to build strong local communities, helping community organisations develop and thrive
Standards, safety and advice	6.5m	Trading standards enforcement and consumer advice, Community Legal Service, community protection and emergency planning, registrars service
Borrowing and reserves	30.8m	Contribution to capital charges, contingency and reserves – paying for past borrowing and money set

		aside for planned future needs
Libraries	14.2m	Libraries, archives and county contact points
Arts and leisure	4.8m	Country park, arts and sports development, play development
Regeneration	6.1m	Adult and community learning, improving the local economy
Democratic costs and communications	7.1m	Running the business of the council including meetings, the work of councillors, communications, consultation, producing corporate plans, elections

Read the next page to find out how we can manage the Council's budget.

Your budget - our budget: explaining how the County Council makes its money go further!

Here's a guide to some issues facing the County Council in managing its budget. As with every household looking after our money is a complicated task, Here we explain how the things we can do compare to the things you can do. How do we try and balance our expected income against the costs we face? How can we raise money for the new things we want to afford? How can we make every pound go further?

	<u>Your budget</u>	<u>Our budget: Nottinghamshire County Council</u>
	How do you manage your budget at home? At home there are a number of things the householder can do – we all do a combination of them to make ends meet. This column looks at some of the choices facing you the householder	Every year, when we come to plan the Council's budget we face the a very similar set of options to the householder. In this column read about the ways the County Council can manage its budget.
We try and keep everyday running costs down as much as possible by:		
A: Using less	For example: you switch off lights when you're not using them, turn down the thermostat a degree, or buy fewer biscuits and snacks.	<p>We work hard at setting a good example on sustainability –cutting out waste by only buying as much as we need and making sure we're energy efficient. But there are limits to what we can achieve – for example it's no good planning for a mild winter in the number of gritting lorries we have available or the amount of rock salt we buy – we need to be ready for severe conditions. And our ability to save energy is hampered by the fact that some of our buildings and heating systems are rather old.</p> <p>There's a regular call for all Government organisations to cut down on the cost of bureaucracy. Do we need so many managers and back room staff? Are we looking at using new technology to speed things up and save money?</p> <p>We've been doing all this for a number of years and have been praised by inspectors for how well we do it. For the last two or three years the Government has been <i>assuming</i> we can save money through these efficiency savings by limiting the grant they give us.</p>

		<p>In time for next year's budget we'll have</p> <ul style="list-style-type: none"> • Reduced the number of senior managers in the Council by around 20 per cent saving £1m • Centralised all our IT, finance, property and personnel staff into teams serving the whole Council saving £2m • Made savings of £2m in other professional and support services <p>But there are possible risks in cutting too hard or too fast. We need to be sure the things we think of as 'efficiency' cuts don't have unplanned effects on the services we provide. We also need to make sure we can properly manage both the money we spend and the jobs we do. We mustn't lose track of the issues affecting individuals who deal with us. At the same time we need to guarantee that staff and suppliers get paid, their employment rights are protected and the IT systems people use to do their jobs are up and running.</p>
B: Buying cheaper	<p>You make decisions about the standards you're prepared to accept – you know that cheaper isn't necessarily better! You can choose a supermarket's own brand vs Heinz for the tomato ketchup, and so on. But maybe a cheaper brand of washing up liquid won't last as long as the better known brand.</p> <p>You choose what seems most reasonable from a range of tariffs on utilities like gas and electricity and mobile phones</p>	<p>The business of buying the things we need is called 'procurement', and it's important to us. We have specialists advising us on how to get the best deals on everything from electricity to office furniture to computers to paper.</p> <p>In the last two years through better procurement we have made some significant savings.</p> <p>But again, there are limits. We have to buy the right goods at the right price, and be careful we don't buy things that aren't up to scratch. And, just as for a householder, if eggs are cheaper at Sainsbury's, and bread at Tesco's, they still have to decide whether it's worth their while to visit both shops, so for the Council we have to decide whether it's more effective for us to deal with a limited number of suppliers.</p>
To have a more dramatic impact on our budget we might choose		
C:	<p>You might choose to</p> <ul style="list-style-type: none"> • stop taking the bus 	This is a controversial area of budget planning for the Council.

