

SERVICE REVIEW COVER REPORT:

LEAD OFFICERS

Keith Parker, Acting Corporate Director
Hilary Mitchell, Head of Policy and Performance

Summary: To consider the attached and determine the role of Overview and Scrutiny in the Service Review Process.

REPORT TO RESOURCE PLANNING WORKING GROUP

Purpose of the Report

To update members of the Board on the progress of the preparations for service reviews in 2010, and consideration by Resource Planning Working Group of the proposals on scope, responsibilities, possible methodology and timescales for the reviews.

Recommendation

That the Board notes the content of the report

Background

The Resource Planning Working Group considered a report at its meeting on 12 May 2010 which set out the thinking to date on the arrangements for forthcoming service reviews. The approach described in the report to Resource Planning Working Group had previously been approved by the Choosing to Change Board. The report is attached as an Annex to this report.

An update on the outcome of the Resource Planning Working Group meeting will be given at the meeting of the Choosing to Change Board.

ANNEX A

Report to Resource Planning Working Group 12 May 2010

SERVICE REVIEWS 2010 - 2013

1. Purpose

1.1 To seek the Group's agreement to an immediate review of Council services, to identify savings and efficiencies to close the Council's budget gap for 2011 onwards.

1.2 To seek agreement to identify additional external assistance to undertake the programme of service reviews, to be paid for in part from the NWIEP funds.

2. Recommendations

2.1 That the Resource Planning Working Group approves the approach to carrying out service reviews described in the report; and

2.2) That negotiations should continue to secure external support for the programme of service reviews between April and September 2010 to be paid for in part from NWIEP funds; and

2.3) That the Resource Planning Working Group considers the attached draft service review self-assessment and approves it.

3. Background

3.1 Copeland Borough Council is preparing for changes required to its budget in 2011/12 to 2013/14 to take account of the imminent reduction in public sector expenditure. This has been widely communicated nationally and locally, and although timescales are short and hard facts are limited, there is already an understanding throughout local government of what is likely to be needed.

Resource Planning Working Group's Previous Decisions

3.2 On 8 April 2010 Resource Planning Working Group received a report from the Council's Section 151 Officer which set out the Council's budgetary position. It included describing the impacts for Copeland of three possible funding scenarios arising from the predicted reduction in public sector expenditure to help with planning the future budget. It was assumed that the budget gap for Copeland in 2011/12 could be in the order of £1.4m and £2.8m by 2013/14 under one scenario. Under more extreme conditions the gap could be £3.8m by 2013/14.

3.3 The Section 151 Officer's report proposed some 3 year planning guideline figures for savings to be found from services, which would contribute to the Council closing its funding gap. The figures are attached in **Annex A**. In order to identify sufficient savings reviews of all services are needed by the end of September 2010.

3.4 The decisions of the Resource Planning Working Group were:

a. RPWG to agree the Revenue Budget Gap under Scenario 1 (Appendix A) which results in a £2.788million funding gap by 2013/14 as a basis for the identification of options to address the funding shortfall expected.

b. Request Heads of Service to undertake Service Planning preparations to achieve the closure of the £2.788 million funding gap by 2013/14, in accordance with the overall timetable agreed by the Choosing to Change Board

c. Request Heads of Service to review their current Revenue Budget 2010/11 and identify areas where expenditure could be delayed or deferred (with associated implications), which could provide some flexibility in addressing the budget shortfall in 2011/12. This analysis will be reported to the June meeting of Resources Planning Working Group.

Proposals for Service Reviews

3.4 Reviews of all services will be carried out in the first half of 2010/11 with a view to reducing Council budgets for 2011/12 and beyond. The reviews will be based on a methodology which will be used for all services, and the 3 year planning guidelines figures will give a general indication of the the extent of savings to be found.

3.5 A suggested draft methodology for the reviews is attached at **Annex B**, which Heads of Service have commented upon.

3.6 These savings figures should be derived from using the service review methodology attached, through looking at benchmarking information, considering legal minimum service levels and by doing things differently in future. It is not intended that the figures should be targets for more “salami slicing” from existing budgets, and it is expected that some services will be able to exceed the guideline savings figures and find considerably more.

