

 Nottinghamshire County Council	Report to Cabinet
	8 FEBRUARY 2012
	Agenda Item: 5
REPORT OF THE LEADER AND CABINET MEMBER FOR FINANCE & PROPERTY	

REVENUE BUDGET PROPOSALS 2012/13

CAPITAL PROGRAMME PROPOSALS 2012/13 to 2015/16

MEDIUM TERM FINANCIAL STRATEGY 2012/13 to 2015/16

COUNCIL TAX PROPOSALS 2012/13

Purposes of the Report

1. To make proposals to the full County Council on 23 February 2012 regarding:
 - the Annual Revenue Budget for 2012/13
 - the Capital Programme for 2012/13 to 2015/16
 - the Medium Term Financial Strategy for 2012/13 to 2015/16
 - the level of the Council Tax Precept for 2012/13

Initial Budget Proposals

2. Cabinet considered a draft budget proposals report, at its meeting on 9 November 2011 as the basis for public consultation. The report set out additional savings proposals, over and above those already factored into the Council's Medium Term Financial Strategy (MTFS) of £11.5m, in order to deliver a balanced budget for 2012/13.
3. The outline budget proposals contained in the previous report referred to significant service growth over the medium term with increased expenditure on certain services of £20.6 million in 2012/13, a further £16.7 million in 2013/14, an additional £13.5 million in 2014/15, and a further £11.7 million in 2015/16. A summary of the additional spending plans are set out in the table below, with detailed explanations set out in the November Cabinet report.

Table 1 – Summary of Current Forecast MTFS Spending pressures

	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	TOTAL £'m
Children & Young People					
Specialist Placements/Safeguarding Children	2.8	2.8	-	-	5.6
Academies	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
Manifesto Commitments					
School Transport	0.3	0.3	0.4	0.3	1.3
	4.7	6.0	0.5	0.4	11.6
Adult Social Care and Health					
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
Manifesto Commitments					
Young Carers	0.9	-	-	-	0.9
	12.4	9.9	9.9	9.9	42.1
Transport & Highways					
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
	2.5	1.3	1.4	1.6	6.8
Environment & Sustainability					
Waste Disposal Landfill Tax Escalator	-	-	1.3	-	1.3
	-	-	1.3	-	1.3
Culture & Community					
Green Spaces	0.2	-	-	-	0.2
Sport England - Holme Pierrepont (NWSC)	-	0.5	-	-	0.5
	0.2	0.5	-	-	0.7
Deputy Leader					
Ways of Working	-	(2.0)	(0.5)	-	(2.5)
Grant Aid	0.5	-	(0.2)	(0.2)	-
	0.5	(2.0)	(0.7)	(0.2)	(2.5)
Finance & Property					
Connectivity & ISP Inflation	0.1	-	-	-	0.1
	0.1	-	-	-	0.1
Personnel & Performance					
Increased Food Cost Inflation	0.3	-	-	-	0.3
	0.3	-	-	-	0.3
Corporate Issues					
Area Based Grant Reductions from 2011/12 (2%)	-	1.0	1.0	-	2.0
	-	1.0	1.0	-	2.0
Total Cost Pressures	20.6	16.7	13.5	11.7	62.4

- As can be seen from the table, the County Council is anticipating spending an additional £4.7m in 2012/13 on some of the areas connected with children and young people, which includes an additional £2.8m on Children's Safeguarding.
- The other main area of spending pressures for the County Council is in Adult Social Care. The table shows that a further £12.4m is being invested in 2012/13, with an expected £10m in each of the following 3 years.

6. These cost pressures exceed the anticipated increases that were factored into the Medium Term Financial Strategy when the Council set the current financial years budget in February of last year. As with the previous financial year, the additional savings requirement of £11.5m referred to in paragraph 2 has been achieved through continued reprioritisation of spending across the County Council, in order to release funding for higher priority objectives.
7. The budget principles continue to be to minimise the impact on front line services and where possible 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.
8. Taking account of the proposed areas for both growth and reprioritisation no increase in Council Tax was proposed for 2012/13 in the November consultation report. There have been some adjustments to the MTFS since the November report, which are set out in paragraphs 32-44, but this report still proposes no increase in Council Tax for the 2012/13 financial year.

Consultation

9. Each year the Council undertakes a budget consultation exercise with residents and stakeholder groups to help guide and inform the annual budget setting process. This year's budget consultation process has been robust to reflect the scale of the decisions the Council needs to make over the coming months.
10. On the 26 September 2011, the Budget Conversation campaign was launched. This was designed to gauge the public's view on their broad priorities, and how the local authority's spend should be apportioned at a strategic level. The campaign took place on-line, in libraries and county information points across Nottinghamshire, by holding face to face meetings and workshops and by attending events. In addition to raising awareness of the financial constraints facing the Council, the campaign was also designed to gauge views on:-
 - What residents think is the biggest single challenge Nottinghamshire faces in the next few years?
 - What is the single most important thing residents like about where they live and would want to see maintained and/or developed in the future?
 - What services do residents think could be appropriately delivered through their local library?
 - Do residents think there are too many road signs in our towns, or not enough to ward drivers of hazards?
 - In times of severe weather would residents be willing to help out in their neighbourhood by clearing snow at care homes or local schools or any other voluntary activities they would be able to undertake?
 - Are there any services provided by Nottinghamshire County Council which residents would like to see further improved?
 - What services would residents like to be able to do/access on-line?

11. The *budget conversation* (excluding the budget proposals) utilized four methods of engagement and the responses relating to each are detailed below:

Table 2 – Engagement Method and Responses

Methodology	Responses
On-line form, including comment cards	611
Budget simulator	104
Discussion forum	8
Citizens' panel	2,856
Total	3,579

12. This year, just over 5,000 members of the Nottinghamshire citizens' panel, across the seven districts of Nottinghamshire, were surveyed via a paper questionnaire. In general, the findings from panellists reflect those of other Nottinghamshire residents.
13. The key findings arising out of the *budget conversation* can be summarised as:
- Education, unemployment and safeguarding adults and children are considered to be the challenges facing Nottinghamshire in the next few years.
 - Protecting libraries, green spaces and public transport is vital.
 - Respondents don't want to see cuts in front line services.
 - When it comes to future library use, the majority of respondents favour clubs for older people and local history groups.
 - More activities for teenagers, social interaction for the elderly, maintaining the highway infrastructure are services which respondents would like to see further improved.
 - In times of severe weather, many respondents would be willing to help out in their neighbourhood by clearing snow at care homes or local schools etc.
 - The ability to make applications, referrals to specialist services, and access to free or low cost training are a few of the additional services which respondents would like to be able to do on-line.
 - The majority of respondents think there are the right amount of road signs in our towns.
14. Since the publication of the draft *budget proposals* in November 2011, there has been extensive consultation with the public and stakeholders on the 27 draft proposals. Methods for consulting on the draft proposals have included:-
- An on-line questionnaire on the County Council's public website accompanied by more detail on the individual proposals.
 - Paper copies of the above questionnaire, contained in two editions of County News (November and January), have been delivered to all households in the county inviting comments.
 - Link to the budget proposals available on the Council's intranet, for all employees.
 - Articles in the local press.
 - Radio interviews.

- Email from the Chief Executive to stakeholder groups providing a link to the budget consultation proposals on the Council's website.
- Letters and emails to all parish councils explaining the proposals and how comments can be submitted.
- Letters to service users and stakeholder groups directly affected by the proposals.
- Emails to all local Members of Parliament
- Meetings between providers of services and officers.

15. Particular attention has been given to accessibility and engagement to ensure the budget consultation 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.
- Making available a toolkit for residents/organisations to use if they want to run an event to discuss the budget. This was available to download from the public website or completing on-line. Over 100 copies of the toolkit have been downloaded.
- Residents could 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 could obtain assistance.
- Holding face to face discussion groups and workshops with young and older people across the county.
- Publicising a freepost address for residents to send in their own handwritten letters.
- Making available an on-line form on the County Council's website.
- Making paper copies of the budget proposal questionnaire available to all residents in the county via County News.
- Providing a paper questionnaire for our citizens' panel members to complete.
- Publicising the Customer Service Centre telephone number so that members of the public can get advice and assistance over the telephone and an advisor will complete the on line questionnaire for the customer if required.
- Engaging community groups via Networking Action for Voluntary Organisations (NAVO) via meetings and newsletters
- Reaching voluntary organisations via Nottinghamshire County Council's existing networks.

16. Consultation on the County Council's *budget conversation* and *budget proposals* closed on 27 January 2012. In total **4,183 individual responses** have been received via all channels in response to the 2012/2013 budget consultation - 3,579 via the *budget conversation*, and 604 via the *budget proposals*.

17. The total number of overall responses received in respect of the *budget proposals* is 15,777 however, this is attributable to only 604 individuals as many individuals have responded to more than one proposal. All responses received have been captured on a database as part of the consultation process, and taken into account in the decision making process.

18. Responses received in relation to the *budget proposals* are detailed in a spreadsheet which is shown as *Appendix A*. This includes a synopsis of comments received against each proposal; some of the comments were positive, some negative and some were submitted by Nottinghamshire County Council employees.

19. The main budget proposals where responses were received are as follows:

Adult Social Care and Health

Analysis of the feedback relating to the proposals within the services for adults revealed, with the exception of 'Sherwood Industries', the majority of people agreed with the proposals in this category -

- *Re-ablement for younger adults with a physical disability*
62% agree : 13% disagree : 25% neither agree nor disagree/don't know
- *County Horticultural Work and Training services for adults with disabilities*
47% agree : 33% disagree : 20% neither agree nor disagree/don't know
- *Sherwood Industries*
30% agree : 51% disagree : 19% neither agree nor disagree/don't know
- *Handy Persons Adaptations Scheme*
58% agree : 34% disagree : 8% neither agree nor disagree/don't know
- *Shared Lives/Adult foster care placement scheme*
59% agree : 14% disagree : 27% neither agree nor disagree/don't know
- *Assistive Technology*
80% agree : 10% disagree : 10% neither agree nor disagree/don't know
- *Re-tendering of care services*
59% agree : 23% disagree : 18% neither agree nor disagree/don't know

Children's, Families and Cultural Services

Analysis of the feedback relating to the proposals within the services for children, families and cultural services revealed the majority of people agreed with all eight proposals in this category –

- *Education standards and inclusion*
61% agree : 22% disagree : 17% neither agree nor disagree/don't know
- *CFCS Management Structure*
79% agree : 9% disagree : 12% neither agree nor disagree/don't know
- *Connexions (careers service)*
62% agree : 26% disagree : 12% neither agree nor disagree/don't know
- *Young People's Service*
45% agree : 37% disagree : 18% neither agree nor disagree/don't know
- *CFCS (Reduction in general costs)*
80% agree : 9% disagree : 11% neither agree nor disagree/don't know
- *Country Parks and Green Estates (Orangery)*
75% agree : 17% disagree : 8% neither agree nor disagree/don't know
- *Country Parks and Green Estates*
64% agree : 26% disagree : 10% neither agree nor disagree/don't know
- *Community Sports and Arts*
80% agree : 10% disagree : 10% neither agree nor disagree/don't know

Environment and Resources

(including Environment and Sustainability Portfolio: Transport and Highways Portfolio: Finance and Property Portfolio)

Analysis of the feedback relating to the proposals within the environment and resources services revealed the majority of people agreed with all nine proposals in this category -