<p>Completely changing the way we do things, or even stopping doing things</p>	<p>or car to work and buy a bicycle instead – or maybe even walk!</p> <ul style="list-style-type: none"> cancel the Sunday paper or Sky Sports! 	<p>Councillors last year took a close look at areas where our spending seems out-of-line with other comparable Councils.</p> <p>No two Councils are the same, either in the way they organise themselves or in the things they do. They are, after all, local councils, and set out to do the things local politicians have decided are needed for local communities.</p> <p>So sometimes the reason for the Nottinghamshire spending being higher than others is simple – we've chosen to do it because we believe it's in the best interests of the community. Spending more than other Councils on youth work is one example.</p> <p>As a result of that close look last year we cut back on our spending on some services - by £1.4 m this year with another £2.9m saving is in the pipeline for next year.</p> <p>For example we cut £1m from regeneration this year – work to help local businesses grow – because we concluded that other agencies have the main responsibility for that work and we should do less.</p> <p>We'll be looking closely at some more items of our spending this year.</p>
<p>To avoid overspending we can rational what we do, in a couple of ways</p>		
<p>D: setting limits</p>	<p>You might decide you can only afford to go out for a meal once a month</p>	<p>Setting limits is part of controlling our budgets. For example we give out money to voluntary and community groups in the form of grants. But we don't give it away easily – we have a limited amount to spend each year so we take a careful look at what is planned and how we can be sure it will be spent properly.</p> <p>Similarly individuals applying for social care services such as home care will come across our setting of limits through the assessment they get. In an ideal world it would be great to be able to help people whatever their level of need; but because these services are expensive, the assessments mean that our help can go to the people who need it most.</p>

<p>E: setting priorities – choosing carefully from the options available to us</p>	<p>You decide you can afford a holiday or a new car this year but not both</p>	<p>There are many things the Council could do to improve life for local people. But we couldn't possibly afford to do them all – so we have to make choices about what we do. Two documents help us with our choices:</p> <ul style="list-style-type: none"> • the community plan – which sets priorities for all of Nottinghamshire based on extensive consultation with local people and includes the views of police, health services, other public services and voluntary and community groups • the Council's own strategic plan, <i>All Together Better</i>, which sets out our own priorities and includes promises from the election manifesto of the political group elected to run the Council. <p>For example, the community plan sets out that combating crime is high on people's priorities. The strategic plan includes the refurbishment of bus stations and of libraries – one of the manifesto commitments.</p> <p>We plan ahead to deliver these priorities, but from time to time new opportunities come along.</p>
<p>We also think about finding ways of increasing the amount of money available to us</p>		
<p>F: Borrowing or other financing arrangements—deciding to spread the cost into the future</p>	<p>You borrow to pay for your home through a mortgage. You chose to spread the cost of major purchases like a new car through a loan. Leasing and buying with credit cards are other ways you can give yourself longer to pay.</p>	<p>Just as getting a loan can be quite a tricky process for a householder, so there are some complex rules about how, why, and for what purpose Councils can borrow money.</p> <p>Mostly we borrow money – from the Government – to help us spread the costs of major developments or building costs. Roads, schools and big projects like the NET tram service are examples.</p> <p>In the last few years Private Finance Initiative (PFI) arrangements have become more common. In these a private company will build and manage new facilities in return for a guaranteed income from the Council over a number of years. We're building new schools in Bassetlaw in this way, and have recently signed a deal for the recycling or disposal of all the County's waste,</p>

		which will last 20 years.
G: Raising more income	<p>There are several ways you can do this</p> <ul style="list-style-type: none"> • You might decide to look for a better paid job or a second job • by selling things we own – on eBay or at a car boot sale • or by getting a gift from a friend or family 	<p>Roughly a third of the money the Council spent last year came from the Government. Each year they tell us how much they plan to give us – we can ask for more but it doesn't usually make a difference!</p> <p>The rest – last year £269m – comes from Council Tax – paid by Nottinghamshire householders. In the next few years we're aiming to keep the annual rise in Council Tax to around 4%.</p> <p>At the Council, we can raise money by charging for some of the services we provide. We do this, for example, by charging for car parking at our country parks. But we have to be careful not to hit those people who need our services and cannot afford to pay.</p> <p>We do make big efforts to sell off the things we no longer need – often this means bits of land which are not needed for current services or likely future developments, like new schools, libraries and bus stations. In recent years we have raised an average of £10.9m a year in this way. However, because of Government rules, this money can only go to support new 'capital' developments, such as buildings and roads, rather than to subsidise the cost of services.</p> <p>We have also had lots of success over the years in getting grants from other government bodies at home and in Europe to help us add to the services we provide. We're working hard right now to try and win lottery funding to build a new visitor centre in Sherwood Forest – for the benefit of local employment and the economy, as well as visitors. But often a condition of getting a grant for a project is that the Council has to agree to put in some money of its own.</p>

Challenges and opportunities

Every year when we come to think about our budget for the next year we're not starting with a blank piece of paper.

