

# Executive Decision Report

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## **Corporate Resources and Support Spending Review Programme**

Decision to be taken by: City Mayor  
Decision to be taken on 23 February 2015  
Lead director: Chief Operating Officer

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**City Mayor**

## **Useful information**

- Ward(s) affected: None
- Report author: Andy Keeling
- Author contact details: 4540101
- Report version number: ver 2

### **1. Summary**

To agree the proposals of the Corporate Resources and Support Department to achieve savings of £3.9m as a part of the Council's Spending Review Programme.

### **2. Recommendations**

That the City Mayor approves the proposals set out in this paper and to reduces divisional budgets by £3.9m as set out in section 5.

### **3. Supporting information including options considered:**

#### **Background**

The Corporate Resources Department consists of four divisions providing support services to the council; it has a net budget of £30.5m and employs just over 1,000 staff.

The department is not entirely a support function, and provides some front-line services such as customer service centres, the revenues & benefits service, the registration service and the coroner's office.

The four divisions are:

- Financial Services
- Information Services
- Delivery, Communications & Political Governance
- Legal, Coronial and Registrars.

The spending review programme includes a review of corporate services - the scope excludes IT Services (which is the subject of a separate review).

#### **Approach**

Corporate services have already made savings of £12m per annum over recent years.

The review will seek to make further savings in corporate costs, and to react to reductions in support consequential to other reviews.

Through an analysis of future service demands (further increasing the use of technological solutions to undertake business processes and streamline the business) and some service reductions, the department expects to be able to achieve further budget savings of £3.9m by 2016/17. This will require a fundamental re-think of both how and at what level council services are supported. This is set out by division, at a summary level below:

### **Financial Services:**

The Financial Services Division has over 500 staff providing a combination of support services to the council and direct services to the public. With a net budget of £10.2m, the division is responsible for the collection of all of the council's debt of over £400m per annum. It also has a number of teams ensuring statutory financial compliance and developing the council's medium term financial strategy. A broad overview of the division's functions is as follows:

- The revenues & benefits service collects £98m of council tax and £105m of business rates; and manages the payments to residents of £135m of housing benefit. The service has recently had to manage significant changes to the welfare benefits system and has proactively engaged with some of the most vulnerable residents in the city;
- Accounting Services – produce the council's financial strategy, manages the council's cash flow, manages borrowing (of around £240m) and investments (of around £227m), prepares and monitors the budget, produces the statutory accounts, manages the council's taxation and prepares and monitors the capital programme;
- Business Service Centre (BSC) – the new service has brought together the transactional functions of the council. The BSC pays all of the council's suppliers, with whom we spend over £300m per year, collects all unpaid debt (excluding NNDR and council tax), manages the supply of agency staff and the staff recruitment process, and provides the payroll and pension service for council staff. Payroll is also provided to some external organisations, who buy this service from us;
- Procurement – the newly centralised procurement team are the council's "buyers". The council spends approximately £1m per day on goods and services and the team ensures that procurement is compliant with legislation and secures value for money. The team is furthering the local purchasing agenda through the work of the local procurement task force, actively promoting engagement with local suppliers and simplifying processes to encourage local suppliers to bid for council work;

- Audit & Risk – the internal audit function fulfils a statutory requirement to ensure probity and good governance. The risk management and insurance team ensures that the council properly manages its risks and has robust arrangements in place for business continuity;
- Customer Services – recently becoming part of the division, the customer services team operates both from the new centre on Granby Street and remote locations in neighbourhoods, and provides access to help and advice for council services. This area also manages the council's telephone services.

The revenues and benefits service is excluded from the spending review as it is (a) significantly government grant funded and (b) will be subject to radical change as the Single Fraud Investigation Service (SFIS) and Universal Credit (UC) changes begin to take effect in Leicester.

A list of savings proposals for the division are explained below:

1. Business Service Centre staff reduction (BSC) £300k

In order to deliver significant savings, the service centre will further invest in automation. Business efficiencies through the increased use of technology have already delivered savings as the automation of transactional functions ultimately reduces the processing cost of each transaction. Further reviewing existing divisional business processes and bringing together other transactional functions across the Council into one streamlined location will deliver further savings. Potential functions for transfer include parking fines, residents' parking permits and blue badges.

The BSC employs 112 FTE in its current format at a cost of £2.8m. By 2016/17, it is expected to reduce this number through further automation and streamlining, by at least 10%

2. Business Service Centre debt collection £200k

The BSC collects the majority of debt on behalf of the council (apart from local taxation and current rents). In 2013/14 the council reported the amount of debt written off during the course of the year to be £1.07m (excluding NNDR & council tax). With the introduction of more business like debt collection processes and a direct route through to the courts, the BSC aims to reduce debt write-off by 20% by 2016/17 – thereby increasing income to the council.

3. Accounting Services £500k

The division relies heavily on significant IT systems, and these need to be developed to enable a greater level of self-service for managers, thereby reducing the amount of bureaucracy within the organisation. Improving the level and quality of management information provided by our systems will reduce the amount of reliance placed on accountancy staff.

The structure of the team will be reviewed to be more reflective of the future shape of the Council, moving away from rigid departmental support functions. The council's current financial system is due to be retendered during 2015/16, and the key driver for any new procurement will be functionality and simplicity. The focus for a more streamlined accounting service must be to help managers to help themselves, and focus on the retention of specialist resources in-house.

