

**Gloucester City Council
Money Plan and Budget 2014/15
Budget Savings Narrative**

Amey Contract Review Proposed savings 2014/15 £500,000

The budget allocation for the Amey contract is currently £6.0m. This covers provision of Waste, Recycling, Streetcare and Grounds maintenance services in the City.

The current budget proposals include provision for savings in 2014/15 of £500,000. This is in addition to the £350,000 achieved in 2013/14.

These savings are a combination of service efficiencies and reconfiguration.

Some of the savings represent the additional full year impact of the 2013/14 savings as follows:

Street Cleansing	£125,000
Grounds Maintenance	£100,000
Flats – Residual / Recycling Collections	£125,000

In addition, the following savings have also been made in 2013/14

Management Costs	£50,000
Park Wardens	£25,000

By redesigning the way that we deliver services, there has been little impact on residents as a result on these changes. We were able to move resources within the Parks and Grounds Maintenance teams, so as to maintain the same number of grass cuts. The collection of waste and recycling from flats has actually brought about an increase in the amount of recycling being collected. The main changes with regards to street cleansing, has seen the frequency of cleansing be better aligned to the need in each area.

To reach the additional £500,000 total in 2014/15, further savings of £500,000 have been targeted to be achieved from the contract. It is anticipated that savings will arise from realigning the Contract sum negotiating with Amey for use of the depot space as part of their delivery of the County wide Highways contract. Negotiations are ongoing regarding both issues at this moment in time.

Commercial Waste	£50,000
Banked Hours	£50,000

By reviewing the way we calculate the annual inflationary rise in the contract, we expect to release savings that will have no impact on frontline services. By sharing some accommodation and resources between the Amey Streetcare contract and the newly acquired Amey Highways contract, we hope to deliver savings that will benefit both services. Amey will be looking to attract new customers to their Commercial Waste service, and any increase income from this would reduce the overall cost of the Streetcare contract. As part of the 2013/14 savings, we have used some “banked hours” (the equivalent of 2 members) to cover any issues that arise. We are now able to remove these from the contract.

Future headline savings for 2015/16

An additional £500,000 is included as a further target saving from the contract in 2015/16. This coincides with the end of the lease of some of the current vehicle fleet. In addition from savings in the direct fleet costs through renegotiation of lease arrangements, this provides the opportunity to work with Amey to reconfigure the services currently provided and the fleet/staffing required to deliver new arrangements.

Members will recall that since the acquisition of Enterprise, Amey's Senior Managers responsible for the contract have clearly stated that they will be taking the opportunity to invest in capital and technology to drive efficiencies and new ways of working within the service. They have demonstrated a successful track record of doing so with the contracts in the public transport/rail sector and intend to carry out a similar approach with the City Councils contract.

Part of a longer term review of the way we deliver the Waste and Recycling Service, will be to take account of the findings of the Overview and Scrutiny Waste and Recycling Task and Finish report, and as such, we will be carrying out a fundamental review of this service area, with a focus on both reducing costs and increasing recycling.

A review of the level of charges for garden waste will be undertaken as part of the 2015/16 budget setting process.

Background papers:

Overview and Scrutiny Waste and Recycling Task and Finish report – December 2013

Aspire Leisure Trust

Proposed savings in 2014/15 £100,000.

The City Council currently pays an annual management fee to the Trust of £957,000. The annual contribution when the Trust was originally established was £1.6m; which reduced by £200,000 per year over a three-year period in line with an operating plan that the Trust is to become subsidy-free over time.

The proposed saving of £100,000 in 2014/15 (10% of the annual contribution), is expected to be delivered through energy savings, as a result of the installation of an upgraded Air Handling Unit at the GL1 leisure centre.

The savings target for next financial year has been proposed in this way, to make some savings next financial year without impacting on service delivery. This incentive approach will enable the Trust an additional period of time to further review its operating model, in time to deliver a greater level of saving in 2015/16 and beyond. (Currently proposed at £200,000).