3.7 The developing new Corporate Plan will contain the Council's priorities for the future and these will determine where savings will or will not be found. As the Corporate Plan is shaped through engagement with stakeholders, managers of services may have to revisit their proposals for savings to ensure that the Council's restricted budget is available to support priorities. It is intended that the outcome from the service reviews will be a programme of actions for the council over the next three years that will yield annual savings by 2013/14 amounting to £2.8m. The phasing of these savings in the first two years is likely to be affected by external factors such as developing new partnership arrangements, and an element of smoothing using reserves may be necessary to meet annual spending targets.

3.8 The process for the service reviews will include:

1. An examination of the managerial, support and administrative costs to determine their added value to the service area and whether they can be reduced.
2. An examination of procedures and working practices to remove wasted effort.
3. An exercise to identify potential partners for delivery of services, and the potential for reductions in cost.
4. A benchmarking study using information from comparator councils to determine where Copeland spending is out of line with the norm.
5. An examination of comparator income levels between councils and recommendations for changes where Copeland is not charging the market rate.
6. An examination of alternative financing options for areas of spend that are able to be capitalised or met from other funding sources.
7. An examination into alternative methods of service delivery that will continue to meet the requirements of the community.

Timescales

3.9 The work leading to the proposals from services is to be carried out from April to September 2010, with the new Chief Executive due to start in Copeland on 26 July 2010. A report on the proposals will be considered by Executive at its mid-October meeting. It is intended that Resource Planning Working Group will receive the preliminary results of the service reviews as they are produced during September 2010, although it is likely that some reviews will require much longer to complete. If this is the case, then the initial report will outline a timescale that will be followed. The following draft timetable is recommended:

Proposed Timetable For Undertaking Service Reviews – Summer 2010

| Month | Activity | Resp | Decisions | Milestone Meetings |
|---------------------|--|-------------|------------------|--|
| April | Develop service review methodology | RQ/HM | | |
| | Discuss and support review methodology | HM | Corp Team | 26/04/10 |
| May | Develop service review programme | HM | Corp Team | 04/05/10 |
| | Agree service review methodology | HM | RPWG | 12/05/10 |
| May-September | Carry out service reviews | HofS | | |
| By end of May | <u>Stage 1</u> : (see Annex B) find planned under-spends in 2010/11 | HM | RPWG | 30/6/10 |
| By end of June | <u>Stage 2</u> (see Annex B) | HofS | RPWG | 22/7/10 |
| By end of August | <u>Stage 3</u> (see Annex B) | HofS | | |
| | Update meeting | HM | RPWG | 26/8/10 |
| September | Consider overall results of service reviews | HM | Corp Team | Early Sept |
| | Final proposals from service reviews to Resource Planning Working Group meetings | HofS | RPWG | Mid Sept. (additional meetings to be to be arranged) |
| September - October | Consult employees and JCSP on results of service reviews | CEx | | |
| | Approve programme of service review proposals as basis of financial and service planning for 2011/14 | CEx | RPWG | End September (to be arranged) |
| October | Executive to approve overall results of service reviews | CEx | Executive | 19/10/10 |

Support Required for Reviews of Services

3.10 The timescale for undertaking service reviews is very short and the Council's members and managers will be required to carry them out in addition to their regular duties.

3.11 Discussions with officers from Chorley, Tameside and Wigan councils have been started to seek support for this Council's programme of service reviews. Chorley DC has a similar population and budget, and undertook a programme of transformation starting three years ago to find savings of the order that we now seek. The financial reductions that Chorley made have been found through doing things differently – making every decision in the light of its impact on improvement and efficiency, management restructuring, shared services and some procurement changes.

3.12 It would therefore be advantageous to provide additional support for the service reviews in 2010 to gain some external challenge to thinking, enhance expertise and ensure that the timescales are met. It is proposed that the following sources of additional support are considered:

1. Following the last meeting of the Board the Council made a bid to NWIEP for a further £25k to provide expertise and support in carrying out its service reviews. This amount is in addition to funding already received from NWIEP and the total cost of this support is expected to be £60k.
2. At present negotiations are ongoing with three high-performing councils in the northwest recommended by NWIEP: Wigan, Chorley and Tameside, for support in specialist areas. A positive response has now been secured from Chorley and discussions are ongoing between the Chief Executive of Chorley and this Council
3. Managing the whole programme of service reviews will be an additional task which the Council is not resourced to carry out within the proposed timescales. This will part of the external support sought as part of the negotiations described above.
4. Partners within Cumbria, for example the Council's strategic partners and the Cumbria Improvement and Efficiency Partnership, would be in a position to support investigations into alternative service delivery options.