#### 4. Customer Services £500k

The overall savings target for Customer Services of £500k includes £200k arising from the link with the Transforming Neighbourhood Services review (TNS), particularly in the way that we continue to deliver a customer offer in communities (furthering the channel shift agenda where we improve our "e-offer" and increase the volume of electronic customer contacts). As the total cost of the service is largely staffing, inevitably further savings will have an impact on staff. It is proposed that the customer offer in neighbourhoods is therefore remodelled as part of the TNS review.

The transfer of the service to Financial Services enabled the deletion of a Head of Service post resulting in an immediate on-going saving of approximately £80k. Further proposals regarding staff structures, responsibilities, career grades and working hours (in particular telephony) are expected to deliver the balance of savings required.

#### 5. Management £100k

Financial Services has 8 heads of service following a reduction of 2 as part of the 2013/14 budget. The transfer of customer services has deleted a further head of service post, and it is proposed that following the service transformation set out in this report additional rationalisation could take place.

#### 6. Audit & Risk Management £100k

A much heavier reliance on risk based auditing would allow a further reduction to the establishment of this function. Initial conversations are already underway regarding alternative delivery models for internal audit which could also lead to additional savings.

### **Delivery, Communications and Political Governance**

The division provides a diverse range of services specifically:

- Press and media, internal and external communications, marketing
- Photography, graphic design, print and distribution
- Community languages.
- Emergency management.
- Electoral Services.
- Governance services including democratic services, scrutiny support, civic office

and member services

- Executive Assistant Team for the department
- Strategic support covering equalities, research, community engagement, strategic partnership working including VCS, project and programme management, change management, performance management and strategic and service planning
- HR covering operational HR (casework activity), workforce planning, HR policy and projects, health and safety and workforce development.

The net revenue budget for the division is £10.84m, of which the staffing costs are £8.507m. Much of this budget is staffing costs and there are currently 218ftes in the division.

Significant non-staffing costs include:

- Member allowances and equipment – £1.25m
- Ward community fund - £0.4m
- Community Cohesion fund - £0.1m
- VCS contracts - £0.7m
- Workforce development training spend - £0.3m

In order to achieve additional savings, staffing savings will be needed (and in some cases organisational reviews) to further rationalise and integrate teams. Specific areas being looked at include: better integrating Communications and Marketing by deleting vacant posts – this does not include the press team; remodelling civic and scrutiny support in Democratic Services including deleting two vacant posts; moving to a model of directors sharing executive assistants, deleting vacant posts; and further rationalising strategic support functions. A major redesign of workforce development is also being looked at. The HR operations functions will also be further rationalised following the on-going overhaul of employment related policies to simplify the rule book and promote self-service and self-reliance by managers. The level of ongoing resource to run individual electoral registration once this becomes a business as usual process will also be looked at, with a view to streamlining.

Consideration is also be given to alternative models for community funding by reviewing current operations and determining desired outcomes and existing funding streams (including ward budgets).

### **Legal, Coronial and Registrars**

The savings expectation is £400,000 (profiled between the financial years 2015/16 and 2016/17). There are further losses of income streams anticipated, that will take this figure closer to £0.5m. The bulk of this will be achieved through an organisational review of the Legal Department: this commenced in November 2014 with a review of the management tier, and will be followed by a review of the rest of the staff in 2015/16.

It is anticipated that as a result we will retain less legal advice in-house, and commission specialist and technical advice when it is needed. High volume work will be retained, but the existing service including its management will need to be reviewed.

#### 4. Financial, legal and other implications

##### 4.1 Financial implications

##### **Financial Implications**

The above programme of work will reduce the department's net budget by £3,875m by 2016/17. This is profiled as follows:

	<u>2014/15</u> <u>£'000</u>	<u>2015/16</u> <u>£'000</u>	<u>2016/17</u> <u>£'000</u>
Financial Services	100	750	1,700
Delivery, Communications and Political Governance	0	500	1,775
Legal, Coronial and Registrars	<u>0</u>	<u>100</u>	<u>400</u>
<b>Total Corporate Resources</b>	<b><u>100</u></b>	<b><u>1,350</u></b>	<b><u>3,875</u></b>

Not all this saving will be available to the General Fund, as some will result in reduced charges to other parts of the council.

##### 4.2 Legal implications

There are no direct legal implications arising from this report. Clearly, the Council needs access to sufficient support from professional/technical services in order to ensure that it fulfils its core statutory obligations and that it acts within the law.

As far as the 'process' of implementing savings measures is concerned, there should be compliance with our organisational policies (for example where organisational reviews are anticipated) and within this process an appreciation of our public sector equality duty.

Kamal Adatia, City Barrister (37 1401)

#### 4.3 Climate Change and Carbon Reduction implications

There are no direct climate change implications associated with this report at this stage. However, many of the service improvements outlined may have implications when developed in more detail– including the potential in some cases to contribute to the Council’s climate change targets. The Executive should expect to see any implications flagged up in the future reports it receives.

Carol Brass Environment Manager 454 2248

#### 4.4 Equalities Implications

For proposed changes to front line services, the service will need to consider the potential equality impacts of those changes on service users during the process of developing/finalising proposals, recording any potential impacts on the appropriate equality impact assessment template. Any identified equality impacts will be presented in decision making reports to ensure “due regard” is paid to their implications. For organisational reviews, consideration of potential impacts on the service’s workforce representation, the major equality consideration in regard to staff, will be undertaken during the review process and recorded on the appropriate equality impact assessment template. Otherwise, changes in workforce representation over time will be tracked and addressed through the annual employment monitoring report.

Irene Kszyk, Corporate Equalities Lead, ext. 374147