

## **REVENUE AND CAPITAL BUDGETS 2014/15**

**Submitted by: Executive Director (Resources and Support Services)**

**Portfolio: Finance and Resources**

**Wards(s) affected: All**

### **Purpose of the Report**

To review progress on the completion of the revenue and capital budgets for 2014/15 following agreement of the 5 year Medium Term Financial Strategy.

### **Recommendations**

- (a) That the assumptions set out in the report be approved.**
- (b) That the Cabinet confirm that no Council Tax increase is proposed in 2014/15.**
- (c) That the Transformation and Resources Overview and Scrutiny Committee be asked to consider what comments it wishes to make on the draft Budget and Council Tax proposals before the final proposals are considered at Cabinet in February 2014.**

### **Reasons**

To enable the Cabinet to recommend a robust and affordable budget for 2014/15 to the Council meeting on 26 February 2014.

## **1. Background**

- 1.1 The Council is committed to achieving excellence in its service delivery. Integral to this ambition is the need to effectively target its financial resources in line with its stated aims and objectives, as set out in the Council Plan.
- 1.2 The work of the council in 2014/15 is focused on its vision of “creating a borough that is prosperous, clean, healthy and safe”, an aspiration reflected in the Council’s four corporate priorities of:

- A Clean, Safe and Sustainable Borough
- A Borough of Opportunity
- A Healthy and Active Community
- A Co-operative Council delivering High-Quality, Community-Driven Services

These four priorities developed alongside the vision within the Council’s outcome-driven Council Plan 2013/14 to 2015/16, form the basis for the work the council is currently doing and what it is planning to do.

- 1.3 There has been good progress in the current year, with high standards of service delivery and the following notable achievements so far in 2013/14:

- Working collaboratively with other authorities, a new Customer Relationship Management system (CRM) has been implemented by Customer & ICT Services

in June and all other partners moved to the shared web based system at the end of October.

- Replacement of the corporate financial system completed in December and training provided to system users.
- A Town centre manager from the business community of Newcastle was recruited for the Newcastle Town Centre Partnership, established a business plan and a programme of town centre events delivered. This included the Lymelight Music Festival, Global Groove, and a weekend of activities around the Christmas Lights switch on.
- Kidsgrove Town Centre Partnership established.
- Enderley and Bridge Street subways have been fully refurbished in partnership with the county council.
- Progress with engagement of partners in developing key projects such as Lets Work Together continues with a series of training sessions and also events held with partners.
- Another successful Business Boost competition and awards event held at the Keele Sustainability Hub.
- Procurement has worked closely with service areas in taking various approaches to make effective savings through ongoing analysis, and includes collaborative tenders and the use of various purchasing frameworks to ensure cost reductions for post, stationery, cash collection, ICT Hardware, and other tenders which use economies of scale through collective purchasing to identify further areas of savings.
- A Social Value toolkit compiled in conjunction with and support from the Newcastle Partnership. Ongoing support given to embed social value as part of future commissioning/procurement and the establishment of Social value champions within the authority.
- A total of nearly 4,000 volunteer hours were given from volunteer groups and individuals in the first six months of the year to care for the local green spaces and neighbourhoods through the delivery of the Community Engagement Framework.
- Negotiated a two year price increase freeze with our Green and Food Waste contractor making a saving of £20,000 from the next financial year.
- Recycling & Waste were shortlisted in APSE Performance Awards.
- Introduced a pilot Business Food Waste scheme to support businesses reducing their food waste.
- Development of Memorandum of Understanding (MOU) with Project Management Training (PM) to foster greater collaboration, and support to supplier event with PM generating further apprenticeships within the region.
- In the first six months of the year a total of 29 affordable housing units were provided. Partnership working continues with registered providers and the Homes and Communities Agency to deliver new affordable housing in line with the Local Investment Plan.
- Successfully provided three internships for students at Keele University.
- Recruited eleven apprentices to the council after the successful launch of the Shared Apprenticeship Scheme.
- New community centre and facilities delivered at Silverdale.
- The Operations section gained the Gold standard award in Britain in Bloom for 12<sup>th</sup> year running and also Green Flag Awards for nine of its parks and green spaces.
- Delivered a range of measures to address, deter and prevent anti social behaviour e.g. diversionary activities, and co-ordinated a range of activity to support victims of domestic violence and anti social behaviour.
- The Council, alongside a range of partners, finalised the signing of a 20-year agreement with JCB for the Blue Planet building to become a logistics hub creating 300 jobs over the next two years.

- Progress with consolidation of ICT software continues with the removal of legacy software systems to improve efficiencies and integration with the council's mainstream systems. The consolidation of the Network and Telephony contracts resulted in reduced costs and enables the move to more efficient technology as part of a future programme.
- The Council's Committee Services and ICT Team successfully upgraded the Council's Modern.Gov system to offer residents, Councillors and Staff the opportunity to use the Modern.Gov app linked to the Council's public website.
- Remote Access solution has been replaced to ensure the authority has greater resilience in a business continuity situation, whilst enhancing flexible and agile working.
- The Council's accreditation with Public Service Network (PSN) was confirmed in November. The Council is one of approximately 250 authorities who have received compliance to date. Compliance with the new, more stringent requirements allows connection to a secure Government network, as part of the Government's bid to share information between public bodies, and enables services such as Revenues & Benefits to send and receive information from Government departments such as the Department for Works and Pensions securely.
- An ICT Desktop strategy was approved in September and a rollout of Windows 7 and Office 2010 is currently being implemented to all users.
- Customer Services has received the Customer Service Excellence award for the third year running.
- Collaborative commissioning with the County Council to commission projects to be delivered by the Third Sector.

