

6 January 2012		ITEM 4
Corporate Overview & Scrutiny Committee		
BUDGET 2012/13 – GROWTH AND SAVINGS PROPOSALS		
Portfolio Holders: All		
Wards and communities affected: All	Key Decision: No	
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: Martin Hone, Director of Finance & Corporate Governance		
This report is Public		
Purpose of Report: To invite the Committee to note and review proposals for budget growth and savings in 2012/13 and future years.		

EXECUTIVE SUMMARY

This report sets out budget growth and savings proposals for 2012/13 and future years, and provides information following the workshop sessions undertaken by each Committee on 22nd November 2011.

The appendices to the report detail the growth and savings proposals for each Committee to be considered as part of the session to be held at a later date. The proposals include amendments requested by the scrutiny committees, and the report includes the follow up to questions raised at the workshop sessions.

1. RECOMMENDATIONS:

1.1 That the Committee notes and reviews the proposals for budget growth and savings in 2012/13 and future years set out in the appendices to this report.

2. INTRODUCTION AND BACKGROUND:

2.1 The Council's Medium Term Financial Strategy highlights a reduction in government grant funding through the Revenue Support Grant and Business Rates redistribution of £3.317m in 2012/13 which is consistent with the two year settlement announced for 2011/12. In addition, inflationary cost pressures of £2.325m have also been

identified. This results in a reduction in spending power of £5.642m in overall terms when comparing the 2012/13 budget to the current year.

- 2.2 The specific proposals for growth and savings for each Service and Directorate were worked into business cases and were considered during the informal Star Chamber process between July and September 2011 in order to evaluate the potential impact on corporate priorities. Now that the Star Chamber exercise has been concluded, these proposals are brought forward for consideration by Cabinet and the relevant Overview & Scrutiny Committees.
- 2.3 The cases show potential growth and savings for 2012/13 and for future years. Each business case sets the context and implications of the proposals against service-specific and Council-wide priorities. The impacts of the proposals are also addressed in terms of the public, service performance, staff and equalities. In addition, consideration has been given to the practicalities of implementing the changes in time to deliver full-year savings in 2012/13.

3. ISSUES AND/OR OPTIONS:

- 3.1 At the workshop sessions held on 22nd November 2011, each Committee were invited to scrutinise the growth and savings proposals presented for the 2012/13 base budget.
- 3.2 The officers response to the specific queries raised are summarised in the table below, and further details are provided in Appendix 3:

CODE	QUERY	RESPONSE	Committee
CORG1 – TTGDC Regeneration	Members queried whether the Lands and Property officers due to transfer to Vertex from the TTGDC would not duplicate work already covered in the Council.	Please see note below	Planning, Transport and Regeneration Corporate
CORG1 – TTGDC Regeneration	What will the new structure look like?	Please see note below	Planning, Transport and Regeneration Corporate
CORG1 – TTGDC Regeneration	Has the bid to the CLG been successful and if so, how long will the funding last for?	Please see note below	Planning, Transport and Regeneration Corporate

CORG2 – Return of Major Development Powers from DC	Members would like to see a plan whereby growth investment for years 3 and 4 can be offset by income generated through these powers	Please see note below	Planning, Transport and Regeneration Corporate
CORG 3 – Utility Costs	Members requested breakdown of the £250k growth and also detail on how we are reducing energy costs.	Please see report in appendix 3	Corporate
CORG 5 – NNDR Revision to voids and current budget pressure	A brief note with more detail on this growth was requested	Due to a change in legislation, properties with a value under £18,000, which were void, were previously not chargeable, this has now been revised to £2,600. In addition, there has been a 4.59% increase in the rateable value of operational properties	Corporate
CORG 6 – Asset Management	Breakdown of £150k requested.	The growth bid consists of the salary cost for an asset manager post with on-cost and a budget for the implementation of projects	Corporate
CORG 9 – Nurse Contact Centre	Is an amount recharged to the HRA?	Yes, a proportion of all central charges are recharged to the HRA	Corporate
CORS 5 – Vertex Contract	Transformation table requested	Please see appendix 2	Corporate
Elections General Query	Would sharing Returning Officers	No, there would not be a saving as	Corporate

	save money? Was this possible?	the calculation is based on a national formula	
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Officers Response

CORG1 – TTGDC Regeneration

Proposals on staff transfers are being prepared for consultation next month with the DC. They will show two land and property specialists from the DC joining the Council's asset management team in Martin Hone's Directorate working with Ian Rydings. This will enable a consolidation of land and property expertise in one team; bring regeneration expertise into that team; ensure, through effective project based working, the continued support to the delivery team; and enable an experienced input to land and property issues elsewhere in the Council.