We know how much the services we provide cost during the current year - £399m

We also know that next year it will cost us more if we were to provide exactly the same services. That's the effect of inflation. We estimate, based on assumptions about pay and price increases, that it will cost us £11.1m more next year to provide the same services as this year.

We also know how we are paying for our services this year. A big proportion came from Government grant - £129m. And the Government has already said how much more they intend to give us next year – they're predicting a rise of 4.7 per cent in our grant – which will bring in an extra £5.7m.

Of course there's always the chance that they will make some late adjustments when they confirm the figures in the autumn, although sometimes changes in Government grant come with the expectation from the Government that any extra money will be spent on particular services.

Two thirds of our money, £270m, comes from the council tax paid by Nottinghamshire householders. Last year we forecast a council tax rise of four per cent for this year, which would bring in an extra £10.9m. Councillors can choose to set a higher or a lower increase.

We're also committed to asking all areas of the Council to come up with efficiency savings. A one per cent 'efficiency' saving across the board would save £4m, a two per cent efficiency saving £8m. But because we've been looking to make efficiency savings for a number of years they're not so easy to find - read more in the your budget - our budget section.

As well as these adjustments there are a number of possible extra costs that we need to think about as we plan for next year.

Where prices are rising much faster than inflation:

1. the cost of electricity for streetlights, we're expecting this to go up by an extra £0.5m
2. cost of fuel and of bitumen, where rising costs over and above inflation are making it more expensive to carry out our programme of road works – an extra £0.5m
3. gas and electricity costs for Council buildings and services. We buy our energy at contracted rates and the contracts are coming up for renewal. We anticipate that new contracts could cost up to 40 per cent more - an extra £0.5m.

Where expected extra costs are brought about by increasing demand on our services:

4. looking after older people. Increasing numbers of older people mean that next year we expect to look after an additional 50 people needing residential or nursing home care and support an extra 100 people to live comfortably at home with home care services - an extra £1.8m
5. looking after people in Council care homes. We've noticed that older people living in our homes are increasingly dependent of services, and we need to spend an extra £0.5m on extra staffing and other costs.
6. looking after adults with mental health needs or learning disabilities - based on current predictions, next year we'll need to look after an extra 13 people in residential or nursing care and help an extra 100 people with learning disabilities live in the community. We also want to develop services to support 20 people with Asperger's Syndrome. Total cost an extra £3.1m.
7. looking after adults with physical disabilities - based on current trends we expect to need to provide homecare, direct payments or residential care to an extra 28 people at an extra cost of £730,000.
8. extra fees to care home owners for older people to cover their rising costs and improve quality – an extra £0.75m

9. the extra cost of looking after roads, signs, footpaths, cycleways and traffic signals. As we continue to improve facilities for road users there's more to look after. We could do with an extra £0.5m to stay on top of this work.

10. recycling: our spending on our 'waste strategy' has been increasing every year and we need an extra £0.5m to help us meet Government targets for recycling, composting and reducing landfill.

Extra costs where the NHS may be unable to continue to pay for some services, and we feel the services are too important to cut back on:

11. to continue providing short breaks for disabled children. - £0.5m

12. to pay for continuing healthcare and rehabilitation beds in homes and hospitals - £0.5m

Extra opportunities – new things we're thinking about spending on next year:

13. bringing in a new travel scheme for young people where they can travel at reduced fares on local buses - £1.0m

14. preparing a bid for funds to build new schools for Newark - £1.0m worth of work could mean the Government will give us £180m to build new schools in Newark.

15. making our contribution to work on NET phase two of the NET tram system, with two new lines to Clifton and to Chilwell via Beeston (if approved by the Government) £3.0m in 2007/8.

16. improvements to libraries and arts services – for example, encouraging more library users, more books issued, more participation in sports, continue to support arts events and increase accessibility to country parks - an extra £1.5m.

17. community safety. Extra work to protect the public relating to home information packs, cold-calling, door-step selling and under age purchasing. More work on reducing crime and disorder. £0.75m.

APPENDIX 2

OUTCOMES OF EARLY CONSULTATION

Budget consultation your priorities

Earlier this year, we asked for your views on our budget for the financial year 2007/08.

We wanted to know which services you would spend more money on, and which services you would spend less on.

The consultation showed that local people would rather spend more money on looking after older people than any other area of the Council's work. The other top priorities were to spend more on tackling crime and the fear of crime, and public transport.

*Leader of the Council Councillor David Kirkham said: "The results are broadly in line with our current spending plans and come as no real surprise – we'll study them carefully.