- *Energy management – energy contract costs*
70% agree : 15% disagree : 15% neither agree nor disagree/don't know
- *Energy management*
59% agree : 24% disagree : 17% neither agree nor disagree/don't know
- *Highways*
53% agree : 31% disagree : 16% neither agree nor disagree/don't know
- *Transport and Travel Services*
88% agree : 3% disagree : 9% neither agree nor disagree/don't know
- *Property*
85% agree : 6% disagree : 9% neither agree nor disagree/don't know
- *Business support and development and departmental running expenses*
83% agree : 7% disagree : 9% neither agree nor disagree/don't know
- *Finance (arrangements review)*
91% agree : 1% disagree : 8% neither agree nor disagree/don't know
- *Finance (staff review)*
73% agree : 11% disagree : 16% neither agree nor disagree/don't know
- *Catering & Facilities Management*
74% agree : 12% disagree : 14% neither agree nor disagree/don't know

Policy, Planning and Corporate Services

(including Deputy Leader's Portfolio and Personnel & Performance Portfolio)

Analysis of the feedback relating to the proposals within the policy, planning and corporate services revealed the majority of people agreed with all three proposals in this category:

- *Customer Service*
84% agree : 8% disagree : 8% neither agree nor disagree/don't know
- *Assistant Chief Executive's Team*
74% agree : 10% disagree : 16% neither agree nor disagree/don't know
- *Human Resources*
79% agree : 8% disagree : 13% neither agree nor disagree/don't know

20. A separate extensive consultation has been undertaken regarding the proposals to close Sherwood Industries and rationalise County Horticultural Work and training services for adults with disabilities. The consultation ran for 12 weeks (between 10 October 2011 and 1 January 2012). A total of 196 completed questionnaires were received and 30 other submissions or requests for further information have been received via post, telephone, the Customer Contact Centre and through the consultation e-mail address. Petitions with a total of 987 signatures were received opposing the proposal to close Sherwood Industries. Petitions with a total of 736 signatures were received opposing the proposal to rationalise the County Horticultural Work and Training services for adults with disabilities.
21. Consultation has also taken place with the recognised trades unions. Trades union representatives have received briefings on the overall budget proposals and discussions are ongoing. Formal consultation is also taking place as required by law in relation to the potential staffing reductions arising from the proposals. Staff are being consulted in detail and have had the opportunity to respond to proposals which affect their specific area of service, via the intranet and face to face meetings with managers.

22. Comments on individual service proposals are being considered by each department and responses will be provided where appropriate.
23. The statutory meeting with business ratepayers took place on 17 January 2012. The purpose of the meeting was to outline the main features of the Council's budget proposals and to receive comments on the proposals from a business perspective. There were no major objections to the Council's proposals.
24. A report was presented to Overview Committee at its meeting on 20 December 2011 which gave details of the consultation methodology and provisional responses as at early December. The Overview Committee acknowledged that efforts had been made to engage with hard to reach groups and individuals through a variety of channels and were pleased with the pro-active approach which had been taken to this year's budget consultation campaign.

Autumn Statement and Local Government Settlement

25. The Chancellor delivered his 2011 Autumn Statement on the 29th November. The Autumn Statement is the Chancellor's update on the state of the economy and his plans for economic growth (which are detailed in a report prepared by the Office for Budget Responsibility – the OBR). In his statement, the Chancellor outlined the following key issues:
 - The UK economy is now forecast to grow by 0.9% this year (compared with 1.7% forecast in March) and 0.7% next year (compared with 2.5% forecast in March). In 2013, 2014 and 2015, forecast growth will be 2.1%, 2.7% and 3%.
 - Borrowing is falling, and borrowing forecasts are expected to fall further in later years. The ratio of debt to GDP is expected to peak at 78% in 2014/15.
 - The number of public sector jobs set to be lost by 2017 has been revised up from 400,000 to 710,000.
 - There will be a 1% cap on public sector pay for two years, once the current two-year pay freeze ends from 2013.
 - The Government has announced an additional £1 billion for the Regional Growth Fund in England. This supports projects and programmes with significant potential for economic growth and creation of additional private sector employment; it complements the £500 million Growing Places Fund which was previously announced.
 - An extra £1.2 billion has been announced for schools. Half of this will be given to councils for more school places in areas with the greatest pressure on school places and the other half will be used as funding towards 100 additional free schools.
26. Looking further ahead, the detailed OBR report sets out preliminary projections for public spending beyond the current Comprehensive Spending Review period which ends in 2014/15 i.e. 2015/16 and 2016/17. Whilst no decisions about actual public spending for these years have been made, indications are that Local Government can expect to see its

grant funding reduced further, perhaps by as much as 10% – 15% over and above the reductions that have previously been announced.

27. The autumn statement was followed by the Local Government Finance settlement, which was issued on 8th December. The announcement confirmed the settlement figures that were given in February 2011 i.e. no change, so on that basis the level of central government funding is as expected.
28. The settlement also confirmed the Council Tax freeze grant as per last year's announcement; it is assumed that the freeze grant for 2012/13 will be confirmed later, once the level of Council Tax for 2012/13 has been finalised i.e. the County Council meeting in February will set a nil increase in the council tax for 2012/13.
29. The headlines from the settlement were:
 - 2012/13 Formula Grant allocations DO NOT differ from those published on 7 February 2011;
 - There have been no changes regarding the reduction of Local Authority Central Spend Equivalent Grant (LACSEG) funding related to the conversion to Academies. Instead the Government has launched a consultation on the transfer (however we would still expect to see reductions in 2013/14 that may be significant).
 - The criteria under which a council tax referendum would be called has been published; any increase in council tax of 3.5% or more would trigger a referendum
30. The overall conclusion that can be drawn from both the Autumn Statement and the settlement is that in the short term i.e. 2012/13, it is unlikely that the government will implement further measures, over and above those already in place, to reduce funding to local government. However, over the medium to longer term it is highly likely that further and potentially significant budget reductions will be forthcoming. The County Council must therefore take appropriate steps to mitigate against the risks of further funding reductions and this will be a key aspect of the next phase of the Council's transformation and improvement programme.

Movements since November

31. Since the November report, and following the settlement, further information has come to light which requires the Council's MTFS to be updated.

New Pressures

32. For 2012/13, ASCH have reduced the pressure on Mental Health and Learning Disability by £1 million This has been achieved through making faster progress with planned reviews and savings. The level of need and the budget implications in this service area will be kept under review. This has been offset by additional pressures elsewhere totalling £0.9 million. The additional pressures are £0.4 million for Pensions Inflation in CFCS and a one off £0.5 million to fund the revenue set-up costs of the Manage and Operate Partnerships (MOPs) transfer.

33. In 2013/14, the pressures have reduced by £1.5 million. This is due to a further £1 million reduction in ASCH Pressures and the fall out of the temporary MOPS funding in 2011/12.
Inflation/Pay/Pensions
34. In 2012/13, all inflation has been removed with the exception of ASCH contracts, as this had already been taken account of in a previous savings proposal. The proposal to increase the level of care home fees by £1.2 million in line with the local fair price for care remains. This proposal takes account of the actual costs of providing care in independent sector care homes. For 2013/14 - 2015/16 the revised inflation percentages have been applied as per the corporate budget assumptions presented in November 2011, and in addition the cap on pay inflation of 1% as per the Chancellor's Autumn Statement has been applied from 2013/14.
35. The freeze is being taken into consideration by the government in terms of the funding that will be allocated in future years i.e. the government will top-slice the total funding made available to reflect the lower costs local authorities will incur, as a result of the 1% pay freeze.

Changes to the Improvement Programme

36. In the November report, it was highlighted that a combination of policy changes and a degree of slippage on the level of savings originally envisaged, some changes would be required to the Council's improvement programme forecasts. It was inevitable, given the speed, scale and complexity of the improvement programme, which commenced last year, that some changes would need to be made, and indeed a degree of non-delivery of savings was factored into the Council's MTFS assumptions (in the form of a specific contingency for this purpose).
37. Since November, further adjustments have been identified, although these need to be viewed against the programme as a whole i.e. against the initial savings requirement of £184.8m for the 4 years to 2014/15; the process of refining the programme to correspond to changes in assumptions and as other information comes to light will continue. Since November the following changes have been identified:

Table 3 – Changes to the Improvement Programme

	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	TOTAL £'m
Passenger Transport	0.3	0.4	(0.7)	-	0.0
Premature Retirement costs in schools	-	-	(0.1)	-	(0.1)
Procurement & Contracts	1.0	1.0	-	-	2.0
Business Management System	1.6	-	-	-	1.6
Learning Disability Short Breaks	-	0.3	-	-	0.3
Deferral Of Capital Projects	0.2	0.1	-	-	0.3
CYPS Business Support	-	0.6	-	-	0.6
Reduction to connexions funding	-	0.3	-	-	0.3
PPCS Staffing	0.1	-	-	-	0.1
Total	3.2	2.7	(0.8)	0.0	5.1

38. The reasons for these changes are as follows:

- Policy, Planning and Corporate Services (PPCS) Staffing - the initial staffing reductions erroneously assumed deletion of two posts within Conservation that were funded from external contributions. Deletion of such posts would result in the loss of the income; thereby no saving would be achieved. In addition, the initial gross savings proposals were overstated by another two posts for which funding was not available.
- Passenger Transport – a fundamental review of transport savings, Towards Integrated Transport Across Nottinghamshire (TITAN), was approved by Cabinet in December. This project will consider the needs of passenger transport services across the county and city involving local people in the design of the options in order to provide local services to meet identified local needs. Such a fundamental approach has necessitated a re-phasing of the project, with total savings of £2.1m anticipated over the next three years.
- Procurement & Contracts - the procurement team have actively supported departments in achieving significant savings across various projects and this will be ongoing in future years. In essence, the additional £1m target saving is already counted in other procurement savings across the Authority and this double-counting needs to be removed.
- Business Management System (BMS) - once again, significant savings have been made across the Authority in support costs, particularly in Finance, HR, ICT etc, and these, to some extent represent a double counting within the BMS target. Whilst further savings will undoubtedly be achieved following the introduction of BMS, this will take some time, and be dependant upon further revisions to working practices and relevant restructuring. The achievable savings for 2012/13 have been reduced to £0.5m.
- Learning Disability Short Breaks – the previous plan was to undertake a market testing exercise to establish whether an external provider might take over the running of the short breaks units. However, some internal restructuring will deliver some of the target savings and a review will take place over time about the level of demand for these services following the introduction of personal budgets which include an amount for respite care and short breaks
- Deferral of Capital Projects – the capital programme has been reviewed as a whole and latest estimates relating to interest on borrowing are included in Other Items below.
- Children and Young People's Services (CYPS) Business Support - The existing Departmental Savings Proposals for 2012/13 included further savings amounting to £0.675 million from the review of CYPS business support services. These savings will not now be achieved in 2012/13 and the reserve of £0.600 million which was established at the end of 2010/11 specifically to fund any slippage in this project will be utilised on a one off basis in 2012/13. The remaining £0.075 million shortfall, together with less than anticipated savings in other areas, will be funded in 2012/13 by the re-phasing of reductions to Connexions funding, bringing £0.278 million forward from 2013/14. This leaves a permanent shortfall of £0.600 million from 13/14.

Other Items

39. This reflects changes to the use of specific reserves, the level of Interest and borrowing and the level of contingency.

Taxbase

40. The assumption built into the November report was that there would be growth in the Taxbase of 0.3% in 2012/13, which was a revision downwards of the previous forecast of 0.7%, to acknowledge the continuing challenging economic climate and the particular pressures being experienced in the housing market.
41. We have now received all of the figures from the district councils, which indicates that the taxbase will actually grow by 0.6% in the current year. An estimate of the impact of the growth in the taxbase is shown in the table below.