Future headline savings for 2015/16; £200,000

Ongoing discussions with the Trust will focus on ways in which to deliver further service transformation in Service delivery and achievement of necessary savings in 2015/16 and beyond, focusing on the ultimate objective of the Trust becoming “subsidy-free” of the Council.

This approach will consider a wide range of options for ongoing service delivery, including consideration of an asset transfer from the City Council to the Trust of GL1 and the Oxstalls sports centre.

The Trust is actively seeking new business opportunities beyond working with the City Council, with a view to increasing financial returns and reducing reliance on the City Council's support.

The two organisations will continue to work closely together to support this approach. The financial plan will continue to be updated as a result of this ongoing joint work.

Energy Savings

Proposed savings in 2014/15 £0

Future headline savings for 2015/16; £100,000

During 2014/15 discussions with the council's major partnerships will focus on ways in which to deliver energy savings.

Savings are expected to be delivered through areas such as;

- review of lighting scheme at Oxstalls which will have a significant impact on energy consumption.
- Significant energy consumption savings may be achieved by investigating and optimising the operation of the Combined Heating and Power (CHP) at GL1.

Further areas of delivery energy saving will also be explored.

Revenues and Benefits Services Civica Contract

Proposed savings 2014/15 £50,000.

Members will recall that the innovative contract with Civica for the delivery of Revenues and Benefits Services commenced in 2012/13.

The contract enabled ongoing annual savings for the council of £220,000, from what was already a lean service, whilst making no redundancies in the workforce of 67 FTE"s that transferred to Civica.

The business proposal was based on Civica „freeing-up" staff resources to provide additional services to other organisations, from a service centre (now known as the "Severn Centre"), based in the City Council's offices at the docks.

Members may recall the recent presentation to Overview and Scrutiny Committee where it was confirmed that in addition to the ongoing financial savings achieved, performance levels have continued to improve – indeed, collection rates for Business rates have reached highest ever levels for the council, despite challenging economic times. This is particularly important, given the localisation/retention of business rates that has taken effect in the current financial year.

The contract also made provision for the City Council and Civica to mutually benefit from growth of the services provided from the Severn Centre to other councils, by way of a royalty scheme.

The additional service credits as a result of this scheme are estimated to deliver a further £50,000 saving for the City Council in 2014/15.

Future headline savings for 2015/16

Further annual savings of £100,000 have been targeted for 2015/16 and beyond.

It is anticipated that this will be achieved through a combination of further service credits through growth of the Severn Centre, and negotiated additional efficiencies in the contract price.

The current period of welfare reform potentially provides the City Council and Civica an opportunity to review again the processes currently in place, once the scale of ongoing changes is known.

Voluntary and Community Sector (VCS) - Proposed savings in 2014/15 £190,000.

The City Council 2013/14 approved budget for financial support to the Voluntary and Community Sector is in excess of £0.5m. For a district council, this is a very high level of support –and represents the most generous level of funding for the sector within the County.

The 2013/14 allocation can be further subdivided into:

Rent grants	£90,000
Grant Allocations	£219,000
Service Level Agreements (CAB and Law Centre)	£192,000

The proposed level of saving in 2014/15 is £190,000.

Following recent changes to accommodation arrangements at Eastgate Street, there is no longer any requirement for the council to pay the rent grant. This can therefore be removed from the budget and contribute to the overall savings target. The balance of the savings target of £100,000 will therefore need to be achieved through a reduction in grant allocations to the wide range of groups currently funded.

All of the currently allocated grants to community groups and voluntary organisations expire on 31st March 2014. Grants to these bodies had previously been allocated for a three-year period only, and there is currently no financial commitment in these areas from 1st April 2014 onwards.

Future headline savings for 2015/16

Additional savings are currently identified for 2015/16 at £50,000. These savings will be through a review of Service Level Agreements. The Council reviews its Service Level Agreements with the Law Centre and CAB on an annual basis to ensure that the services funded by the City Council are being delivered and that they remain consistent with Council Plan priorities.