- The new structure is being prepared for consultation. The proposed structure will show the delivery team and the Purfleet project team from the DC reporting to the Assistant Chief Executive in CEDU; the land and property staff working within the asset team; and the development finance manager joining the central finance team.

- CLG has given strong verbal indications that the bid will be successful, we are now in final discussions. We will have two years funding from CLG, it is our intention to split year 2 funding between years 2 and 3 to allow the gradual build up of the Council's contribution through the MTFs.

CORG2 – Return of Major Development Powers from DC

At this stage, it is considered unlikely that the income received in years 3 and 4 will be sufficient to negate the need for growth in those years. These economic conditions will need to be monitored and, in addition, the Government is proposing changes to the Planning fee charging regime. Having regard to these factors, it may be that the overall need for growth could be negated in latter years.

3.3 The Scrutiny exercise must be completed by 22 December 2011 so that the findings can be included in a report to Cabinet on 11 January 2012.

4. CONSULTATION

4.1 Regular meetings of Directors' Board, the Leadership Group and the wider Council management group have been held since the budget exercise commenced in July. There have also been meetings with the portfolio holders and the Conservative Group has been briefed. A series of staff road shows were held in July and August and there have been discussions with partners. Consultation with the trade unions and

staff potentially affected by the planned changes is currently taking place.

5. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 5.1 The growth and savings options set out in the appendices will impact on a wide variety of policies, priorities, performance and sections of the community.

6. IMPLICATIONS

6.1 Financial

Implications verified by: **Martin Hone**
Telephone and email: **01375 652152**
mhone@thurrock.gov.uk

The financial implications have been clearly set out throughout the body of the report and the implications of savings options set out in the appendices.

6.2 Legal

Implications verified by: **David Lawson**
Telephone and email: **01375 652087**
dlawson@thurrock.gov.uk

Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This budget report contributes to that requirement although specific legal advice may be required on the detailed implementation of any agreed savings options.

6.3 Diversity and Equality

Implications verified by: **Samson DeAlyn**
Telephone and email: **01375 652472**
sdealyn@thurrock.gov.uk

This is a set of wide ranging and far reaching proposals, a significant number of which may have an impact on staff and residents. Each of these savings proposals will need to undergo an Equality Impact Assessment to identify potential adverse impacts on any groups.

As these proposals are going through the formal approval and scrutiny process, they will need the Equality Impact Assessment evidence to be presented for each item.

The Equality Act also came into force this October and this has raised the bar in terms of public sector equality duties for example a proposed requirement to consider socio-economic impact before implementing any policy. Whilst this requirement is subject to implementation at a later stage the Council needs to ensure that appropriate consideration is given to all new equality requirements in the policy and decision making process.

7. CONCLUSION

- 7.1 The budget plans are designed to ensure that a balanced financial position is achieved over the medium term while having regard to the Council's priorities, service delivery, service users and the wider public, staff and issues of equality.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

- Various budget working papers held in Finance & Corporate Governance Directorate

APPENDICES TO THIS REPORT:

- Appendix 1 – Growth and Savings Proposals – Corporate
- Appendix 2 – Transformation Savings Table
- Appendix 3 – Report on Utility Cost Budget Pressure

Report Author Contact Details:

Name: Mike Jones

Telephone: 01375 652772

E-mail: mxjones@thurrock.gov.uk

Appendix 1 – Growth and Savings Proposals – Corporate

MTFF - Growth and Savings		2012/13	2013/14	2014/15	2015/16
		£000	£000	£000	£000
Reference	<u>Corporate</u>				
CORG 1	- TTGDC - Regeneration	250	286	285	286
CORG 2	- Return of Major Development Powers from DC	250	120	32	30
CORG 3	- Utility Costs	250	0	0	0
CORG 4	- Property Services Recharges - change in capital split	200	0	0	0
CORG 5	- NNDR revision to voids and current budget pressure	181	0	0	0
CORG 6	- Asset Management (inc Head of Assets)	150	0	0	0
CORG 7	- Vertex Contract (Net of upfront payment)	112	0	0	0
CORG 8	- Borough Elections	71	(192)	121	0
CORG 9	- Nurse Contact Centre	43	0	0	0
CORG 10	- Performance & Partnerships Manager	26	0	0	0
		1,533	214	438	316
CORS 1	- Financing Cost of Vertex annual payments	(90)	0	0	0
CORS 2	- Reduction in costs of debt at Elizabeth House	(120)	0	0	0
CORS 3	- Senior Management Restructure	(200)	(100)	0	0
CORS 4	- Transformation Savings - Stationery, MFDs, Cleaning	(240)	0	0	0
CORS 5	- Vertex Contract	(1,000)			
CORS 6	- Transformation Project	(2,700)	(4,350)		
		(4,350)	(4,450)	0	0