1.4 In 2014/15, whilst continuing to deliver high performing, quality services and ensuring efficiencies in Council operations, there are many activities planned towards achieving Council Plan outcomes, of which examples are set out below:

- Reviews and implementation of new strategies and policies over a wide range of services
- Progress with the Public Realm project will see the replacement of market stalls to be in place by Easter 2014 and Hassell Street pedestrianisation works for Spring.
- Ryecroft subway refurbishment completed by Autumn 2014.
- Business boost competition planned to be held again in October 2014.
- Newcastle Town Centre Partnership and Kidsgrove Town Centre Partnership delivery and implementation of business plans
- Continue to work with the Stoke and Staffordshire Local Enterprise Partnership to secure European funding for the Borough.
- Further development of the CRM system will utilise new applications to improve the customer journey and make efficiencies from back office integration.
- Pledge to undertake a further apprentice recruitment drive and to work with companies and the voluntary sector to offer even more opportunities where possible for young people.
- Plans to work with Keele University again to provide the internship programme and interest shown from Staffordshire University to be involved in 2014/15.
- Implement outcomes of the community centre review
- Work and Development of an Eco/Green Deal brokerage service
- Establish the new procurement portal and continue to progress work where analysis has identified procurement savings.
- In partnership with Keele University Business School, we are looking to develop our trade waste and trade recycling services.

- Marketing to continue to secure a development partner to take forward the redevelopment of the Ryecroft site for major new retail-led, mixed-use development and new multi-storey car park.
  - Progress with many of the projects commenced in 2013-14 is also planned.
- 1.5 The Council has developed a Medium Term Financial Strategy (MTFS) to look at its financial position over the next 5 years. This is aligned to the Council Plan and will be the main vehicle in ensuring efficiency in service delivery and targeting resources to its priority areas.
- 1.6 It should be noted that the MTFS and the draft 2014/15 Budget have been compiled against a continuing national picture of reduced funding from central government for local authorities, particularly district councils.
- 1.7 The draft 2014/15 budget is based upon the assumptions made in the MTFS which was approved by the Cabinet at its meeting on 16 October 2013 and scrutinised by the Transformation and Resources Overview and Scrutiny Committee at their meeting on 6 November 2013.
- 1.8 The Budget Review Group has considered all of the proposals contained in this report, which are recommended to the Cabinet as a means to produce a balanced and sustainable budget for the Council. The Group is chaired by the Cabinet Portfolio Holder for Finance and Resources. The Council Leader is a group member, together with the Chief Executive and Executive Director of Resources and Support Services and other appropriate finance and corporate support officers. Its remit is to oversee all aspects of the budget process, including service review and challenge, longer term planning, development of budget options, agreeing consultation arrangements and consideration of feedback and seeking to deliver service models that drive improvement to front-line services whilst offering value for money.

## 2. **Revised Budget 2013/14**

- 2.1 Monthly reports monitoring actual spending against budget have shown overall relatively small variances throughout the first eight months of the year.
- 2.2 Whilst some sources of income (e.g. Kidsgrove Sports Centre and car parking fees) are yielding significantly less compared to what was received prior to the recently experienced recession and continuing low level of economic activity, this situation is no longer as critical a source of adverse budget variances owing to action taken when setting the 2013/14 budget in February 2013, whereby an additional allowance of £300,000 to cover income shortfalls was included in the budget, making a total allowance of £500,000. The amount required in future budgets will be kept under review as the economy begins to move out of recession at some stage and income levels improve.
- 2.3 The savings of £1.783m incorporated in the 2013/14 budget have been achieved. This means that altogether over the six years from 2008/09 to 2013/14 £13.270m of “gaps” will have been met via a combination of savings, efficiencies and additional income, as shown in the table below:

Year	£m
2008/09	1.250
2009/10	2.572
2010/11	2.389
2011/12	2.655
2012/13	2.621
2013/14	1.783

### 3. Draft Budget 2014/15

- 3.1 The MTFs was approved by the Cabinet on 16 October 2013. This illustrated that the Council would have a shortfall of £2.170m in 2014/15 which could be addressed by a combination of actions, such as efficiency measures, reductions in expenditure, increases in income, support from the Budget Support Fund and the Council Tax Freeze Grant.
- 3.2 The Government notified provisional funding amounts for 2014/15 at the same time that the allocations for 2013/14 were announced. Analysis of the data supplied by the government indicated that there will be a reduction in funding compared to that for 2013/14 of £1.047m. Subsequently, in July 2013, the government published technical consultation relating to the local government finance settlement 2014/15 and 2015/16. Information contained in the consultation document indicated that the Council was likely to suffer a further reduction in 2014/15 of around £0.076m arising from proposed technical changes. The total forecast reduction of £1.123m for 2014/15, which is a 13.6 per cent reduction compared with the 2013/14 amount, has been included in the MTFs. The final funding allocation which was notified on 18 December is £7.121m, which is in line with the forecast reduction included in the MTFs. Notification was also given in respect of the likely level of government funding for 2015/16. This indicates a further reduction of £1.109m or 15.6 per cent. This is in line with the forecast contained in the MTFs.
- 3.3 There have been a small number of changes made to the MTFs since its approval in October, resulting in a reduction in the funding “gap” of £121,000. This means that it now stands at £2.049m for next year. The changes relate to the following items:
- Changes to the Local Government pension scheme mean that superannuation is now required to be paid on non-contractual overtime as from 1 April 2014 (+£50,000)
  - Reduction in Housing Benefits and Local Council Tax Support Administration Subsidy payable in 2014/15 as notified by Department of Work and Pensions and Department for Communities and Local Government (+£90,000). This represents a reduction of 11.3%.
  - Following negotiations with the Actuary and Staffordshire County Council, the increase in the superannuation contribution rate is likely to be less than forecast (-£111,000)
  - Removal of the additional contribution to the Revenue Investment Fund in 2014/15 (-£100,000). This will leave a £100,000 contribution to the Fund for 2014/15.
  - Reduction in the amount required for Contingencies (-£50,000)