"I'd like to thank everyone who took the time to respond. I am disappointed with the number of responses, we'll see what lessons we can learn for next year."

The consultation started on September 18 and closed on October 20. 190 responses were received.

When asked how they would spend the money local people said:

Spend more on	%	Spend less on	%
Older people	46	Regeneration	56
Crime	41	Community development	52
Public transport	35	Arts and leisure	46
Environment	34	Standards, safety	44
Physical disabilities	32	Young people	31
Waste management	30	Roads	31
Learning disabilities	29	Public transport	29
Vulnerable children	27	Schools and pre-schools	26
Roads	26	Libraries	25
Schools and pre-schools	24	Waste management	22
Young people	21	Environment	15
Libraries	17	Crime	11
Arts and leisure	14	Learning disabilities	8
Regeneration	14	Vulnerable children	8
Community development	13	Physical disabilities	7
Standards, safety	9	Older people	5

APPENDIX 3

Main ideas generated at staff seminars

Ideas that were highlighted during the staff seminars have been worked up into a series of eight work strands. Each of these separate “mini projects” will be investigated and evaluated over the coming months.

Budget Employee Engagement – Proposals

Project Strand #1:

promoting an efficiency culture within NCC

Programme name:	
Strategic Director:	David Pearson

Project Strand #1	Promoting an efficiency culture
Project Lead Off	
Employee Champion(s):	Wendy Young
Links to other initiatives	<ul style="list-style-type: none"> • All together better • Culture initiative being led by David Pearson

Project aim:

Develop an efficiency culture which

- promotes and values efficiency savings
- actively seeks out areas where efficiency savings might be made in every aspect of our business
- encourages a creative and innovative response to potential savings areas
- demands consistent implementation of efficiency policies and practices
- recognises and celebrates efficiency successes

Background:

Outline scope:

The project will include:

- Expanding and re-launching the role of the environmental champions to include efficiency
- Investigating and establishing a series of efficiency targets/performance measures that will both challenge and confirm progress
- Introduce a corporate innovation scheme to identify, investigate and progress ideas on potential savings opportunities
- Developing and agreeing a communications plan to support project aim
- Implementing an agreed communications plan

Potential benefits:

Potential risks:

Overcoming the potential risks:

Next Steps:

Budget Employee Engagement – Proposals

Project Strand #2:

members show us the way

Programme name:	
Strategic Director:	

Project Strand #2	Members show us the way
Project Lead Off	
Employee Champion(s):	
Links to other initiatives	<ul style="list-style-type: none">• All together better

Project aim:

- To demonstrate elected members commitment to making efficiency savings, by reviewing all member related expenditure and where appropriate implementing new arrangements

Background:

- Expenditure on members travel expenses in 2005/06 was £150,500
- Initial investigation would suggest that no members travel 1st class unless they have a medical condition
- The member allowance for accommodation is £115 per night, initial investigations suggest that this is not exceeded.

Outline scope:

- All areas of expenditure over a period of time starting with
 - use of 1st class travel
 - use of 4*plus accommodation

Potential benefits:

Potential risks:

Overcoming the potential risks:

Next Steps:

Budget Employee Engagement – Proposals

Project Strand #3:

NCC – an efficient employer

Programme name:	
Proposed by:	Arthur Deakin - Strategic Director of Resources
Project Strand #3	NCC – an efficient employer
Project Lead Off	
Employee Champion(s):	Trade Unions Groups
Links to other initiatives	<ul style="list-style-type: none"> • All together better • Integration of Resources

Project aim:

- To reduce both our dependence on and the costs associated with the use of external consultants and agency staff by maximising our use of internal resources and exploring new partnership arrangements.

Background: NCC an efficient employer

- Expenditure on external consultants in 2005/06 was £3.5m. This year to October we have spent £2.9m.
- Expenditure on agency staff in 2005/06 was £11.7m of which £3.7m was spent on supply teachers. This year to October we have spent in excess of £2.9m on agency staff [caution – this figure is not complete as some transfers between budgets occur at end of year only]
- A proportion of this spend offers no long term benefit to the organisation as there is little or no retained knowledge or skill transfer to internal resources.
- There will always be a need to use external consultants and agency staff to satisfy the peaks of service demand or to supplement internal skills and expertise across the authority.
- All parts of the organisation use external consultancy expertise to a greater or lesser degree.
- Previous research suggest that learning & development has a high dependency on the use of consultants, especially if we include external provision of training that is available within the authority.
- Also the true extent of expenditure in this area is difficult to quantify because it is not always budget coded accurately.
- There are peaks in spend on training in latter part of the financial years. Anecdotal evidence suggests that this occurs in order to utilize budget underspends from other areas.
- In addition, some parts of the organisation have developed learning & development budgets to a low level – making controls and management information difficult to monitor.
- Over recent years we have invested in a learning development system to improve management information and with a view to providing learning histories for every employee in NCC.
- It was envisaged that this information would allow us to identify relevant in-house skills

and expertise – a skills profile that could be used not only to aid workforce planning but could also be used to facilitate access to internal skills and knowledge to meet an identified need, therefore maximising the return of our investment in development.

