

Report to Cabinet
9 October 2013
Report of Chief executive
Subject Transformation programme

Item

10

Purpose

To consider the next steps on the transformation programme.

Recommendations

1. To consider the updated medium term financial strategy (Annex A).
2. To consider the current list of proposed savings and income options for 2014/15 Annex B and Annex C (Annex C will be considered within the exempt part of the meeting) and agree that further work is carried out to progress these options.
3. To agree the proposed approach to public consultation on the development of the council's budget for 2014/15 and delegate authority to Executive head of strategy, people and democracy in liaison with the leader of the council to finalise the consultation document.

Corporate and service priorities

The report helps to meet the corporate priority Value for money services

Financial implications

The direct implications of taking forward the transformation programme are to realise savings of at £2.5million for 2014/15 in line with the medium term financial strategy.

The costs of carrying out the consultation can be met from within existing budgets.

Ward/s: All wards

Cabinet member: Councillor Waters – resources

Contact officers

Laura McGillivray, Chief executive	01603 212001
Russell O'Keefe, Executive head of strategy, people and democracy	01603 212908
Caroline Ryba, Chief finance officer	01223 699292

Background documents

None

Report

Medium term financial strategy (MTFS)

1. The council's medium term financial strategy (MTFS) has been updated taking into account the recent comprehensive spending review, changes to national insurance and other financial adjustments and can be found at Annex A. This sets out a requirement for the council to find a further approximately £10 million of general fund revenue savings or additional income over the next four years resulting in a smooth savings requirement of approximately £2.5 million a year. This is in addition to approximately £23 million of general fund revenue savings the council has already delivered over the past five years.

Development of the income and savings options for 2014/15

2. Guided by the council's corporate plan 2012-2015, its 'changing pace blueprint' and the results of previous budget consultations, a range of work has been carried out across the council, through the transformation programme, to develop options for further income and savings.
3. From this work it is believed that the required savings of £2.5 million for 2014/15 can be met through generating income and continuing to change the way the council works.
4. The current proposed income and savings options for 2014/15 can be found at Annex B and Annex C (within the exempt part of the report). It is proposed that further work is carried out to progress these options (including employee consultation where required).
5. Some of the savings would inevitably further reduce the council's overall capacity and its ability to do new work for the City. However, we don't believe any of them should significantly impact the key services for 2014/15 that the public receive from the council.
6. In line with the approach we have used in previous years it is proposed that we consult the public on our proposed approach to meeting our £2.5million savings target for 2014/15.

Council tax

7. The council also needs to decide whether to increase council tax for 2014/15. If the council were to increase its portion of the council tax by 2.0% this would raise additional income of approximately £150,000. This is equivalent to a rise of approximately seven pence per week for the average band B home in Norwich. This could then be used to help to protect the provision of key services in the future. It is therefore proposed to consult the public on the potential for a council tax rise for 2014/15.

Proposed process for the budget consultation

8. In line with the successful approach used for previous budget consultations, the council will apply the following principles in designing the overall consultation process:

Proportional – the time, resources and methods used for the consultation should be in line with the purpose, impact and legislative requirements.

Inclusive – the consultation should be fully inclusive and provide different methods of access to ensure those people who want to take part are able to.

Genuine – the results of the consultation should be statistically valid and used to fully inform the decision making process

Consistent – given that different methods of consultation will be employed, it will be important to ensure consistency in approach.

9. To ensure that a consistent approach is taken throughout the process a core consultation document is being developed which will act as the basis for all the different consultation methods.
10. This core consultation document will be delivered through the following methods:
 - a) Web survey – promoted to the public, statutory, business and voluntary partners, Unison and employees.
 - b) Your Voice citizens panel – which is broadly representative of the demographic makeup of the local community.
 - c) Paper copies available for people who specifically request them and at existing community events during the period.
11. It is considered that this is an appropriate mix of consultation methods that fully meet the principles of good consultation outlined at point 8 of the report.
12. The results from the consultation will then be reported to Scrutiny, Cabinet and Council in line with the overall timescales set out below.