The table below shows the factors which give rise to the “gap” for 2014/15:-

<b>CHANGES TO BASE BUDGET</b>	
<b><u>ADDITIONAL INCOME</u></b>	
	<b>£'000</b>
Fees and Charges	96
<b>TOTAL ADDITIONAL INCOME (A)</b>	<b>96</b>
<b>ADDITIONAL EXPENDITURE &amp; LOSS OF INCOME</b>	
Reduction in Government Grant	1,123
Provision for Pay Awards	134
Incremental Pay Rises for Staff	54
Superannuation increase in employers contribution/ changes to the LGPS in relation to non-contractual overtime.	201
Reduced Vacancy Factor allowance	72
Price Increases e.g. energy, fuel, rates, insurances, supplies & services	100

Loss of Investment Interest due to fewer capital receipts and investment rates	46
Reduction in Housing Benefits and Local Council Tax Support Subsidy	90
Adjustments re One-Off items in 2013/14, e.g. Borough elections	225
<b>TOTAL ADDITIONAL EXPENDITURE AND LOSS OF INCOME (B)</b>	<b>2,045</b>
<b><u>OTHER ITEMS</u></b>	
<b>CONTRIBUTION TO ICT DEVELOPMENT FUND</b>	<b>50</b>
<b>CONTINGENCY (D)</b>	<b>50</b>
<b>NET INCREASE IN BASE BUDGET (B+C+D-A)</b>	<b>2,049</b>

- 3.4 The Budget Review Group and your officers have been identifying and considering ways of eliminating this gap. As a result of this work, a number of savings and funding strategies have been identified and agreed with managers as being feasible and sustainable. The proposed savings, totalling £2.049m, are outlined in the table below and set out in detail in Appendix 1.

<b>Category</b>	<b>Amount</b>	<b>Comments</b>
	<b>£'000</b>	
Procurement	259	Smarter procurement and reductions in the amount of supplies procured
Additional Income	158	Includes new sources of income and additional income arising from increased activity. This amount is additional to the amount of £96,000 included in the MTFS in respect of a general 2% increase in fees and charges.
Good Housekeeping Efficiencies	181	Various savings arising from more efficient use of budgets
Staffing Efficiencies	488	No redundancies arise from these proposals.
Better Use of Assets	115	Demolition of former Sainsburys site and sale of Jubilee1.
New Homes Bonus funding	208	Contribution to revenue budget from New Homes Bonus funding.
Council Tax Freeze Grant 2014/15	70	See 3.6 below
Alternative Sources of Finance/Other Savings	570	Additional Business Rates retained, reduction in grants and contributions to external bodies, effect of forecast Council Tax Base increase.
<b>Total</b>	<b>2,049</b>	

- 3.5 At its meeting on 3 December 2013, the Transformation and Resources Overview and Scrutiny Committee requested further information in respect of four of the items in the appendix, namely:

- P3 - Procurement Savings - £100k
- I1 - Income Generation Project - £60k
- S1 - Vacant Posts - £150k
- S5 - Overtime Review - £100k

Further information in respect of each item is attached at Appendix 2.

3.6 It is not proposed to increase the Council tax for 2014/15. The Council would be permitted to increase tax by up to 2.0 per cent, above which it is required to conduct a referendum to determine the views of taxpayers. The government wish to see no increase in Council Tax for 2014/15 and are once more offering to pay a non specific grant to those councils which do not increase their council tax for 2014/15. The grant is payable at a rate equivalent to a 1.0 per cent increase in the authority's 2013/14 basic amount of council tax multiplied by its council tax base. For Newcastle, this would result in a grant of around £70,000 being payable, which is included in the table of proposals to close the budget gap at paragraph 3.4 above. The grant will be payable for two years, 2014/15 and 2015/16, no more payments being made after 2015/16. The grant of £70,000 in respect of the 2013/14 freeze will be paid in 2014/15, consolidated within the overall financial settlement amount, after which it will cease. The grant of £173,000 in respect of the 2011/12 freeze, which was originally payable for four consecutive years, will continue to be paid in 2014/15, after which it will also be consolidated within the overall financial settlement amount. Both of these grants relating to previous years' freezes are included in the base budget, so do not represent additional income. The grant in respect of the 2012/13 freeze is no longer receivable as it was only paid for the one year, 2012/13. The table below summarises the position in relation to these freeze grants over the years they will be received.