3.13 The Council also has some critical relevant skills and information to hand :

1. The Performance Improvement Team has access to a number of sources of comparative data and can support managers in benchmarking service processes, costs and quality. Understanding what other councils do to achieve greater value for money may help new thinking.
2. The Process Improvement Team has worked in a number of Council service areas since it started, and it has in-depth intelligence about some of the Council's activities. This would offer opportunities to managers seeking efficiencies, for example through reduction of wasted effort. In addition the PIT members have skills which would help managers to engage their teams in the reviews to enhance the likelihood of successful identification of savings and efficiencies.
3. The Council's Accountancy team holds key financial information to support managers in costing their proposals for savings and efficiencies. This team would also be able to advise on alternative financing options.
4. The HR team is able to advise on applying Council policies to manage services within reduced budgets.

3.14 Challenge to the outcomes of service reviews will be derived from the “critical friend” role to be played by bodies such as the Choosing to Change Reference Group and representatives of the high-performing councils who are secured to help with the review process. The Council's scrutiny arrangements will consider the proposals in due course, and in addition the Council's proposed process for taking review results through councillor and stakeholder bodies will allow challenge as to their practicality informed by local knowledge.

4. Managing the Overall Review Programme

3.15 Within the timetable set out above, it is recommended that the following arrangements for managing the programme should be put in place:

| Role | Responsibility |
|---|---|
| Programme Manager | External resource (to be confirmed) working with Head of Policy & Performance |
| Programme Sponsor | Chief Executive |
| Responsible Managers | Heads of Service |
| Accountable Councillors | Resource Planning Working Group |
| HR Support | HR Manager |
| Benchmarking and Business Improvement Support | Performance Improvement Manager |
| Financial Co-ordination | Head of Finance & external support if required |
| Consultation with employees | Chief Executive |

3.16 It has been agreed that Heads of Service are to be responsible for generating proposals for reducing budgets from 2011/12.

3.17 To secure efficiencies from cross-cutting and corporate activities, Corporate Team and Resource Planning Working Group will have opportunities during the programme of reviews to take an overview of progress. They will also be best-placed to take forward proposals for efficiencies which are derived from several services jointly.

3.18 The role of members in the service review programme is set out in detail in the Appendix B of the Corporate Planning Framework report to the Choosing Change Board on 30 March 2010, attached as Annex C. The main body of Councillors to which service review reports will be made is the Resource Planning Working Group. Included in the Choosing to Change Communication and Engagement Plan is a target to brief all elected members monthly on the progress of Choosing to Change.

B Dinsdale
Interim Chief Executive

THREE YEAR BUDGET PLANNING GUIDELINES 2011/14

ANNEX A

| | RESPONSIBLE MANAGERS | Adjusted 2010/2011 Budget £000s | ILLUSTRATIVE SAVINGS: | | |
|--|-----------------------|--|-----------------------|------------------|------------------|
| | | | SCENARIO 1 | | |
| | | | 2011-12 £000s | 2012-13 £000s | 2013-14 £000s |
| <u>Chief Executives</u> | | | | | |
| Chief Executive + Directors | Brian Dinsdale | 333 | (40) | (74) | (80) |
| Total - Chief Executives | Brian Dinsdale | 333 | (40) | (74) | (80) |
| <u>Customer Services</u> | | | | | |
| Customer Services | Stephen Fawcett | 606 | (73) | (135) | (146) |
| Revenues & Benefits | | (0) | 0 | 0 | 0 |
| Total - Customer Services | Jane Salt | 606 | (73) | (135) | (146) |
| <u>Finance and Management Information Systems</u> | | | | | |
| Accountancy Services | Alison Clark | 525 | (64) | (117) | (126) |
| Concessionary Fares, Insurance & Treasury Management | Alison Clark | 133 | (16) | (30) | (32) |
| Audit & Fraud Prevention | Marilyn Robinson | (1) | 0 | 0 | 0 |
| Management Information Systems | Martin Stroud | 572 | (69) | (127) | (138) |