Table 4 – Forecast Council Taxbase 2012/13

	Taxbase 2011/12	Assumed 0.3% 2012/13	Band D Precept £1,193.18	Confirmed % Change	Taxbase 2012/13	Band D Precept £1,193.18
Ashfield	35,351	35,457	£42,306,407	0.76	35,620	£42,500,833
Bassetlaw	36,217	36,326	£43,343,351	0.58	36,427	£43,464,242
Browtowe	35,635	35,742	£42,647,113	0.06	35,658	£42,546,699
Gedling	38,207	38,321	£45,724,412	0.60	38,435	£45,860,291
Mansfield	31,619	31,714	£37,840,220	0.78	31,865	£38,020,084
Newark	39,230	39,347	£46,948,338	0.37	39,374	£46,980,234
Rushcliffe	41,157	41,280	£49,255,032	0.95	41,549	£49,575,436
Total	257,416	258,188	308,064,874	0.59	258,928	£308,947,818
Additional Precept in MTFs from confirmed figures						£882,944

Council Tax Surplus/Deficit

42. Each year an adjustment is made by the District Councils to reflect the actual collection rate of Council Tax in the previous year. Sometimes this results in a surplus, payable to the County Council; or a deficit which is offset against future year's Council tax receipts. We are still awaiting confirmation of the Surplus/Deficit figures from some of the District Councils and the exact figures will be included in the Budget Report to County Council on 23 February.

Formula Grant

43. The figures included for Formula Grant in the November report were based on the two year settlement announced in 2010 and confirmed in February 2011. The level of formula grant for 2012/13 is unchanged from this.

Government Grants

44. In March 2011, the Government announced the new Local Services Support Grant (LSSG) for 2011-12. There was no indication as to whether this was an ongoing funding stream, and as such a prudent approach was taken when constructing the MTFS and no figures were included in the budget model. Following the release of the Local Government Settlement figures, LSSG allocations for 2012-13 have been confirmed, and it has therefore been included in the figures in this report.

Proposed adjustments post consultation

45. In light of the consultation responses, Members have reviewed the budget proposals and are now recommended a number of variations to the overall package of savings and investment that were contained in the November report, which are set out below:
- Extending library opening hours
 - Funding the additional costs relating to the Blue Badge scheme
 - Meals at Home charges

Library Opening Hours

46. Following the implementation of a revised pattern of opening hours across the Libraries network from April 2011, the Libraries, Archives and Information Service has identified, through the generation of internal cost efficiencies, a sum of £110,000 for reinvestment in additional Library opening hours in 15 locations across the County. This equates to an additional 70 hours of opening per week across the 15 Libraries. It is proposed that the additional opening hours be implemented from 1 April 2012.

Blue Badges

47. As part of a national scheme there is a new requirement to pay an external provider to create and post Blue Badges, at an estimated cost of £106,000 per annum. Nottinghamshire County Council will still undertake the necessary assessments and all other work associated with the Blue Badge process. It would be possible to increase the charge to Blue Badge holders from the current £2 rate to a maximum of £10, to cover these unavoidable additional costs. The Authority is proposing to retain the existing rate and not pass increased costs on to Blue Badge holders.

Meals at Home Charges

48. Further consideration has been given to the proposal to increase charges for meals from £3.95 to £4.95 from April 2012. It is proposed that the price of meals will be held at £3.95.

49. The overall impact of both the changes since November and the post consultation proposals are shown in the following table:

Table 5 – Summary of Post November Changes

	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	TOTAL £'m
Previous Shortfall (+)/ Surplus (-) @ 9/11/11	0.0	2.4	19.3	73.6	95.3
New Pressures	(0.1)	(1.5)	(0.0)	0.0	(1.6)
Inflation/Pay/Pensions	(6.2)	(5.3)	(4.7)	(0.4)	(16.5)
Changes to the Improvement Programme	3.2	2.7	(0.8)	0.0	5.1
Other Items	2.0	3.3	10.0	(6.1)	9.2
Changes in Taxbase	(0.8)	(0.0)	(0.0)	(0.0)	(0.8)
Reduction in government grant	(3.0)	3.5	1.6	7.4	9.5
Council Tax Freeze Grant	0.0	0.0	0.0	0.0	0.0
MTFS Changes – subtotal	(5.1)	2.6	6.2	0.8	4.8
Post Consultation Changes:					
Library Opening Hours	0.0	0.0	0.0	0.0	0.0
Blue Badges	0.1	0.0	0.0	0.0	0.1
Meals at Home Charges	0.1	0.0	0.0	0.0	0.1
Post consultation changes - subtotal	0.2	0.0	0.0	0.0	0.2
Revised Shortfall (+)/ Surplus (-)	(4.9)	5.0	25.5	74.4	100.3

Capital Programme

50. During the course of 2011/12, a number of variations to the Capital Programme have been approved by Cabinet. A summary of variations to the Capital Programme was reported to Cabinet in November. The November report also included a number of proposed new capital schemes. The proposals are for additional schemes to be included in the four year Capital Programme. The schemes are at different levels of maturity and, where indicated, detailed Business Cases will need to be developed before expenditure commences. Schemes will be subject to Latest Estimated Cost reports in accordance with the Council's Financial Regulations.
51. As a result of concerns about further revenue reductions, a review of the revenue implications of the Capital Programme has been undertaken. The Council's medium-term forecasts, which are predicated on an ambitious level of capital receipts, are manageable in the period up to 2015/16. However, from 2016/17, the commitments in the Capital Programme could lead to an increase in the revenue costs associated with prudential borrowing. This may well correspond with the timing of reductions in central government funding. Hence the Council needs to keep tight control of capital expenditure.

Schools Basic Need

52. Basic Need schemes relate to the statutory requirement placed upon local authorities to provide sufficient school places. In particular, there is a legal duty to respond to the situation where, perhaps through population movement, change in birth rate, or more general demographic changes, a shortfall of school places develops within a local area.
53. Basic Need schemes are not about increasing the supply of places at a popular school that attracts students from a wide geographical area. They are about a shortfall of places relative to pupil numbers / demand for places within a locality.
54. Shortfalls in places can also be as a result of new housing developments. In such cases, funding can be obtained from the developers to provide additional school places through the provisions of Section 106 of the Land & Country Planning Act, and now with the new Community Infrastructure Levy (CIL). However, this funding only makes a contribution to, but cannot cover, the total cost of providing the necessary school places. The shortfall in funding and places is provided through Basic Need.
55. County Council (19/05/11) approved funding for Basic Need schemes over the period 2011/12 to 2013/14. Subsequently, the Department of Education announced additional grant to address Basic Need issues.
56. **It is proposed to incorporate this additional grant of £1.064 million in the 2012/13 Capital Programme. This will increase the funding for Basic Need (Phase 2) to £11.464 million over the period 2011/12 to 2013/14, with further indicative funding of £2.5 million in each of 2014/15 and 2015/16 and £2 million per annum thereafter.**

Schools Condition

57. In Nottinghamshire, there is a backlog of essential and urgent repairs of approximately £190 million across schools and other premises within the Children and Young People's Portfolio. The majority of these are school buildings. County Council (19/05/11) approved a focussed programme of improvement works to reduce this backlog and to ensure that all school buildings in Nottinghamshire are upgraded and kept above a minimum acceptable condition. This includes urgent attention to any maintenance issues that could affect health and safety.
58. Funding previously approved by County Council totalled £70.5 million (including a £4.5 million contingency) over the period 2011/12 to 2013/14. However, the Government recently announced a reduction in grant funding of £5.1 million in 2012/13 and it is assumed that the indicative level of grant funding implied for 2013/14 will reduce by the same amount.
59. **In light of the reduction in grant funding and given that the Council is still awaiting an announcement regarding the Government's Priority Schools Building Programme, the Schools Condition programme has been re-phased and now includes £10 million of funding indicatively approved in the 2011/12 budget, but not originally included in the programme of works approved by County Council (19/05/11). The revised funding is as follows:**

2011/12	£6.5 million
2012/13	£20.4 million
2013/14	£21.9 million
2014/15	£15.75 million
2015/16	£5.75 million

60. This investment, totalling £70.3 million, forms part of the County Council's £100 million commitment to invest in the school estate.

Eastbourne Centre

61. The Young People's Service offers a mix of positive activities outside the school day and vocational related provision from a number of different settings across the County. The services form a key part of the Council's direct service provision for Nottinghamshire's Children and Young People aged 10 to 25.
62. The current Young People's Centre in Sutton is situated on the ground floor of Sutton Centre Community College building, which is in need of some repair. Sutton Centre Community College may seek to obtain academy status and, if so, the building would no longer be owned by the Council, and the Young People could be left without a provision and the opportunity to take part in positive activities. It is proposed that a new site is developed at the Eastbourne Centre, next to Sutton Lawns Park. This site will be utilised by other services in the future such as Targeted Support and Youth Justice, Early Years and Early Intervention, who need a space to meet their service users or deliver training. The scheme is expected to generate a modest capital receipt.
63. **It is proposed that funding of £750,000 is included in the Capital Programme for the refurbishment.**

Modernising Services for Older People

64. 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.
65. In February 2010, the County Council approved a development programme for extra care housing, committing £12.65 million for the development of a number of extra care housing schemes across the County providing a minimum of 160 extra care units with nomination rights to Nottinghamshire County Council.
66. 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 in the 2011/12 budget) will be used in the subsequent 5 years (Phase 2) and will secure an estimated additional 140 places in refurbished/updated accommodation developed with partners. It is anticipated that a further £5 million will be required over the two years from 2018/19.
67. The investment by the Council is expected to attract inward investment from the private sector of at least £100 million.

68. **Indicative further capital allocations are proposed as follows:**

2018/19	£2.5 million
2019/20	£2.5 million

69. This bid is outside the current year Capital Programme horizon and is included here as an indicative future need; a detailed business case will be required prior to formal approval of this funding.

Day Services Modernisation and Albion Close Day Service

70. The Initial Budget and Capital Programme Proposals 2012/13 to 2015/16 Report to Cabinet (09/11/11) included a proposal to provide a secure garden and a new car parking area for service users, and some overnight parking for minibuses at Albion Close Day Centre in Worksop. Funding for these additional works has since been approved by Cabinet (11/01/12). This meeting also approved funding for the countywide Day Services Modernisation Programme for additional works and for renewal and redecoration to all areas of the buildings in the programme.

71. **The revised funding for the Day Services Modernisation Programme is:**

2011/12	£0.63 million
2012/13	£3.93 million
2013/14	£0.29 million

72. Note that approximately £1.95 million of this funding is expected to relate to revenue maintenance works and therefore will not be presented within figures for the overall Capital Programme.