Overall timescales

13. The overall timescales are set out in the table below.

Action	Timescale
Budget consultation carried out	21 October – 6 January 2014
Pre-scrutiny of the proposed policy framework and budget for 2014/15	30 January 2014
Cabinet agrees proposed policy framework and budget for 2014/15 to be recommended to Council	5 February 2014
Council agree policy framework and budget for 2014/15	18 February 2014

Medium Term Financial Strategy 2014-19

The Medium Term Financial Strategy (MTFS) has been updated during the year to date for the impacts of the budget and spending review and for the audited general fund balance as at 31 March 2013.

General Fund	2014/15 Year 2 £000s	2015/16 Year 3 £000s	2016/17 Year 4 £000s	2017/18 Year 5 £000s	2018/19 Year 6 £000s
Employees	£16,774	£17,378	£18,471	£18,905	£19,521
Premises	£9,277	£9,541	£9,802	£10,070	£10,346
Transport	£313	£321	£329	£337	£345
Supplies & Services	£13,796	£14,181	£14,561	£14,952	£15,353
Capital Charges	£1,986	£2,010	£2,034	£2,058	£2,082
Transfer Payments	£70,823	£70,823	£70,823	£70,823	£70,823
Third Party Payments	£8,128	£8,131	£8,134	£8,137	£8,140
Centrally Managed	£1,596	£1,638	£1,680	£1,723	£1,767
Recharge Expenditure	£18,472	£18,550	£18,628	£18,708	£18,788
Recharge Income	-£24,221	-£24,262	-£24,303	-£24,344	-£24,386
In-Year Savings	£0	£0	£0	£0	£0
Receipts	-£22,859	-£23,455	-£24,067	-£24,695	-£25,340
<i>Government Grants:</i>					
New Homes Bonus	-£1,800	-£1,292	-£1,415	-£1,100	-£890
PFI Grant	-£1,429	-£1,429	-£1,429	£0	£0
Benefit Subsidy	-£69,995	-£69,995	-£69,995	-£69,995	-£69,995
Benefit Admin Grant	-£1,294	-£1,294	-£1,294	-£1,294	-£1,294
Other Government Grants	-£402	-£402	-£402	-£402	-£402
Subtotal Budgets	£19,165	£20,444	£21,557	£23,883	£24,858
Unavoidable Growth	£500	£1,000	£1,500	£2,000	£2,500
One-Off Demands	£500	£500	£500	£500	£500
Contrib to/(from) Reserves	-£320	-£320	-£320	-£320	-£320
Savings Requirement	-£950	-£4,363	-£7,027	-£10,419	-£12,525
Budget Requirement	£18,895	£17,261	£16,210	£15,644	£15,013
Share of NNDR (Baseline)	-£5,400	-£5,552	-£5,730	-£5,936	-£6,167
Council Tax Freeze Grant	-£75	-£150	£0	£0	£0
Formula Funding	-£5,905	-£4,007	-£2,890	-£2,080	-£1,180
Council Tax Requirement	£7,515	£7,552	£7,590	£7,628	£7,666
Council Tax	-£7,515	-£7,552	-£7,590	-£7,628	-£7,666
Total Annual Budget	£0	£0	£0	£0	£0
Balance Brought Forward	-£6,767	-£6,447	-£6,127	-£5,807	-£5,487
Contributions to/from I&E	£320	£320	£320	£320	£320
Balance Carried Forward	-£6,447	-£6,127	-£5,807	-£5,487	-£5,167
<i>Relative to Budget Req't</i>	<i>34%</i>	<i>35%</i>	<i>36%</i>	<i>35%</i>	<i>34%</i>
New Savings Requirement	-£950	-£3,413	-£2,664	-£3,392	-£2,105
New Savings (Smoothed)	-£2,505	-£2,505	-£2,505	-£2,505	-£2,505
Balances (Smoothed)	-£8,002	-£6,773	-£6,294	-£5,088	-£5,167

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	9 October 2013
Head of service:	Russell O'Keefe
Report subject:	Transformation programme
Date assessed:	September 2013
Description:	To consider the next steps on the transformation programme

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The further work on the current savings options will see the council realise savings or additional income of £2.5million for 2014/15.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The work to further develop the current income and savings options will require work from support services such as HR and Learning, Finance and Communications
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The work to further develop the current income and savings options will require work to develop the necessary supporting ICT.
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The risks of delivering the council's savings target are managed in line with the council's risk management strategy.