| | | | | | | |
|---|--------------------------------------|---------|-------|-------|-------|---|
| | | | | | | |
| Total - Finance and MIS | Alison Clark and Keith Parker | 1,229 0 | (149) | (273) | (296) | 0 |
| <u>Legal & Democratic Services</u> | | | | | | |
| Democratic Services | Tim Capper | 355 | (43) | (79) | (85) | |
| Elections | Tim Capper | 62 | (8) | (14) | (15) | |
| Emergency Planning | | 20 | (2) | (4) | (5) | |
| Land Charges | Clinton Boyce | 58 | (7) | (13) | (14) | |
| Legal Services | Martin Jepson | 638 | (77) | (142) | (154) | |
| Licensing | Clinton Boyce | 109 | (13) | (24) | (26) | |
| Total - Legal | Martin Jepson | 1,242 | (151) | (276) | (299) | |
| <u>Policy & Performance</u> | | | | | | |
| Communications | Ian Curwen | 105 | (13) | (23) | (25) | |
| Human Resources | Len Gleed | 485 | (59) | (108) | (117) | |
| Policy & Performance | Hilary Mitchell | 160 | (19) | (36) | (39) | |
| Performance Improvement Team | Richard Quayle | 228 | (28) | (51) | (55) | |
| Total - Policy & Performance | Hilary Mitchell | 979 | (119) | (218) | (235) | |
| <u>Development Strategy</u> | | | | | | |
| Housing | | 294 | (36) | (65) | (71) | |
| Economic Development | | 276 | (33) | (61) | (66) | |
| Planning Policy | In progress | 227 | (27) | (50) | (55) | |
| Development Strategy - Incl. Regeneration Delivery Plan | | 651 | (79) | (145) | (157) | |
| Total - Development Strategy | Julie Betteridge | 1,448 | (176) | (322) | (348) | |
| <u>Development Operations</u> | | | | | | |

| | | | | | |
|---|-------------------|--------|---------|---------|---------|
| Development Operations | | 0 | 0 | 0 | 0 |
| Admin Buildings | In progress | 12 | (1) | (3) | (3) |
| Beacon & TIC | | (0) | 0 | 0 | 0 |
| Building Control | | 103 | (12) | (23) | (25) |
| Planning | | 177 | (21) | (39) | (43) |
| Property | | 243 | (29) | (54) | (58) |
| Public Buildings | | 287 | (35) | (64) | (69) |
| Procurement | | 122 | (15) | (27) | (29) |
| Total - Development Operations | Pat Graham | 943 | (114) | (210) | (227) |
| <u>Leisure & Environmental Services</u> | | | | | |
| Cultural Services | Chris Davidon | 968 | (117) | (215) | (233) |
| Enforcement | Janice Carroll | 72 | (9) | (16) | (17) |
| Environmental Health | Jackie O'Rielly | 714 | (87) | (159) | (172) |
| Leisure & Environmental | Christine Watson | 253 | (31) | (56) | (61) |
| Open Spaces | Toni Magean | 928 | (112) | (206) | (223) |
| Waste Services | Janice Carroll | 1,873 | (227) | (417) | (451) |
| Total - Leisure & Environmental Services | Jane Salt | 4,808 | (583) | (1,070) | (1,157) |
| | | | | | |
| GRAND TOTAL | | 11,587 | (1,404) | (2,578) | (2,788) |

ANNEX B

Draft Service Review Self Assessment

A revised three year projection of Council finances has been completed, based on the likely reductions in Government grants to be paid to Copeland from April 2011. To meet this projection will require significant reductions in Council spending, amounting to £2.8m per year by 2013/14.

Each service has been assigned guideline savings for 2011/12, 2012/13 and 2013/14. Heads of Service are required to work with their managers to propose how these savings can be delivered and what impact it will have.

Guideline savings for [insert service] are:

- [insert 2011/12 saving] during 2011/12
- [insert 2012/13 saving] during 2012/13
- [insert 2013/14 saving] during 2013/14

This service review template must be completed for [insert department] by [insert date] in order to go to RPWG on the [insert date]. Sections 5-7 must be completed for each of the 3 guideline savings and for ceasing the service.

Following RPWG approval in September, the Head of Service will be required to provide a fully costed structure and budget in respect of the proposals as part of the service and finance planning for 2011/12.

Heads of Service will be provided the following support:

- HR are able to advise on applying Council policies to manage services within reduced budgets (e.g. this may include options such as reducing staff hours, early retirement, voluntary redundancy, not working in school holidays, reducing service opening hours)
- Performance Improvement will provide benchmarking support
- Process Improvement Team will be able to provide advice on efficiencies as well as providing 'avoidable customer contact' data to help identify additional work caused by service failure

If you have any questions please contact Hilary Mitchell on 598450 or Richard Quayle on 598501.

