



## ADDITIONAL / TO FOLLOW AGENDA ITEMS

This is a supplement to the original agenda and includes reports that are additional to the original agenda or which were marked 'to follow'.

### NOTTINGHAM CITY COUNCIL EXECUTIVE BOARD

**Date:** Tuesday, 20 January 2015

**Time:** 2.00 pm

**Place:** Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG

**Governance Officer:** Zena West, Constitutional Services **Direct Dial:** 0115 8764305

### AGENDA

### Pages

<b>10</b>	<b>BUDGET CONSULTATION 2015/16 PHASE 2</b> Report of the Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration	<b>3 - 12</b>
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**EXECUTIVE BOARD – 20 JANUARY 2015**

<b>Subject:</b>	Budget Consultation 2015/16 Phase 2		
<b>Corporate Director(s)/ Director(s):</b>	Glen O'Connell, Acting Corporate Director for Resources		
<b>Portfolio Holder(s):</b>	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
<b>Report author and contact details:</b>	Geoff Walker, Acting Director of Strategic Finance 0115 8763740 <a href="mailto:geoff.walker@nottinghamcity.gov.uk">geoff.walker@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<b>Subject to call-in</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Reasons:</b> <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Significant impact on communities living or working in two or more wards in the City	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>Total value of the decision: Nil</b>			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> Throughout the budget process		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter	<input checked="" type="checkbox"/>		
Cut crime and anti-social behaviour	<input checked="" type="checkbox"/>		
Ensure more school leavers get a job, training or further education than any other City	<input checked="" type="checkbox"/>		
Your neighbourhood as clean as the City Centre	<input checked="" type="checkbox"/>		
Help keep your energy bills down	<input checked="" type="checkbox"/>		
Good access to public transport	<input checked="" type="checkbox"/>		
Nottingham has a good mix of housing	<input checked="" type="checkbox"/>		
Nottingham is a good place to do business, invest and create jobs	<input checked="" type="checkbox"/>		
Nottingham offers a wide range of leisure activities, parks and sporting events	<input checked="" type="checkbox"/>		
Support early intervention activities	<input checked="" type="checkbox"/>		
Deliver effective, value for money services to our citizens	<input checked="" type="checkbox"/>		
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>This report contains the Phase 2 proposals for the revenue element of the Council's draft Medium Term Financial Plan (MTFP) for 2015/16 to 2017/18. Phase 1 proposals were reported to Executive Board on 16 December 2014 and comprised savings of £21.800m in 2015/16. These further proposals comprise new savings of £3.297m in 2015/16 and accelerated savings of £0.166m.</p> <p>In addition £1.862m of corporate and technical changes have been made, in relation to previous MTFP assumptions. The final overall proposals for the MTFP, including any changes arising from consultation, will be considered by Executive Board in February 2015 for recommendation to Full Council in March.</p> <p>The decision is not subject to call-in as Councillor Brian Parbutt, Chair of the Overview and Scrutiny Committee, has agreed that the decision is reasonable in all the circumstances and should be treated as a matter of urgency as any delay will impact on the public consultation period.</p>			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
1. To note, endorse and release for formal public consultation the proposals as set out in paragraph 2.3 and tables 2 and 3 of the report. Further details relating to individual savings are contained in Appendices 1 and 2.			

**1. REASONS FOR RECOMMENDATIONS**

- 1.1 Phase 1 proposals were reported to Executive Board on 16 December 2014 and comprised total savings of £21.800m in 2015/16.
- 1.2 This report presents and seeks endorsement for further saving proposals of £3.463m for 2015/16 (reducing to £2.556m in 2017/18) to enable the release of details for public consultation.
- 1.3 Any options that include proposed workforce reductions will be the subject of consultation, which entails jointly examining and discussing the proposals and issues of concern with the trade unions and affected colleagues. The details of such proposals may, therefore, be subject to change during the consultation period and this may impact on the way in which identified savings will be delivered.

## **2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

### **2.1 Overview**

- 2.1.1 Total savings of £27.125m are required to balance the currently projected MTFP gap in 2015/16.
- 2.1.2 The Executive Board report on 16 December set out Phase 1 saving proposals of £21.800m in 2015/16 rising to £29.886m in 2017/18. This left a projected gap in 2015/16 of £5.325m where savings proposals were yet to be finalised.
- 2.1.3 This report sets out £1.862m of corporate and technical adjustments together with further budget proposals to be released for consultation. The proposals for consultation comprise of new saving proposals of £3.297m and the acceleration of £0.166m of previously announced Phase 1 proposals from 2016/17 into 2015/16.
- 2.1.4 Table 1 summarises the impact of the latest proposals contained in this report. The figures are based on current assumptions which will be updated as appropriate for the February Executive Board Report.