- Currently the system records mainly internally provided development opportunities.
- Most departments operate an alternative system to record, track and monitor external development provisions.
- Learning and development services are currently subject to review as part of the integration of resources project.
- Trade Unions are increasing the pressure on us to invest in life long learning.
- A number of our employees have been trained to deliver basic skills development to staff.
- They cite Lincoln City Council as an example of an organisation that made £5M of savings following the introduction of life long learning. These savings have yet to be verified, but would appear to come from reduced sickness absence and a reduction in errors.
- Currently we employ agency staff to fill gaps in service provision e.g. care staff.
- Although the cost of agency staff appears high in comparison with in-house provision, the outcomes of NJE might make costs comparable.
- Other organisations operate internal agency models e.g. NHS offering scope to explore potential partnership arrangements.

Outline scope:

- Gain a better understanding of our spending habits on external consultants and agency staff.
- Investigate total spend on consultancy agency staff including a review of existing budgetary arrangements and control mechanisms.
- To develop and pilot a set of principles and guidance aimed at reducing costs and maximising the return on our investment in consultancy e.g. learning & development.
 - Retention of knowledge within organisation
 - Skill transfer to internal resources
- To explore potential new partnership arrangements for agency cover that offer an opportunity to benefit from existing learning in other organisational and/or the use of the internal agency provision of other organisations such as NHS internal agency model
- Where appropriate to plan and implement new work structures, practices and processes to support more effective use of internal resources.
- To evaluate existing management information systems to ensure they are fit for purpose and support the aims of this project.

Potential benefits:

Potential risks:

Overcoming the potential risks:

Next Steps:



Budget Employee Engagement – Proposals

Project Strand #4:

NCC – an efficient landlord

Programme name:	
Strategic Director:	Arthur Deakin
Project Strand #4	NCC – an efficient landlord
Project Lead Off	
Employee Champion(s):	
Links to other initiatives	<ul style="list-style-type: none"> • All together better • Business Improvement Review of Property • Flexible working initiative

Project aim:

- To undertake a review of buildings in relation to a number of specific areas of efficiency:
 - Occupancy control – better practice leading to potential savings
 - Heating and lighting - £750k estimated
 - Storage and usage – extra space freed up – less rental accrued
 - Cost per metre review - £100k estimated

Background:

- As an authority we hold a significant property portfolio.
- Over the last couple of years this portfolio has been under review
- This proposal seeks to build on the knowledge gained during this review
- We both own and lease properties
- At any one time a proportion of our properties are vacant
- There are a variety of sizes of property and they are often multiple occupancy properties
- High inflation linked to energy prices is a key contributor to our need to make savings

Outline scope:

- Review the interim management arrangements of vacant properties including standing order payments for energy
- Investigate potential for localise temperature zones across large sites – starting possibly with West Bridgford complex
- Undertake a cost benefit analysis of installing motion sensor light switches across some or all properties in the portfolio
- Review the potential and benefits of hot/warm desking as part of a wider flexible working project

Potential benefits:

Potential risks:

Overcoming the potential risks:

Next Steps:



Budget Employee Engagement – Proposals

Project Strand #5:

NCC – an efficient purchaser

Programme name:	
Strategic Director	Arthur Deakin - Strategic Director of Resources

Project Strand #5	NCC – an efficient purchaser
Project lead officer	
Employee Champion(s):	
Links to other initiatives	<ul style="list-style-type: none">• All together better• Procurement

Project aim:

- To reduce the management time and costs associated with purchasing smaller volume items, by providing a purchasing help desk facility to source goods and negotiate prices.
- To explore potential of new partnership arrangements with Districts and other local authorities in region in this area.