STAGE 1 (By end of May 2010)

Section 1 – Planned Budget Delays or Underspends in 2010/11

What savings from the 2010/11 budget can you offer by delaying or cancelling spend?

STAGE 2 (By end of June 2010)

Section 2 – Description of Service

In this section you are required to provide:

- a brief list of the main functions undertaken by the service
- the service's budget broken down by budget headings
- approximate budget allocated to each function
- the current number of staff delivering the service and each of the main functions
- description of any income

Section 3 – Minimum Service

Using the list of statutory and discretionary functions and considering contract commitments, provide a description of the minimum functions / service level that could be provided. An approximate budgetary cost should be given for staff, operating budget, contractual commitments and income.

Section 4 – Benchmarking

Provide comparative information on costs, performance and customer satisfaction with other Councils or similar organisations that deliver the same service (or aspects of it) for less cost with a similar or better performance.*

Use this information to develop proposals in section 5.

*Support and information for benchmarking is available from Performance Improvement.

STAGE 3 (by end of August 2010)

Section 5 – Proposals for 2011 onwards

Provide a description of how the planned savings will be achieved; specifically:

- describe changes to the service
- what savings will be achieved and how
- what the new budget will look like (at budget heading level)
- what the new staffing structure will look like
- any costs to deliver proposal

When completing this section you are required to demonstrate whether / how you have considered the following options:

- outsourcing the service / specific aspects of service
- delivering the service in partnership (or specific aspects of service)
- reduce level of service offered to customers
- Increasing income through pricing restructure or looking for new opportunities e.g. offering service to new customers
- deliver the service in a different way e.g. learning from high performing authorities
- opportunities for shared internal working
- procurement / asset management e.g. transfer assets to the community to run
- employee restructure
- use of 'avoidable customer contact' data to identify additional work caused by service failure (data to be provided by Process Improvement Team)
- HR staffing options

Section 6 – Impact of Changes

Please provide the following information:

- Impact on service levels and performance
- Impact on the customer
- Impact on statutory duties
- Impact on staffing levels
- Impact on income generation / external funding
- Details of any dependencies i.e. will your proposals have a knock on effect on any other department or partner agency?
- Impact on the Council's contribution to the LAA

Section 7 – Risks

Please provide:

- A list of risks that would affect the proposal achieving the required savings along with a likelihood score (1-3) and impact score (1-3). Note: 1 = low, 3 = high.
- A description of the likelihood and consequences
- What approach will be taken to control the risk:
 - Avoid: Action carried out to avoid risk occurring
 - Reduce: Action taken to reduce impact of risk
 - Transfer: Risk transferred so it is no longer carried by Copeland BC
 - Accept: Accept risk as likelihood and impact are not significant
 - Contingency: Have a contingency plan in place should risk occur
- Provide details on control measure and how it will affect likelihood and impact

SERVICE REVIEWS 2010 - 2013

LEAD OFFICER: Alison Clark, Accountancy Services Manager and
Acting Section 151 Officer

REPORT AUTHOR: Barry Williams, Interim Accountant (Service Reviews)

Summary:

This report has been prepared to inform members of the Resource Planning Working Group of the progress made to meet the requirements of Stage 1 of the service review process to find planned under-spends in financial year 2010/11.

Recommendations:

The Resource Planning Working Group is asked to;

- (i) Make recommendations to the Executive in respect of those underspends that the group wishes to take forward as reductions to the 2010/11 budget requirement.

1 INTRODUCTION

- 1.1 The purpose of this report is to identify potential under-spends arising from stage 1 of the service review process, which are available to reduce the 2010/11 budget requirement.
- 1.2 Underspends have been identified through an examination of the financial performance of individual service areas against approved budgets and allow where necessary for proposed carry forward requests that are being considered as part of the out-turn report elsewhere on the agenda.
- 1.3 Heads of Service have also been asked to examine their 2010/11 budgets to see if there is any possibility of either stopping or deferring projects or other spending proposals to reduce the budget requirement for the year.
- 1.4 This report does not address the budget implications of potential carry forwards from the 2009/10 financial year. The under-spends included within this report will result in reductions to the 2010/11 base budget before it is adjusted for any carry forwards approved by members.