73. **The revised funding (from 2011/12) for Albion Close Day Centre is:**

2011/12	£0.75 million
2012/13	£1.1 million

A453 Improvement

74. The A453 is to be widened between the M1 junction 24 and the A52 to reduce congestion and it is anticipated that there will be a resultant boost to the region's economy of an estimated £540 million. Following the Government's announcement of funding for this improvement, the Capital Programme is to incorporate the Council's contribution to this scheme, in accordance with the previous conditional approval by County Council (30/06/11).
75. **County Council funding of £20 million is to be included in the Capital Programme, indicatively phased over the years 2013/14 to 2015/16. The actual phasing of this funding is still to be confirmed. Consideration is being given to part funding this investment from the County Council reserves.**

Structural Highway Asset Maintenance

76. Investment is needed to structurally maintain the highway network in a safe and serviceable condition for the benefit of the community including local businesses. The highway network is crucial to the local economy and is susceptible to damage from winter weather, increased and heavier HGV traffic and normal life cycle deterioration.
77. **Further funding of £1 million per annum is proposed from 2012/13, in addition to the £12 million annual programme of structural maintenance expenditure that was approved last year.**

Integrated Transport Measures

78. The Integrated Transport Measures (ITM) is a package of capital schemes developed to support the Local Transport Plan and funded by direct grant from Government.
79. Funding for 2011/12 is already approved within the Capital Programme. It is proposed that funding for 2012/13 is increased to incorporate additional ITM grant of £0.8 million, announced in the Chancellor's Autumn Statement, and that funding from 2013/14 is aligned with the level of grant indicatively announced by the Department for Transport.
80. **The proposed capital funding is:**

2012/13	£8.5 million
2013/14	£6.7 million
2014/15+	£7.4 million per annum

81. These figures include a £0.3 million contribution to the Hucknall Town Centre Improvement Scheme.

Street Lighting Infrastructure Replacement

82. Lighting columns are replaced throughout the County using an asset management approach to target poor condition columns and those that have reached the end of their service life. The benefits of replacement include improving the safety of road users and pedestrians, reducing fear of crime and giving a feeling of security to the public.
83. **The existing three year rolling programme for street lighting replacement provides funding up to 2012/13. It is proposed that this programme is extended by providing capital allocations as follows:**

2013/14	£1.5 million
2014/15+	£1.0 million per annum

Termination of the Manage and Operate Partnerships (MOPs)

84. 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.

85. Capital funding is required to meet the costs arising from the termination of the MOPS – comprising of depot costs, plant cost and costs associated with transfer of functions and staff. The transfer of these services to NCC will take place on 1 April 2012.
86. **A capital allocation of £0.3 million in 2012/13 is proposed, in addition to the previously approved funding of £1.2 million.**
Hucknall Town Centre Improvement Scheme
87. This major transport scheme proposes the construction of a 0.5 km inner relief road parallel to the existing town centre High Street. The new road will seek to displace traffic from the currently congested High Street which will then be part-pedestrianised to create a high quality, safe and attractive town and stimulate the local economy of Hucknall. County Council (30/06/11) approved capital funding of £650,000 and the contribution of some Council land holdings for the Hucknall Town Centre Improvement Scheme subject to the outcome of a bid to the Department for Transport.
88. **Following Government announcement of the success of this bid, the 2012/13+ Capital Programme is to incorporate the following external funding (including ITM grant of £0.3 million and contributions from Ashfield District Council in addition to Department for Transport funding) for this scheme:**

2012/13	£0.5 million
2013/14	£3.6 million
2014/15	£4.5 million
2015/16	£1.2 million

It is anticipated that the County Council's funding of £650,000 will be required from 2016/17. The contribution of land holdings represents a further £1.9 million of County Council support for this scheme.

Worksop Bus Station

89. The County Council has an aspiration to provide a new fully enclosed bus station for Worksop, based on the one opened in Retford in 2007. The bus station would have eight bays, a central town centre location, toilets, a staffed information point, driver restroom and office space for bus operators. Currently 865,000 passenger trips per annum are made from the town centre bus stops which would be merged and simplified through the new bus station. The bus station would concentrate all town centre stops, simplifying bus travel and linked bus to bus trips.
90. The Council is exploring options regarding the location, scope, development and funding of the bus station.

Gamston Salt Barn

91. The 2011/12 budget contained a scheme to erect a purpose built salt barn at the Gamston Highways depot at an indicative cost of £180,000. During 2011/12, work has been undertaken to firm up the specification and cost of this salt barn in the light of an anticipated reduction in future storage facilities at the Eastcroft Depot.

92. **Additional funding of £345,000 is proposed.**

Vehicle Replacements

93. As part of the Improvement Programme, the Council reviewed its provision, operation and management of its vehicles. Transport functions, other than Highways fleet and some specialised heavy vehicles, are now controlled more efficiently and effectively under an integrated, centralised service.
94. **The 2011/12 budget included indicative budget for four years of a programme of vehicle replacements by Transport and Travel Services. This has been finalised and extended as follows:**

2012/13	£1.156 million
2013/14+	£0.75 million per annum

It is proposed that the rolling budget for Highways vehicle replacements (funded from an asset replacement reserve) is extended to 2015/16 at its current level of £450,000 per annum, subject to a review of requirements.

Waste Management

95. Following changes to accounting standards from 2010/11, lifecycle maintenance expenditure on the Eastcroft Incinerator is now reported within the Capital Programme. This is a presentational change. The Capital Programme already includes indicative budget of £0.5 million per annum from 2011/12 (Cabinet 08/06/11). However, the costs in 2012/13 are now expected to total £1.05 million.
96. **An additional £0.55 million of funding from revenue is proposed in 2012/13.**

Newark Register Office

97. The current Newark Register Office is located in the County Offices building, Balderton Gate, which the County Council is planning to relinquish to Newark and Sherwood District Council, as it is no longer required. The Register Office is a key focus of the community in Newark, and hosts nearly 400 marriages and civil partnership ceremonies each year. Many of the services delivered by the Register Office are statutory and a local Register Office is required for legal registration of births, and deaths, notices of civil marriage and civil partnerships, plus non-statutory celebratory ceremonies.
98. Alternative accommodation will be needed and capital funding will be required for acquisition of a property, (the Gilstrap Centre has been proposed) and the works required for it to be suitable for Registration Services, including facilities needed to meet the requirements of the Disability Discrimination Act.
99. **A capital allocation of £0.3 million is proposed in 2012/13.**

Nottinghamshire Archives Extension

100. Nottinghamshire Archives houses archives for the county of Nottinghamshire, the city of Nottingham, the diocese of Southwell & Nottingham, and other local bodies, families and individuals. However, the Archives will be full within 12 months.
101. It is proposed that the Archives are extended to enable the service to continue its core function of acquiring, preserving and providing public access to archives. The proposed extension and improvements will provide sufficient accrual space for the acquisition and storage of archives for at least the next 20 years.
102. **The proposed scheme will cost £2.1 million and is to be funded from capital allocations set aside for refurbishment of libraries (£1.1 million), an underspend on the construction of Worksop Library (£0.4 million) and reserves (£0.6 million). Funding is to be phased as follows:**

2012/13	£0.8 million
2013/14	£0.9 million
2014/15	£0.4 million

103. The remaining Libraries Refurbishment Programme (Phase 2) budget will still be sufficient to refurbish and modernise 14 libraries. The implementation of the automated booking system across the County's libraries gave rise to some refurbishment taking place at this time. Hence the overall requirement to fund further refurbishment works has diminished. The overall intention of the programme however is still to make them more accessible, attractive and fit for purpose.

Bingham Library

104. 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.
105. The development of an extended and improved library is dependent upon the building of a replacement health centre and it is hoped that work on this will commence in 2013 (although this activity is outside the influence of the County Council). It is anticipated that there will be a modest capital receipt as a result of this scheme.
106. Bingham Library is included in the Library Refurbishment Programme (Phase 2), which is due to start in 2014/15.
107. **It is proposed that this scheme is included in the 2012/13 Capital Programme, with costs met from capital allocations of £390,000 brought forward from the Libraries Refurbishment Programme budget, together with new capital allocations of £150,000.**

National Water Sports Centre and Sherwood Forest Visitor Centre

108. 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.
109. The ongoing capital expenditure/maintenance requirements for the Centre are partly funded through the contribution provided by Sport England in 2009, of which approximately £1.5 million remains, and this funding is available to offset some of the capital expenditure required by the Council and/or a private sector partner.
110. The Council has agreed with Natural England to relocate the current Sherwood Forest Visitor Centre and its associated car park from within the National Nature Reserve (NNR) by 2016/17. In 2008, the Council purchased an arable field adjacent to the NNR site for a new Centre to promote and enhance the global reputation of Sherwood Forest, the legend of Robin Hood and the broader history and heritage of Nottinghamshire. 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.
111. The Council is currently exploring options for how it might provide funding to support the development of both of these important cultural facilities.

Business Management System (BMS)

112. The detail behind the investment in the BMS is set out in paragraphs 136-138.
113. **It is proposed that the additional capital expenditure is funded by capital allocations of £2.4 million as follows:**

2011/12	£1.4 million
2012/13	£1.0 million

114. The balance is to be met from within the overall Improvement Programme budget.

IT Infrastructure

115. The 2010/11 budget included a £1 million six-year annual investment for ICT Services to be able to systematically refresh the existing underlying ICT infrastructure on an ongoing basis.
116. **It is proposed that the Capital Programme incorporates funding of £1 million per annum from 2016/17 until 2019/20 to extend this programme.**

Building Works

117. Given the Ways of Working Programme and reductions in the Council's property portfolio, the level of investment in Building Works has been reviewed.

118. It is proposed the Building Works budget is reduced by £0.5 million in each of 2012/13 and 2013/14.

Contingency

119. The Capital Programme requires an element of contingency funding for a variety of purposes, including urgent capital works, schemes which are not sufficiently developed for their immediate inclusion in the Capital Programme, possible match-funding of grants and possible replacement of reduced grant funding.
120. For example, the Council is aware of the possible requirement to make capital contributions for Superfast Broadband (under the Government's Broadband Delivery UK Programme) and for the Priority School Building Programme. Such contributions would be met from capital allocations set aside within the Capital Programme Contingency.
121. It is proposed that the levels of Capital Programme Contingency (previously known as Anticipated Future Schemes) are as follows:

2012/13	£6.0 million
2013/14	£8.5 million
2014/15	£8.5 million
2015/16+	£5.0 million per annum

Revised Capital Programme

122. Taking into account schemes already committed from previous years (some of which have incurred slippage and are now re-phased) and the additional proposals above, the summary Capital Programme and proposed sources of financing for the years to 2015/16 are now:

Table 6 – Summary Capital Programme

	2011/12 £'m	2012/13 £'m	2013/14 £'m	2014/15 £'m	2015/16 £'m	TOTAL £'m
Capital Expenditure	106.557	118.622	93.887	76.549	66.205	461.820
<i>Financed By:</i>						
Borrowing	48.356	64.149	48.386	35.716	36.572	233.179
Capital Receipts (see below)	-	-	-	-	-	-
Capital Grants	54.071	50.102	41.475	37.313	23.613	206.574
Revenue/Reserves	4.130	4.371	4.026	3.520	6.020	22.067
Total Funding	106.557	118.622	93.887	76.549	66.205	461.820

123. Details of some revisions to existing schemes are still being finalised and full details will be included in the final Budget Report to Council on 23 February.

Capital Receipts

124. In preparing the Capital Programme, a full review has been carried out of potential capital receipts. The programme still anticipates high capital receipts over the period 2011/12 to 2013/14. Any shortfall in capital receipts is likely to an increase in prudential borrowing. Anticipated Capital Receipts are shown in the following table.

Table 7 – Forecast Capital Receipts

	Forecast Capital Receipts (£'m)
2011/12	17.0
2012/13	20.4
2013/14	28.4
2014/15	9.2
2015/16	5.2
TOTAL	80.2

125. The County Council is required to set aside a Minimum Revenue Provision (MRP) in respect of capital expenditure previously financed by borrowing. In recent years, the Council has sought to minimise the revenue consequences of borrowing by optimising the use of capital receipts to reduce the levels of MRP in the short to medium term. As such, the Council's strategy is to apply capital receipts to borrowing undertaken in earlier years, rather than using them to fund in-year expenditure.

