

Democratic Services

Riverside, Temple Street, Keynsham, Bristol BS31 1LA
Telephone: (01225) 477000 *main switchboard*
Direct Lines - Tel: 01225 394411 Fax: 01225 394414
Web-site - www.bathnes.gov.uk

Your ref:**Our ref:****Date:** 11 Nov 2013**E-mail:** Democratic_Services@bathnes.gov.uk**To: All Members of the Resources Policy Development and Scrutiny Panel****Councillors:** John Bull, Roger Symonds, Colin Barrett, Paul Myers, Charles Gerrish,
Barry Macrae and Nigel Roberts

Chief Executive and other appropriate officers
Press and Public

Dear Member

Resources Policy Development and Scrutiny Panel: Monday, 18th November, 2013

Please find attached a **SUPPLEMENTARY AGENDA DESPATCH** of late papers which were not available at the time the Agenda was published. Please treat these papers as part of the Agenda.

Papers have been included for the following items:

10. **PROCUREMENT (Pages 3 - 20)**
11. **UPDATE ON BUDGET SAVINGS AND INCOME DELIVERY (Pages 21 - 28)**
12. **MEDIUM TERM PLANS AND 2014/15 BUDGET UPDATE REPORT (Pages 29 - 46)**

Yours sincerely

Michaela Gay
for Chief Executive

If you need to access this agenda or any of the supporting reports in an alternative accessible format please contact Democratic Services or the relevant report author whose details are listed at the end of each report.

This Agenda and all accompanying reports are printed on recycled paper

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“Think Local” The Council’s New Procurement Strategy

**Resources – Policy &
Development Update**



Legal Context – The Old

- » Public Contract Regulations 2006
- » Treaty of Rome and EU Procurement Directives
- » Contract Law
- » Contract Standing Orders

The Changing Landscape





Legal Context - The New

- » Localism Act
 - » Commissioning Intentions
 - » Right to Challenge
- » Public Services (Social Value) Act
 - » Social & Environmental Benefits alongside Financial Efficiency
- » Changes to EU Procurement Directives
 - » Radical changes imminent
 - » Removal of Part A & B Service distinction
 - » More flexible processes



Revised EU Directives

- » “Flexibilisation” of Process – Negotiated Procedures
- » Reducing Timescales
- » Innovative Partnerships Procedure
- » Removal of distinction between Part A & B Services
- » Use of Self Declarations
- » Exclusion for Poor Performance
- » E Procurement – Dynamic Purchasing Systems



Case Law

- » Alcatel – Standstill Periods
- » Pressetext – Post Contract Change
- » Beentjes, Nord-pas-de-Calais, SIAC, Concordia Buses – Social & Environmental Policy (Most Economically advantageous Tender MEAT)
- » ENV and Wienstrom judgment – Ecological Criteria and links to contracts



Bath & North East
Somerset Council

Procurement Strategy 2013 - 2017

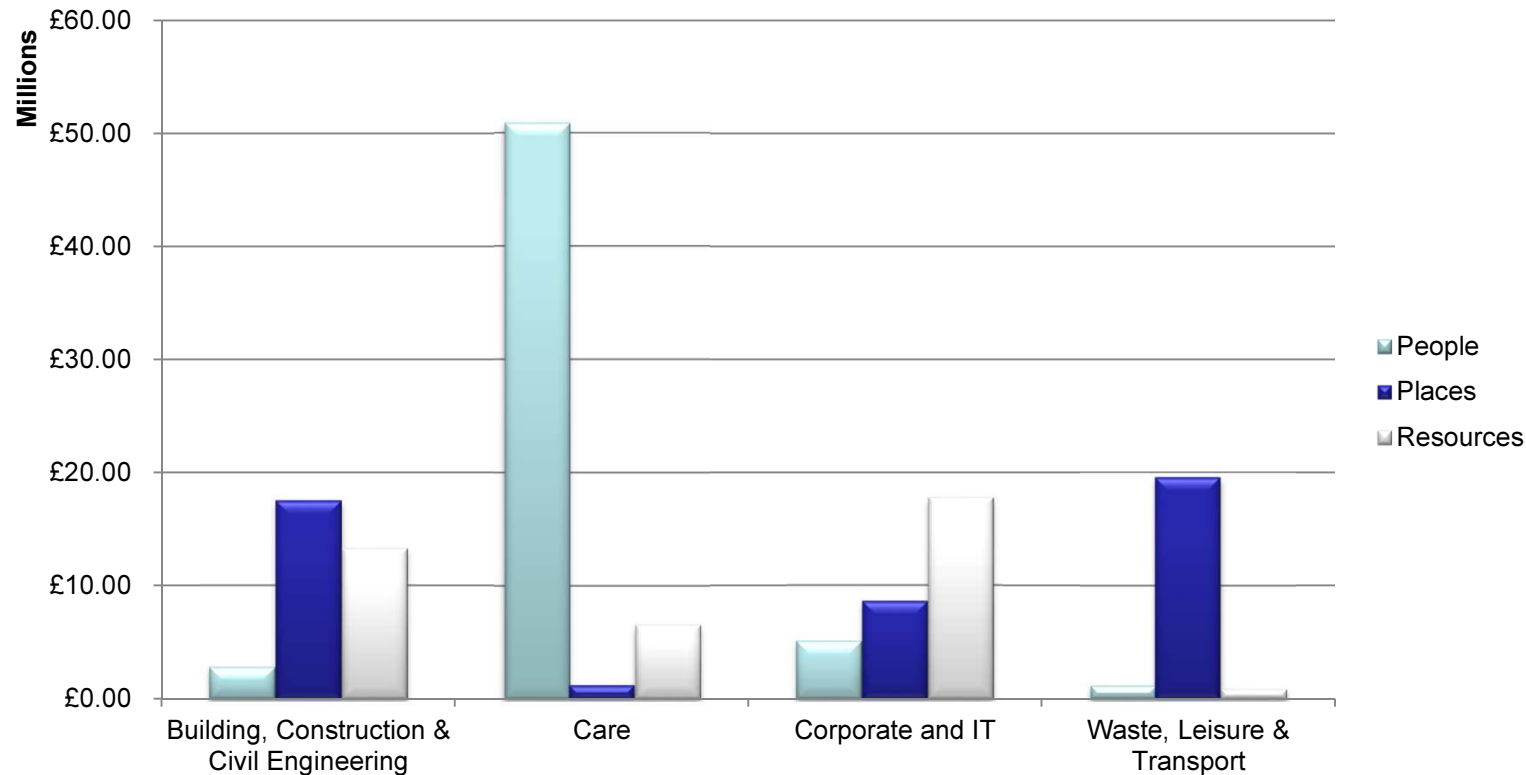
Delivering Social Value for our Community