This position, consistent with all areas of the budget, will be reviewed during 2014 as part of the ongoing update to the council's Money Plan for future years.

Markets Services Proposed savings 2014/15 £50,000.

The service currently manages and oversees operation of market activities covering operations at Hempsted Meadows (including car boots sales), the Eastgate indoor market, the Cherry and White Market in Kings Square and the weekly farmers market in the City Centre.

The service employs 3.5 FTE staff and has an annual cost of £313,000.

A review of the service is currently underway and ongoing annual savings of £50,000 have been targeted to be achieved from the review.

The review is considering the current provision, both in terms of staffing and location. Alternative options will be considered including the possibilities of service efficiencies through restructuring or partnership/shared working with other organisations, non-staff cost savings at Eastgate and the potential to achieve additional income through operating on a more commercial basis across all market sites, including the opportunity to increase use of the Hempsted site.

Future headline savings for 2015/16

No additional savings are currently identified for 2015/16. This position, consistent with all areas of the budget, will be reviewed during 2014 as part of the ongoing update to the council's Money Plan for future years.

Building Control Services Proposed savings 2014/15 £30,000.

Members of Overview and Scrutiny Committee and Cabinet will recall the Building Control Service Options Review Report considered in September 2013.

The options review considered a range of alternatives including retaining the service in-house/restructuring, external procurement of service through an outsourced arrangement, an Approved Inspector, development of a mutual or development of a shared services approach.

As a result of the report, it was noted that the shared services option was the most appropriate for the City Council, and the recommendation that Gloucester City Council entered into negotiations with a view to joining Cheltenham and Tewkesbury's shared Building Control service was agreed.

Negotiations are currently underway with the other councils. A prudent saving of £30,000 has been included as a target for 2014/15. Greater savings may be achieved, however, initial additional investment to align IT systems within the councils will be necessary in the first year of operation and phasing of the potential start date would reduce estimated savings in 2014/15.

If the negotiations are unsuccessful, alternative shared services with other local councils will be considered and would be estimated to generate a similar level of saving

Future headline savings for 2015/16

No additional savings are currently identified for 2015/16. This position, consistent with all areas of the budget, will be reviewed during 2014 as part of the ongoing update to the council's Money Plan for future years. The £30,000 identified in 2014/15 may be greater in a full-year of operation of a shared service, particularly as the set-up costs would be minimised in the second year of operation. Any additional full-year savings arising from arrangement put in place in 2014/15, will be reflected in the updated Money Plan.

Background paper:

Building Control Service – Options Review - Overview and Scrutiny and Cabinet reports September 2013.

Museums Service Proposed savings 2014/15 £50,000.

The Museum Service annual expenditure budget is £863,660.

This is netted-down by income from events income, fees and charges of £120,100 to give a net expenditure of £743,560. The Service employs 10.5 FTE staff.

The proposed saving of £50,000 in 2014/15 represents 6% of gross expenditure and is planned to be delivered through a combination of reduced expenditure through service efficiencies and additional income to be achieved from an increase in customer numbers and secondary sales throughout the year.

The City and Folk Museums combined, attract 24,000 visitors per annum.

Significant capital investment was undertaken in 2011/12 and 2012/13 as Phase 1 of the Museum Service transformation project; £2,042,180 was invested in the service including £866,000 of Heritage Lottery Funding. This resulted in major updates to the displays at the City Museum and Construction of the "Ed Shed" at the Folk Museum.

Further capital investment is planned during 2014/15 of £950,000; and a £570,000 bid for HLF funding has been made as part of this process. These works will represent phase 2 of the service transformation, as a result of these works, the offer to visitors will be significantly improved.

Entry fees to the Museums are £3 per adult and concessions including children are £2. A Family ticket is £10 covering 2 adults and up to 5 children. Membership, which gives unlimited entry to both museums for one year costs £10 per adult and £20 per family. Admission fees raised £20,000 during 2012/13 and £25,000 is anticipated for the current year. Admission to the café and shop is free.