Costs of Redundancies arising from 2012/13 Budget Proposals

126. It was recognised last year that the significant reduction in staffing numbers would lead to substantial redundancy costs. The Council seeks to maximise the use of voluntary redundancies to minimise the impact of having to make compulsory redundancies, although it is inevitable that there will be some compulsory redundancies, and the costs of either voluntary or compulsory redundancy are the same.

127. Other HR policies such as retraining and redeployment will be used wherever possible. During the course of the 2011/12 financial year a number of people have already left the service of the Authority and more will depart on or before 31 March 2012. The current estimated costs for 2011/12 are shown in the table below.

Table 8 – Redundancy Costs 2011/12

Department	Redundancy £'m	Pension Strain £'m	Total £'m
Policy, Planning & Corporate Services	0.297	0.549	0.846
Children, Families & Cultural Services	5.463	3.114	8.577
Environment and Resources	0.812	2.126	2.938
Adult Social Care, Health & Public Protection	0.044	1.533	1.577
Total	6.616	7.322	13.938

128. There is a redundancy contingency of £10m and a reserve of £3.1m that are earmarked to meet these costs. In the previous financial year (2010/11), the Council made a decision that the first call on any departmental underspends would be to meet the costs of redundancies. This approach will be applied in the current year, albeit the level of departmental underspending is expected to be significantly lower. Nonetheless, the on-going revenue savings associated with these redundancy costs are estimated to be £13.8 million a year, which means that the payback period is a little more than one year.

129. The costs of Lump Sum payments and the ongoing pension costs are met from the Pension Fund and are not a cost to the County Council budget. Redundancy payments and the cost of Pension Strain are met by the Authority.
130. A further Section 188 notice was published in November 2011; the consultation period for this ends on 30 January and responses are being considered. An estimate based on average costs per redundant post is shown in the table below (the actual level of redundancies has yet to be confirmed and these figures are therefore likely to change):

Table 9 – Forecast Redundancy Costs and Headcount Reduction

Department	Redundancy £'m	Pension Strain £'m	Total £'m	Redundant Headcount	Vacant posts	Total Headcount
PPCS	0.723	0.434	1.157	28.9	25.4	54.3
CFCS	3.704	2.222	5.926	148.1	27.0	175.1
E&R	0.225	0.135	0.360	9.0	7.0	16.0
ASCH & PP	2.533	1.520	4.053	101.3	35.4	136.7
Total	7.185	4.311	11.496	287.3	94.8	382.1

131. The redundancy contingency of £10 million will again be used in 2012/13, to offset some of these costs. Any additional redundancy costs in excess of this will need to be met from a combination of Departmental resources, County Fund Balances and as a last resort, by utilising a proportion of Earmarked Reserves. Any call on Earmarked Reserves will need to be restored over a period of years in order that funding is available for the original purposes when required.

Improvement Programme

132. In February 2010, temporary funding of £21.3m over 5 years for the Improvement Programme was approved by County Council, and the Improvement Programme reserve established to fund the later years. In 2010/11, the Improvement Programme spent £3.009m of revenue funding and at the end of the financial year there was £8.556m in the Improvement Programme Reserve.
133. The budget for 2011/12 is £9.755m and the current forecast out-turn is £7.793m; the £1.962m underspend will be transferred to the Improvement Programme Reserve to support the remaining 3 years of the programme. The latest profile of spend across the 3 years is £6.484m in 2012/13, £2.190m in 2013/14 and £1.819m in 2014/15. Spend will be focussed in three key areas: work with the Council's strategic transformation partner (KPMG); the Ways of Working programme; and supporting the delivery of key projects within service departments.
134. Given the benefits that have been delivered from having a dedicated team supporting the Improvement Programme, consideration is being given to providing a modest amount of funding to support a small permanent team, which will offer on-going capacity and expertise. This is likely to equate to between £0.3m and £0.5m per annum from the General Fund, which will be factored into the MTFS at an appropriate time, once the proposals have been developed further.

135. One of the key strands of the Improvement Programme has been the investment in the new BMS, that will improve the quality and transparency of information on which decisions are made and transform business administration and support activities across the Council, maximising operational and service benefits.
136. When the business case for the BMS was approved by the County Council in May 2010, it was anticipated that the cost would be £12.4m over the five year period 2010/15. The programme was split into 2 phases and it was anticipated that £5.2m of this cost would be met from the capital programme. The BMS successfully went live in November 2011.

Table 10 – Resources for the Business Management System (BMS) Implementation

	2010/11 Actual £'m	2011/12 Budget £'m	2012/13 Budget £'m	2013/14 Budget £'m	2014/15 Budget £'m	5 Year Total £'m
Capital	4.78	1.83	1.03	-	-	7.64
Revenue	0.79	3.90	2.20	0.66	0.85	8.40
Total	5.57	5.73	3.23	0.66	0.85	16.04

137. The programme was very ambitious and subsequent additional costs, not originally anticipated when the programme budget was approved, have arisen. These include:
- additional costs of an intensive training programme
 - set-up costs for the Business Support Centre
 - meeting key service business requirements with additional functionality (including data management & storage),
 - additional back-fill requirements, and
 - the decision to delay the implementation until the end of November 2011, with subsequent effects upon the phase 2 programme
138. This has increased the cost for the 5 year programme by £3.6m to £16.0m. The additional amount will be funded by variation to the capital programme of £2.4m, with the balance of £0.8m to be met from within the overall Improvement Programme budget.

Review of County Fund Balances & Reserves

139. As outlined in the report to November's Cabinet, the forecast for the current financial year (2011/12) assumes the use of reserves of £5.1 million, which would leave a balance on the County Fund of £23m. It should also be noted that during the current financial year, departments are forecasting to use of £3.965 million of earmarked reserves and this has been reflected in the budget monitoring projections.
140. The actual level of reserves at the end of the current year will be determined by the financial out-turn, and a revised forecast will be incorporated into the Budget Report to County Council on 23 February.
141. Whilst the actual level of County Fund balances is still to be determined, and in light of both the funding pressures facing the Council, and the government's recommendation that local authorities should look to their reserves to support their transformation agenda, a thorough review of all balances has been undertaken.

142. A total of £0.824m of reserves previously identified as earmarked for specific schemes, are now available to be released to the County Fund. Furthermore, a recent actuarial assessment has also indicated that we could release up to £10m from our Insurance Reserve (which would not need to be replenished).
143. In terms of the County Fund, the Council has undertaken a benchmarking exercise, to support the assessment of a prudent level of balances and whether releasing balances for one-off expenditure would be possible. Across the 27 English shire counties, 16 planned to reduce their unallocated reserves in light of reduced funding. The average balance held as a proportion of net revenue expenditure is 3.96%. If Nottinghamshire County Council reduced its balances to the average level, this would allow £9.037 million to be released.
144. This proposal is being considered as a means of contributing to the overall funding of the capital programme, and specifically the one-off commitment to support the widening of the A453, thereby helping to reduce the authorities borrowing requirement. Such an approach is deemed to be prudent and also would potentially have a direct correlation to generating additional revenues, via the business growth that is expected to follow the completion of the scheme.
145. This strategy would see the utilisation of c£20m of general and earmarked reserves, out of a current forecast total of £163m (general and earmarked combined), which equates to 12%.

Medium Term Financial Strategy and Risk Analysis

146. The Council has a “rolling” four-year Medium Term Financial Strategy, which is reviewed and updated each year as part of the annual budget process. Members will be aware that the Government announced a two-year financial settlement on 13 December 2010, which set out the level of formula grant for both 2011/12 and 2012/13. As outlined in paragraph 27, the Government confirmed there would be no change to the level of formula grant for 2012/13.
147. Whilst every effort has been made to identify the financial pressures over the next few years, Members will be aware that the government is still committed to its deficit reduction programme. As highlighted in paragraph 30, further spending reductions are expected in the years beyond the current spending review period.
148. A particular risk is a significant reduction in LACSEG (see paragraph 29). To date the Government has top-sliced RSG by £2m. Whilst, no further reductions are planned for 2012/13, the cost in a full year if all secondary schools were to become an academy (based on the revised methodology proposed by the government) would be £10.7m i.e. £8.7m more than the £2m they have already top-sliced.
149. These reductions would be in addition to those already forecast, and would also swiftly follow on from the implementation of the governments proposed changes to National Domestic Rates and Council Tax Benefits (see paragraphs 154 - 155). The summation of all these issues is that we are approaching a period of financial uncertainty, which is potentially greater in significance than the 2010 Spending Review.

150. The budget for 2012/13 has been cash limited, and no allowance has been included for general price inflation, other than for specific business reasons, notably in transport, highways and environment, where inflationary pressures are particularly challenging. Given that the prevailing level of inflation continues to exceed the Bank of England's target, inflationary pressures are likely to remain for the foreseeable future. As such, departments will be expected to maintain rigorous spending controls, as they have done in previous years.
151. Given the tight controls over public sector pay, no inflationary increase has been factored into the budget for 2012/13, and as such pay inflation is not a risk.
152. Other notable risks are as follows:

- Revenue impact of capital programme

The Council has an ambitious capital programme, and over the past 5 years has committed in excess of £200m of borrowing. Whilst the Council's MTFS covers a 4-year time horizon, the impact of borrowing is felt for up to 40 years and as such it would be imprudent not to consider the longer-term implications of the capital programme. In the medium term, the Council's capital programme can be delivered, particularly given the forecast level of capital receipts (assuming that they are delivered) and the application of reserves, as highlighted earlier in this report.

Beyond the Council's current MTFS, borrowing costs are forecast to increase by £4m - £5m pa by 2019/20. Currently borrowing costs represent 6.85% of the Council's net revenue budget, and this increase, coupled with a reduction in funding, is forecast to increase this to over 7.6% by 2015/16 (the same percentage it was in 2007/08). Therefore, whilst this level of increase is prudent in the short to medium term, any further increases would need to be factored into future plans regarding spending and taxation.

- Care Homes Fees

Since 2008/09, the Council has been implementing a phased fee structure based on a 'Local Fair Price For Care' model which was developed by an external property consultancy, Pinders, and agreed with the Nottinghamshire Care Association (NCA). This provided for annual fee increases in each of the 4 years from 2007/08 to 2011/12. Last year the Council consulted on a proposal to split the final increase (£2.3 million), paying £1.1 million in 2011/12, and £1.2 million in 2012/13. It was also proposed that there be no inflation increase in 2011/12 or 2012/13. The NCA responded objecting to these proposals, but after consideration of their response, the proposals were approved in March 2011.

It has always been the Council's intention to conduct a new review before setting the weekly rate for 2013/2014 and beyond, and that process of review is about to start. Guidance states that the Council must have due regard to the actual costs of providing care, and other local factors, when setting any new rate.

As has been made clear in recent judicial review decisions from the courts, the current actual cost of care needs to be established through a consultation with care providers, and the Council intends to do that. This work is consistent with the work undertaken in the past by the authority in arriving at the Local Fair Price for Care. Furthermore, the equalities legislation obliges the Council to have due regard to the impact any decision on fee rates will have on groups of service users with disabilities, and so there will also need to be an Equalities Impact Needs Assessment (EINA). This whole process will take some months to complete.

Once the consultation has finished and the EINA is completed, a proposed new fee rate will be calculated, and put to members for approval. It is possible that this proposal will be for an increase to the weekly rate paid to care providers. Any implications for the budget will be reported back to Members once they become apparent.

- Continuing Health Care Funding

The NHS has a statutory responsibility to fully fund packages of care for people who have a primary health care need. However as people's needs change over time, the NHS is entitled to review their responsibilities for funding of these care packages. During the last 12 months, NHS partners have increased their capacity to review continuing health care patients and this may present a financial risk to the authority should the NHS determine that the primary care need is no longer health related.