Grant	Years in which grant is receivable					
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Re 2011/12 Freeze	173	173	173	173	173*	173*
Re 2012/13 Freeze	0	173	0	0	0	0
Re 2013/14 Freeze	0	0	70	70*	0	0
Re 2014/15 Freeze	0	0	0	70	70	0
Total Receivable in Year	173	346	243	313	243	173

\* Receivable as part of overall financial settlement rather than as a separate grant

3.7 Bringing together all the above results in a balanced draft budget, as shown in the table below:

	£'000	Report Reference
Changes to Base Budget	2,049	3.3
Savings/Increased Income	(2,049)	3.4
<b>BUDGET SHORTFALL ('GAP')</b>	-	

#### 4. Medium Term Financial Strategy - 2015/16 to 2018/19

4.1 The MTFs is being continually reviewed for 2015/16 to 2018/19. The current shortfalls are estimated as:

- £1.934m in 2015/16

- £1.390m in 2016/17
- £0.857m in 2017/18
- £0.926m in 2018/19

Because the 2014/15 council tax freeze grant is only payable for two years, 2014/15 and 2015/16, a further £70,000 will have to be added to the shortfall for 2016/17.

- 4.2 The current anticipated shortfalls need to be addressed by a combination of measures such as efficiency savings, reductions in expenditure or income increases and consideration of the need for Council Tax increases. As announced by the Leader in his report to Council on 27 November 2013, work is already ongoing by your officers, working in conjunction with the Budget Review Group, to identify solutions as part of the Newcastle 2020 project.
- 4.3 The Budget Review Group will continue to develop a strategy for bridging the entire 2015/16 gap and for eliminating the shortfalls in respect of the remaining years up to 2018/19. The outcome of this work will be reported to Cabinet upon completion.

**5. Capital Programme 2013/14 - 2014/15**

- 5.1 Attached at Appendix 3 is the updated capital programme 2013/14 to 2014/15 based on current commitments and agreed schemes plus a number of new schemes which are vital to ensure continued service delivery. New schemes total £1,039,000 plus £1,029,000 relating to the Housing Capital Programme, which is the subject of a report elsewhere on the agenda. The remainder of items included in the Programme relate to continuing expenditure on current schemes, funding for which has already been approved. A summary of the new items included in the Programme and how they are proposed to be funded, is set out below:

Scheme	Cost	Funding		
		New Homes Bonus	Disabled Facilities Grant	Capital Receipts
	£'000s	£'000s	£'000s	£'000s
<b>Housing Programme</b>				
Disabled Facilities Grants	864	350	514	
PSH/Emergency HHSRS Grants/Vulnerable H	80	80		
Empty Homes	20	20		
Energy Advice Service	20	20		
Home Improvement Agency	13	13		
Landlord Accreditation Scheme	32	32		
<b>Replacement Vehicles and Equipment</b>				
Vehicles Replacement	552			552
Waste Bins	50			50
<b>Stock Condition Works</b>				
Museum	15			15
Commercial Portfolio	60			60
Civic Offices	53			53
Car Parks	20			20
<b>Parks and Open Spaces</b>				



Footpath Repairs	50			50
Play Area Refurbishment *	50			50
Railings/Structures Repairs	25			25
Brampton Park	100	85		15
<b>Other Projects</b>				
Cemetery Memorial Survey Works	9			9
Ryecroft Site Clearance Costs (net) **	45			45
Clayton Sports Centre - Match Funding	10			10
<b>TOTAL</b>	<b>2,068</b>	<b>600</b>	<b>514</b>	<b>954</b>

\* Included in Replacement/Repair of Play Equipment in Appendix 3

\*\* Additional resources allocated but expenditure will be in 2013/14

- 5.2 There is clearly a direct link with the revenue budget as there may be revenue implications arising from new capital projects and the requirement to spend capital funds will lessen the ability to earn interest on the cash that is invested. It is therefore vital that the revenue and capital budgets are integrated.
- 5.3 Continuation of the capital programme beyond 2014/15 is dependent upon the achievement of a programme of receipts from the disposal of assets. It is essential that sufficient capital receipts are generated from these asset sales to enable essential capital investment to take place.
- 5.4 The Council's overall capital strategy was most recently updated in February 2013. A further updated strategy, covering the period 2014 to 2017, together with an updated asset management strategy, is included elsewhere on your agenda.
- 5.5 The Capital Strategy position is set out in section 12 of the Strategy and it is worth highlighting the points set out in paragraphs 12.1 and 12.3 to 12.7:

*12.1 During the period covered by this Strategy, there will be a need for some items of capital investment to be made in order to ensure continued service delivery or to comply with statutory requirements or to ensure health and safety of staff and public. Examples of these include: operational building repairs and maintenance; replacement of vehicles, plant and equipment required to deliver services; disabled facilities grants.*

*12.3 Funding for additional projects not essential to operational continuity will depend on capital receipts from asset sales. Appendices to the Asset Management Strategy 2013-2016 set out the assets which will be available for disposal during this period and the arrangements to be adopted for public consultation concerning their disposal. Additionally, the appendices indicate a larger number of potential assets for disposal towards and beyond the end of the said strategy. It is intended that the planning merits of those assets be determined during the preparation of the Council's next Local Plan.*

*12.4 Work is ongoing to compile a basic programme containing those projects which it can be foreseen will be necessary to ensure service delivery or to comply with statutory requirements or ensure health and safety. The programme will also contain projects which are fully funded by external parties and which meet corporate priorities. The overall size of the programme will be determined by the resources estimated to be available to fund it.*

