

# REPORT FOR DECISION



<b>DECISION OF:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>20<sup>th</sup> February 2019</b>
<b>SUBJECT:</b>	<b>Resources &amp; Regulation Directorate Budget 2019/20</b>
<b>REPORT FROM:</b>	Councillor Judith Kelly – Portfolio Holder for Corporate Affairs & Regulatory Services
<b>CONTACT OFFICER:</b>	Steve Kenyon, Interim Executive Director
<b>TYPE OF DECISION:</b>	CABINET
<b>FREEDOM OF INFORMATION/STATUS:</b>	This paper is within the public domain.
<b>SUMMARY:</b>	<p>This report forms part of a suite of reports to support the Council in setting a budget for 2019/20.</p> <p>The report explains the progress made by the Resources &amp; Regulation Directorate in delivering its budget savings for 2017/18 and 2018/19 – the first 2 years of the Council’s current 3 year budget.</p> <p>The report also sets out the proposals for savings for 2019/20 – the final year of the 3 year budget.</p> <p>These proposals are recognised in the overall budget report which appears elsewhere on this agenda.</p>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	That the proposals for the Resources & Regulation Directorate budget for 2019/20 be approved.
<b>IMPLICATIONS:</b>	
<b>Corporate Aims/Policy</b>	Do the proposals accord with the Policy

<b>Framework:</b>	Framework? Yes
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	<p>The proposed savings represent the final year (2019/20) of the 3 year budget programme.</p> <p>Delivery is essential to ensure a balanced budget position for the Council.</p>
<b>Health and Safety</b>	Proposals will be implemented in line with Health & Safety guidance
<b>Statement by Executive Director of Resources:</b>	Proposals with staffing implications will be implemented in accordance with the relevant consultation / HR policies.
<b>Equality/Diversity implications:</b>	These proposals are in line with equality and diversity policies.
<b>Considered by Monitoring Officer:</b>	<p>In summary, the Council is required to set a council tax and balanced budget on recommendations from Cabinet. The Cabinet have full authority to implement the budget within the budget framework set by Council and have wide discretion in doing so. Whilst the overall budget sets individual budgets and plans for service areas, these are formative at this stage. Any full and final decisions will be made by the Cabinet or officers under delegated powers during the forthcoming year, at which point full and separate consideration to the Council's duties, including but not limited to, equalities and public consultation, will be considered and finalised.</p> <p>In setting the proposed budget and considering proposals for savings, due regard has to be given to relevant considerations including equality, human rights, proportionality, reasonableness, the need to deliver statutory obligations, legitimate expectation and the Council's priorities.</p> <p>The Cabinet will also have to have due regard to the potential for any cumulative impact on some groups from separate work streams arising from the budget. Sufficient flexibility and delegation will be built into each programme that arises from this budget, to ensure that any consultation exercise and detailed equality impact that identifies a need to make adjustments can be implemented.</p>
<b>Wards Affected:</b>	All

<b>Scrutiny Interest:</b>	Overview & Scrutiny
---------------------------	---------------------

## TRACKING/PROCESS

**DIRECTOR:** Steve Kenyon

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
	20/2/19		
Scrutiny Committee	Committee	Council	

## 1.0 BACKGROUND

- 1.1 The Council's budget for 2017-20 includes proposals for budget reductions in the Resources & Regulation Directorate.
- 1.2 This report explains progress in delivering those savings and sets out proposals for the final year of the 3 year budget.
- 1.3 The budget proposals are designed to support or have the least negative impact on the Directorate in delivering the Council's objectives.
- 1.4 This report should be read alongside the other four Directorate reports and the overall corporate budget report.

## 2.0 THE RESOURCES & REGULATION DIRECTORATE

- 2.1 The Resources & Regulation Directorate comprises the following services;

- Finance
- Customer Support & Collections
- IT
- HR / OD
- Legal & Democratic Services
- Operational Services (Security)
- Schools Traded Services

- 2.2 Current budgets for these services are as follows;

<b>Resources &amp; Regulation</b>	<b>2018/19 Budget £'000</b>
Staffing	19,133
Other	19,905
Gross Expenditure	39,038
Income	(33,294)

<b>Net Expenditure</b>	<b>5,744</b>
------------------------	--------------

- 2.3 The nature of the department is such that the majority of costs are staffing related; the Department employs 628 staff (full time equivalent).
- 2.4 As predominantly support services, income is generated through recharges (£26.7m) to front line services - in accordance with accounting guidelines.
- 2.5 The department also raises significant external income (£6.6m) from the traded services offered to schools.