Making Bath & North East Somerset an even better place to live, work and visit

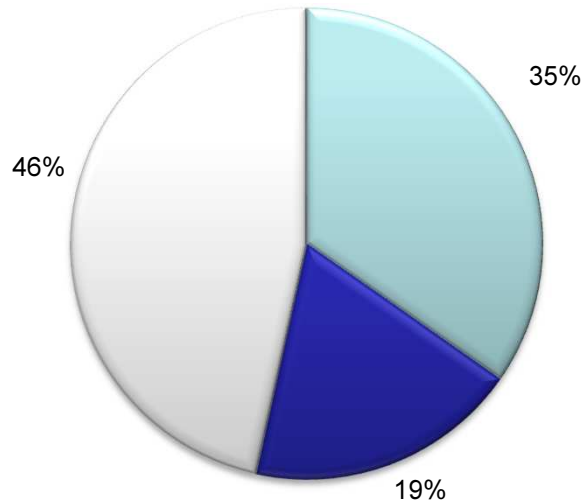


What does the Council spend its budgets on?



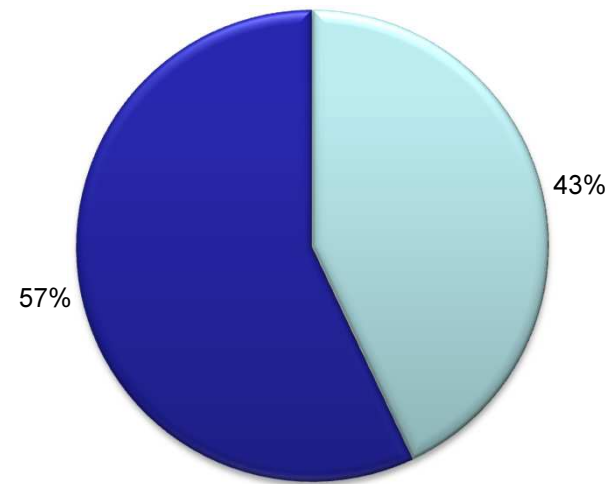


What proportion of Council business is awarded to local suppliers?



■ B&NES ■ West of England
■ Other UK

What proportion of Council business is awarded to SMEs?



■ SME ■ Other



“Think Local”

» New Procurement Strategy

- » Agreed by Cabinet and formally launched on 15th October 2013 by Cllr Bellotti to local Small & Medium Sized Enterprises (SME’s) and Micro Businesses at a “Meet the Buyer Event”
- » Supported by the Federation Of Small Businesses, Curo and the Government Procurement Service
- » Very successful launch attended by over 100 companies.



What outcomes will this deliver? -

- » Local suppliers will be targeted to bid for Council business
- » Help to stimulate SME"s and Micro Businesses
- » Decisions based on whole life costs and "social value"



Supporting the Changes - External

- » Updated Internet Pages - Selling to the Council (Further changes to be made)
- » Draft Suppliers Guide
- » Draft Sustainable Procurement Code & Guide
- » Training & Support Offer
- » Use of Social Media