- Public Health Transfer

The County Council, in conjunction with NHS partners, have continued to develop the new working arrangements associated with the transfer of Public Health responsibilities from the NHS to upper tier local authorities. Staff are now located in County Council offices and a transition board meets regularly, with the responsibility for overseeing the new arrangements.

Shadow budgets were due to be announced by the Department of Health at the time this report was being prepared, which will indicate the amount of money that will ultimately transfer to the County Council for the commencement of the 2012/13 financial year. At this stage the estimated budget for Nottinghamshire is between £30 million - £40 million.

- Children's Social Care

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.

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.

In spite of the work that is underway to improve practice, control costs and forecast demand, the demand continues to increase and the risk to the Council is that despite the additional resources that have been proposed (an extra £6m over the next 2 years), the actual costs of care could be substantially higher.

- Community Infrastructure Levy

The Community Infrastructure Levy (CIL) Regulations came into effect in April 2010. They allow Local Planning Authorities (LPA) to place a charge on residential and commercial development in their area, subject to a viability assessment and the existence of a Local Plan. In two-tier areas such as Nottinghamshire, the relevant LPAs are the district and borough councils and it is they which hold the CIL funds.

The purpose of CIL is to raise money for pay strategic infrastructure items such as highways improvements, which in turn may help to facilitate the growth set out on the Local Plan. The County Council is therefore engaging with our district and borough councils as they develop their Infrastructure Delivery Plans, to ensure that the full impact of any future growth on County Council services is accounted for and where appropriate, included on the list of projects to be funded via CIL. However, the County Council does not hold the CIL funds which would pay for these projects and there is no mechanism within the CIL Regulations to ensure that such monies are pass-ported to the County Council to deliver them. Further, as the Regulations allow for LPAs to unilaterally change the list of projects their CILs will pay for once the Levy is in place, there is no guarantee that funding will actually be provided through the CIL to pay for the impacts of growth on our services as it takes place.

The potential implications of the CIL Regulations in two-tier areas such as Nottinghamshire, was recently debated through a motion at a full meeting of the County Council on January 26th 2012. As the Regulations are unlikely to change for the foreseeable future, priority is rightly being given to maintaining an ongoing dialogue with Nottinghamshire LPAs as they develop their CILs, to ensure that they are fully aware of the implications of future growth on services such as Education and Highways.

153. Given the inherent uncertainties described above the need for robust financial planning and management will therefore continue to be of highest priority. Detailed budget monitoring will be even more important in 2012/13 in order to ensure the budgets are on target. Any slippage in the achievement of the planned savings will need to be addressed as a matter of urgency within the financial year.

Major Policy Developments

154. In addition to the risks set out above, there are two major policy developments that potentially have far reaching financial implications for all local authorities.

a) National Domestic Rates

- DCLG launched its business rates retention consultation on 18 July 2011 and subsequently published eight 'technical papers', to supplement and provide further detail on the initial consultation paper, on 19 August 2011. The consultation period ended on 24 October 2011.
- The DCLG's response to the consultation was published on 19 December 2011, with this response setting out the proposals for the final design of the scheme. The response outlines the decisions made by government and their rationale. In certain instances, further decisions will need to be made during 2012. In order to work through the detail of the scheme, the government is also intending to set up a working group, comprised of a range of individuals from the local government sector.
- The legislative framework required to introduce the business rates retention scheme forms part of the Local Government Finance Bill, introduced on 19 December 2011. It is expected that the Bill will receive Royal Assent by summer 2012.
- Currently, all business rates (also known as non-domestic rates or NDR) income collected by billing authorities is 'pooled' nationally, with this income being redistributed to individual authorities through the Formula Grant system. The government's stated policy objective is to enable councils to retain a greater proportion of business rates income locally, providing a financial incentive for councils to undertake economic development activities and consequently increase the level of business rates collected in their local area.
- The latest position on the main elements within the proposed system are as follows:

General

- Local authorities will still need to operate within the existing NDR system. They will not have control over how the level of tax is determined for ratepayers i.e. the rateable value of properties or the national multiplier (the rate of tax).
- Under the scheme, those authorities that see increases in their business rates taxbase and associated revenues compared to their initially assessed position (the baseline) should be rewarded through the scheme, as they will be able to retain an element of the associated increased NDR revenues. However, authorities that have a decline in their business rates taxbase will see relative reductions in resources. The magnitude of these gains and losses will be determined by which options are eventually chosen in the final scheme.

Establishing the business rates baseline

- In order to set individual authorities' business rates baselines, the government has decided to adopt an average income approach i.e. take the average business rates income over a number of years, rather than at a single point in time. The government believes that this will help smooth some of the natural volatility inherent within business rates. The government has indicated that it will work with the sector to determine the number of years over which the average should be taken and the data to be used.

Tariffs/Top-ups

- A system of 'tariffs' and 'top ups' will be introduced, in order to allow for the fact that authorities have significantly different capacities to generate NDR income, depending upon their NDR taxbase.
- A tariff will be paid by an authority to government where their NDR income exceeds their needs baseline. A top up will be received by authorities from government where their NDR income is below their needs baseline.
- This approach would allow all authorities, irrespective of the actual amount of NDR that they collect, to be at the same starting point in terms of resources i.e. authorities' business rates collected will either be reduced by a tariff, or increased by a top up, to arrive at the level of assessed need. However, the actual funding received from 2013/14 onwards will then be dependent upon whether a council receives more or less NDR than its baseline, due to a growth or reduction in their NDR taxbase.
- The government has decided to uprate the tariff and top up amounts by RPI, as it believes that this approach avoids the possibility of tariff authorities seeing income levels increase year on year at a higher rate than RPI, without the need for NDR growth (as their NDR income will be increasing by RPI and this is a higher amount than their calculated level of need).

Major Precepting Authorities

- The consultation papers proposed that county councils would receive a share of the business rates collected by district councils in their area. The government has decided (due to simplicity), to implement a system whereby NDR receipts are split 80% to districts and 20% to county councils. The government has indicated that this split will mean that most district councils will become tariff authorities and therefore have a strong incentive to promote growth. As a result the County Council will by default, be a top-up authority, which will be paid by the government to reflect the difference between the 20/% share of locally generated business rates and its assessed needs baseline.

b) Localising Support for Council Tax in England

- In 2011, the Government consulted upon proposals for the localisation of support for council tax in England. This followed the announcement at Spending Review 2010 that support for council tax would be localised from 2013-14 and expenditure reduced by 10% from the same date.
- This is part of a wider set of reforms to the welfare system: improving the incentives to work and ensuring resources are used more effectively, so reducing worklessness and ending a culture of benefit dependency. Localisation is part of a policy of decentralisation that will give local authorities increased financial freedoms and a greater stake in ensuring local tax payers are supported into work and how resources are used to achieve that. It is one of a number of reforms introduced by this Government to increase local financial accountability and decision-making, ensuring

that councils benefit from the proceeds of growth and are accountable for decisions over council tax.

- In December 2011 the Government published their response to the consultation. This included a summary of consultation responses and the Government's plans for enabling local authorities to introduce localised schemes from 2013/14. The Local Government Finance Bill will provide the legislative framework for these changes.
- Billing authorities (Districts/Unitaries) will be responsible for designing a scheme based on their funding allocation and potential caseload. The scheme will include different categories of claimants and levels of support. However, the Secretary of State will have the power to prescribe categories and their level of support such as in the case of pensioners.
- Billing authorities will be able to develop local schemes in collaboration with other billing authorities, on behalf of one or more authorities, or allow an upper tier authority (in a two-tier area i.e. a County) to develop a scheme on behalf of one or more billing authorities.
- Whether the Districts or the County operates the scheme, it could still have an impact on the overall level of Council Tax that is generated.
- The localised scheme is due to commence in April 2013 and the final scheme must be adopted by 31 January 2013.

155. The financial implications of these changes will become clearer over the coming months and updates will be provided to Members as soon as practicable.

Council Tax 2012/13

156. On the basis of the above proposals a Band D Council Tax of £1,193.18 would be required in 2012/13, which represents a freeze on the Council Tax for the third year in a row. The tax rates for each of the property Bands are shown below:

Table 11 – Proposed Council Tax Levels for 2012/13

Band	Proposed 2012/13 Council Tax
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

Statutory and Policy Implications

157. 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. Equality impact assessments have been undertaken on all proposals.

Recommendation

158. That a report be prepared for County Council on 23 February 2012 based on the budget proposals and Council Tax freeze referred to in this report.

**COUNCILLOR KAY CUTTS
LEADER**

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

Service Director – Finance & Procurement Financial Comments (PDS 19/01/2012)

The financial implications are set out in the report.

Legal Comments (JMF-W 19/01/2012)

Cabinet has the authority to make recommendations to the Council regarding the Budget. Authority to approve the final budget and Medium Term Financial Strategy is reserved to full Council.

Background Papers Available for Inspection

Consultation responses.
Cabinet report 9 November 2011.

APPENDIX A

Summary of Consultation responses as at 30 January 2012

ADULTS SOCIAL CARE AND HEALTH	Budget gross £000	No of response overall	Agree	Neither agree / disagree	Dis-agree	Don't know enough to answer	Comments / Synopsis of comments
Adult Social Care and Health Portfolio							
Re-ablement for younger adults with a physical disability: To set up a new service to provide an intense period of rehabilitation for younger adults with a physical disability reducing ongoing care package spend - currently this service is only available to older people.	0	586	361	50	75	100	<p>Of the 73 comments received across all the ASC&H proposals, 3 obviously relate to this proposal. These include: concern about the real savings that can be achieved and cost of establishing a new re-ablement service; the need to ensure that cost/staffing level projections are realistic and informed; and a need not to detrimentally impact younger disabled people who need longer term social care support.</p> <p><i>This proposal is subject to a separate 3 month consultation process which commenced on 10 October 2011 and closed on 1 January 2012.</i></p>
County Horticultural Work and Training services for adults with disabilities: To continue to offer a service to all current service users but with a reduction in the number of sites and staffing across the service.	1035	588	274	56	193	65	<p><i>This proposal is subject to a separate 3 month consultation process which commenced on 10 October 2011 and closed on 1 January 2012.</i></p>
Sherwood Industries: Closure of Sherwood Industries offering re-deployment where staff want to retain their employment and providing additional support to disabled employees as required to find suitable alternative employment.	1409	586	179	42	298	67	<p><i>This proposal is subject to a separate 3 month consultation process which commenced on 10 October 2011 and closed on 1 January 2012.</i></p>
Handy Persons Adaptations Scheme: The scheme provides support to older people with jobs such as fitting hand rails, changing light bulbs or fitting locks. The proposal is to increase the charge for work up to the value of £250 from £10 to £20.	438	586	340	28	202	16	<p>Of the 73 comments received, 8 obviously relate to this proposal. Comments include a) concern at raising the charge when fuel bills are increasing / and asking that the increase is not applied b) questioning charging a flat fee regardless of task / time involved c) suggesting means-testing and setting charges accordingly. One respondent suggested stopping the HPAS scheme.</p>