Recommendations from impact assessment

Positive

To progress the further work on the current income and savings options will see the council realise savings and additional income of £2.5million for 2014/15.

To carry out the proposed consultation on the development of the budget 2014/15

Negative

Neutral

Issues

Annex B Transformation programme - Proposed income and savings options for 2014/15

No	Work stream	Service	Description of proposal	Portfolio Holder	Lead Officer	Potential revenue income / savings for 2014/15
A2	Accommodation and work styles	City development / NPS	Rent City Hall meeting rooms for functions such as business receptions, conferences etc.	A Waters	A Watt / C Rayner	5,000
A4	Asset Management	City development / NPS	Rent out Mile Cross depot site (once 2 story office building demolished) investigate other temporary uses of outdoor space on this site	A Waters	A Watt / C Rayner	3,000
A8	Asset Management	City development / NPS	Income from surplus for Norse Norwich building joint venture	A Waters	A Watt / C Rayner	165,000
A10	Asset Management	City development / NPS	Market and let Mary Chapman Court underground car park	A Waters	A Watt / C Rayner	8,000
A12	Asset Management	City development / NPS	Introduce concessions e.g. in parks	A Waters	A Watt / C Rayner	5,000
A13	Asset Management	City development / NPS	Purchase private businesses to create a sustainable income	A Waters	A Watt / C Rayner	50,000
A14	Asset Management	City development / NPS	Transfer archive documents from Mile Cross to Townsend House basement & use as for managed document storage via NPS Norwich	A Waters	A Watt / C Rayner	7,000
A16	Asset Management	City development / NPS	Renting of self storage containers at Mile Cross Depot	A Waters	A Watt / C Rayner	15,000
A19	Asset Management	City development / NPS	Charge interest on late payment of commercial rent	A Waters	A Watt / C Rayner	33,000
A24	Asset Management	City development / NPS	Demolition of general fund void properties that are unlikely to be let in order to avoid charges.	A Waters	A Watt / C Rayner	43,000
A25	Asset Management	City development / NPS	Use prominent empty shop fronts to market other empty units/services the Council can provide using temporary/movable boards.	A Waters	A Watt / C Rayner	10,000

A26	Asset Management	City development / NPS	Convert empty housing revenue account shops (below flats) to ground floor flats to avoid liability and increase available housing.	A Waters	A Watt / C Rayner	38000 (HRA)
A28	Asset Management	City development / NPS	Review of the current processes for the non-housing responsive maintenance & planned work.	A Waters	A Watt / C Rayner	50,000
A32	Shared services	Business relationship mgt/ LGSS	Revenues and benefits improvement project resulting in increased grant through lower error rates	A Waters	A Bull	150,000
A35	Shared services	Business relationship mgt/ LGSS	Additional savings already in LGSS agreement	A Waters	A Bull	33,000
A37	Shared services	Business relationship mgt/ LGSS	Remove unnecessary audit fee included in budget	A Waters	A Bull	198,000
A38	Service redesign (income generation)	City development	Carry out works in default for landlords and private work income in 2014/15	M Stonard	A Watt	10,000
A55	Service redesign (service review)	City development	Charge cost of parking pool cars dedicated to housing rent and arrears team to HRA - accounting adjustment	M Stonard	A Watt	6,000
A57A	Service redesign (income generation)	City development	Acquire new commercial assets to generate income	A Waters	A Watt	50,000
A59	Service redesign (income generation)	City development	Maximise letting at Mile Cross; reduce rates liability	A Waters	A Watt	50,000
A62	Service redesign (income generation)	City development	Surplus share for asset joint venture	A Waters	A Watt	36,000
A64	Service redesign (service review)	City development	Savings from no longer enforcing Earlham Park car park	M Stonard	A Watt	12,000