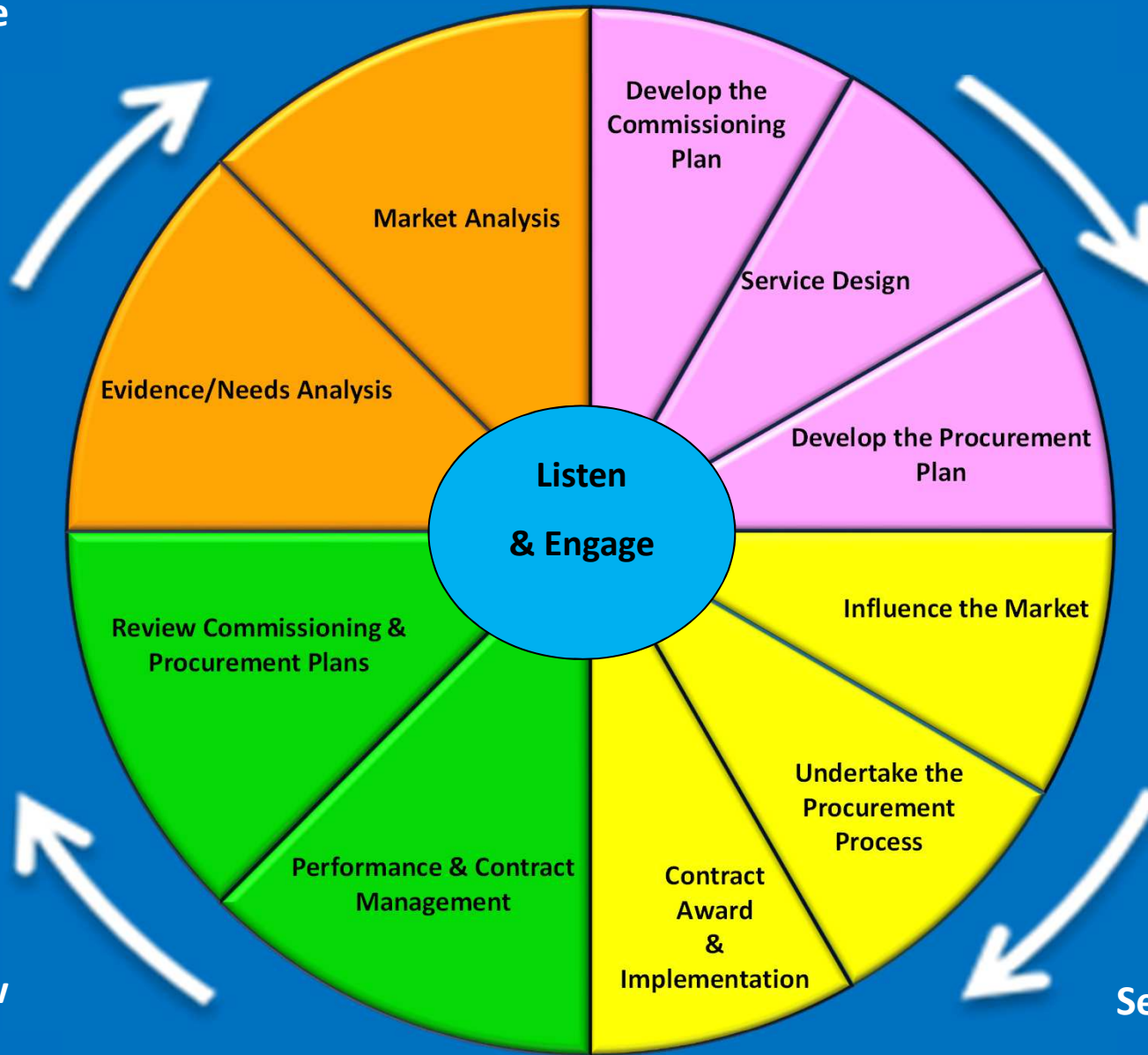


Supporting the Changes - Internal

- » New Procurement Intranet Site – (launch in November)
- » Commissioning & Procurement Framework
- » Improved Spend Analysis Tools & Dashboards (in development)
- » Training
- » Revised E Procurement Processes
- » Social Value Toolkit

Analyse

Plan



Review

Secure Services



Social Value Policy & Toolkit

- » Builds on new Procurement Strategy & recommendations from Apprenticeship policy development
- » Increase Targeted Recruitment & Training through Council's Procurement Processes
- » Targets supply chain opportunities
- » Allows innovation to deliver Social Value objectives
- » Cost neutral



Next Steps

- » Revised Contract Standing Orders
- » Revised Procurement Structure
- » Training
- » Governance – Policing the changes



Bath & North East
Somerset Council

Procurement Strategy 2013 - 2017

Delivering Social Value for our Community



Making Bath & North East Somerset an even better place to live, work and visit

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Resources PDS 18 November 2013

Budget Savings & Income Delivery Update

Background

- » Full Council February 2013 Approved a 3-yr Medium Term Service and Resource Plan.
- » Included Savings and Additional Income Requirements
- » These total £27.347M over three years as follows:
 - » 2013/14 = £11.630M
 - » 2014/15 = £ 8.428M
 - » 2015/16 = £ 7.289M
- » Separate MTSRP item gives future budget position update.

Delivery & Monitoring

- » Individual Service Action Plans in place for all Directorates.
- » Includes Implementation & Delivery Plans for 2013/14
- » Delivery Plans for 2014/2015 & 2015/2016 being developed and implemented.
- » Savings and Income are individually monitored on a monthly basis as part of Outturn Reporting.
- » Risk (RAG) rating attached to each item as part of this.
- » Reported as part of monthly budget monitoring including SMT, Informal Cabinet and management teams.
- » Latest position reflected in quarterly reports to Open Cabinet.

Savings & Income Update (1)

- » Of £11.6M Identified for 2013/2014 - £10.5M is currently classified as Green (Anticipated to be Fully Delivered)
 - » Key Savings & Income items for 2013/14 identified below
- Management Savings – total £760K (Amber)

- » Management restructuring proposals underway in Place Directorate.
- » Restructuring implemented in Resources and People & Communities.

Corporate, Capital & Debt Charges – total £1.7M (Green)

- » Recognises on-going approach to capital financing and £50M Debt Restructuring completed.
- » £300K from reduced Carbon Levy and External Audit Fees achieved.

Savings & Income Update (2)

Corporate Travel Plan - £500K (Red)

- » Changes in Business and Travel practises of staff, reducing journeys and removal of Essential Car User allowance.
- » Proposal currently being discussed with staff, managers and unions.
- » Will impact on savings delivered in year 1 only.

Libraries - £245K (Green)

- » Saving achieved from staff and operating costs at Bath Central Library and Mobile Library budgets.

S256 Funding, Adult Social Care - £500K (Green)

- » S256 Funding confirmed via agreements with CCG

Savings & Income Update (3)

Car Parking Charges - £250K (Green)

- » Changes to Traffic Regulation Orders secured.
- » Additional income being closely monitored.
- » Small delay in implementation timing.

Roman Baths – Additional Net Surplus - £200K (Green)

- » 5 year Business Plan agreed by Cabinet
- » Income targets subject to regular monitoring – on target.

Public Protection - £263K (Amber)

- » Some consolidation of service completed to deliver part of saving.
- » Further options being reviewed.

Savings & Income Update (4)

ICT Rationalisation - £350K (Green)

- » ICT Transferred in-house from Mouchel on 1 August 2013.
- » Centralisation of spend completed April 2013.
- » New processes in place for IT procurement.

Property - £721K (Green)

- » Split of commissioning and delivery role – saving achieved
- » Project delivery arrangements being restructured

Commercial Estate Revenue - £550K (Amber)

- » Specific options now being worked up to full business case
- » Will be subject to release of Capital funding for acquisitions

Years 2 and 3 Items

- » Update included in all MTSRP's to November PDS meetings
- » Plans being developed in number of key areas including:
 - » Connexions
 - » Early years & Childrens Centres
 - » Sirona Contract
 - » ASC including Focus on Vulnerable Adults
 - » Libraries
 - » Tourism & Destination Management
 - » ICT
 - » Use of Assets
 - » Commercial Estate Revenue
- » Variations provided for within MTSRP in respect of Use of Assets (£500k) and Trading Opportunity (£750K).

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Resources Policy Development & Scrutiny Panel	
MEETING/ DECISION DATE:	18 November 2013	EXECUTIVE FORWARD PLAN REFERENCE: <i>[Cabinet reports only]</i>
		E
TITLE:	Resources – Medium Term Plan Update	
WARD:	All [or list specific wards]	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Draft Medium Term Plan update and attachments		

1 THE ISSUE

1.1 The draft Resources Medium Term Service & Resource Plan (MTSRP) update is presented for consideration by the Panel:

- (1) To ensure all members of the Panel are aware of the context for Service Action Planning and budget setting.
- (2) To enable comment on the progress being made on this 3 year plan.
- (3) To enable issues to be referred to the relevant Portfolio.

2 RECOMMENDATION

The Panel is asked to:

- (1) Comment on the update to the 3 year medium term plan for Resources, focusing on matters affecting 2014/15, and note that will be the second year of the plan.
- (2) Identify any issues requiring further consideration and highlighting as part of the budget process for 2014/15.
- (3) Identify any issues arising from the draft plan it wishes to refer to the relevant portfolio holder for further consideration.