CORPORATE

2012/13 Budget - Growth Proposal

Service: Chief Executive's Delivery Unit - Regeneration
Proposal Number: CORG 1

Description of Proposal: TTGDG - Regeneration
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<p>Funding of £250k in 2012/13 to enable the Council to take on its regeneration delivery leadership role from April 2012 when the TTGDC closes and its functions transfer to the Council. This cost is part of a funding bid to CLG which, if approved, will lever in £857k funding in 2012/13 from CLG. A decision from CLG is expected by early November.</p>

Proposed Growth

Proposed Growth in 2012/13	Proposed Growth in 2012/13	Proposed Growth in full year	Proposed Growth in full year
£'000s	FTE Staff	£'000s	FTE Staff
250	11 (transferred from TTGDC)	250	11 (transferred from TTGDC)

	2012/13 £'000s	Full Year £'000s
People	807	807
Property		
Third Party	300	300
Infrastructure/Kit		

Base Budget 2011/12 – New Budget

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	
Net Expenditure	
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	
Savings approved in the 2011/12 Base Budget	

Impact of Proposal on public / services	TTGDC is currently responsible for delivering a regeneration programme across Thurrock, which includes Purfleet, HHPP and the Thurrock Learning Campus. TTGDC also owns a number of land assets acquired over several years as part of its land assembly work. It is essential that the Council picks up and drives forward the regeneration agenda, to see existing projects through to delivery, to set out a future regeneration programme, ensure continuity and confidence in Thurrock as a place to invest, and to ensure benefits from the programme are realised for communities across Thurrock.
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Impact of Proposal on performance	The proposal for Council funding will, if approved, lever in £857k from CLG in 2012/13. This combined resource will provide the capacity and expertise in the Council to drive forward delivery of the regeneration programme.
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Impact of Proposal on staff	The proposal will impact upon staff in TTGDC who are in scope to transfer to the Council. There will be an indirect impact upon Council staff in teams or Directorates where TTGDC staff will be situated. This will be managed through consultation and an integration programme.
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Practical requirements regarding implementation and timetable	Discussions and negotiations are on-going with CLG regarding the funding to integrate the regeneration delivery team and with TTGDC staff on the practicalities of integration, e.g. terms and conditions, facilities and team structures. The closure of the TTGDC and transfer of its functions to the Council is on schedule for end of March 2012.
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Equalities Impact	Staff transferring will do so under the terms set out in the relevant transfer order that will protect employment rights.
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2012/13 Budget - Growth Proposal

Service: Planning and Transportation

Proposal Number: CORG 2

Description of Proposal: Return of Major Development Powers from DC

Proposed Growth

Proposed Growth in 2012/13	Proposed Growth in 2012/13	Proposed Growth in full year	Proposed Growth in full year
£'000s	FTE Staff	£'000s	FTE Staff
250	0	0	0

	2012/13 £'000s	Full Year £'000s
People		
Property		
Third Party		
Infrastructure/Kit		

Base Budget 2011/12 – New Budget

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	
Net Expenditure	
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	
Growths approved in the 2011/12 Base Budget	
Impact of Proposal on public / services	The provision of an effective and efficient Planning Service is vital if the Council is to achieve its wider regeneration ambitions. The growth assumes the transfer of the existing TTGDC Planning team, plus an operating budget of £300k, less income from fees and financial contribution from CLG.
Impact of Proposal on performance	Without the growth we will not be able to properly resource the Service (staff and operating budgets). This will have an adverse effect on performance (timely decision making and quality decision making).
Impact of Proposal on staff	The growth is required, in part, to accommodate the transfer of TTGDC staff.
Practical requirements regarding implementation and timetable	None
Equalities Impact	There are no equalities impacts.

2012/13 Budget - Growth Proposal

Service: Transformation
Proposal Number: CORG 3

Description of Proposal: Utility Costs

A growth bid in 2008 to cover increasing energy costs was not transferred to the premises budgets. No further growth bids have been made and the budget has increased marginally by inflation. Utilities costs including insurance are likely to be subject to substantial inflation this year, it is anticipated that increased costs could be in the region of £250k for this area of expenditure.