A67	Service redesign (income generation)	Citywide services	Gradual increase in cemetery fees moving toward cost recovery over a number of years	P Kendrick	A Akester	53,000
A68	Service redesign (income generation)	Citywide services	Pilot charging for replacement wheelie bins – consulted on previously	P Kendrick	A Akester	40,000
A72	Service redesign (income generation)	Citywide services	Increase trading capacity of Norwich Norse to include commercial; pest control, private tree works, private landscaping works, bin washing programmes	P Kendrick	A Akester	20,000
A74	Service redesign (service reprovisioning)	Citywide services	Savings from retender of dog kennelling contract	P Kendrick	A Akester	10,000
A75	Service redesign (income generation)	Citywide services	Develop other income opportunities - memorial benches/trees/shop	P Kendrick	A Akester	5,000
A79	Service redesign (income generation)	Citywide services	Gradual increases in charges for allotments moving toward cost recovery over a number of years	P Kendrick	A Akester	8,000
A84	Service redesign (income generation)	Strategy, people and democracy service grouping	Providing recruitment and assessment centres to other organisations and selling places on our learning and development courses to offset costs.	A Waters	D Bradshaw	24,000
A87	Service redesign (policy or criteria change)	Strategy, people and democracy service grouping	Reduction in learning and development spend in line with reducing organisation	A Waters	D Bradshaw	15,000

A88	Service redesign (policy or criteria change)	Strategy, people and democracy service grouping	Environmental strategy team to be included in internal recharges – accounting adjustment	M Stonard	R O'Keefe	50,000
A90	Service redesign (channel migration / customer access change)	Strategy, people and democracy service grouping	Implementation of paperless committee meetings supported by electronic committee management system and suitable hardware	M Sands	R O'Keefe	15,000
A96	Service redesign (service review)	Strategy, people and democracy service grouping	Small miscellaneous savings across the different teams	Multiple	R O'Keefe	10,000
A97	Service redesign (service review)	Strategy, people and democracy service grouping	Water optimisation project - to ensure we are on the most efficient tariffs	M Stonard	R O'Keefe	30,000
A99	Service redesign (income generation)	Multiple	Advertising income review	B Arthur	R O'Keefe	50,000
A101	Service redesign (income generation)	Multiple	Empty homes review carried out to bring long term empty properties back into use resulting in a range of non financial benefits and increased new homes bonus income	M Stonard	R O'Keefe	120,000
A102	Service redesign (income generation)	Multiple	Property classification changes (already approved by cabinet)	A Waters	C Ryba	159,873
A103	Service redesign (income generation)	Finance	Proposed changes to discretionary business rate arrangements for businesses moving premises etc.	A Waters	C Ryba	60,000
A107	Service redesign (service review)	Customers, communications and culture service grouping	Review of sports development including the Norman Centre and the Halls to generate increased income	B Arthur	N Rotsos	10,000

A108	Service redesign (service review)	Customers, communications and culture service grouping	Review of tourism development and tourist Information centre including on-line selling to generate income	B Arthur	N Rotsos	5,000
A118	Service redesign (service review)	Local neighbourhood services	Savings following neighbourhood restructure already carried out	P Kendrick	B Cronk	4,578
A120	Service redesign (service review)	Local neighbourhood services	Anti social behaviour hotline out of hours charges review - savings related to under spend in last financial year.	P Kendrick	B Cronk	2,000
A124	Service redesign (service review)	Local neighbourhood services	Reduce small amounts across local neighbourhood services supplies and services budget	P Kendrick	B Cronk	6,000
A127	Service redesign (service review)	Local neighbourhood services	Remove unused budget for crisis/ support grants to community centre management committees. This is ever needed would be covered from overall contingency in future.	P Kendrick	B Cronk	3,000
A129	Service redesign (service review)	Local neighbourhood services	Increase re-charge for wardens costs to the HRA in line with activity - accounting adjustment	P Kendrick	B Cronk	100,360
A130	Service redesign (service review)	Planning	Professional advice cost reduction reflects cyclical nature of producing major policy documents + merger of cost centres.	M Stonard	G Nelson	153,000
A131	Service redesign (service review)	Planning	Printing cost reduction reflects cyclical nature of producing major policy documents plus gradual move away from hard copy printing plus merger of printing budgets.	M Stonard	G Nelson	25,000
A132	Service redesign (service review)	Planning	Recharge adjustment in planning	M Stonard	G Nelson	11,000
A134	Service redesign (service review)	Planning	Reduction in need for pool car budget	M Stonard	G Nelson	3,000
A135	Service redesign (service review)	Planning	Promotion and publicity - reduction in a budget that is now higher than required	M Stonard	G Nelson	4,000

			General fund totals			1,935,811
			Specific housing revenue account totals			38,000