3 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

3.1 This medium term plan update forms the basis for the budget process for 2014/15 and all relevant statutory matters are either referred to in this update or the original plan approved last year.

4 THE REPORT

4.1 This report forms part of the 2014/15 service and resource planning process. As set out in the enclosed medium term plan update (attached), the next steps include:

- (1) Panel comments considered by Portfolio Holders.
- (2) PDS Resources meeting in January/February to take overview of comments from Panels and progress on budget setting plus equalities issues.
- (3) February Cabinet budget recommendations to Council.
- (4) February Council approval of budget and Council Tax setting.

4.2 The draft Medium Term Service & Resource Plan for Resources is attached and includes its own Appendices.

5 RATIONALE

5.1 Where the Panel wishes to either increase expenditure or reduce savings targets alternatives should be proposed.

5.2 The Panel should concentrate only on the parts of the plan relevant to its own remit as the PDS Resources meeting in January/February will be taking an overview.

6 OTHER OPTIONS CONSIDERED

6.1 This is a package of options as set out in the report and reflects the Council's corporate plan, its vision and values, the medium term plan agreed last year, changes in legislation and the Cabinet's priorities.

7 CONSULTATION

7.1 The corporate implications of this report have been considered by Strategic Management Team (SMT) including the *Section 151 Finance Officer; Chief Executive & Monitoring Officer*

7.2 Further consultation has taken place as part of developing the revised Corporate Plan. Budget fairs are taking place now and feedback from these will help finalise the budget proposals for 2014/15.

7.3 Cabinet has been closely involved in the preparation of this update and in particular the relevant portfolio holder(s)

8 RISK MANAGEMENT

8.1 A risk assessment will be completed as part of the final budget papers and inform the Council's reserves strategy. The main risks relate in the next financial year to:

- (1) The robustness of the savings estimates.
- (2) The potential for some service levels to deteriorate as a result of the savings, some savings are from service reductions but most savings are directed at efficiencies.
- (3) The implications for staff arising from savings, albeit that the costs of severance will be budgeted for corporately and unions are being consulted together with the affected staff.
- (4) The need to maintain a planned and phased approach to savings at a time when pressures are starting to require substantial and immediate cuts.
- (5) Equalities impacts of the savings.

Contact person	<i>Andrew Pate Strategic Director – Resources Tel: 01225 477300</i>
Background papers	<i>Corporate Plan and 2013/14 budget papers plus medium term plans</i>
Please contact the report author if you need to access this report in an alternative format	

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MEDIUM TERM SERVICE & RESOURCE PLAN UPDATE

RESOURCES

Business Support, Customer Services, Strategy & Performance, Property & Project Delivery *plus* Legal & Democratic Services

2013-14 until 2015-16

Introduction

This is the second year of the period covered by the 2013-14 to 2015-16 medium term plans. The plans were reflected in the budget approved by Council in February 2013. The original plans can be found on the Council's web site with the agenda papers for the November 2012 PDS panels.

This 2014-15 update is a summary of key changes affecting the plan and does not restate the information contained in the original plan. This update provides important background information to the 2014-15 budget process, which will culminate in a report to the February 2014 meeting of Council. The February budget report will incorporate assumptions made as part of the three year planning process, summarise planned variations to the anticipated budget for 2014/15, seek approval for those variations and set both the budget and the consequent level of Council Tax for that year

This document contains the following updates:

- Strategic Context – financial, legal, service and policy headlines
- Structural Changes – summary of the new management arrangements
- Progress Achieved – how the delivery of the 3 year plan is progressing
- Variations to the plan – proposed changes concentrating on 2014-15
- Capital Programme – proposed alterations to the capital programme
- Risks & Opportunities –key risks to delivery of the plan but also opportunities
- Equalities – summary of approach

Strategic Context

The Corporate Plan and refreshed Council Vision remains the main policy context. These documents can be found at <http://www.bathnes.gov.uk/services/your-council-and-democracy/vision-and-values>

The financial challenge was summarised last year. This equated to a 40% reduction in the Council's government grant funding over the period 2011/2012 to 2014/2015. At this time the challenging outlook for local government funding as set out in the Autumn Statement in December 2012 looked to continue well into the future and over the period of the Medium Term Service and Resource Plan from 2013/2014 to 2015/2016 we estimated at least £30M of savings would be required.

Since then there have been a series of Government announcements that have increased the challenge. The key announcements and effects are as follows:

- The Budget Statement delivered by the Chancellor on 20 March 2013 provided for an additional 1% cut in council funding assessments for 2014/2015. This actually equates to a further 2% reduction in grant (from 16% to 18%).
- The Spending Review 13 announced by the Chancellor on 26 June 2013 covers the 2014/2015 and 2015/2016 financial years and together with subsequent consultation documents, sets at least a 13.5% reduction in council funding assessments for 2015/2016. This actually equates to a 27% reduction in grant.

Other key funding changes set out in the Spending Review 13 include:-

- A requirement to pass 35% of New Homes Bonus funding to LEP's from 2015/2016 to support Single Local Growth Funds.
- A reduction of 20% in the Education Support Grant in 2015/2016.
- The confirmation of a Council Tax Freeze Grant for both 2014/2015 and 2015/2016 equivalent to 1% of council tax for councils who freeze their council tax in these years.

These changes, together with the existing savings to be identified, mean further savings of at least £7m for the Council need to be identified over the next two years. This assumes the savings in the existing approved medium term plans are delivered in full.

For 2014/15 the focus will be on the variations that are needed to the approved medium term plan to deliver a balanced Budget proposal for the Council in February 2014. The Variations section of this update (below) provides further details of the projected Budget Gap for 2014/2015 together with the specific proposals being considered to address this.

The Cabinet's aim remains to achieve the medium term plan with minimal alterations, but at the same time to reflect public feedback together with local and national policy changes. The Council has a good level of reserves and can use these to smooth the effects of policy changes and additional financial challenges. The indication from Treasury figures is that an equally tough set of financial targets will need to be repeated in the next 3 year plan which starts in 2016, and of course at that time the difficulty in meeting the challenge will have increased as efficiency opportunities will be less.