Proposed Growth

Proposed Growth in 2012/13 £'000s	Proposed Growth in 2012/13 FTE Staff	Proposed Growth in full year £'000s	Proposed Growth in full year FTE Staff
250		250	

	2012/13 £'000s	Part Year (2013/14) £'000s	Part Year (2014/15) £'000s	Full Year (2015/16) £000s
People				
Property				
Third Party	250			
Infrastructure/Kit				

Base Budget 2011/12

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	1,869
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	1,869
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	
Net Expenditure	1,869
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	None.
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Impact of Proposal on performance	None.
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Impact of Proposal on staff	None.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	None.
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2012/13 Budget - Growth Proposal

Service: Finance and Corporate Governance

Proposal Number: CORG 4

Description of Proposal: Property Services Recharges

To address the revenue pressures associated with property services recharges on the General Fund, by ensuring appropriate levels of charges are put to the Council's HRA, against Dedicated Schools Grant, and capitalised if required.

Proposed Growth

Proposed Growth in 2012/13	Proposed Growth in 2012/13	Proposed Growth in full year	Proposed Growth in full year
£'000s	FTE Staff	£'000s	FTE Staff
200	0	200	0

	2012/13 £'000s	Full Year £'000s
People		
Property		
Third Party		
Infrastructure/Kit		

Base Budget 2011/12 – New Budget

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	
Net Expenditure	
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Growths approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	
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Impact of Proposal on performance	None. This is simply a reallocation of existing costs.
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Impact of Proposal on staff	None.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	None.
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2012/13 Budget - Growth Proposal

Service: Finance and Corporate Governance

Proposal Number: CORG 5

Description of Proposal: NNDR Revision to Voids
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Following central government changes to the allowance allowed on discount the charges on void properties.

Proposed Growth

Proposed Growth in 2012/13 £'000s	Proposed Growth in 2012/13 FTE Staff	Proposed Growth in full year £'000s	Proposed Growth in full year FTE Staff
181	0	0	0

	2012/13 £'000s	Full Year £'000s
People		
Property		
Third Party		
Infrastructure/Kit		

Base Budget 2011/12

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	896
Third Party Payments	25
Transfer Payments	
Capital Financing Costs	
Support Services Costs	461
Gross Expenditure	1,382
Income	
Sales, Fees and Charges	(717)
Grant and External Contributions	
Support Services Income	
Gross Income	(717)
Net Expenditure	665
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Growths approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	
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Impact of Proposal on performance	None. The additional costs of NNDR arise a result of changes in legislation regarding empty properties.
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Impact of Proposal on staff	None.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	None.
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2012/13 Budget - Growth Proposal

Service: Finance and Corporate Governance

Proposal Number: CORG 6

Description of Proposal: Asset Management (inc Head of Assets)

To create and asset management within the Finance and Corporate Governance Directorate.

Proposed Growth

Proposed Growth in 2012/13 £'000s	Proposed Growth in 2012/13 FTE Staff	Proposed Growth in full year £'000s	Proposed Growth in full year FTE Staff
150	0	150	0

	2012/13 £'000s	Full Year £'000s
People		
Property		
Third Party		
Infrastructure/Kit		

Base Budget 2011/12 – New Budget

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	
Net Expenditure	
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Growths approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	
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Impact of Proposal on performance	The required growth in the centralised service reflects the Council's new ways of working to deliver the "Making Our Assets Work" project. Some acknowledgment for growth has been made in the Medium Term Financial Strategy, but this does not approach the scale of the 6 new posts which are considered to be needed to manage the transformation required. The funding source for the balance will be current departmental expenditure on employees, together with a negotiated refund from Vertex/Europa reflecting the transfer back of the strategic responsibility for this service – which is identified as a contractor responsibility in the partnership contract.
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Impact of Proposal on staff	See above.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	TBC.
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2012/13 Budget - Growth Proposal

Service: Transformation
Proposal Number: CORG 7

Description of Proposal: Vertex Contract

Rebase of Vertex contract to take into account of previously applied savings targets (i.e., the on-off saving achieved in 2011/12).