### **3.0 CONTRIBUTION TO COUNCIL PRIORITIES**

- 3.1 The Directorate provides professional support to all Council Services, ensuring that all resources flow freely to support the corporate aims and objectives of the Council.
- 3.2 Whilst primarily support services, the Directorate also includes essential front line services such as benefits and registration of births, deaths and marriages, providing support to vulnerable clients
- 3.3 Finance is at the core of all Council activity and the Directorate ensures high standards of financial control, and a resilient financial framework.
- 3.4 A key function relates to the collection of income – over £100 million Council Tax (including Police, Fire, Mayoral elements) and over £50 million in Business Rates
- 3.5 A skilled and resilient workforce is essential for the delivery of Council services, and through its HR & OD function the Directorate ensures the workforce is fit for purpose, with staff in the right place, at the right time, with the necessary skills
- 3.6 Digital / IT capability is essential for effective service delivery- both within the Council, and also when interacting with residents and other stakeholders
- 3.7 The Council's Legal Services Team provide quality legal support to services and ensure the highest standards of governance, and also manage the local democratic process
- 3.8 Schools traded services (Cleaning & Catering) fall within the Directorate. The service is currently undergoing an in depth review with a focus on price, quality & customer care to ensure retention of contracts.
- 3.9 Corporate service such as Finance, IT, HR and Procurement have historically been delivered through devolved structures within the Council.
- 3.10 Work has now commenced to create a corporate core bringing consistency, capacity, resilience to these services and to offer opportunities for staff within a unified service.
- 3.11 The initial focus will be on Finance; a consultation exercise is now underway to bring professional reporting lines together under the s151 officer.

- 3.12 The approach will then extend to HR, IT, Procurement and other support services.
- 3.13 The corporate core will ultimately provide support to both the Council and the CCG as a single commissioning approach is developed.

#### 4.0 THREE YEAR BUDGET 2017-20

##### Savings Target 2017/18 to 2019/20

- 4.1 The Directorate had an original savings target of **£7.331m** for the period 2017/18 to 2019/20;

	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>Total £'000</b>
HR & OD	200	200	200	600
Legal & Democratic Services	350	50	50	450
Finance & Efficiency (incl. Treasury Management)	1,150	50	350	1,550
Localities	450	200	300	950
Property & Asset Management	250	300	200	750
Customer Support & Collections	250	250	250	750
ICT	-150	200	200	250
Admin Buildings	50	350	250	650
Architects	150	200	100	450
Community Safety	50	100	0	150
Dept Wide	250	250	281	781
	<b>3,000</b>	<b>2,150</b>	<b>2,181</b>	<b>7,331</b>

- 4.2 Key themes for the delivery of savings were;

- Review and consolidation of back office services
- Investment into ICT / digital processes
- Review of office accommodation
- Developing a corporate approach to Facilities Management
- Additional savings through Treasury Management Activity
- Improved debt collection
- Staff restructuring
- Capital investment in Highways; reducing revenue costs
- Reducing reliance on bought in services e.g. car parking, legal, insurance
- Income Generation
- Shared Services
- Review of discretionary budgets

- 4.3 The following savings have been successfully delivered to date;

- Treasury Management savings (£750k) have been achieved
- Staff restructuring across the Directorate has released savings through VERs; further work will be undertaken under the concept of establishing the Corporate Core
- The review of discretionary budgets has released £600k to date
- Additional income continues to be generated by the Pay Services Team

- 4.3 Responsibility for delivery of some of these savings has now passed to the Business, Growth & Infrastructure and Operations directorates as follows;

	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>Total £'000</b>
<b>Original R&amp;R Savings</b>	<b>3,000</b>	<b>2,150</b>	<b>2,181</b>	<b>7,331</b>
<b>To: Operations</b>				
Car Parking	0	100	200	300
Highways Capital	100	100	100	300
Highways Restructure	200	0	0	200
Staff Parking	50	0	0	50
	<b>350</b>	<b>200</b>	<b>300</b>	<b>850</b>
<b>To: Business, Growth &amp; Infrastructure</b>				
Building Control	50	0	0	50
Facilities Management	200	300	100	600
Property Investment	200	200	200	600
Office Accommodation	0	250	250	500
Architects	50	100	0	150
	<b>500</b>	<b>850</b>	<b>550</b>	<b>1,900</b>
<b>Remaining R&amp;R Savings</b>	<b>2,150</b>	<b>1,100</b>	<b>1,331</b>	<b>4,581</b>

- 4.4 The table below summarises the current position in respect of delivering the savings that remain with the Directorate;

<b>Resources &amp; Regulation</b>	<b>£'000</b>	<b>£'000</b>
Original Target		4,581
Delivered – Years 1 & 2		(2,250)
To be delivered – Year 3		(1,781)
Slippage		550
Pressures		547
Support required through 19/20 Budget		1,097

- 4.5 Savings totalling £450k will be delivered beyond the period of the three year budget, and a further £100k will not be achieved at all, details as follows

HR / OD Service Review	200	A Phase 1 review has taken place, and further work is scheduled based upon the development of a corporate core.
Appointment of in house lawyer /	100	Options to share this role

advocate		have been explored with neighbouring authorities, and further work continues. A restructure of Legal Services is also taking place.
Undertaking 3 <sup>rd</sup> Party Benefit processing	150	Demands upon capacity mean that this saving is unlikely to be achieved in the near future. The budget reduction is being covered through DWP grant funding initially, and a number of pilot schemes are underway to enhance debt recovery.
Review of Coroner Service	100	This saving will not be achieved given the demand pressures facing the service. Alternative savings will be sourced across the services covered by the directorate.