In the case of the Resources Department the key policy context changes are

- Provisional approval of the West of England (WoE) City Deal with B&NES set to become the accountable body for the £500M 25 year Economic Development Fund for the sub region. The WoE Regional Growth Fund grants for business are also administered by this Council as part of its key support role for the Local Enterprise Partnership (LEP).
- New Local Government Pension Scheme (LGPS) is due for implementation next year following the Hutton review. This medium term plan does not include the pensions fund, albeit B&NES has the lead for the WoE and the fund is administered in the Council's Business Support Division.
- New Council Procurement strategy with a "Think Local" theme to encourage local procurement and support for local businesses.
- Implementation of the new Universal Credit system as part of the Government's Welfare Reform agenda. This will begin locally in February 2014 and will be very

gradually rolled out. B&NES is a pilot authority – working with Department of Work & Pensions who lead the programme - and is focusing on ensuring there is good local advice to support the implementation.

- Appointment of Police & Crime Commissioners in November 2012 which transfers much of the community role for Community Safety to the Police Authority.
- Publication of the Council's new Health & wellbeing Strategy and also the new Joint Strategic needs Assessment that supports it.
- Progress with the Workplaces Programme which will see flexible working and new office layouts plus completion of the new Keynsham offices, library, retail and one stop shop from October 2014. Also new ICT strategy to support this and return of the ICT service in house last August.
- New work led by the Place Department on a strategy for the Enterprise Area in Bath which will drive regeneration in that area and also help guide the programme for property disposals and achievement of capital receipts.

In the case of Legal and Democratic Services, implementation of Individual Elector registration.

Structural Changes

The Resources Department was restructured with effect from 1 August 2013. The following Divisions have been created:

- Business Support
- Customer Services
- Strategy & Performance
- Property & Project Delivery

Some of the key changes linked to this are:

- Review of the department's objectives
- Key efficiency savings including achievement of £500K management savings
- Clearer focus on priorities
- Taking on project delivery functions from the former Major Projects department
- Combining Improvement & Performance with Policy & Partnerships
- Returning ICT and People Services in-house, and incorporating these services in the Business Support Division
- Creating a new team for the remaining life of the Workplaces Programme to support cultural change – developing a One Council, community and customer focused approach - and improvements to the working environment including flexible working
- Developing a shared service approach with North Somerset to Internal Audit and starting to explore other opportunities.

Some further important details are that

- Business Support incorporates a wider range of internal support roles for the Council including finance (S151), ICT, audit, people services and procurement
- Libraries and Customer Services functions have been combined to give a better integrated service over time.

- Project Delivery and Property are being combined and this is to be fully effective from March 2014.
- Legal & Democratic Services remain separate and report to the Chief Executive

A new structure chart is attached together with a summary of the Department's Objectives.

Progress Achieved

The 2013/14 Resources Department budget, including the achievement of management savings, is on target. This provides a sound basis for the following two years of savings.

The 2013/14 corporate budgets managed by Resources are also on target but note:

- The removal of essential car user allowances and changes to other travel allowance entitlements for staff is delayed. The aim is to move to HMRC rates at the start of 2014 to save a recurring £500k. Staff consultation is underway.
- The increase in commercial estate income may also be slightly delayed and only a £250k saving is anticipated in 2013/14, being approximately half of the target.
- The saving from restructuring of debt is due to exceed its target by £600k. The target was £1.7m.

The remaining two years of the medium term plan are attached at Appendix 1 and this has been updated to include a commentary on progress towards delivery of the approved savings and additional income streams.

With the exception of the specific variations identified below, full delivery of the medium term plan is anticipated and any further changes considered by the Council would require the identification of further additional savings to balance the Budget.

Variations to the Plan

The variations to the medium term plan approved by the Council in Feb 2014 have arisen for 2014/2015 for a number of reasons including:-

- The implications of the 2013 Budget Statement and Spending Review
- Unidentified savings in the approved medium term plan
- Areas where savings or additional income are now unlikely to be delivered
- Revenue impact of additional capital schemes

In order to present proposals for a balanced budget in 2014/2015, the Cabinet have examined a range of options to generate the additional savings or income, required to address the arising Budget gap. Where possible the Cabinet has sought to avoid further frontline service reductions and focus on efficiency, innovation, demand changes and trend analysis to meet this challenge.

Full details of the variations are set out at Appendix 2

Capital Programme

A draft summary of proposed variations to the capital programme is attached at Appendix 3. This will be put forward for approval as part of the February budget report.

All the Resources schemes are designed to achieve additional savings or new capital receipts for the Council and so have a positive impact on the revenue budgets. The most notable example is the plan to continue with more active commercial estate acquisitions where opportunities arise and where these have excellent returns.

Risks & Opportunities

There are significant efficiency targets in the plan and those arising from the changes in workplaces, customer services, and business support should not be understated. Delivering them requires considerable management capacity although to date progress has been excellent.

The future financial plans include an aspiration to combine various operation assets and link better with community organisations, the voluntary sector and public sector partners to do this. This work is being scoped to see what in addition to the successful rationalisation of offices (as part of Workplaces) is possible. The savings target for 2014-15 has been put back to 2015-16 for this programme.

All other Resources Department plans are on track, albeit each of the changes in the strategic context section above has its own challenges. The debt restructuring work has exceeded its target. Overall the budget for the Resources Department for 2013-14 is on track.

Equalities

Equalities impacts of key changes are considered as service plans are set and as part of any key management change. The main equalities impacts for Resources were assessed when the 3 year plan was set.

Appendices

1. Savings details – progress summary 2014/15 and 2015/16
2. Proposed variations to 2014/15 budget
3. Additional Capital schemes

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MEDIUM TERM SERVICE & RESOURCE PLAN – SAVING DETAILS (2014/15 & 2015/16)