Proposed Growth

Proposed Growth in 2012/13 £'000s	Proposed Growth in 2012/13 FTE Staff	Proposed Growth in full year £'000s	Proposed Growth in full year FTE Staff
22	0	0	0

	2012/13 £'000s	Full Year £'000s
People		
Property		
Third Party		
Infrastructure/Kit		

Base Budget 2011/12

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	26,807
Third Party Payments	
Transfer Payments	
Capital Financing Costs	245
Support Services Costs	
Gross Expenditure	27,052
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	(26,297)
Gross Income	(26,297)
Net Expenditure	755
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Growths approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	None.
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Impact of Proposal on performance	None.
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Impact of Proposal on staff	None.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	None.
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2012/13 Budget - Growth Proposal

Service: Transformation
Proposal Number: CORG 9

Description of Proposal: DHS - Nurse Contact Centre
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Nurse Contact Centre and sickness absence system. A growth bid of £43K was submitted to extend the service beyond the first year, contract allows us an extension with an additional guaranteed reduction of 10% in staff absence.
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Proposed Growth

Proposed Growth in 2012/13 £'000s	Proposed Growth in 2012/13 FTE Staff	Proposed Growth in full year £'000s	Proposed Growth in full year FTE Staff
43	-	43	

	2012/13 £'000s	Part Year (2013/14) £'000s	Part Year (2014/15) £'000s	Full Year (2015/16) £000s
People				
Property				
Third Party	43			
Infrastructure/Kit				

Base Budget 2011/12 – New Budget

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	
Net Expenditure	
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	Reduced absences will ensure greater staff resources available to deliver services.
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Impact of Proposal on performance	Reduced absences will assist the Council in meeting its service specific and corporate targets.
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Impact of Proposal on staff	Will significantly improve the way in which staff sickness is managed.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	None.
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2012/13 Budget - Growth Proposal

Service: Chief Executive's Delivery Unit - Regeneration
Proposal Number: CORG 11

Description of Proposal: Performance & Partnership Manager

Performance and partnership manager
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Proposed Growth

Proposed Growth in 2012/13 £'000s	Proposed Growth in 2012/13 FTE Staff	Proposed Growth in full year £'000s	Proposed Growth in full year FTE Staff
26		26	

	2012/13 £'000s	Full Year £'000s
People	26	26
Property		
Third Party		
Infrastructure/Kit		

Base Budget 2011/12

	£'000s
Expenditure	
Employees	54
Other Direct Running Costs (Premises, Transport and Supplies)	
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	54
Income	0
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	0
Net Expenditure	54
Base Budget 2011/12 Full time Equivalent Staff	0

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Savings approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	Will ensure that planned service developments and/or changes are delivered with appropriate consultation having been carried out.
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Impact of Proposal on performance	Will ensure that the Council's overall performance targets are properly managed and monitored.
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Impact of Proposal on staff	None.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	TBC.
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2012/13 Budget - Growth Proposal

Service: Chief Executive's Delivery Unit - Regeneration
Proposal Number: CORG 11

Description of Proposal: Community Cohesion
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Community Cohesion growth to fund shortfall within existing voluntary sector funding budget
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Proposed Growth

Proposed Growth in 2012/13 £'000s	Proposed Growth in 2012/13 FTE Staff	Proposed Growth in full year £'000s	Proposed Growth in full year FTE Staff
27		27	

	2012/13 £'000s	Full Year £'000s
People		
Property		
Third Party		
Infrastructure/Kit		

Base Budget 2011/12

	£'000s
Expenditure	
Employees	165
Other Direct Running Costs (Premises, Transport and Supplies)	491
Third Party Payments	
Transfer Payments	
Capital Financing Costs	120
Support Services Costs	122
Gross Expenditure	898
Income	0
Sales, Fees and Charges	(539)
Grant and External Contributions	
Support Services Income	
Gross Income	(539)
Net Expenditure	359
Base Budget 2011/12 Full time Equivalent Staff	0

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Savings approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	Will maintain current levels of service.
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Impact of Proposal on performance	Will maintain current levels of performance.
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Impact of Proposal on staff	Will maintain current level of staffing.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	TBC.
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2012/13 Budget – Savings Proposal

Service: Corporate Savings
Proposal Number: CORS 1

Description of Proposal: Reduction in costs of debt for Elizabeth House
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Reduction in debt following transfer of land at the former Elizabeth House site to the Housing Revenue Account.