<b>TABLE 1: MEDIUM TERM FINANCIAL PLAN</b>			
<b>DESCRIPTION</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>
<b>REMAINING GAP IN DECEMBER REPORT</b>	<b>5.325</b>	<b>23.814</b>	<b>33.064</b>
<u>Corporate / Technical updates</u>			
Reduction in use of New Homes Bonus	(0.300)	(0.300)	(0.300)
Review inflation	(0.075)	(0.075)	(0.075)
Pension liability	(0.522)	(0.250)	(0.100)
Reduction in revenue financing of capital programme	(0.725)	0.000	0.000
Provisional Settlement	(0.240)	(0.240)	(0.240)
<b>SUB-TOTAL</b>	<b>(1.862)</b>	<b>(0.865)</b>	<b>(0.715)</b>
<b>GAP</b>	<b>3.463</b>	<b>22.949</b>	<b>32.349</b>
Phase 2 consultation proposals	(3.297)	(2.556)	(2.556)
Accelerated Phase 1 proposals	(0.166)	0.000	0.000
<b>SUB-TOTAL</b>	<b>(3.463)</b>	<b>(2.556)</b>	<b>(2.556)</b>
<b>GAP</b>	<b>0.000</b>	<b>20.393</b>	<b>29.793</b>

## 2.2 Corporate/Technical changes

2.2.1 It is proposed to reduce the amount of New Homes Bonus (NHB) grant used to support investments in Economic Development from £0.800m to £0.500m per annum and use the released grant to alternatively support the revenue MTFP.

2.2.2 In light of recent reductions in oil prices the inflation assumptions contained within the MTFP have been reviewed with a projected reduction of £0.075m in the specific inflation awarded to Fuel budgets.

2.2.3 Following on from the triennial valuation issued in 2014, the basis for the reflection of the pension liability in the MTFP has been reviewed. This has enabled savings of £0.522m to be realised in 2015/16 reducing to £0.100m in 2017/18.

2.2.4 A review of the funds identified to finance the capital programme has been undertaken and, due to the timing and profiling of spend, there is an opportunity to reduce the revenue resources set aside to fund the capital programme in 2014/15. £0.725m can therefore be utilised in 2015/16 to support the MTFP.

2.2.5 The provisional financial settlement for 2015/16 was announced by DCLG on 18 December 2014. The provisional figure for Revenue Support Grant (RSG) was £0.468m higher and the Top-up Grant for business rates was £0.228m lower than previously assumed for 2015/16.

2.2.6 A fuller analysis of the final financial settlement expected in early February and its impact on Nottingham will be reported to the February Executive Board.

## 2.3 Proposed Phase 2 Savings

2.3.1 Table 2 summarises the further proposals to be delivered by each lead portfolio. Appendix 1 provides more details of each individual proposal.

<b>TABLE 2 : PHASE 2 CONSULTATION PROPOSALS</b>			
<b>LEAD PORTFOLIO</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>
Adults & Health	(0.527)	(0.527)	(0.527)
Children's Services	(0.375)	(0.175)	(0.175)
Commissioning & Voluntary Sector	(0.742)	(0.683)	(0.683)
Community Services	(0.658)	(0.173)	(0.173)
Jobs & Growth	(0.100)	(0.100)	(0.100)
Leisure & Culture	(0.098)	(0.098)	(0.098)
Planning & Transportation	(0.280)	(0.280)	(0.280)
Resources & Neighbourhood Regeneration	(0.517)	(0.520)	(0.520)
<b>TOTAL</b>	<b>(3.297)</b>	<b>(2.556)</b>	<b>(2.556)</b>

2.3.2 Table 3 summarises the accelerated Phase 1 proposals to be delivered by each lead portfolio. Appendix 2 provides more details of each individual proposal.

<b>TABLE 3 : ACCELERATED PHASE 1 PROPOSALS</b>			
<b>LEAD PORTFOLIO</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>
Adults & Health	(0.053)	0.000	0.000
Commissioning & Voluntary Sector	(0.050)	0.000	0.000

Planning & Transportation	(0.035)	0.000	0.000
Resources & Neighbourhood Regeneration	(0.028)	0.000	0.000
<b>TOTAL</b>	<b>(0.166)</b>	<b>0.000</b>	<b>0.000</b>

2.3.3 For the purpose of this report all proposals are identified against the lead portfolio holder. However, some proposals cut across two or more portfolios. This more detailed analysis will be reflected in the February MTFP report.

### **3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

3.1 Throughout the budget process a range of different options are considered including various levels of council tax, investment and cost reductions. This is a complex process with many iterations and possibilities too numerous and detailed to present as discrete options here. This report presents the overall set of current draft proposals which together seek to balance levels of investment, income, cost reductions and an appropriate level of council tax.