RESOURCES

2014-15 Saving £000	2015-16 Saving £000	How saving to be achieved	Previously Reported Impact to Service Delivery	Strategic Directors Update on Saving Proposal for November 2013 PDS Panel
500	150	<p>ICT - Corporate</p> <p>Rationalisation of systems, improved procurement & implementation of new ICT Strategy plus consolidation of budgets.</p> <p>This saving will apply across all departments and so is described as corporate even though will be led in the Resources Department.</p> <p>New centralised or federated staffing model required</p>	<p>This saving is the balance remaining from the initial £1 million Change Programme target (£350k delivered in 12/13), and includes savings arising from new ICT strategy.</p> <p>Delivery dependent upon ICT transferring in-house on 1 August 2013 & then centralisation and rationalisation of all ICT spend from 1 April 2013.</p> <p>Reduced spend on ICT will mean ICT will be provided strictly to meet priority business needs</p> <p>Staffing impacts assessment when the service returns in house.</p> <p>The effective completion of this programme requires continued investment in the change from the relevant reserve and links to the capital programme.</p> <p>Link to Sirona ICT strategy to be evaluated</p>	<p>Budgets have been centralised across from all directorates on time. Currently monitoring spend against the centralised budget. It is envisaged that the full saving will be delivered even though this is challenging.</p>
27		<p>Finance</p> <p>Business & Financial Services: P2P (Procure to Pay system)</p> <p>Rationalising procure to pay (P2P) and income systems in finance either using centralised or federated staffing model</p>	<p>£60K Change target relating directly to Resources procure to pay and £40K similar target for consolidation of income functions across the Council including from rationalising cash income system & systems, which support web based payments facility.</p> <p>The effective completion of this programme requires continued investment in the change from the relevant reserve.</p> <p>P2P will deliver further savings within Place (£92k) and People & Communities (£65k) which will require staff restructuring & consolidation within these Directorates</p>	<p>On target, plans for delivery already in place. In addition to these savings the new approach improves the control of procurement and expenditure which in turn generates savings in services.</p>
	170	<p>Customer Services</p> <p>Business Development</p> <p>Stopping the business development service once the new way of working has been fully rolled out in 2015/16.</p>	<p>This is a year 3 savings from simply stopping a service development function on the basis it will have become business as usual - The Business Development Team in Customer Services supports the customer services change programme – removing this team will mean the programme comes to an end in 15/16 – the schedule suggests a one off source of resources in 15/16 may be needed to sustain the programme through that year and then stop.</p>	<p>The team is expected to complete its existing phases of work in 2015/16. The proposed saving represents a 50% cut in the budget relating to Customer Services business support. The ability to enable service improvements will be restricted in the future although the existing release schedule should be complete.</p>
	100	<p>HR & Payroll – delivery model</p> <p>New methods with less data inputting and more self service.</p>	<p>New model for HR/Payroll service delivery agreed, consistent with future function and size of the Council. Currently subject to finalising the business case.</p> <p>Savings are dependent upon insourcing of transactional and payroll functions from Mouchel and new software platform to support manager / employee self-service.</p> <p>Full implementation will take 2 years. Benefits will also include accurate & up-to-date management information.</p>	<p>A project group has now been set up to move this forward. The programme is at an early stage. The recently completed restructure in the Resources Department has enabled this work to be prioritised.</p>
250		<p>Management Structure</p> <p>Resources Department management structure to be reviewed</p>	<p>Consultation on a new management structure will start at the beginning of 2013.</p> <p>Following agreement of principles a more streamlined structure will be phased in.</p> <p>Staff impact to be assessed. Savings include related support.</p>	<p>Current plans will deliver the target for 2014/15 but leave a new gap in 2015/16 due to the phased approach to delivery of the OD and workplaces programmes. Some smaller scale management savings will be required at that time.</p>
100		<p>ICT</p> <p>In-sourcing of ICT function</p>	<p>Relates to assumed overheads of current contract</p> <p>Staff impact to be assessed.</p>	<p>On target, Plans for delivery already in place.</p>
6	17	<p>Customer Services</p> <p>New standardised and simplified customer contact arrangements</p>	<p>To be delivered as per Release 1 of customer services change plan.</p> <p>Face to face customer service options retained but self serve and web improved. Also affects e billing and document management.</p>	<p>On target, plans for delivery already in place</p>
45	19	<p>Libraries</p> <p>Customer Services Project within the Change Programme</p>	<p>Better customer service and lower processing costs</p>	<p>Transfer from Place Directorate. Detailed plan for achievement currently being worked on. Expected to be deliverable.</p>
44		<p>Improvement & Performance</p> <p>Web site administration efficiencies</p>	<p>New open systems Drupal web site to require less resources to maintain.</p> <p>No further staff impact expected</p>	<p>A review will be undertaken to assess how much work is routine and how much is one off change and can be funded differently. This has a relatively small budget impact.</p>

2014-15 Saving £000	2015-16 Saving £000	How saving to be achieved	Previously Reported Impact to Service Delivery	Strategic Directors Update on Saving Proposal for November 2013 PDS Panel
230		Property Property Services - Reduction in staffing levels to facilitate 20% reduction target	Some mitigation may be achieved by splitting the delivery and commissioning roles and combining some of delivery with project delivery elsewhere in the Council. A less responsive service will result including ability to take forward development opportunities unless one off development budgets can be identified. The rolling development fund helps with this but will need to be topped up from time to time.	On target, plans for delivery already in place. The draft staffing structure of Property and Project delivery is anticipated to deliver this saving.
20	20	Property Print procurement and delivery efficiencies.	Business to be run at scaled back level to test viability of this approach. For more specialist work a new framework contract is in place.	It is anticipated that this saving for 2014-15 will not be fully delivered. Further review needed. This has only a small impact.
1222	476	Sub Total - Change Programme Savings		
2014-15 Saving £000	2015-16 Saving £000	How saving to be achieved	Impact to Service Delivery	Strategic Directors Update on Saving Proposal for November 2013 PDS Panel
200		Transformation Removal of recurring budget	Gradual removal of all project budgets much of which is spent on lean systems thinking reviews, project support to Council services and ICT projects. Replacement with one off funding from reserves as required.	This is being considered along with the rest of ICT target and is to be achieved by the removal of the recurring project development budget. Any future costs to be met from, specific project budgets and separately approved.
200		Policy, Performance & Administration in Resources Department Consolidation of support areas across Resources including democratic meetings support, aspects of information management, performance management and reporting.	Review to primarily affect democratic services, policy and partnerships plus improvement and performance to integrate functions and reduce systems and processes. Staff impacts unknown at this stage but assumption made based on level of saving There may be some corporate aspects to this review and potential links to the Resources management review.	A proposal for the achievement of this target is still being developed and implementation may not be until later in 2014/15. The Resources Department management restructure will help to enable this saving.
50		Audit Risk & Assurance Consolidation of Procurement & Commissioning Support across the Council to increase resilience and sustain acceptable level of capacity and skills.	Similar to the above but in respect of commissioning and procurement support. Scope to centralise or federate staff plus potential links to the Resources management review. Staff impact to be assessed.	Detailed plan for achievement currently being worked on.
25		Audit Risk & Assurance Information Governance Rationalisation with ICT Service	Similar to the above but in respect of ICT & Information Governance roles following in sourcing of ICT contract. Potential links to the Resources management review Staff impact to be assessed.	Detailed plan for achievement currently being worked on.
16	6	Property Corporate Estate – efficiencies	Reductions in corporate estate budgets to deal with one off work. No direct staff impact. The main savings relate to workplaces and have already been accounted for as part of that project. Separate savings relate to R&M for which see below.	On target, plans for delivery already in place.
75		Legal & Democratic Reduced structure for Legal Services	A 15% cut in legal support (split over 2 years) that will require clearer prioritisation of support based on impact and risk as assessed by the Council on a corporate basis. Any substantial legal challenges will need to be funded from project budgets or Council central contingency reserves. Shared working on specialist aspects of the service with other authorities to be accelerated to see if further efficiencies can be found.	Detailed plan for achievement currently being worked on. Some savings may come from external spend budgets elsewhere in the Council. External review of the legal service underway.
	200	Finance More savings in management of finance to reduce the service to a core service	This level of savings will need to be measured carefully. As with legal and HR the risk is that the services will start to decline below acceptable levels and in this case qualification of accounts becomes a risk. To mitigate this, a very effective risk based approach will be needed. All other support services will be assessed to ensure no one service is disproportionately affected in year 3. Metrics and benchmarking will be important.	Detailed plan for achievement currently being worked on. This is a 2015/16 saving and is a higher risk item.
25		Property Cleaning Reduction in Cleaning spec across corporate offices	A slightly reduced cleaning specification, which could start to impact noticeably on building cleanliness - so will be kept under review especially in busy areas and busy building with flexible office space. .	Review of service taking place to investigate whether savings deliverable through alternative operating model rather than reductions in specification.