2 PROPOSALS TO REDUCE THE 2010/11 BUDGET

2.1 As part of Stage 1 of the Service Review Process Heads of Service have been asked to identify;

- Any items of expenditure that can be taken out of the budget as they are no longer necessary.
- Any potential savings in 2010/11 that can be made by deferring spending to a later date.
- Whether the income targets within the 2010/11 budget are unrealistically low and can therefore be increased reducing the net budget requirement for the year.
- Whether there are any ongoing budgetary commitments that have been omitted from the 2010/11 budget.

2.3 The results of this exercise are summarised in the following table;

| Department | Reduced/ delayed Spending £'000 | Increased Income £'000 | Total £'000 |
|-------------------------------------|--|------------------------------|----------------|
| Customer Services | (7.7) | 0 | (7.7) |
| Finance & MIS | (10.0) | 0 | (10.0) |
| Policy & Performance | (3.0) | 0 | (3.0) |
| Legal & Democratic Services | (14.0) | 0 | (14.0) |
| Development Operations | (11.0) | 0 | (11.0) |
| Leisure & Environmental Services | (105.2) | (188.0) | (293.2) |
| Development Strategy | (116.1) | | (116.1) |
| Total | (267.0) | (188.0) | (455.0) |

Details of the individual proposals by department are shown at Appendix A to the report.

2.4 Overall therefore £455,012 has been identified from the Stage 1 service review process to reduce the 2010/11 budget requirement.

2.5 In addition, all carry forwards included within the 2010/11 budget approved in March 2010 and as part of the out-turn report elsewhere on the agenda will be monitored to determine if there is any scope for reducing the budget in later years, especially if approved carry forwards are not used for the purposes intended. Ultimately, the use of carry forwards for specific purposes by services should be reviewed to enable the level of general reserves to be increased to support the budget over the next few years,

given the expected restrictions on public sector spending likely to be imposed by the Government in the next spending review.

3 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 3.1 The report sets out the proposed savings to the 2010/11 budget arising from Stage 1 of the Council's approved service review process. The approved budget for 2010/11 will be reduced if the proposals are accepted by RPWG and the Executive.

4 PROJECT AND RISK MANAGEMENT

- 4.1 There will be no significant effect on service provision arising from Stage 1 of the service review process as it deals with existing cost variances and carry forward requests. Whilst the proposals are realistic, there is a risk that delivery of the budget reductions may not be achieved in full in 2010/11 and therefore impact on the financial position at the year-end. The full effects of these proposals will be included as part of the 2011/12 budget reduction target.

5 IMPACT ON CORPORATE PLAN

- 5.1 The service review process embraces the planning process and all the objectives of the Council.

6. OPTIONS TO BE CONSIDERED

- 6.1 The RPWG are asked to consider all of the budget reduction proposals contained within this report and recommend to the Executive which of the proposals should be carried forward as budget reductions in 2010/11.
- 6.2 Recommendations from the RPWG should take account of the potential effects on service delivery during 2010/11

7. CONCLUSIONS

- 7.1 The results of the examination of the financial position of the Council at 2009/10 provide a useful start to the service review process.
- 7.2 It is important that the Council's existing base budget requirement is established before the next stage of the service review process gets underway. The use of inaccurate financial information will lead to false comparisons when considering benchmarking, unit costs and other financial performance related data.

8. WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?

- 8.1 In financial terms the approval of proposals within this report will reduce the budget requirement for 2010 /11 and later years.

9. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 9.1 This report forms Stage 1 of the service review process approved by the Choosing to Change Board and which will be monitored by RPWG between now and the end of September.

- 9.2 Heads of Service are required to lead on the service review process and assess the impacts and associated risks of the proposals they bring forward as alternative service delivery options. Financial support to services will be provided by Accountancy Services.

10. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 10.1 The service review process is designed to improve the cost effectiveness of the Council to enable it to meet likely financial difficulties arising from the forthcoming public sector spending review.
- 10.2 The first stage of this process, covered by this report is quite narrow in its remit. Further work will include a full examination of how services are delivered and what options there are to make further significant reductions in the Council's budget requirement. Details are contained within the Council's service review self assessment guidance, which will be considered in due course by RPWG.

List of Appendices

Appendix A Service review proposals by cost centre affecting the 2010/11 budget.

List of Background Documents

Service Review Self Assessment Procedure

List of Consultees

Corporate Team

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed.