The service has begun to offer new ways of increasing footfall through the hosting of major exhibitions/displays. During 2013/14, the mask exhibition attracted additional visitors. The "Richard III, Duke of Gloucester" exhibition will be held between 19th and 30th March. The service has now started offering themed birthday parties, from only £60, to increase visitor numbers and sales revenues.

If each unique visitor to the museums spent an additional £2.00, this would achieve the £50,000 saving in full without the need to reduce expenditure. By increasing the number of events throughout the year and ensuring greater secondary sales revenues, the £50,000 savings target will be achieved. A commercial consultant is currently being sought to review the operations both at the Guildhall and Museums to further build on this approach.

Future headline savings for 2015/16 £100,000

The appointment of the commercial consultant to review the operations at both the Guildhall and the Museums services, will bring a focus on reviewing current operations, benchmarking provision against other similar venues and providers, and putting forward options to deliver services with a greater commercial awareness and focus. A target of £100,000 has been identified in the Money plan for 2015/16 onwards has been identified for this project to deliver.

Gloucester Guildhall Proposed savings 2014/15 £50,000.

The Guildhall's annual expenditure budget is £684,270.

This is netted-down by income from events income, fees and charges of £301,440 to give a net expenditure of £382,830. The Service employs 59 staff in a range of roles and working hours. The FTE being 20.2 staff.

The proposed saving of £50,000 in 2014/15 represents 7% of gross expenditure and is planned to be delivered through a combination of reduced expenditure through service efficiencies and additional income to be achieved from an increase in customer numbers and secondary sales throughout the year.

During the course of a year, the Guildhall experiences in excess of 200,000 visitors.

In 2013/14 £35,000 has been invested in the new digital cinema projection equipment, which gives the opportunity to enhance the offer of films shown, as well as the frequency of showings. The efficiency of other digital and sound equipment at the Guildhall is currently under review as top quality equipment has the clear potential to drive additional revenues on an ongoing basis.

The Guildhall offers a bar and catering facilities for its customers. The use of these facilities can be increased by offering alternative food options before and after concerts.

If each unique visitor spent only an additional 25 pence, this would achieve the £50,000 saving in full without the need to reduce expenditure.

A commercial consultant is currently being sought to review the operations both at the Guildhall and Museums to further build on this approach.

By increasing the number of events throughout the year and ensuring greater secondary sales revenues through the bar and catering offer, the £50,000 savings target will be achieved.

Future headline savings for 2015/16 £100,000

The appointment of the commercial consultant to review the operations at both the Guildhall and the Museums services, will bring a focus on reviewing current operations, benchmarking provision against other similar venues and providers, and putting forward options to deliver services with a greater commercial awareness and focus.

A target of £100,000 has been identified in the Money plan for 2015/16 onwards has been identified for this project to deliver.

Shopmobility Services Proposed Budget Savings 2014/15 £50,000

The gross cost of the shopmobility services in 2013/14 is estimated to be £108,000. £19,000 is received through charges and donations/sales of bric-a-brac.

3.5 FTE staff are employed to run the service.

The proposals to save £50,000 are based on finding a voluntary sector partner to deliver the services on behalf of the council. Discussions/negotiations will be entered into with interested parties during 2014.

Future headline savings for 2015/16

No further savings are anticipated in 2015/16 or beyond.

This position, consistent with all areas of the budget, will be reviewed during 2014 as part of the ongoing update to the council's Money Plan for future years. Any additional full-year savings arising from arrangement put in place in 2014/15, will be reflected in the updated Money Plan.

Business Transformation and Technology Proposed savings 2014/15 £100,000

Members will be aware of the process underway to review and transform the Council's approach to providing our IT Service and to deliver necessary budget savings.

Earlier this year on 12th June Cabinet approved the proposal to embark on process of tendering for the IT Service on the Government Procurement Service Framework agreement for an IT Managed Service.