2014-15 Saving £000	2015-16 Saving £000	How saving to be achieved	Previously Reported Impact to Service Delivery	Strategic Directors Update on Saving Proposal for November 2013 PDS Panel
500	500	<p>Policy & Partnerships + Property</p> <p>Community Use of Assets – Corporate Asset Consolidation</p> <p>This saving will apply across all departments and so is described as corporate even though will be led in the Resources Department</p>	<p>Review of use of Council owned operational assets based in communities to see which ones might be better run by the communities themselves, also which should be consolidated and which sold off. Also affected by the new statutory 'right to bid'.</p> <p>There is a risk that aspects of this saving might be double counted with savings elsewhere in medium term plans but this will not be evident until the review progresses.</p> <p>The review does not include the Councils main offices, which have been reviewed and are being rationalised as part of the workplaces programme. The savings from this have already been accounted for.</p>	<p>Initial discussions regarding strategy for implemetation has commenced, discussions are still at very early stages, however indications suggest that delivery will be challenging in 2015/16 and is not deliverable in 2014/15. The overall budget estimates now allow for this.</p>
1,091	706	Sub Total - Other Cashable Efficiency Savings		
2014-15 Saving £000	2015-16 Saving £000	How saving to be achieved	Impact to Service Delivery	Strategic Directors Update on Saving Proposal for November 2013 PDS Panel
250	200	<p>Property</p> <p>Commercial Estate</p> <p>Increased revenue income through investment in Commercial properties.</p> <p>The Council as a whole benefits from the income in this estate, which presently is a net £13M.</p>	<p>This arises from the potential to invest in properties with secure returns that exceed those available through usual treasury management opportunities.</p> <p>The acquisitions need to be linked to the enhancement of the Council's estate and to therefore achieve wider property objectives.</p> <p>One example of such an acquisition has already been achieved in the current financial year and represents an early move towards this target. A more diversified property portfolio and support for regeneration are possible additional benefits.</p> <p>Over the next three years, the capital borrowed to fund the acquisitions is intended to be repaid using new capital receipts to be generated from lease restructuring which has no significant impact upon existing revenue streams.</p>	<p>Dependant on market opportunities being available but a plan is in place.</p> <p>Target in 2014/15 and 2015/16 is likely to be achieved. The current years target for 2013/14 will partially slip into next year.</p>
29	62	<p>Improvement & Performance - corporate</p> <p>Additional Advertising income</p> <p>This saving will apply across all departments and so is described as corporate even though will be led in the Resources Department</p>	<p>Income to be generated through increased advertising using the Council's web site and other means such as bus stops, traffic islands, and events.</p>	<p>There are some concerns as to the delivery of the savings target in 2015/16.</p>