Proposed Saving

Proposed Savings in 2012/13	Proposed Savings in full year
£120k	£120k

Base Budget 2011/12 – Part of Treasury Management Budgeting

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	
Net Expenditure	
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Savings approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	None.
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Impact of Proposal on performance	None.
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Impact of Proposal on staff	None.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	None.
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2012/13 Budget – Savings Proposal

Service: Corporate Savings
Proposal Number: CORS 2

Description of Proposal: Senior Management Structure

The review of the Council's senior management structure has been completed and reported to cabinet, and the savings identified for 2012/13 and beyond reflect the decisions taken as regards restructuring the various Directorates.
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Proposed Saving

Proposed Savings in 2012/13	Proposed Savings in full year
£200k	£200k

Base Budget 2011/12 – Across all directorates

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	
Net Expenditure	
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Savings approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	The new management structure is designed to create closer links between senior officers, the relevant Portfolio Holders, service managers and service users.
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Impact of Proposal on performance	The new structure creates closer links to, and management responsibility for, the delivery of service specific targets and the overall objectives of the Corporate Plan.
--	--

Impact of Proposal on staff	These have been addressed during the current financial year.
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Practical requirements regarding implementation and timetable	Negotiations with staff are largely completed, though a few issues remain, all of which will be resolved prior to the start of the 2012/13 financial year.
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Equalities Impact	EIA has been and will be undertaken prior to implementation of the new structures.
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2012/13 Budget - Savings Proposal

Service: Transformation
Proposal Number: CORS 3

Description of Proposal

Transformation savings in relation to stationery, Cleaning and Media

Proposed Saving

Proposed Saving in 2012/13	Proposed Saving in full year
£'000s	£'000s
240	240

Base Budget 2011/12

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	
Third Party Payments	
Transfer Payments	
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	
Gross Income	
Net Expenditure	
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Savings approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	None – all of these savings relate to back office administrative functions.
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Impact of Proposal on performance	None.
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Impact of Proposal on staff	None.
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Practical requirements regarding implementation and timetable	None. The contracts have been successfully negotiated during 2011/12 financial year.
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Equalities Impact	None.
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2012/13 Budget – Savings Proposal

Service: Corporate Savings
Proposal Number: CORS 4

Description of Proposal: Vertex Contract

Savings to be achieved by negotiation with Vertex.
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Proposed Saving

Proposed Savings in 2012/13	Proposed Savings in full year
£1,000k	£1,000k

Base Budget 2011/12

	£'000s
Expenditure	
Employees	
Other Direct Running Costs (Premises, Transport and Supplies)	26,807
Third Party Payments	
Transfer Payments	245
Capital Financing Costs	
Support Services Costs	
Gross Expenditure	27,052
Income	
Sales, Fees and Charges	
Grant and External Contributions	
Support Services Income	(26,297)
Gross Income	(26,297)
Net Expenditure	755
Base Budget 2011/12 Full time Equivalent Staff	

Recent Changes to Base Budget

	£'000s
Growth approved in the 2011/12 Base Budget	0
Savings approved in the 2011/12 Base Budget	0

Impact of Proposal on public / services	At the time of writing, negotiations with Vertex are ongoing, and it is not yet possible to assess impacts on public/service. Cabinet will receive a detailed report once these negotiations have been concluded.
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Impact of Proposal on performance	See above.
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Impact of Proposal on staff	See above.
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Practical requirements regarding implementation and timetable	None.
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Equalities Impact	EIA will be undertaken prior to implementation of agreed savings.
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Appendix 2

Details of the Savings Targets for the Council's Transformation Project

Portfolio	Project	Description	Stage	Est. savings 2011/12 £000's	Est savings 2012/13 £000's	Est savings 2013/14 £000's
Back Office	Oracle Upgrade	Upgraded Financial systems with integrated HR, Payroll and Procurement systems	Detailed Business Case	£0	£500	£500
	Income Management	Closure of cashiers (front office) and move to a cashless Council	Delivery	£0	£80	£0
	PwC analytics	Market leading analytical tool which benchmarks the Councils processes and looks at opportunities to drive efficiencies through their improvement	Analysis	£0	£1,000	£2,000
	Shared Service model	Looking at opportunities to share services (and therefore costs) with other Councils	Concept	£0	£100	£100

Portfolio	Project	Description	Stage	Est. savings 2011/12 £000's	Est savings 2012/13 £000's	Est savings 2013/14 £000's
Front Office	New channel strategy and shift; straight through processing	Move some customer interaction to more cost effective channels including call centre and internet; enable customer self-serve through the internet	Concept	£0	£100	£100
	Tell us Once	Minimise the need for customer interaction on administrative tasks - particularly around Revenue and Benefits	Delivery	£0	£0	£0
	One-stop shops	Provide new buildings for customers to access multiple services in one place	Concept/analysis	£0	£50	£50
Assets	Estate rationalisation	Optimise both front and back office sites through new facilities and ways of working. Sell surplus assets. (NB savings do not include any capital receipt)	Analysis	£0	£50	£100