### **4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

4.1 The City Council's annual budget, within the MTFP, forms the cornerstone of financial management and control within the organisation. All revenue spending and income will continue to be monitored against the final MTFP.

4.2 The Council has developed a robust approach to providing value for money and efficiency savings which support the delivery of the Council Plan. The embedding of a robust VFM framework is one of the key strands within our transformation programme, but it is through the mainstream application of such principles within service planning and delivery that VFM will be delivered. The Audit Committee has responsibility for the scrutiny and challenge of the framework and its implementation.

### **5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

5.1 The City Council is required to set a balanced budget for 2015/16 before 11 March 2015.

5.2 Insofar as the cost reduction proposals as set out in this report contain workforce reduction proposals, Section 188(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 ("TULR(C)A") may well be engaged and sufficient time will need to be set aside for relevant consultation with the appropriate representatives of affected employees.

5.3 A detailed and comprehensive interim risk assessment will be undertaken in order to inform the Chief Finance Officer's (CFO's) assessment of the affordability of the MTFP and the consequent recommended levels of reserves and contingencies. Any increases in these levels, reflect the higher level of risk inherent in the budget arising from significantly reduced external funding sources, transfer of risks from Central Government and the resultant high levels of cost reductions required. The final risk assessment will inform the budget report to Executive Board in February.

### **6. SOCIAL VALUE CONSIDERATIONS**

6.1 None

**7. REGARD TO THE NHS CONSTITUTION**

7.1 Not applicable

**8. EQUALITY IMPACT ASSESSMENT (EIA)**

8.1 An EIA is not required. Any decisions relating to the draft budget proposals will be set out in further reports to Executive Board in February and to City Council in March 2015. Equality Impact Assessments are being carried out, where appropriate, for all relevant budget proposals and a summary will be provided with these reports.

**9. LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

9.1 None

**10. PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

10.1 None

**11. OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

11.1 Theresa Channell - Head of Corporate and Strategic Finance  
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**PHASE 2 CONSULTATION**

**APPENDIX 1**

	LEAD PORTFOLIO	LEAD DEPARTMENT	TITLE OF PROPOSAL	NARRATIVE	REVENUE		
					2015/16 £m	2016/17 £m	2017/18 £m
1	Adults, Commissioning & Health	Children & Adults	Health Contributions to Care Packages	Increasing Health Contributions to Care Packages	(0.164)	(0.164)	(0.164)
2	Adults, Commissioning & Health	Children & Adults	Healthy Lifestyles	Developing an integrated and holistic service that will meet local need at lower cost for citizens identified at higher risk of long term conditions through smoking, unhealthy diet and poor levels of physical fitness. Opportunities to develop lifestyle behavioural support into existing frontline services and in house services will be explored.	(0.165)	(0.165)	(0.165)
3	Adults, Commissioning & Health	Children & Adults	Health & Wellbeing and Dementia Care	Restructure of Health & Wellbeing Post and Dementia Care Specialist	(0.030)	(0.030)	(0.030)
4	Adults, Commissioning & Health	Children & Adults	Preventative Services - Commissioning Savings	Scheduled ending of contracts where review has indicated that they can safely not be renewed	(0.168)	(0.168)	(0.168)
5	Children's Services	Children & Adults	Children's Big Ticket	Expand Big Ticket through a range of means including work on children in care numbers and costs, innovative approaches at the edge of care and other aligned proposals.	(0.200)	0.000	0.000
6	Children's Services	Children & Adults	Family Support Workers	Deletion of 6 vacant Family Support Worker posts and the reinvestment of one Children in Need co-ordinator role.	(0.145)	(0.145)	(0.145)
7	Children's Services	Children & Adults	NGY	Reduce contributions to NGY	(0.020)	(0.020)	(0.020)
8	Children's Services	Children & Adults	One Nottingham	Reduction in One Nottingham	(0.010)	(0.010)	(0.010)
9	Community Safety, Housing & Voluntary Sector	Children & Adults	Sheltered Housing / Extra Care	Contracts expire at the end of the year	(0.433)	(0.433)	(0.433)
10	Community Safety, Housing & Voluntary Sector	Children & Adults	Crime and Drugs Partnership (CDP) - management	Delay in the recruitment of the CDP Director's role	(0.059)	0.000	0.000
11	Community Safety, Housing & Voluntary Sector	Children & Adults	Citywide infrastructure grant	Reduction in funding to the Citywide voluntary sector contract for supporting infrastructure services	(0.150)	(0.150)	(0.150)
12	Community Safety, Housing & Voluntary Sector	Community Services	Pest Control	Increase in charges	(0.025)	(0.025)	(0.025)
13	Community Safety, Housing & Voluntary Sector	Community Services	Licensing Trading Standards and Anti-Social Behaviour	Reduce the team by 1 post	(0.025)	(0.025)	(0.025)
14	Community Safety, Housing & Voluntary Sector	Community Services	Environmental Health and Safer Housing	Reduce the team by 2 posts	(0.050)	(0.050)	(0.050)
15	Community Services	Community Services	Ward councillor budgets	One-off saving from cash financing of the ward councillor budgets	(0.500)	0.000	0.000
16	Community Services	Community Services	Councillor Revenue Budgets	Remove the top up allocated to the five most deprived wards - St Ann's, Aspley, Bulwell, Bestwood, Bilborough	(0.080)	(0.080)	(0.080)
17	Community Services	Community Services	Neighbourhood Working	Review of neighbourhood management and operational working	(0.044)	(0.059)	(0.059)
18	Community Services	Community Services	Street Cleansing	Reduce the street scene headcount by 2fte, delivered through natural turnover	(0.034)	(0.034)	(0.034)
19	Jobs & Growth	Development & Growth	Economic Development	Savings from synergies between Nottingham Futures, Jobs Hub, Experience Notts and other efficiency savings	(0.100)	(0.100)	(0.100)
20	Leisure & Culture	Community Services	Swimming Provision	Review of swimming programmes	(0.057)	(0.057)	(0.057)
21	Leisure & Culture	Community Services	Park Patrol	Reduction of one Patrol Officer	(0.018)	(0.018)	(0.018)