Background:

- Anecdotal evidence suggests that managers in frontline/remote sites are spending a disproportionate amount of time sourcing low volume purchase items e.g. garden benches or doggie loos.
- It is suggested that this cost is expended by our local authority colleagues across the region
- The authority has invested in the introduction of an electronic market place, where prospective suppliers are vetted. However, this mainly deals with higher volume sales items.
-

Outline scope:

- To investigate opportunities to use existing investment in market place facility to reduce these costs.
- To investigate the size and nature of potential savings – both for ourselves and potential partner organisations
- To investigate potential partnership arrangements
- Explore potential benefits to NCC in taking a lead role in providing this service or alternatively “buying” the support from one of our potential partners.

Potential benefits:

Potential risks:

Overcoming the potential risks:

Next Steps:



Budget Employee Engagement – Proposals

Project Strand #6:

NCC – an efficient policy maker

Programme name:	
Strategic Director:	Arthur Deakin - Strategic Director of Resources
Project Strand #6	NCC – an efficient policy maker
Project Lead Off	
Employee Champion(s):	
Links to other initiatives	<ul style="list-style-type: none">• All together better• Project strand 8• NJE• Managing absence

Project aim:

- To harmonise employee based systems and allowances and in doing so improve morale and reduce the costs associated with implementing the allowances and systems.

Background:

- Currently we operate a raft of expense/allowances across the authority e.g. sickness absence, leave, flexi, travel expenses allowances, telephone allowances etc.
- Historically changes in structure and local arrangement have led to an inconsistent implementation of these systems/schemes.
- We do not currently have a single point of data capture (approx 13 different points at last count) for personal details. This in itself leads to duplication and greater opportunity for mistakes to occur.

Outline scope:

Potential benefits:

Potential risks:

Overcoming the potential risks:

Next Steps:



Budget Employee Engagement – Proposals

Project Strand #7:

NCC – an efficient user of technology

Programme name:	
Strategic Director:	Arthur Deakin
Project Strand #7	NCC – an efficient technology user
Project Lead Off	
Employee Champion(s):	
Links to other initiatives	<ul style="list-style-type: none"> • •

Project aim:

- To reduce the costs associated with our use of technology by reviewing what and how we use it and, where appropriate, by changing the way in which we use technology to capture, record, process and communicate our information

Background:

- Currently we have approximately 13 separate data capture points for personal data, using a variety of systems across the authority – duplication and increased risk of inaccurate data
- Currently we do not implement employee related systems consistently across the authority
- The purchase of fax machines and photocopiers has been delegated to team level in some departments – resulting in a large number of machines dedicated to the sole use of individuals or small teams
- With accommodation changes in recent years, there is a feeling that, following a rationalisation exercise, we could reduce the number of fax machines and photocopiers by sharing their use across co-existing teams
- Advances in technology also now allows for a user to send documents from their computer directly to fax machine/copier therefore removing the need to print originals prior to sending/copying
- A recent review of printing capacity suggests that we are using only 50% of our potential capacity – it is suggested that this is partly due to inappropriate use of office based printers and photocopiers for volume runs.
- New and effective guidance on the need to use double sided printing and the printing of emails could significantly reduce our expenditure on consumables such as toner and paper

Outline scope:

- Produce a cost benefit analysis for implementing a single point of capture for employees personal and employment related data
- Produce a cost benefit analysis for harmonising/integrating all employee based systems i.e. Absence/leave/flexi/expenses claims etc
- Review the number of fax machines in use across NCC offices and recommend a rationalisation plan based on shared access points across buildings or floors. Identify potential savings associated with a reduction in fax machines across authority
- Review the number of photocopiers in use across NCC offices and recommend a rationalisation plan based on shared access points and use of computer to copier links.

<p>This plan will also consider the potential savings to be gained by computer to internal printing facilities for larger volume runs.</p> <ul style="list-style-type: none"> Identify the savings to be achieved following the production and distribution of guidance on the use of double sided printing and the printing of emails etc. Produce and distribute guidance on new working practices in this area.
Potential benefits:
Potential risks:
Overcoming the potential risks:
Next Steps:



Budget Employee Engagement – Proposals

Project Strand #8:

NCC – an efficient partner

Programme name:	
Strategic Director:	

Project Strand #8	NCC – an efficient partner
Strategic Director	
Employee Champion(s):	
Links to other initiatives	<ul style="list-style-type: none">••

Project aim:

- To ensure our partnership arrangements complement/support our efficiency aims and objectives

Background:

-

Outline scope:

- Review our partnership arrangements – consider what our partners views/actions on efficiency are – can we learn anything from them?
- Establish a dialogue with partners on efficiency
- Establish guidance on our efficiency targets – for sharing with existing and new partners
- Encourage partners to adopt an approach to efficiency that compliments and supports our own

Potential benefits:

Potential risks:

Overcoming the potential risks:

Next Steps:

APPENDIX 4

CONSULTATION ON CABINET'S BUDGET PROPOSALS

Council tax consultation 2007-08

Nottinghamshire County Council seeks your views on a 4% rise in Council tax.