Portfolio	Project	Description	Stage	Est. savings 2011/12 £000's	Est savings 2012/13 £000's	Est savings 2013/14 £000's
Supply Chain	Supplier aggregation and negotiation	Aggregate our supplier base and negotiate better deals (including reviewing interface with Council and specification review)	Analysis / delivery	£40	£200	£200
New ways of working	Vertex scope	Review scope of Vertex contract (including the Europa services) and new ways of working towards a 'win-win' contract	Analysis	£0	£300	£300
	MFDs	Implement multi-functional devices – replacing scanners, printers and photocopiers	Delivery	£50	£70	£0
	Temporary Workers	Demand challenge; review employment options; vendor neutral approach to market through OGC framework	Delivery / analysis	£0	£200	£0
	Location Independent working	Provide staff with the tools and infrastructure to work where they need to – multiple offices; customers premises; home etc.	Concept	£0	£0	£1,000

Portfolio	Project	Description	Stage	Est. savings 2011/12 £000's	Est savings 2012/13 £000's	Est savings 2013/14 £000's
	Organisational Development	Management and Leadership development across the Council – supported by handbooks, training programmes etc.	Delivery	£0	£0	£0
Totals				£90	£2,650	£4,350

Robustness of Savings Estimates

The Transformation Programme has only just commenced (building on the Efficiency Programme of last year) and many projects are no more than conceptual at this stage. Estimating the scale and timing of savings is difficult to predict accurately. The numbers in the table above should therefore be interpreted with caution. Nevertheless the Council has an opportunity to make significant savings across the Council.

Resource Profile

To run a Transformation Programme of this scale involves additional resource including some specialist change resource. We are looking at various resourcing models around this and building up a resource profile based on the projects to be delivered and timing of them.

Challenges

In realising savings from this Transformation Programme there are a number of challenges that must be understood and accepted:

Savings can only be realised through:- people, third parties, infrastructure or property. In practice this means that the Transformation Programme will result in further redundancies and a potential impact on local suppliers and businesses.

Some of the savings, and much in the back office functions, will come from services supplied by the Vertex Strategic Services Partnership. To realise these savings will involve negotiation around an existing contractual position.

Transformation is a pan-Council activity and to realise the savings will involve a co-ordinated approach and delivery across all functions – and a move away from the traditional ‘silo’ working.

Following the changes all areas must keep to the new contracts and ways of working to realise the benefits

Transformational change is difficult and requires staff and customers to change their ways of working and interaction with the Council.

Leaders and Managers across the Council will need to shape, embrace and deliver Change – demonstrating new ways of working and exemplar behaviours.

14th December 2011		ITEM	Comment [s]: Please leave this for completion by Democratic Services
Overview and Scrutiny Committee			Comment [s]: PLEASE CLICK THIS BOX ONCE and enter the name of the Committee you are reporting to (in font 16, not capitals)
Utility Cost – Budget pressure 2012/13			
Report of: Richard Waterhouse – Director of Transformation			Comment [sj]: PLEASE CLICK THIS BOX ONCE and enter the title of your report (in font 16 and in capitals) – a Cabinet Report should be consistent with the wording on the Forward Plan – see Guidelines 2.3
Wards and communities affected: All	Key Decision: Non-Key		
Accountable Head of Service: Nigel Byatt – Head of Business Services			Comment [s]: Please enter details of any Wards and Communities affected by the report. If this section is not
Accountable Director: Richard Waterhouse – Head of Transformation			Comment [s]: Yes/No/Not Applicable – a 'Key Decision' is generally one affecting more than 2 wards or above £50,000
This report is Public?			Comment [sj]: Please state the Head of Service's name and job title
Purpose of Report: This report seeks to clarify the requirement for a £250k budget pressure increase to the Corporate Building Maintenance budget primarily brought about by increased utility costs.			Comment [sj]: Please state Director's name and job title
EXECUTIVE SUMMARY			Comment [sj]: Please state whether your report is Public or Exempt. If Exempt (i.e. not to be given to the public or discussed in
<p>The Corporate (Civic Buildings) Maintenance budget is indicating a budget pressure of £250k, At the last O&S committee members asked for additional information to clarify the pressure. Analysis of 2010/11 utility costs (The last full year invoiced period) supports the requested budget increase.</p>			Comment [sj]: Briefly set out the purpose of your report
<p>1. RECOMMENDATIONS:</p> <p>1.2 Members are asked to note the information in this report</p> <p>1.3 Members are asked to agree the budget increase.</p>			Comment [sj]: Please provide a summary of the key points in your report
<p>2. INTRODUCTION AND BACKGROUND:</p> <p>2.1 Overview and scrutiny considered a financial report identifying budget pressures for 2012/13 (Growth), one of the items on the report referred</p>			Comment [sj]: The recommendations should be set out in bold in the form of the decision that the decision-
			Comment [s]: You should briefly explain why the report is on the agenda - See para. 5.3 and 5.4 of the report writing guidelines.

to a budget pressure of £250k associated with Civic Buildings Maintenance.