- 4.6 Provision of **£550k** has therefore been made in the 2019/20 budget setting process to cover this shortfall on a one-off basis; these savings will have to be delivered in 2020/21.

### ***Pressures***

- 4.7 The Directorate largely provides support services, and does not experience demand pressures to the extent of other services.
- 4.8** The Directorate does however oversee the provision of the shared Coroners' service (with Rochdale and Oldham). This service is experiencing acute ongoing demand pressures given a rising population, and an increasing number of inquests. Funding of **£547k** has been identified through the 2019/20 budget process to address these pressures.

## **5.0 BUDGET PROPOSALS 2019/20**

- 5.1 This section now outlines the plans in place for delivery of savings in 2019/20, and plans to address savings delayed beyond 2020;

<b>Saving</b>	<b>£'000</b>	<b>Approach</b>
Pay Services	50	Income Generation through undertaking the payroll service for external organisations on a commercial basis.
Insurances	200	Reduced insurance premiums through Self Insurance / Review of Cover / LGA Mutual
Debt Collection	100	Improved debt collection through pilot schemes / digital investment
Undertaking legal work in house in	200	An exercise is taking place to

respect of insurance claims		assess the scale / scope of work involved. The Council is also a founder member of the LGA Insurance Mutual, and further savings will be derived from this.
Review of Finance Structures	200	This work stalled initially, however is now moving at pace under plans to create a corporate core. A number of potential VER requests have been received.
Review of Financial Assessments / Income Collection	300	Review of processes to ensure a single corporate approach to financial assessments / income collection. This work has commenced, and will be completed during 2019/20 in order to deliver the required savings.
Telephony Contract savings	100	A new contract has now been let identifying initial savings of £200k over 5 years. Further work will be undertaken to rationalise the number of handsets, and further savings will be delivered through digital technology.
Data Management / Storage Costs	200	This option related to the move to cloud based storage solutions. This is picked up in the new Digital Strategy. In the meantime, some IT infrastructure costs have been capitalised to create headroom in the IT revenue budget.
Reconfiguration of Security Service	150	A management review is underway which will deliver the required savings. Work is also taking place to look at linkages with other out-of-hours council services.
Review of discretionary budgets	281	This work is taking place to identify headroom in budgets cross the directorate.
<b>TOTAL FOR DELIVERY 2019/20                      1,781</b>		

## 5.2 Digital Strategy

Alongside the detailed proposals above, the Council is developing its Digital Strategy, which forms a significant element of the proposed Capital



Programme. IT has faced significant under investment in recent years, and is key to the delivery of service modernisation.

Likewise, digital working practices are now expected from many residents / clients

Bury needs to transform digitally as a Council, and wider as a Borough to attract growth and investment.

An investment programme of £10 million is proposed for the next three years to bring IT infrastructure up to date and fit for purpose.

The initial focus will be on upgrading end user devices, wifi, and facilitating agile working.

Work will then take place on wider IT infrastructure, and the development of corporate & departmental systems.

## **6.0 Implications for 2020/21**

- 6.1 The **£550k** support provided from corporate resources through the 2019/20 budget process is "one-off" in nature, and will not be available in setting the 2020/21 budget.
- 6.2 Proposals which are delayed must therefore be progressed during 2019/20 as outlined at 4.5

## **7.0 Workforce implications**

- 7.1 None of the proposals are expected to involve any compulsory redundancies at this stage, as expressions of interest (VER) have been received in a number of service areas.
- 7.2 Should redundancies be required, this process will be undertaken in line with the Council's consultation toolkit.

## **8.0 Investments**

- 8.1 The key investment requirement relates to the digital strategy (£10m), and this is factored into the Capital Programme report.

## **9.0 Conclusion / Recommendation**

- 9.1 Cabinet are asked to note the information provided in respect of the Directorate
- 9.2 Cabinet are requested to endorse the savings plans / workstreams proposed in this report.

---

### **List of Background Papers:-**

### **Contact Details:-**

Steve Kenyon, Interim Executive Director  
Email: [s.kenyon@bury.gov.uk](mailto:s.kenyon@bury.gov.uk)