We are asking for your views on a draft budget which will increase council tax by 4% for the next financial year. We need your views before January 23, and the final decision will be taken by the County Council on February 22.

In the autumn we asked you about where we should set our priorities as we planned next year's budget. Have a look at what you told us was important.

Now councillors are putting forward their detailed plans for 2007/08. Read more about why we are proposing a 4% rise below. At the end, there is an online form for you to send us your comments.

Leader of the Council, Councillor David Kirkham, said: "Our emphasis when looking at next year's budget has been to protect front line services wherever possible, and I believe that our plans deliver this."

Cabinet Member for Finance and Property, Councillor Chris Baron said, "We've been working hard to look for savings wherever possible and are determined that we can keep the council tax rise to 4%.

"We do face increased demand for some important services such as more older people requiring care and more disabled people requiring care.

"There are also some large projects that we need to find funding for, such as the work needed to deliver the £150 million Building Schools for the Future which will rebuild and refurbish eight schools in the county."

Some of the Council's costs are rising faster than inflation, others are new next year, some examples of these are:

more older people are living longer and require a high level of care and support. More older people are living with dementia which requires specialist care.

Extra cost of £1.2 million expected

increases in the number of adults requiring care or assistance who have mental health or learning disabilities.

Extra costs of £2.4 million expected

more people with physical disabilities who need support.

Extra cost of £400,000 expected

initial work on the delivery of the next phase of the tram.

Extra cost of £400,000 expected

additional cost of highway maintenance including increased electricity costs, street lighting and above inflation costs of bitumen.

Extra cost of £600,000 expected

additional electricity costs for the County Council buildings.

Extra cost of £250,000 expected

work needed to prepare plans for the refurbishment or replacement of eight of the County's schools.

Extra cost of £500,000 expected.

We aim to recoup almost £6 million from existing budgets all by changing the way services are funded. Some of the areas where the biggest savings will be made from include:

making more efficiency savings across some administration processes, saving £817,000

increasing charges for homecare for clients from £7 per hour to £8.50 per hour, to a maximum of £75 per week, generating £500,000

bringing together three family centres with new children's centres, saving £490,000

reducing the IT budget by £343,000

buying homecare contracts from private care suppliers, more efficiently, saving £300,000.

If a 4% rise is approved a Band A council tax payer in Nottinghamshire will pay an extra £29 per year, a Band B council tax payer will pay an extra £34 per year and Band D £43 extra per year.

Nearly two thirds of households in Nottinghamshire live in either Band A or Band B properties.

Please note that this consultation is for the County Council's budget. Please only send us a response if you live in the county, ie pay your council tax to either Ashfield, Broxtowe, Bassetlaw, Gedling, Mansfield, Newark and Sherwood or Rushcliffe councils.

The consultation will close on January 23.

Read the Cabinet budget report in detail.

We would like your views on our proposals and would invite your comments on the three questions below.

Are we concentrating on the right areas of additional expenditure to meet the needs of the people of Nottinghamshire?

Are we making the savings in the right place?

The council proposes a council tax rise of 4%. Do you think this reasonable?

APPENDIX 5

RESPONSES TO COUNCIL TAX CONSULTATION

This year, as last, the public has been asked to offer views on the Council's budget proposals via the County Council website.

This year to we have offered people the opportunity to tell us their views between January 3 and 23. As of 15 January 80 responses have been received. This compares with about 100 responses via the website last year. The nature of this type of consultation (invitation to write in) is such that the views received are not representative of the population at large, but more likely to be indicative of the types of concern raised by our published proposals. Indications are that a number of the responses have come from County Council employees.

We asked the public three questions – each respondent has not necessarily answered each question.

The questions, pattern of response and some typical comments are recorded below:

Q1. Are we concentrating on the right areas of additional expenditure to meet the needs of the people of Nottinghamshire?

Out of a total of 54 responses to this question, 39% agreed and 61% disagreed.

“Increases seem to be going to the most vulnerable people in the community. I'd like to see provision for young people restored to former levels.”

“The additional costs associated with highway maintenance do not in my view represent good use of limited resources.”

“The tram only benefits a small section of the county's population and only those communities should pay more.”

“I see little which reflects real developments towards building a safer community.”

“The transport improvements all seem concentrated on the south of the county.”