2014-15 Saving £000	2015-16 Saving £000	How saving to be achieved	Previously Reported Impact to Service Delivery	Strategic Directors Update on Saving Proposal for November 2013 PDS Panel
500	500	<p>Finance - corporate</p> <p>Tourism Levy</p> <p>This saving is described as corporate and will be led in the Resources Department</p>	<p>There is potential to introduce some form of tourism levy so that the Council's day-to-day investment in tourism and visitors can continue to be supported.</p> <p>Any such levy would be subject to widespread consultation and appropriate due diligence.</p>	<p>This will be a voluntary visitor contribution scheme and a detailed feasibility of options is now under way.</p>
500	250	<p>Finance – corporate</p> <p>Trading Opportunities</p> <p>This saving will affect a number of departments, is described as corporate and will be led in the Resources Department</p>	<p>The Council has a number of trading partners and the aspiration is to review those relationships to assess the potential to increase Council income.</p> <p>These reviews will initially need to be treated as commercially sensitive.</p>	<p>This target for 2014/15 will not be achieved as it relates to potential opportunities from trading and procurement activity not available in the short term. Procurement targets being reassessed to see what can be achieved in future years. The corporate budgets now allow for this not being achieved in 2014/15.</p>
1,279	1,012	Sub Total - Additional Income		
2014-15 Saving £000	2015-16 Saving £000	How saving to be achieved	Impact to Service Delivery	Strategic Directors Update on Saving Proposal for November 2013 PDS Panel
20	45	<p>Policy & Partnerships</p> <p>Partnership Delivery</p> <p>Commissioned services and local events budgets</p>	<p>Savings relate to</p> <p>1 Removal of dedicated budgets for local initiatives and events. Currently £19k used to complement local projects, including Christmas events and some co-ordination of local partnership activity. Budget has been reduced over the years and communities have been assisted in obtaining funding from other sources such as Ward Councillors Initiative</p> <p>2 Savings from Christmas lighting budget in first year leading to ending of this budget at end of current contract. Budget currently £81k will reduce by £11k in year one, Year 2 and 3 savings assume that we have been able to generate income to fund Christmas Lights</p> <p>3 Saving from community safety budgets which will be achieved through continuing the change programme the Partnership began last year in the light of the advent of PCCs. Saving proposed £30k from a £40k budget set up in the 2012/13 budget to provide some flexibility in the transitional period</p> <p>These savings coupled with savings delivered in 2012/3 leaves the service commissioning in 2013/14, local Healthwatch (new statutory responsibility) £72k, the reducing Christmas lights budget £70k, a contract on Voluntary and Community Sector support £65k, Street Marshalls work with the BID £21k, the Councils contribution to the Student Community Partnership £18k and some capacity to support some work with Equalities groups £40k</p>	<p>2015/16 delivery plans require further work but 2014/15 well advanced and deliverable.</p>
255		<p>Libraries & Information</p> <p>To prioritise the retention of our eight Library branches we propose to deliver the services differently in the future with support from our emerging Community Library Programme.</p>	<p>Involves no replacement of one mobile library (estimated cost of replacement c.£90,000)</p> <p>Fewer visits and for less time at stop-offs by the one remaining Mobile Library - this will be offset by the development of the Community Library Programme to provide services in communities without a library branch; restructuring of service; reduction in materials, and some PC's and services.</p> <p>Consultation last year indicated how strongly people felt about provision of library branches and willingness to be involved in shaping their local library service</p>	<p>Changes to mobile library service already implemented in 2013/14.</p> <p>Transferred from Place. Detailed plan for achievement currently being worked on.</p>
85		<p>Property</p> <p>Repairs and Maintenance</p> <p>Reductions in R&M budgets</p>	<p>A significant reduction in the budget of about 20%, which will mean that the already highly prioritised approach will be restricted further. Condition of assets will need to be monitored. Rationalisation and renewal of corporate estate, especially, offices will help.</p>	<p>Budget has been reduced and staff working towards new target.</p> <p>Adopting a corporate landlord approach will leverage economies of scale and increased purchasing power. The idea is to centralise property management and spending (as with ICT).</p>
360	45	Sub Total - Reduced Service Levels		
3,952	2,239	TOTAL SAVINGS		

PROPOSED VARIATIONS TO 2014/2015 BUDGET

	<i>Sub Total</i>	2014/15	2015/16	2YR
	<i>£M's</i>	£M's	£M's	TOTAL £M's
Opening Budget Gap - based on Financial Planning Model		1.80	5.00	6.80
Medium Term Plan Variations				
- Trading Opportunities		0.50	0.25	0.75
- Community Assets / Asset Consolidation		0.50		0.50
- Adjustments to MTSRP Growth		-0.45	-0.15	
- Additional Capital Proposals (Revenue Costs)		1.00	0.40	1.40
Total Estimated Budget Gap		3.35	5.50	9.45

Further Savings Proposals for 2014/2015				
Corporate				
Ongoing additional debt interest savings arising from debt restructuring in 2013/2014	1.00			
Increase in the assumed Council Tax Collection Rate from 98.25% to 98.75%	0.40			
Reductions in External Audit Fees following changes to Audit Commission and new contracting arrangements	0.05			
Reduction in cost of historic unfunded pensions relating to previous Avon Council	0.03			
Miscellaneous - review of other retained corporate budgets	0.05			
		1.53		
Place				
Waste Related Budgets - reducing tonnages of waste (including landfill)	0.25			
Heritage - additional increased income target	0.25			
Transport - demand for concessionary fares	0.07			
Park & Ride - increased income	0.07			
		0.64		
People & Communities				
Adult Social Care - more efficient home care contract arrangements.	0.50			
		0.50		
Resources				
Housing Benefits - technical subsidy adjustment	0.20			
Procurement and Efficiency savings	0.20			
Property Budgets - Efficiency Savings linked to review of Regeneration and Skills*	0.15			
		0.55		
TOTAL SAVINGS IDENTIFIED		3.22		
REMAINING BUDGET GAP / (SURPLUS)		0.14	5.50	5.64

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Additional Capital Schemes - 2014/15 - 2018/19 - Resources Directorate

Appendix 3

Service	Project Title	Estimated Costs							Funding Source				
		2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Future Years £'000	Total Cost £'000	Grant / S106 / Third Party Other	Service Supported Borrowing	Unfunded / Contingency / Borrowing	Capital Receipts	Total
	Administration Priority Schemes												
Strategy & Performance	Community Partnership Grants	1,000						1,000			1,000		1,000
Strategy & Performance	Cleveland Pools	200						200			200		200
Support Services	Green Investment & Job Opportunities Fund	1,000						1,000	-	-	1,000	-	1,000
	Sub Total - Administration Priority	2,200	-	-	-	-	-	2,200	-	-	2,200	-	2,200
	Income Schemes												
Property Services	1 - 3 James Street West	135	25	15				175	-	-	-	175	175
Property Services	7 - 9 Lower Borough Walls	55	20					75	-	75	-	-	75
Property Services	Acquisitions - Future Revenue Generation	10,000	5,000					15,000	-	15,000	-	-	15,000
Property Services	Bath Quays	1,000						1,000	-	-	-	1,000	1,000
Property Services	Cattlemarket/Cornmarket	35	15					50	-	-	-	50	50
Property Services	Commercial Estate Development Fund	200						200	-	200	-	-	200
Property Services	Englishcombe Lane	20	10					30	-	-	-	30	30
Property Services	Grand Parade and Undercroft - Phase 2	1,000						1,000	-	1,000	-	-	1,000
Property Services	Grand Parade and Undercroft - Phase 3		3,700					3,700	-	3,700	-	-	3,700
Property Services	Roseberry Place	25	15	10				50	-	-	-	50	50
Support Services	New Customer Payments & Library Kiosks	145						145	-	145	-	-	145
	Sub Total - Income Schemes	12,615	8,785	25	-	-	-	21,425	-	20,120	-	1,305	21,425
	Schemes linked to Savings												
Support Services	Agresso System Development & 5.6 Upgrade	143						143	-	143	-	-	143
Support Services	IT Asset Refresh	283	347					630	-	630	-	-	630
Support Services	Civica Income Management System Developments	60						60	-	60	-	-	60
	Sub Total - Schemes linked to Savings	486	347	-	-	-	-	833	-	833	-	-	833
	Overall Total	15,301	9,132	25	-	-	-	24,458	-	20,953	2,200	1,305	24,458

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