Using the framework document an ITT (Invitation to Tender) was developed and was emailed to all suppliers on the framework on 30 July 2013 and then published on the Government Procurement Service website on 6th August 2013. Following the subsequent report to cabinet on 15th January the following recommendation was agreed:

The proposals for the future delivery of the IT Service by Civica UK Ltd, to include the transfer of staff from the City Council to Civica UK Ltd for a period of six years with an option to extend for 2 years if agreeable to both parties commencing 1st March 2014 or as soon as possible thereafter, subject to the formal conclusion of contractual arrangements.

The tender received was based on an annual service cost of £575,000 per annum over a 6 year term. This price includes project delivery days per year in addition to the managed service over the duration of the project.

Our existing IT Service has reduced in size over the years and is now very lean. To reduce the service any further to deliver savings would impact the current level of service that we receive. By outsourcing the service level will be preserved but will be delivered differently. As well as delivering savings moving to an outsourced service for IT will give us greater resilience and an increased pool of resources for this specialist area of work and will give us access to off-site services such as Data Centres.

The current IT Service staffing cost is £739,000. This includes the cost of existing staff and contractors covering posts that the service has been unable to fill which is mostly covered by the staffing budget. The remainder has been supported by the capital budget. Based on the Civica tender and taking into account the cost of internal staff employed to oversee the contract we will immediately deliver around £100,000 savings per annum. In addition to this it is proposed that Civica will manage a number of our 3rd party contracts, this includes our software and infrastructure providers, on which they have agreed to deliver an extra £15,000 to £30,000 savings for us each year during the life of the contract.

Future headline savings for 2015/16

No additional savings are currently identified for 2015/16. This position, consistent with all areas of the budget, will be reviewed during 2014 as part of the ongoing update to the council's Money Plan for future years. Any additional savings achieved through the partnership, for example, the potential savings in 3rd party contracts, will be built into future updates of the Money Plan.

Background papers:

BT&T Service Review – IT Managed Service Partnership - Report to cabinet and full council January 2014, and earlier report to Cabinet and Overview and Scrutiny Committee September 2013.

Back Office Services – Proposed Budget Savings 2014/15 and 2015/16

The council's strong track record of delivering savings in back office services to minimise the impact on front line service delivery continues into 2014/15 and 2015/16.

In addition to the proposed additional savings from the Revenues and Benefits contract and the proposed savings from partnering our IT services, further savings in 2014/15 are proposed as follows:

	2014/15	2015/16
Asset Management Services	£100,000	-
Environmental/Countryside	£100,000	-
Senior Management/GLT	-	£100,000
Financial Services	-	£70,000
Legal Services	-	£50,000
Planning Services	-	£100,000

These savings will be achieved through a series of service reviews, some of which are already underway. A combination of cost reduction and efficiencies will deliver the sums required. The service reviews will include where possible, working in partnership with other councils through shared services, or working with private sector partners.

2014/15 Savings

The Asset Management Service is traditionally structured with a number of property, construction and facilities management roles delivered in-house. The service currently costs £600,000 and employs 24 FTE employees. The decreasing scale of the capital programme that is delivered directly, means that retaining ongoing overhead costs in these areas, at current levels, is not sustainable.

The Environmental Services and Countryside service currently costs £316,000 per annum and employs 11.5 FTE staff. Similarly, to Asset Management Services, retaining these specialist roles in-house as directly employed costs to the council is being reviewed. Delivering these services in partnership with others, or buying in such specialist services externally, only when required, are options under consideration.

Future headline savings for 2015/16

A further £220,000 has been earmarked for savings in 2015/16.

This includes a potential further reduction of £100,000 in Senior Management Costs, through potential sharing of roles. £50,000 has been earmarked against Legal Services staffing costs, £100,000 for Planning Services and £70,000 against Financial Services – all of which would be achievable through a shared services model and service efficiencies.

This position, consistent with all areas of the budget, will be reviewed during 2014 as part of the ongoing update to the council's Money Plan for future years. Any additional full-year savings arising from arrangement put in place in 2014/15, will be reflected in the updated