ADULTS SOCIAL CARE AND HEALTH	Budget gross £000	No of response overall	Agree	Neither agree / disagree	Dis-agree	Don't know enough to answer	Comments / Synopsis of comments
Shared Lives/Adult foster care placement scheme: Development of a new 'shared life' service, where service users spend a period of time living with a family rather than moving into supported accommodation or residential care. Assistive Technology: Better use of assistive technology such as sensors and alarms to enable older people and adults with disabilities to live independently and safe at home for longer.	0	584	344	61	83	96	Of the 73 comments received, 2 obviously relate to this proposal, both questioning how the proposal will save money.
	192	586	468	22	59	37	Of the 73 comments received, 5 obviously relate to this proposal. Views ranged from acknowledging ATs role in promoting independence and supporting investment in it, to AT not being a substitute for the provision of personal care, and the need for its effects to be closely monitored. One respondent queried if ongoing costs for repairs and advice phone lines had been included.
Re-tendering of care services: Re-tendering of existing community based social care services - such as home care and outreach services in order to achieve better value for money.	41982	589	347	44	135	63	Of the 73 comments received, 12 obviously relate to this proposal. There was some disparity of views, including feeling no further reductions to service should be made and no re-tendering of care services, to questioning if more than £760k savings could be achieved. Some felt the proposal wasn't clear. Some stressed the importance of considering the unintended consequence and whole life costs of recommissioning services and, for new contracts, establishing robust contract management systems that ensure the needs and safety of service users, continuity of service, and delivery of better value and quality services.
Total		4,105	2,313	303	1,045	444	<i>Generally 10% of responses to these proposals were from NCC employees</i>

CHILDREN'S FAMILIES AND CULTURAL SERVICES	Budget gross £000	No of response overall	Agree	Neither agree / disagree	Dis- agree	Don't know enough to answer	Synopsis of comments
Children and Young People Portfolio							
Education standards and Inclusion: It is proposed to reduce the 14-19 team as the Council has less responsibility in this area. Proposals also include to reduce the Education Improvement Service which offers schools support to improve standards as more schools become academies.	5500	571	348	41	127	55	<p>Of the 51 comments received across all CF&CS proposals, a number obviously relate to this proposal. Respondents feel it is important that children are given the best possible start in life with education being the prime mover. Consequently the need to ensure literacy and numeracy standards is paramount and no cuts should be made in any related services.</p>
CFCS Management Structure: It is proposed to make further reductions to the number of managers in this department.	1900	578	456	23	53	46	<p>Of the 51 comments received across all CF&CS proposals, 3 obviously relate to this proposal. Comments include: the Council needs to develop more efficient management practices in order to gain the most from limited resources.</p>
Connexions (careers service): The Council will no longer have a duty for universal advice, information and guidance. It is proposed that the remaining funding will be targeted at vulnerable young people, for whom the Council has a duty.	3400	585	363	30	150	42	<p>Of the 51 comments received across all CF&CS proposals, 5 obviously relate to this proposal. Respondents feel that young people should not be left without guidance and other services.</p>
Young People's Service: The Extended Services team, which supports out of hours activities for schools will close and the Play Service is to be restructured.	8400	584	265	36	219	64	<p>Of the 51 comments received across all the CF&CS proposals, a small number obviously relate to this proposal. Respondents commenting feel there is a continuing need to provide out-of-school hours activities for 11 to 16 year olds, particularly those living in poverty, otherwise there may be an inducement to get involved in anti-social or criminal behaviour.</p>
CFCS (Reduction in general costs): Reduced budget for general costs such as furniture, equipment and stationery for staff.	704	586	468	36	50	32	<p><i>There were no specific comments against this proposal.</i></p>

CHILDREN'S FAMILIES AND CULTURAL SERVICES	Budget gross £000	No of response overall	Agree	Neither agree / disagree	Dis- agree	Don't know enough to answer	Synopsis of comments
Culture and Community Portfolio							
Country Parks and Green Estates (Orangery). It is proposed to develop the Orangery at Rufford Country Park into a venue for weddings and civil ceremonies in order to generate extra income.	4100	581	438	31	96	16	Of the 51 comments received across all the CF&CS proposals, a small number obviously relate to this proposal. Comments include respondents feel more enterprise and creative ways of saving money in country parks whilst still keeping them accessible for members of the public is a step in the right direction.
Country Parks and Green Estates: Measures to increase income include extending car parking charges to school holidays, closing some commercial outlets during January and February and extending opening hours in the summer to capture late afternoon and early evening catering and retail opportunities.	4100	582	370	47	154	11	Of the 51 comments received across all the CF&CS proposals, 11 obviously relate to this proposal. There were some differing views with some respondents disagreeing with extending car parking charges but agreeing with extending catering opportunities into the evening and generating more income, to agreeing with the car parking increase but recognising it may put people off coming to the Country Park.
Community Sports and Arts: The proposal is to delete a vacant event co-ordinator post and the duties to be carried out by other team members.	1500	581	465	32	56	28	<i>There were no specific comments against this proposal.</i>
Total		4,648	3173	276	905	294	<i>Generally 10% of responses to these proposals were from NCC employees</i>

ENVIRONMENT AND RESOURCES	Budget gross £000	No of response overall	Agree	Neither agree / disagree	Dis-agree	Don't know enough to answer	Synopsis of comments
Environment and Sustainability Portfolio							
Energy management - energy contract costs: The Council takes a lead role in buying energy on behalf of a number of public sector organisations/schools in the county. The new contract has saved 20% on energy costs. It is proposed to increase charges to these organisations by 1.5% to cover costs of providing this service.	15000	583	408	47	87	41	Of the 58 comments received across all the E&R proposals, respondents commenting on this proposal feel that there is no reference to measures taken to reduce energy consumption by installing energy efficient boilers, lifts, lighting etc.
Energy management: Government has introduced levy related to carbon emissions. Proposal is to transfer the proportional cost of this levy to schools to help encourage greater energy efficiency, together with tariff changes for street lighting.	1400	587	344	50	140	53	Of the 58 comments received across all the E&R proposals, respondents commenting on this proposal feel it is wrong to ask schools and other organisations to foot an increased bill on the Government levy related to carbon emissions / transfer energy management costs to schools.
Transport and Highways Portfolio							
Highways: Proposed savings include reducing staffing costs for the Highways team and bringing forward planned saving measures to be made on street lighting.	9500	584	311	40	179	54	Of the 58 comments received across all E&R proposals, respondents commenting on this proposal feel a) to reduce street lighting would seem a good saving but could lead to people feeling unsafe in the dark b) street lighting could be on timer basis c) roads /pavements need adequate maintenance. <i>No specific comments</i>
Transport and Travel Services: Proposed reduction will be through the further adoption of new technology and processes to ensure Council vehicles are used more efficiently. The Authority will also continue to secure better deals with companies providing transport services on behalf of the Council.	16900	582	511	23	20	28	

ENVIRONMENT AND RESOURCES	Budget gross £000	No of response overall	Agree	Neither agree / disagree	Dis-agree	Don't know enough to answer	Synopsis of comments
Finance and Property Portfolio							
Property: The Council has a planned maintenance budget for its buildings including a contingency fund to allow for emergency works to be undertaken. A small reduction to the overall maintenance fund is now possible due to the Authority's ongoing programme to reduce the number of its office buildings and £100m investment in improving the condition of local schools. Business support and development and departmental running expenses: Savings to be made by deleting vacant posts and reducing back office running costs.	5200	578	494	24	32	28	Of the 58 comments received across all the E&R proposals, respondents commenting on this proposal feel that it is essential to keep buildings in good repair and general state of cleanliness.
Finance (arrangements review): Review will take place of the Council's financing arrangements to reduce interest / loan repayments. Finance (staff review) : Proposed saving is to restructure and reduce the number of staff in the Council's Finance team.	696	582	485	20	42	35	Of the 58 comments received across all E&R proposals, respondents commenting on this proposal feel in the current climate where business needs all the help it can get, it seems irresponsible to reduce staffing nos; freeze on vacant posts would seem appropriate. <i>No specific comments</i>
	34700	589	535	19	9	26	
Catering & Facilities Management: To reduce cleaning and site man. costs of the Council's office buildings.	5900	580	424	40	62	54	Of the 58 comments received across all E&R proposals, respondents commenting on this proposal feel a 2.66% reduction in Finance costs is a poor showing; savings should be made to allow for mitigation of cuts to services elsewhere.
	1300	592	440	36	69	47	Of the 58 comments received across all E&R proposals, 1 respondent commented that cleaners have a hard enough job now and the job would be suffer if staffing cut.
Total		5,257	3952	299	640	366	<i>Generally 10% of responses to these proposals were from NCC employees</i>

POLICY, PLANNING AND CORPORATE SERVICES	Budget gross £000	No of response overall	Agree	Neither agree / disagree	Dis-agree	Don't know enough to answer	Synopsis of comments
Deputy Leader's Portfolio							
Customer Service. Proposed saving measures include deleting a vacant post and increased use of libraries to carry out face-to-face customer service enquiries to reduce running costs.	3700	590	494	33	48	15	Of the 42 comments received across all PP&CS proposals, respondents commenting on this proposal ask if this service could be decentralised and libraries and other appropriate NCC properties used as a one-stop to deal with the complete range of residents enquires and complaints? Another suggestion was perhaps a joint service with the district councils could reduce costs as presumably there is now duplication across the various councils.
Assistant Chief Executive's Team: This team covers a range of support services and it is proposed to reduce staffing numbers by 23 posts.	7700	587	434	25	57	71	Of the 42 comments received across all PP&CS proposals, respondents commenting on this proposal suggest there should be larger savings in these back office areas and sharing expertise with other councils.
Personnel & Performance Portfolio							
Human Resources: Further reductions in Human Resources management posts.	3500	590	465	30	45	50	Of the 42 comments received across all PP&CS proposals, respondents commenting on this proposal believe that a 3.74% reduction in HR costs is a poor showing; especially when the cost of BMS is considered. They also feel greater savings should be made here to allow for the mitigation of cuts to services elsewhere.
Total		1,767	1393	88	150	136	<i>Generally 10% of responses to these proposals were from NCC employees</i>

APPENDIX B

Summary of Revised Budget/Efficiency Savings

2011/12 to 2014/15

Business Case Title	2012/13 Required	2012/13 Achievable	2012/13 Shortfall	2013/14 Required	2013/14 Achievable	2013/14 Shortfall	2014/15 Required
CHILDREN & YOUNG PEOPLE'S PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Management Restructuring	175	0	175	0	0	0	0
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	0	186	186	0	37
Connexions	601	1,554	(953)	418	0	418	392
Youth Offending Service Cost Reduction Programme	146	103	43	30	30	0	1
14-19 Strategy Team, including Study Support, Global Dimension and Post-16 Commissioning	274	274	0	0	0	0	0
ECAS	0	0	0	13	13	0	13
Enrichment Services - full cost recovery	166	166	0	153	153	0	35
Inclusion Services Remodelling	1,370	571	799	62	62	0	63
School Improvement Service – Remodelling	336	336	0	45	45	0	67
Premature Retirement Compensation Costs for School Staff- Natural wastage	25	0	25	25	0	25	25
Sure Start Early Years and Childcare Grant	750	750	0	1,000	1,000	0	1,000
Children's Social Care Placements	511	511	0	0	0	0	0
Social Care Fieldwork Services	0	0	0	204	204	0	406
Adoption Services	107	107	0	0	0	0	0
Family / Parenting Support (including CAF & early intervention projects)	485	485	0	0	0	0	0
CYP Business Support Services Review	1,350	0	1,350	0	(600)	600	0
Business support - use of reserve	0	600	(600)	0	0	0	0
Strategic Place Planning 0-19 and School Admissions	210	210	0	0	0	0	0
CFCS Management Structure	200	200	0	0	0	0	0
Young People's Service - Disestablish Extended Services Team, Restructure Play Function	60	60	0	255	255	0	0
Reduction to Connexions Funding	709	709	0	222	222	0	0
Education Standards and Inclusion (staffing reduction)	500	500	0	0	0	0	0
Reduction in Department overheads	100	100	0	100	100	0	0
EIG and Former Area Based Grant monies	218	218	0	20	20	0	0
TOTAL CHILDREN & YOUNG PEOPLE'S PORTFOLIO	8,841	8,002	839	2,733	1,690	1,043	2,039
CULTURE & COMMUNITY PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Restructure of Country Parks, Sherwood Forest Trust, Closure of Lakeside Garden Shop at Rufford	159	159	0	359	0	359	0
Libraries & Archives	780	780	0	216	216	0	0
Adult & Community Learning	96	96	0	0	0	0	0
Sports & Arts	93	93	0	115	115	0	0
Community Sports & Arts	30	30	0	0	0	0	0
Country Parks & Green Estate (Car Park income & opening hours)	50	50	0	50	50	0	0
Country Parks & Green Estate (Orangery development)	0	0	0	55	55	0	0
TOTAL CULTURE & COMMUNITY PORTFOLIO	1,208	1,208	0	795	436	359	0
TOTAL CFCS DEPARTMENT	10,049	9,210	839	3,528	2,126	1,402	2,039

