

SERVICE REVIEWS 2010 – 2013

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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.