“Spend more money on mending the roads and paths and street lights.”

“The needs of older people are a valuable priority but it is disturbing to see any proposal to reduce the budget within Adult Social Care and Health, particularly those services like meals at home which provide a means by which older people remain safe and healthy in their own homes.”

“Are these actually the needs of Nottinghamshire as a whole or a small majority?”

“We should be investing more into services for elderly, disabled and vulnerable members of our community. We need to ensure quality of care services and not simply use private care because it costs less...without guarantees of quality services.”

“The people of Nottinghamshire said they wanted more money spending on care for the elderly and frail in the community. You are deliberately, slashing the budget for the elderly.”

“Facilities are getting poorer and poorer, especially in the east of the county.”

Q2. Are we making savings in the right place?

Out of 56 responses, 25% agreed we are making savings in the right place while 75% disagreed.

“Contracting out care services to the private sector may make initial savings but it is not an efficient way of managing care for older people as it is often not good quality. Care breaks down and the person ends up in costly residential care.”

“Reducing the IT budget shows the Council still hasn’t caught on that working smarter saves money.”

“In a time when budgets are being squeezed I don’t think the tram extension is necessary.”

“I do not agree with buying homecare from private care suppliers.”

“It always seems like you are robbing Peter to pay Paul.”

“Once again the emphasis is on frontline staff at the expense of support staff.”

“Scrap the fluffy stuff like arts and sports and spend it on frontline services.”

“The 20% increase in homecare charges is totally unreasonable”

“You are trying to encourage Nottinghamshire to go ‘green’ yet you are clearly doing nothing as the rise of quarter of a million is being allocated to electricity only.”

“I think it is short sighted to be making cuts in IT. New technology allows staff to work from home and improves work life balance. This reduces demand for expensive office space and improves retention of staff.”

“Savings and efficiencies are not the same thing. More can be done to cut back on waste within the Council. Savings at the cost of poorer quality services are not really savings at all.”

Q3. The Council proposes a rise of 4%. Do you think this is reasonable?

Out of 67 responses, 26% agreed while 74% disagreed.

“I have been paying council tax for 27 years. During this time the tax increase has always been above inflation but the services I have received have stayed the same. When will this authority peg their tax rise to inflation rates and manage their budget accordingly..?”

“This is above the current rate of inflation and would therefore give me cause for concern.”

“No. There should be no increase above the rate of inflation, especially since the Council is boasting about the savings it is making.”

“It depends what the districts and parishes add to this.”

“It is too much for most people, many of whom are on fixed incomes or limited pay rises.”

“Many householders (especially pensioners) cannot afford the rate of council tax which we pay now – it’s time for a reduction and not an increase!”

“No as it is not commensurate with pay rises and the cost of living index.”

“Given that Notts was the highest charging shire county last, any increase is unjustified.”

“I think the council tax should remain the same and that the Council should control its budgets and its spending better.”

APPENDIX 6

MAIN FEATURES OF THE CABINET PROPOSALS

Cabinet agreed budget proposals for consultation at its meeting on 10 January 2007. The principal features of the proposals for 2007/8 are:

- a council tax increase of around 4% above the 2006/7 level
- additional funding of £6.1 million for a number of new priorities as follows
 - an extra £1.2 million to address increasing longevity of older people in need of care, in particular those with dementia
 - additional funding of £0.5 million for adults requiring care who have mental health or learning disabilities
 - a further £0.4 million towards the costs of caring for adults with physical disabilities
 - increased payments to independent sector care homes of £0.75 million
 - funding for the Building Schools for the Future project team £0.5 million
 - an extra £0.4 million towards the preparatory costs of NET Phase 2
 - a further £0.5 million in respect of the Waste PFI project
 - first year costs of the Contact Centre £1.0 million
 - increased road maintenance etc. costs - £0.6 million
 - provision for increased electricity costs for buildings of £0.25 million
- offsetting reductions to portfolio budgets as follows

	£million
Adult Social Care & Health	2.10
Culture & Regeneration	0.25
Community Safety & Partnerships	0.17
Children & Young People	1.25
Deputy Leader	0.42
Finance & Property	0.25

Leader	0.14
Environment	1.03
People & Performance	0.11
Total	5.72

- 2.2 Although some service areas will be required to make efficiency savings all portfolios will receive a cash increase in their budgets to provide for pay and price increases. The overall County Council budget proposals set out a total budget of £417.3 million, an increase over 2006/7 of £18.3 million or 4.6%.
- 2.3 The Government have made it clear that they will use their capping powers once again if council tax increases are higher than 5%.