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 & HEALTH PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Increased income through increased charges (pre-agreed & current work)	251	141	110	0	0	0	0
Increased income through increased charges (additional)	55	55	0	26	26	0	0
Increased income - Revision to Fairer Contributions policy	300	300	0	0	0	0	0
Reablement & Homecare (Service Delivery Costs)	700	700	0	0	0	0	0
Reablement & Homecare (Staff Savings)	200	200	0	0	0	0	0
Day Services	2,434	1,216	1,218	3,035	3,263	(228)	0
Fair Access to Care eligibility	1,000	1,000	0	0	0	0	0
Sale of Residential Care Homes	2,500	1,300	1,200	0	0	0	0
Reduce use of residential care and increase alternatives	324	324	0	1,024	1,024	0	1,202
Interagency planning and Commissioning - Linkages efficiencies	152	152	0	256	256	0	296
Notts 50+ (Early Intervention and Prevention)	46	46	0	15	15	0	0
Notts 50+ (Early Intervention and Prevention)	160	160	0	0	0	0	0
Healthier Communities Service	0	0	0	0	0	0	0
Welfare rights cease	450	450	0	0	0	0	0
Learning Disabilities Teams	0	0	0	0	0	0	0
Learning Disability & Mental Health Community Care	1,281	1,281	0	1,281	1,281	0	1,281
Adult Placement Scheme	75	75	0	38	38	0	38
Mental Health commissioning	100	100	0	0	0	0	0
Learning Disability commissioning	109	109	0	150	150	0	11
Supported Employment – Balance - Cease provision	0	0	0	0	0	0	0
Reduce spend on Supporting People	4,000	4,000	0	3,000	3,000	0	500
Procurement and Market Management Unit staffing	0	0	0	0	0	0	0
ACFS - Moving to net payments and resulting reductions in staffing	150	150	0	0	0	0	0
Strategic Services	0	0	0	0	0	0	0
Administration	300	300	0	0	0	0	0
Organisational Re-design	1,109	1,109	0		0	0	0
Implementation of Putting People First	1,000	1,000	0	0	0	0	0
Carers Team	0	0	0	0	0	0	0
Market Management	0	0	0	0	0	0	0
Inflation reductions	6,000	6,000	0	0	0	0	0
Outsource Sensory Impairment Service	155	155	0	0	0	0	0
Learning Disability Short Breaks	100	100	0	403	81	322	0
Ordinary Residence	150	150	0	0	0	0	0
HIV AIDS	32	32	0	0	0	0	0
Assistive technology	25	25	0	0	0	0	0
Luncheon clubs	0	0	0	0	0	0	0
Current Income level	1,500	1,500	0	0	0	0	0
Self Funders income	200	200	0	0	0	0	0
Handy Person Scheme	50	50	0	0	0	0	0
Service Organisers (Centralise teams)	0	0	0	150	150	0	0
Reablement for Younger Adults with Physical Disability	150	150	0	150	150	0	0

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 & HEALTH PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Assistive Technology	50	50	0	125	125	0	0
County Horticulture	100	100	0	0	0	0	0
Integrated Community Equipment Service Contract	169	169	0	0	0	0	0
Community Based Services re-tender	45	45	0	715	715	0	0
Adult Access Team	75	75	0	0	0	0	0
Disabled Facilities Grant top up budget	45	45	0	0	0	0	0
Locality Savings	150	150	0	150	150	0	0
Shared Lives	0	0	0	300	300	0	0
Sherwood Industries	0	0	0	250	250	0	0
ADULT & SOCIAL CARE TOTAL	25,692	23,164	2,528	11,068	10,974	94	3,328
COMMUNITY SAFETY PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Registration Service - Maximising Income Opportunities and Cessation of Security Guard	98	98	0	98	98	0	98
Trading Standards - Regional Working and Income Generation	77	77	0	0	0	0	0
Trading Standards Service	49	49	0	0	0	0	0
TOTAL COMMUNITY SAFETY PORTFOLIO	224	224	0	98	98	0	98
TOTAL ASCH&PP DEPARTMENT	25,916	23,388	2,528	11,166	11,072	94	3,426

Business Case Title	2012/13 Required	2012/13 Achievable	2012/13 Shortfall	2013/14 Required	2013/14 Achievable	2013/14 Shortfall	2014/15 Required
FINANCE & PROPERTY PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Finance Reduced Capacity	227	227	0	29	29	0	0
Vertical review staffing	150	150	0	339	339	0	591
Vertical review ISP and connectivity rationalisation	160	160	0	150	150	0	180
Vertical review Apps rationalisation	100	100	0	50	50	0	190
Vertical review desktop strategy	150	150	0	50	50	0	100
Reduction in strategic function	139	139	0	381	381	0	0
Corporate performance and business services	79	79	0	0	0	0	0
Property Planned Maintenance reduction	200	200	0	200	200	0	0
Reduced cleaning hours and site management of County Offices	303	303	0	0	0	0	0
Reduction in Finance capacity by the deletion of further posts	81	81	0	76	76	0	0
Business Support and Development & Departmental Running Expenses	101	101	0	0	0	0	0
TOTAL FINANCE & PROPERTY PORTFOLIO	1,690	1,690	0	1,275	1,275	0	1,061
ENVIRONMENT & SUSTAINABILITY PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES) allowances	220	220	0	0	0	0	0
Energy mark up (energy purchase arrangements with Buying Solutions/Government Procurement Service)	97	97	0	0	0	0	0
Recharge CRC Costs to Academies	104	104	0	0	0	0	0
Recharge CRC Costs to NCC Schools	565	565	0	0	0	0	0
TOTAL ENVIRONMENT & SUSTAINABILITY PORTFOLIO	986	986	0	0	0	0	0
TRANSPORT AND HIGHWAYS PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Cleaning & landscape services, Schools Catering and County Hall Facilities Management Services	500	500	0	0	0	0	0
Fleet Consolidation (Shared Transport Centre) - Travel Efficiencies	150	125	25	150	100	50	75
Street Lighting: Energy cost savings and reduced maintenance	185	185	0	184	184	0	144
Maximise Highways income and recharges	0	0	0	0	0	0	88
Highways Service Redesign - Structure Review and Increased Efficiencies	935	935	0	304	304	0	149
Nottinghamshire Transport Services / Shared Transport Centre	149	149	0	0	0	0	0
Part-night street lighting, reduced Robin Hood line funding	370	370	0	151	151	0	0
Efficiency savings through the reconfiguration of transport service	100	100	0	100	100	0	0
TOTAL TRANSPORT AND HIGHWAYS PORTFOLIO	2,389	2,364	25	889	839	50	456
TOTAL ENVIRONMENT AND RESOURCES DEPARTMENT	5,065	5,040	25	2,164	2,164	50	1,517

Business Case Title	2012/13 Required	2012/13 Achievable	2012/13 Shortfall	2013/14 Required	2013/14 Achievable	2013/14 Shortfall	2014/15 Required
PPCS	£000	£000	£000	£000	£000	£000	£000
LEADER PORTFOLIO							
Share Post of Chief Executive with other public bodies	52	10	42	0	0	0	0
Merge /co-locate Legal & Democratic admin teams	48	48	0	0	0	0	0
Reduction in Special Responsibility Allowances	60	60	0	0	0	0	0
Communications & Management	13	13	0	0	0	0	0
TOTAL LEADER PORTFOLIO	173	131	42	0	0	0	0
DEPUTY LEADER PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Outsource of Debt Recovery within Legal Services	25	0	25	0	0	0	0
Shared Legal Services with other public bodies	123	123	0	11	11	0	0
Legal Services – process efficiency and work reduction	100	100	0	50	50	0	0
Legal Services – managing demand reduction	75	75	0	38	38	0	0
Customer Services	262	262	0	281	281	0	0
Additional staffing savings	0	70	(70)	0	0	0	0
Additional staffing savings	0	47	(47)	0	0	0	0
Additional staffing savings	0	100	(100)	0	0	0	0
Grant Aid	450	450	0	0	0	0	0
Procurement and Contracts	1,000	0	1,000	1,000	0	1,000	1,000
Customer Services (additional)	60	60	0	0	0	0	0
Staffing Restructure	238	238	0	173	173	0	0
Ways of Working Operational savings	150	150	0	350	350	0	0
TOTAL DEPUTY LEADER PORTFOLIO	2,483	1,675	808	1,903	903	1,000	1,000
PERSONNEL & PERFORMANCE PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Learning & Development	1,021	1,021	0	10	10	0	0
HR Service	131	131	0	0	0	0	0
TOTAL PERSONNEL & PERFORMANCE PORTFOLIO	1,152	1,152	0	10	10	0	0
ENVIRONMENT & SUSTAINABILITY PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Reduce service (Planning) development control	5	5	0	0	0	0	0
TOTAL ENVIRONMENT & SUSTAINABILITY PORTFOLIO	5	5	0	0	0	0	0
CULTURE & COMMUNITY PORTFOLIO	£000	£000	£000	£000	£000	£000	£000
Restructuring of Conservation Specialists	381	231	150	0	0	0	0
Redesign of Economic Regeneration service	12	12	0	0	0	0	0
TOTAL CULTURE & COMMUNITY PORTFOLIO	393	243	150	0	0	0	0
TOTAL PPCS	4,206	3,206	1,000	1,913	913	1,000	1,000

Business Case Title	2012/13 Required	2012/13 Achievable	2012/13 Shortfall	2013/14 Required	2013/14 Achievable	2013/14 Shortfall	2014/15 Required
HORIZONTAL SAVINGS	£000	£000	£000	£000	£000	£000	£000
Passenger Transport Transformation	1,040	770	270	1,040	650	390	0
Charges to Schools	542	0	542	0	0	0	0
Strategic Services (policy, research etc.)	70	70	0	70	70	0	0
Customer Services	500	500	0	500	500	0	0
Income Generation	150	0	150	350	0	350	0
Business Support and Administration	400	0	400	0	0	0	0
Marketing, PR and Communications	400	0	400	0	0	0	0
Business Management System	3,553	500	3,053	1,547	1,547	0	0
Deferral of capital projects	206	0	206	98	0	98	0
Fleet Consolidation (Shared Transport Centre) - Travel Efficiencies	350	350	0	350	350	0	0
Review of Authorities financing to reduce net interest payable	300	300	0	0	0	0	0
TOTAL HORIZONTAL SAVINGS	7,511	2,490	5,021	3,955	3,117	838	0
GRAND TOTAL	52,747	43,334	9,413	22,726	19,342	3,384	7,982