This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

| | |
|---|----------------------------|
| Impact on Crime and Disorder | None |
| Impact on Sustainability | None |
| Impact on Rural Proofing | None |
| Health and Safety Implications | None |
| Impact on Equality and Diversity Issues | None |
| Children and Young Persons Implications | None |
| Human Rights Act Implications | None |
| Section 151 Officer Comments | No further comments to add |
| Monitoring Officer Comments | None |

Please say if this report will require the making of a Key Decision YES/~~NO~~

Appendix A

Service review changes affecting the 2010/11 budget

| | <u>Expenditure Reductions</u> £'000 | <u>Additional Income</u> £'000 | <u>Total</u> £'000 |
|---|---|--|------------------------------|
| <u>Customer Services</u> | | | |
| Reduce Allpay budget | (5.0) | | |
| Reduce security budget | (2.7) | | |
| | (7.7) | 0 | (7.7) |
| <u>Finance & Management Information Systems</u> | | | |
| Reduce IT costs | (10.0) | 0 | (10.0) |
| | | | |
| <u>Policy & Performance</u> | | | |
| Performance Improvement Team | (3.0) | 0 | (3.0) |
| | | | |
| <u>Legal & Democratic Services</u> | | | |
| Reduce computing costs – Civic & Mayoral | (2.0) | | |
| Reduce members allowances | (2.0) | | |
| Reduce software licence costs – Elections | (2.0) | | |
| Reduce software licence costs – Land Charges | (8.0) | | |
| | (14.0) | 0 | (14.0) |
| <u>Development Operations</u> | | | |
| Reduce relocation Expenses – Head of Development Operations | (2.5) | | |
| Staff re-structure - Property Services | (7.3) | | |
| Reduce equipment budget – Property Services | (1.2) | | |
| | (11.0) | 0 | (11.0) |

| | <u>Expenditure Reductions</u> £'000 | <u>Additional Income</u> £'000 | <u>Total</u> £'000 |
|---|---|--|------------------------------|
| <u>Development Strategy</u> | | | |
| Economic Development - Hospital | (7.1) | | |
| Economic Development Manager (vacancy until Aug 10) | (12.0) | | |
| Homeless Manager (vacancy saving – 4 months) | (10.0) | | |
| Homeless Priority Needs (do less kitting out) | (5.0) | | |
| Homeless contract (reduce the contract) | (2.0) | | |
| Working Neighbourhood Fund Community Initiatives (delay some spend until 2011/12) | (80.0) | | |
| | (116.1) | 0 | (116.1) |
| <u>Leisure & Environmental Services</u> | | | |
| <u>Management</u> | | | |
| Non-recruitment of Head of Service (full year) | (70.0) | | |
| <u>Cultural Services</u> | | | |
| Staffing re-structure | (24.2) | | |
| <u>Enforcement</u> | | | |
| Additional income - Market | | (14.0) | |
| Dogs Enforcement – reduced contractor costs | (5.0) | | |
| <u>Open Spaces</u> | | | |
| Cemetery - Additional income | | (12.0) | |
| Crematorium - Reduced business rates | (6.0) | | |
| Crematorium - Additional income | | (92.0) | |
| <u>Waste Re-cycling</u> | | | |
| Revised recycling targets increasing reward income | | (70.0) | |
| | (105.2) | (188.0) | (293.2) |
| | | | |
| Overall Total | (267.0) | (188.0) | (455.0) |

SERVICE REVIEWS 2010 – 2013

LEAD OFFICER: Alison Clark, Accountancy Services Manager and
Acting Section 151 Officer
Keith Parker, Acting Corporate Director
REPORT AUTHOR: Barry Williams, Interim Accountant (Service Reviews)

Summary:

This report provides an update to members of the Resource Planning Working Group on the progress with the service review programme, seeking to put the Council's future spending on a more sustainable footing.

Recommendations:

The Resource Planning Working Group is asked to note the report and progress made so far and for a further report to be made to the RPWG on the detail of the service review arrangements with Chorley Borough Council when these have been finalised by the Choosing to Change Board.