12.5 *It will be essential to apply a robust prioritisation process to determine which projects are included in the capital programme and are subsequently proceeded with. No projects should be considered in isolation. They must be required to be measured against all other competing projects to determine which should go forward. This process should also apply to any projects which are proposed subsequent to the approval of the programme, to ensure that only those projects with a high priority are proceeded with and funds are not diverted to projects of a lesser priority.*

12.6 *Funding for this basic programme is likely to be available to some extent from the following sources:*

- *Further capital receipts from asset sales*
- *Right to Buy capital receipts*
- *Government grants*
- *Other external contributions*

*All of the above funding sources are likely to be limited so the programme can only include affordable basic projects.*

12.7 *Current estimates of the amount required to be invested in projects to ensure continued service delivery compared with forecasts of likely receipts from asset sales and other available resources indicate that there will be insufficient resources available to fund all of these requirements for several years. If significant sales of assets cannot be achieved within this timeframe, the Council may have to review its stance with regard to borrowing, if this proves to be the only practical means of funding necessary investment, particularly if a major unforeseen item of capital expenditure were to materialise, for example major repairs to enable an operational building to continue to be used or new legislation requiring capital spending.*

5.6 Consideration has been given to requirements for essential plant and equipment replacements, buildings repairs and maintenance and other work which will be needed over the next few years to enable services to be continued at acceptable levels. A number of these schemes have been included in the proposed capital programme and are set out in Appendix 3.

## 6. **Balances and Reserves**

6.1 The Council's Balances and Reserves Strategy for 2013/14 is that there should be a minimum General Fund balance of £1.20m and a Contingency Reserve of £100,000. The Council currently holds these reserves.

6.2 A review of all the Council's Balances and Reserves together with a risk assessment is being undertaken for inclusion in the final report on the budget to the Cabinet on 5 February 2014 and the full Council on 26 February 2014.

6.3 It is not proposed to make any contribution from the Budget Support Fund to support the 2014/15 budget.

## 7. **Legal and Statutory Implications**

7.1 The Council is required to set its Council Tax for 2014/15 by 11 March 2014. However, it is planned to approve the final budget and council tax rates on the 26 February 2014.

## 8. **Risk Statement**

8.1 Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer to report on the robustness of the budget. The main risks to the budget include:

- Spending in excess of the budget.
- Income falling short of the budget.
- Unforeseen elements e.g. changes to legislation or reductions in government grants.

8.2 Such risks require regular and careful monitoring and it is essential that the Council has sufficient reserves to call on if required (see Section 6 above), for example the Council has a General Fund balance sufficient to cover foreseen risks.

## 9. **Budget Timetable**

9.1 The current timetable for the setting of the 2014/15 budget and Council Tax levels is:-

<b>When</b>	<b>Who</b>	<b>What</b>
14 January	Scrutiny Café (all members)	Scrutiny of the first draft of the overall budget proposals enabling all members to obtain information about the 2014/15 budget proposals
15 January	Cabinet	Consideration of draft budget proposals
22 January	TROSC	Scrutiny of the draft budget proposals
5 February	Cabinet	Final budget proposals to be recommended for approval by Full Council
26 February	Full Council	To approve the budget and set council tax levels

TROSC - Transformation and Resources Overview and Scrutiny Committee

## 10. **Earlier Cabinet Resolutions**

Medium Term Financial Strategy 2014/15 to 2018/19 - 16 October 2013.

## 11. **List of Appendices**

Appendix 1: Savings and Funding Strategies

Appendix 2: Further information requested by the Transformation and Resources Overview and Scrutiny Committee

Appendix 3: Capital Programme 2013/14 to 2014/15.

**Appendix 1 – 2014/15 Savings and Funding Strategies Being Considered (will require robustness checks and final review)**

Reference	Service Area	Description	£000's	% of Budget Line(s)	Detail
<b>Procurement</b>					
P1	Communications	Multi Functional Devices	38	53.7%	Contract savings for 2014/15 and 2015/16 only - require reinstatement for commencement of new contract from 2016/17
P2	Communications	Printing and publicity	3	2.9%	Savings generated from the centralisation of the Council's print and publicity budgets and the resulting challenges to purchasing
P3	Business Imp. and Partnerships	Procurement savings not identified in other services	100	*	Procurement savings identified via Procurement Group (grounds maintenance, building cleaning/materials, housing advice)
P4	Customer and ICT Services	ICT Software application purchase and maintenance	18	4.7%	Continued negotiation, rationalisation and renewal of ICT application/software/hardware contracts
P5	Internal Audit	Computer audit contract and software	5	30.8%	Saving on computer audit contract following annual procurement and reduction in requirement for software
P6	Recycling and Fleet	Contract uplifts	66	3.8%	Non application of recycling contract uplifts
P7	Recycling and Fleet	Vehicle costs	20	13.9%	Better procurement of parts and reduction in damage
P8	Housing	Homelessness agreements	9	11.6%	Negotiation and reductions in agreements/contracts held
			<b>259</b>		
<b>Income</b>					
I1	Various	Income Generation Project	60	*	Potential income generated from commissioning of Deloitte's income generation exercise (inc. additional advertising income from Council assets and licensing fees)
I2	Revenues and Benefits	Summons costs	30	4.8%	Alignment of budget to actual income levels received
I3	Operational Services	Large Coffin Cremations	10	1.3%	Income generated from amendments made to cremator
I4	Leisure and Cultural	Jubilee 2 reduction in net operating cost - prior to increase in fees and charges	18	3.0%	Net reduction in Jubilee 2 operating budget as per the approved business plan
I5	Recycling and Fleet	Recycling credits/contractor payments	40	7.9%	Net reduction in the variance between the amount paid to recycling contractors and the amounts received in recycling credits and material income
			<b>158</b>		