**PHASE 2 CONSULTATION**

**APPENDIX 1**

	LEAD PORTFOLIO	LEAD DEPARTMENT	TITLE OF PROPOSAL	NARRATIVE	REVENUE		
					2015/16 £m	2016/17 £m	2017/18 £m
22	Leisure & Culture	Community Services	Cultural Grant support	Reduction in support to external City groups	(0.023)	(0.023)	(0.023)
23	Planning & Transportation	Development & Growth	Public Transport Big Ticket	Expansion of Public Transport Big Ticket	(0.230)	(0.230)	(0.230)
24	Planning & Transportation	Community Services	Parking	Re-profiling parking income to reflect the academisation programme	(0.050)	(0.050)	(0.050)
25	Resources & Neighbourhood Regeneration	Chief Executive	Corporate savings	Review of all non pay budgets not incorporated as part of new proposals but will be aligned to reductions.	(0.150)	(0.150)	(0.150)
26	Resources & Neighbourhood Regeneration	Chief Executive	Management review	Management realignment	(0.050)	(0.050)	(0.050)
27	Resources & Neighbourhood Regeneration	Community Services	Electrical Direct Labour Organisation (DLO)	An electrical DLO has been established and will undertake a number of electrical works internally	(0.050)	(0.050)	(0.050)
28	Resources & Neighbourhood Regeneration	Resources	Scrutiny	Review committee structure	(0.015)	(0.018)	(0.018)
29	Resources & Neighbourhood Regeneration	Resources	Treasury Management	Increase in interest from external loans	(0.250)	(0.250)	(0.250)
30	Resources & Neighbourhood Regeneration	Resources	Councillor Support	Review of support costs	(0.002)	(0.002)	(0.002)
					<b>(3.297)</b>	<b>(2.556)</b>	<b>(2.556)</b>

**ACCELERATED PHASE 1 CONSULTATION PROPOSALS**

**APPENDIX 2**

	LEAD PORTFOLIO	LEAD DEPARTMENT	TITLE OF PROPOSAL	NARRATIVE	REVENUE		
					2015/16 £m	2016/17 £m	2017/18 £m
1	Adults, Commissioning & Health	Children & Adults	Early Intervention	Original proposal detailed on line 9 of Appendix 1a in the December Consultation report	(0.053)	0.000	0.000
2	Community Safety, Housing & Voluntary Sector	Community Services	Business Development	Original proposal detailed on line 9 of Appendix 1c in the December Consultation report	(0.050)	0.000	0.000
3	Planning & Transportation	Development & Growth	Pre-application charging	Original proposal detailed on line 6 of Appendix 1h in the December Consultation report	(0.010)	0.000	0.000
4	Planning & Transportation	Development & Growth	Traffic & Safety - Network Management	Original proposal detailed on line 19 of Appendix 1h in the December Consultation report	(0.015)	0.000	0.000
5	Planning & Transportation	Development & Growth	Traffic & Safety - Network Management Coring Programme	Original proposal detailed on line 20 of Appendix 1h in the December Consultation report	(0.010)	0.000	0.000
6	Resources & Neighbourhood Regeneration	Resources	Mobile Phone Review	Original proposal detailed on line 9 of Appendix 1i in the December Consultation report	(0.028)	0.000	0.000
					<b>(0.166)</b>	<b>0.000</b>	<b>0.000</b>

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