1 INTRODUCTION

- 1.1 On 12 May RPWG agreed an approach to service reviews involving all sections of the Council and agreed the principle of sourcing additional resources through the North West Improvement and Efficiency Partnership funded element of the Choosing to Change Programme. On 11 June an update was provided on progress with the reviews, identifying £455k of stage 1 savings in the current financial year. It is anticipated these savings will be formally reported to the Executive as part of the 1st Quarter revenue budget monitoring report.
- 1.2 Appended to this report as Appendix A is a summary paper of the whole service review process to the end of June for member's information, to note.
- 1.3 RPWG members will also be aware through the additional Choosing to Change Report to Council on 15 June that we have now entered into a strategic partnership with Chorley Borough Council to enhance the capacity and skills available to the Council in carrying out service reviews and other process improvements.
- 1.4 As reported to Council, in relation to service reviews the partnership with Chorley will provide,

- A toolkit for service transformation/efficiency reviews.
 - Assist in the management and support of service reviews to realise efficiencies and improvements, and
 - Advise on the development of shared services across the Council
- 1.5 The work with Chorley is being broken down into a number of work packages that will be reported to the Choosing to Change Board on 4 August. It is likely that these will provide an additional focus to the service reviews and greater depth to the reviews themselves than could be conducted by the Council's existing resources alone. In addition the 'critical friend' approach offered should provide opportunity for us to rethink our approach to service delivery and therefore create further options for efficiency savings.

In order to keep RPWG informed of this aspect of the partnership with Chorley it is proposed the agreed work package is presented to the next meeting of this group (26 August).

Appendix A

Following the appointment of Barry Williams as NWIEP funded interim accountant to assist within the service review process, the following work has been undertaken;

1. Provision of statistical information

To assist the benchmarking work of the Performance Improvement Team, led by Steve Hill, a set of unit costs has been prepared from CIPFA's Finance and General Statistics for 2009/10 comparing Copeland within its neighbouring authorities across Cumbria, its near neighbour group (derived from the Audit Commission comparators for financial year 2008/09) and a small number of other authorities who have for example similar population levels, similar population densities and similar levels of NNDR yields. These comparators have been analysed over service groups and circulated to relevant service managers to assist with benchmarking.

2. Service Review – Stage 1

Service managers were provided with advice and support to identify spending within the 2010/11 budget that was either not required or which could be deferred until later years or income levels that were able to be increased without affecting services. This exercise identified a total of £455,000 in savings or additional income that will reduce the 2010/11 budget requirement.

3. Service Review – Stage 2

Work has started to assess the cost effectiveness of services with service managers. As a guide each service manager has been provided with details of the full cost of providing their individual services for 2009/10, including recharges from central support. When considering changes to services every manager has been asked to consider not just the effect on their own budgets of any proposals, but also on the potential effects on central support. Conversely any proposals to reduce costs in any of the support services, for example through the introduction shared services, will also reduce service costs, with the reduction being dependent on the level of recharge previously made to the particular service. Therefore cost reductions arising from the stage 2 process will be based on the 2010/11 budget figures for direct costs, plus an adjustment for central support services. This work will link closely with the base budget review being implemented by Chorley Council as part of its service review process.

4. Spending trend analysis 2008/09 – 2009/10 and potential changes to the 2010/11 budget and beyond

The purpose of this exercise is to identify areas of the budget that are, at least on the face of it, over provided for as spending is either consistently below budget or income consistently exceeds budget. The underspends against the final budgets, excluding funding from earmarked reserves, were approximately £1.3m in both 2008/09 and 2009/10. This work is being carried out in conjunction with the Management Accounting Team, who are reviewing the 2010/11 budget as a result of the trend analysis for 2008/09 and 2009/10 and are also assessing if there is the potential for further savings in the longer-term. This work is still ongoing but once completed the results will be discussed with service managers with the aim of making further proposals to reduce the 2010/11 and later years budgets. Where changes

are being made to support services budgets this will link closely to the base budget review being implemented by Chorley Council.

5. Subjective Analysis 2009/10

This work complements 4 above as this exercise identifies which areas of spending or income differed significantly from their collective budgets in the last financial year. The initial results indicate that further work at least needs to be done examining payroll costs, including the costs of agency staff and training, premises related costs, insurances, concessionary travel costs and income from fees and charges, rents, and recycling. The results of this exercise will be used to support the review in 4 above to identify potential budget reductions.

In respect of items 4 and 5, in some cases the base budget for 2010/11 has already been reduced from 2009/10 levels to reflect the savings identified (e.g. insurances) and others have now been picked up as part of stage 1 of the service review process. Nevertheless, there seems to be the potential to make further reductions to the 2010/11 and later budgets in excess of those reductions, although a precise figure cannot be provided until the work has been completed and the results agreed with service managers. It is anticipated that all proposals arising from items 4 and 5 will be agreed by mid-August.