**Staffing Related Efficiencies**

S1	Various	Vacant Posts	150	1.0%	Review of current vacant posts contained within the budget
S2	Assets	Assets Restructure	50	4.5%	Restructure of Assets Service
S3	Central Services	Central Services Restructure	50	8.3%	Restructure of Central Services
S4	Human Resources	Human Resources Restructure	50	16.5%	Minor Restructure of Human Resources
S5	Human Resources	Overtime review	100	36.5%	Review of overtime in respect of working practices and terms and conditions
S6	Human Resources	Car Leasing	10	6.9%	Contributions no longer required re. employees leaving the Authority or ending their lease
S7	Human Resources	Corporate Training Budget	10	33.3%	Reduction in the Councils corporate training budget - efficiencies gained through more electronic courses and sharing costs with other local authorities
S8	Finance	Pay Award	11	1.0%	Chief Officers and Heads of Services 2013/14. No pay award made, therefore, realignment of base budget
S9	Operational Services	Streetscene (Development and Enforcement) restructure	9	4.7%	Flexible retirement of Assistant Environmental Officer - redistribution/reallocation of tasks
S10	Leisure and Cultural	Replacement of Sports and Active Lifestyles Manager post with Grade 10 post	12	4.9%	Minor restructure following Sports and Active Lifestyles Manager post holder leaving the Authority
S11	Customer and ICT Services	ICT temporary staff	15	37.5%	Reduction in requirement for external expertise following negotiation and renewal of ICT contracts
S12	Customer and ICT Services	IT/Customer Support staff - reduction in hours	13	1.8%	Reduction in hours for 3 employees
S13	Planning	Post entry training	4	66.7%	Review of service has deemed there is not a requirement
S14	Housing	Post entry training	4	100.0%	Review of service has deemed there is not a requirement

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**Good Housekeeping**

G1	Chief Executive	Expenses, catering and conference/seminars	1	31.3%	Reduction in budgetary requirements for general employee and office requirements (e.g. equipment, conference/seminar costs, catering)
G2	Communications	Equipment hire, repair and purchase, postage	3	28.7%	Reductions in the levels of equipment hire, repair and purchase, postages and general office supplies in the Print Room, Research and Communications
G3	Business Imp. and Partnerships	Performance	5	29.8%	Rationalisation of fees paid for external reviews
G4	Leisure and Cultural	Community Recreation Service Minibus/Van, in service training	3	24.0%	Reduction in contract payments for minibus/van. Requirement for in service training within Leisure Management has reduced

G5	Operational Services	Administration costs, equipment purchases and rental income	5	33.9%	Reduction in budgetary requirements for equipment purchases and other fees for services. Reduction in budgetary requirement in the Landscape service for equipment purchases. Income from rents of land and open spaces in excess of the budget set for the previous 2 financial years
G6	Operational Services	Improvements, alterations and materials	17	14.3%	Reduction in requirement in Parks, Highways Amenities and Town Centre/Roundabout planting for improvements, alterations and materials. Income from rents of lands and open spaces in excess of the budget set for the 2 previous years
G7	Customer and ICT Services	Books and publications, uniforms and scan coin machines	6	40.0%	Reduction in requirement for books and publications. Uniforms now only required on a rolling basis. Reduction in maintenance costs of scan coin payment machines
G8	Customer and ICT Services	Staffordshire Connects	7	30.4%	Reduction in the 'core team' element of the Councils contribution to Staffordshire Connects
G10	Human Resources	Corporate subscription, long service awards and recruitment	5	25.6%	Corporate subscription previously paid no longer utilised. Reduction in long service awards in line with actual spend in 2013/14. Reduction in recruitment requirements, use of internet/intranet sites to advertise
G11	Finance	VAT advice	2	40.0%	Reduction in usage and contract for VAT advice
G12	Finance	Contribution to SCC	5	100.0%	End of contribution required to be made to SCC re. partnerships and engagement
G13	Revenues and Benefits	Greater recovery of housing benefit overpayments	100	74.1%	Recovery rates from housing benefits overpayments have increased significantly over recent years. Realignment of budget
G14	Assets	CCTV	3	5.6%	Reduction in maintenance costs for CCTV service
G15	Assets	Electricity and cleaning	7	24.9%	Savings made on electricity and contract cleaning regarding commercial properties and Kidsgrove Town Hall
G17	Assets	Civil Contingencies Unit	8	29.6%	Reduction in support provided
G18	Housing	Christmas decorations	4	8.5%	To reflect actual current costs and saving in electricity from revised arrangement
			<b>181</b>		
<b>Better Use of Assets</b>					
B1	Assets	Ryecroft Site	70	100.0%	Demolition of ex-Sainsbury's site - savings in business rates and holding costs
B2	Assets	Sale of Jubilee Baths site	45	100.0%	Revenue savings (business rates, maintenance) from sale of site
			<b>115</b>		