- 2.2 The Civic Buildings Maintenance Budget in question covers the Civic Centre and Thameside premises only, and includes all building maintenance and Utilities charges for these properties.

3. **ISSUES AND/OR OPTIONS:**

- 3.1 An analysis of 2010/11 utility bills was undertaken, 2010/11 is the last full year for which utility invoiced charges are available.
- 3.2 The analysis identified utility charges of £500k for the year.
- 3.3 It is documented that energy costs increased in 2011/12 by approximately 30%, and it is anticipated that similar increase (20-25%) are likely in 2012/13.
- 3.4 This supports the judgement that a 50% (£250k) increase in budget (for Utilities) is appropriate against the analysis.
- 3.5 It should also be considered that increased costs against maintenance services will also have occurred, putting increased pressure on the budget.
- 3.6 It is anticipated that the £250k budget increase together with Energy (Carbon) management activity and tight Maintenance control will mitigate the risk of substantial budget overspend against this cost centre.
- 3.7 Examples of current and proposed Carbon Reduction (Energy Reduction) initiatives:
- Installation of movement detection lighting to Council offices. (Completed)
 - Automatic PC Shutdown (Completed)
 - Incandescent to LED in Reception (Completed)
 - Car-Park Lighting Upgrade (Programmed)
 - Chiller Pump Control Upgrade (Programmed)
 - T8 to T5 Lighting Conversion (Planned)
 - Heating Pipe-work Valve cover upgrade (Planned)
 - 2D Staircase Lighting upgrade (Planned)
 - Draft Proofing (Planned)

4. **CONSULTATION (including Overview and Scrutiny, if applicable)**

Comment [s]: Other headings may be appropriate. The report should outline the reasoning that leads to its recommendations and **must** include:

1. a brief summary of options considered;
2. consultation outcomes
3. a risk assessment.
4. Whether the responsible cabinet members have been consulted/contributed to the report (NB professional and political advice must be clearly distinguished)

- See para.5.5 of the report writing guidelines.

Comment [j]: This should include any consultation with Ward Members and Shadow Portfolio Holders, as well as any public or statutory consultation

4.1 N/A – This report to O&S

5. **IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

5.1 In support of the MTFs and the budget planning process

6. **IMPLICATIONS**

6.1 **Financial**

Implications verified by: **Michael Jones**
Telephone and email: **01375 652772**
mxjones@thurrock.gov.uk

Contained within the body of the report.

6.2 **Legal**

Implications verified by: **David Lawson**
Telephone and email: **01375652087**
dlawson@thurrock.gov.uk

The Council has a statutory responsibility to meet its utility costs, and provide a healthy and safe working environment.

6.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
Telephone and email: **01375 652472**
sdealyn@thurrock.gov.uk

There are no direct equality implications noted in this report.

6.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

None Specific

7. **CONCLUSION**

7.1 A £250k increase in the Civic Offices Maintenance budget aligns to the budget pressures expected due to Utility cost increases.

Comment [a]: Please refer to Section 5.7 of the Report Writing Guidelines

Comment [sj]: This section should always be completed – if they are dealt with fully in another part of the report, they also need a brief cross reference here. The names and job titles of the officers providing the implications should be provided in full – see Guideline 6.1 and please note Democratic Services Deadlines and ensure that officers providing implications are given 5 clear working days to work on the report. Authors can write implications but they must be signed off by the appropriate officers

Comment [sj]: See Guideline 6.2

Comment [sj]: See Guideline 6.3

Comment [sj]: See Guideline 6.4

Comment [sj]: This should inform the recommendations in the report

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

- None

APPENDICES TO THIS REPORT:

- EqIA

Report Author Contact Details:

Name: Nigel Byatt – Head of Business Services
Telephone: 01375652912
E-mail: nbyatt@thurrock.gov.uk

Comment [sj]: See Guideline 8. If any Papers are to be placed in the Members room that relate to this report, you should also list them here

Comment [sj]: List the Appendices referred to in the Report

Comment [sj]: Insert the full contact details of the author of the report