Alternative Sources of Finance/Other					
C1	Corporate	Business Rates Retention Scheme	450	**	Increase in business rates retainable by the Council as per NNDR1 calculations and the new Local Government financial arrangements introduced on 1st April 2013
C2	Corporate	Funding Review	40	10.0%	Review of grants and contributions given by the Council
C3	Corporate	Council Tax Grant	70	**	New Council Tax Freeze Grant
C4	Corporate	Pericles ICT Development Fund contribution	35	**	2013/14 is the final year of the agreed contribution to the ICT Development Fund following the purchase of the new system
C6	Corporate	Council Tax Base Adjustments	45	**	Adjustments to Council Tax base following provision of new homes (per New Homes Bonus) and Council Tax reforms
C7	Corporate	New Homes Bonus contribution	208	**	Further additional funding to be received in 2014/15 - to be confirmed
<b>* Unable to determine % at current time</b>		<b>**Not applicable</b>	<b>848</b>		
<b>Grand Total</b>			<b>2,049</b>		

**Further Information Requested by the Transformation and Resources Overview and Scrutiny Committee**

**Reference P3 – Procurement Savings - £100k**

This relates predominantly to 3 areas that have been the subject of reports to the cabinet over the last few months:

- a.) Grounds Maintenance – a report to Cabinet on 18 September 2013 considered options for the future procurement of the Bereavement Services Grounds Maintenance Contract. Tender documentation included potential savings in respect of the successful bidder operating from accommodation at the Knutton Lane Depot together with the use of other services and facilities provided by the council ie the garage workshop for fleet servicing and repairs, the fuel pumps and the waste transfer station.
- b.) Corporate Cleaning Services – a report to Cabinet on 16 October 2013 approved proposals for reviewing the current mix of in-house and external cleaning arrangements. Savings are to be made from changes to the cleaning specifications for all council buildings; aggregation of cleaning activities and aggregation of materials purchased.
- c.) Newcastle Housing Advice Service Contract – a report to Cabinet on 18 September 2013 recommended a revised specification and service outline which it is expected will realise 10% savings in the first year.

**Reference I1 – Income Generation Project - £60k**

A study was commissioned from accountancy firm Deloitte to examine the Council's fees and charges, comparing them with those made by a range of other local authorities for whom similar work had been carried out. This was a County-wide project, financed by the West Midlands Improvement and efficiency Partnership. The resulting report identified a number of areas where there appeared to be scope for increasing income from existing charges. In addition it identified some activities for which no charge was being made. A number of these were implemented during 2013/14. These were charging for pre-planning advice, charging developers for the naming of streets and numbering of properties and householders for the naming of dwellings and some new charges relating to bereavement services, specifically in respect of memorial vases and memorial trees and shrubs and for the renewal of exclusive rights of burial.

Another project that is being undertaken is in respect of generating income from advertising opportunities eg from hoardings and car park signage. In addition, a review is being undertaken of how adverts, information and public notices are placed in local newspapers.

**Reference S1 – Vacant Posts - £150k**

A review has been carried out of posts which are currently vacant and it is considered that the following can be frozen but kept under review:

Business Improvement and Partnerships Support Officer (0.5 FTE)  
Communications and Marketing Officer  
Senior Electronic Communications Officer  
Accountancy Assistant (0.8 FTE)  
Administrative Assistant – Creditors (0.5 FTE)  
Streetscene Operative  
Visiting Officer – Revenues and Benefits



### **Reference S3 – Overtime - £100k**

The provisions of the 2005 Single Status Agreement allow for enhancements to employees' plain hourly rate of pay in a range of circumstances for additional hours worked. These can range from single time, time and a half, time and three quarters and double time. Overtime payments are made to a wide range of employees across the Council, with the majority being paid to waste and recycling, Streetscene and Leisure and Cultural Services staff. Whilst some cost reductions have been achieved in recent years by changing working practices and by changing the two previously occasional bank holiday Tuesday holidays into normal working days, the current level of expenditure on overtime payments is in excess of £300k per year. There is an additional cost pressure being put on the Council from April 2014 as it then becomes liable for payment of employers pension contributions on overtime payments at that time. The full year effect of this is in the region of £75k on current overtime levels and payments. It is intended to undertake a fundamental review of overtime working to identify opportunities to achieve reductions through both revised working practices and terms and conditions. It is envisaged that the larger proportion of the target will need to be found from terms and conditions amendments as opposed to changes to working practices, but both will be examined carefully.

## NEWCASTLE-U-LYME BOROUGH COUNCIL CAPITAL PROGRAMME 2013/14 - 2014/15

Scheme	Corporate Priorities	2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
<b>Safer Communities</b>		£	£	£	£	£
Parkhouse/Lymedale CCTV	a b d	15,000		<b>15,000</b>		15,000
CCTV Replacement Equipment	a b	25,000		<b>25,000</b>		25,000
<b>Totals</b>	a b c d	<b>40,000</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>

Scheme	Corporate Priorities	2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
<b>Environment &amp; Recycling</b>		£	£	£	£	£
Pool Dam Valley Marshes Nature Reserve	a b	47,000		<b>47,000</b>	47,000	0
Cemetery Memorial Safety Programme	a	30,900		<b>30,900</b>		30,900
Cemetery Memorial Survey Works	a		9,000	<b>9,000</b>		9,000
Low Carbon Works	a	4,700		<b>4,700</b>	4,700	0
Waste Bins	a	50,000	50,000	<b>100,000</b>		100,000
<b>General Projects</b>						
Asset Disposal Programme	b	16,000		<b>16,000</b>		16,000
General Contingency		85,300		<b>85,300</b>		85,300
Final Accounts & Retentions Various				<b>0</b>		0
<b>Totals</b>	a b c d	<b>233,900</b>	<b>59,000</b>	<b>292,900</b>	<b>51,700</b>	<b>241,200</b>

Scheme	Corporate Priorities	2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
<b>Culture &amp; Leisure</b>		£	£	£	£	£
Replacement/Repair of Play Equipment	a c	135,800	50,000	<b>185,800</b>		185,800
Wolstanton Marsh Improvements	a c	129,900		<b>129,900</b>	129,900	0
Silverdale Community Facilities	a c	781,300	50,000	<b>831,300</b>	831,300	0
Footpath Repairs	a c	47,500	50,000	<b>97,500</b>		97,500
Railings/Structures Repairs	a c	19,100	25,000	<b>44,100</b>		44,100
Brampton Park	a c		100,000	<b>100,000</b>	85,000	15,000
Castle Motte Heritage Works	a	9,200		<b>9,200</b>	9,200	0
Neighbourhood Park The Wammy	a c	18,000		<b>18,000</b>	18,000	0
Clayton Sports Centre - Match Funding	a c		10,000	<b>10,000</b>		10,000
Stock Condition Works - Museum	c	15,000	15,000	<b>30,000</b>		30,000
Clayton Community Centre	c	15,000		<b>15,000</b>		15,000
Knutton Community Centre	c	30,000		<b>30,000</b>		30,000
Red Street Community Centre	c	75,000		<b>75,000</b>		75,000
<b>Totals</b>	a b c d	<b>1,275,800</b>	<b>300,000</b>	<b>1,575,800</b>	<b>1,073,400</b>	<b>502,400</b>

Scheme	Corporate Priorities	2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
<b>Operational Equipment/Buildings/ICT Development Fund</b>		£	£	£	£	£
ICT PC Replacements	a d	98,900		<b>98,900</b>		98,900
ICT Replacement Servers	a d	12,600		<b>12,600</b>		12,600
Customer Relationship Management	d	64,200		<b>64,200</b>		64,200
ICT Projects	d	258,000		<b>258,000</b>		258,000
Vehicles	a d	669,500	552,000	<b>1,221,500</b>		1,221,500
Stock Condition Works - Civic Offices	d	50,000	53,000	<b>103,000</b>		103,000
<b>Totals</b>	a b c d	<b>1,153,200</b>	<b>605,000</b>	<b>1,758,200</b>	<b>0</b>	<b>1,758,200</b>

Scheme	Corporate Priorities	2013/14 Est Exp	2014/15 Est Exp	Total Exp	External Cont	Council Financing
<b>Regeneration, Planning &amp; Town Centres Development</b>		£	£	£	£	£
Empty Homes	a c	30,000	20,000	<b>50,000</b>	50,000	0
PSH/Emergency HHSRS Grants/Vulnerable H	a c	53,000	80,000	<b>133,000</b>	133,000	0
Energy Advice Service	a c	60,000	20,000	<b>80,000</b>	80,000	0
Home Improvement Agency	a c	40,000	13,000	<b>53,000</b>	53,000	0
Accredited Landlords Scheme	a c	5,000	32,000	<b>37,000</b>	37,000	0
Fuel Poverty Grants	a c	45,200		<b>45,200</b>	45,200	0
Disabled Facilities Grants	a c	1,074,200	864,000	<b>1,938,200</b>	1,938,200	0
Newcastle Town Centre Partnership	a b d	47,300		<b>47,300</b>	23,700	23,600
Newcastle Town Centre Works	a b d	446,500	50,000	<b>496,500</b>		496,500
Choice Based Lettings	c	30,500		<b>30,500</b>	30,500	0
Madeley Extracare Contribution	b c		115,000	<b>115,000</b>	115,000	0
Midway MSCP Repair Works	a	24,800		<b>24,800</b>		24,800
Ryecroft Development	b	90,000		<b>90,000</b>	67,500	22,500
Ryecroft Site Clearance Costs (net)	b	45,000		<b>45,000</b>		45,000
S106 Expenses Lowlands Road	b	256,100		<b>256,100</b>		256,100
Strategic Investment Framework	b	13,800		<b>13,800</b>		13,800
Stock Condition Works -						
Car Parks	a		20,000	<b>20,000</b>		20,000
Commercial Portfolio	b	40,000	60,000	<b>100,000</b>		100,000
<b>Totals</b>	a b c d	<b>2,301,400</b>	<b>1,274,000</b>	<b>3,575,400</b>	<b>2,573,100</b>	<b>1,002,300</b>
<b>GRAND TOTAL</b>	a b c d	<b>5,004,300</b>	<b>2,238,000</b>	<b>7,242,300</b>	<b>3,698,200</b>	<b>3,544,100</b>

**Notes - Corporate & Sustainable Communities Priorities -**

a Clean, Safe & Sustainable Borough,

b Borough of Opportunity

c A Healthy & Active Community

d Becoming a Co-operative Council which delivers High-Quality Community Driven Services

Sources of Funding	2013/14 Est Exp	2014/15 Est Exp	Total Exp
	£	£	£
Other Revenue Funds	258,000	0	258,000
Capital Receipts	2,327,100	959,000	3,286,100
External Grants/Contributions	2,419,200	1,279,000	3,698,200
<b>Capital Programme</b>	<b>5,004,300</b>	<b>2,238,000</b>	<b>7,242,300</b>