



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Efficiency Programme
Date:	14 November 2008
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Purpose
<p>Policy and Resources Committee agreed that the Council will make £3.0 million efficiency savings over the period 2006/07 – 2008/09. Over this period the Director of Corporate Services has reported cash savings amounting to £3.87m. In November 2007, Strategic Policy and Resources Committee agreed a further efficiency target of £1.0m per annum for the period 2009/10-2011/12.</p> <p>The purpose of this report is to discuss the efficiency programme for 2009/10.</p>

Relevant Background Information	
<p>Capturing of Savings It is important to note that the £1,762,873 savings are cash savings. This means that they will be captured as part of the rate setting process which ensures that they are directly passed on to the ratepayer.</p> <p>Efficiency Programme 2009/10 The table below summarises the efficiency programme for 2009/10.</p>	
Table 1 Efficiency Programme 2009/10	
Efficiency Area	£
Insurances	482,000
Stationery	128,723
Personal computers	105,839
Department Contributions	
• Health & Environmental Services	770,000
• CIT	200,000
• Development	76,311
Total Efficiency Savings	1,762,873
Rates income from vacant property	2,700,000

A brief description of each efficiency area is provided below.

Insurances

Insurance costs have been reduced from £1,552,000 in 2008/09 to £1,070,000 for 2009/10 – giving a cash saving of £482,000. This has been achieved by tendering the insurance broker services on the insurance policies which resulted in reduced broker and premium costs.

Procurement

The Procurement Unit carried out two reverse auctions for stationery and personal computers. A reverse auction is where suppliers bid on a real time basis for a contract. These auctions are most effective where a detailed specification can be put together in terms of volume and quality. The savings achieved for these two auctions amount to £128,723 for stationery and £105,839 for personal computers.

Departmental Contributions

Four departments have provided estimates for 2009/10 which in real terms show net expenditure savings. These are:

- Health & Environmental Services - £770,000. These savings have been produced in the budget areas of employee costs, activity-based modelling of landfill contract costs, segregated waste and compensation claims.
- CIT - £200,000. These savings have been achieved through increased rental income following rent reviews on a number of units in the Council's industrial estates and a reduction in employee costs.
- Development - £76,311 employee cost savings.

Rates income from vacant property

A new contribution to the efficiency programme is the work the Council has been doing to ensure that collectable rate income is maximised. Each year the Council loses millions from vacant properties. In the case of domestic properties, where a property is currently vacant no rates are paid and for non-domestic properties half the rates are paid. It is therefore in the interest of the Council to ensure that all properties defined as vacant are actually vacant. The Council's Building Control Unit inspected around 12,000 vacant properties and found that 51% were in fact occupied. This information was passed to LPS so that rates bills could be issued. This work resulted in an additional £2.7m rates income. Currently Building Control is carrying out a second phase of vacant inspections and this will hopefully lead to a reduction in the amount of lost rates income from vacant properties which will therefore help to produce a more favourable EPP for 2009/10.

Efficiency Programme Post 2009/10

The efficiency programme to date has been relatively non-threatening to the organisation and to individual services. The opportunities, however, for realising savings through improved budgetary control are diminishing. This means that a more strategic approach to efficiency will be required which will involve both changing how we do things today and progressively making fundamental changes to the Council's business operation. The Chief Executive has already commissioned an external review of the centre of the organisation and it is anticipated that this will deliver significant efficiency savings. The outcome of this report will be discussed with the party groups and the presented to Strategic Policy and Resources Committee for approval. As part of the Corporate Plan the Council is committed to develop a value for money framework and a critical issue for the review of the centre to address is to create a resource dedicated to efficiency.

It is clear that budgetary constraints are being felt across the public sector in the region. This will have an impact on how other agencies are spending and will impact on Council services that trade externally and receive external income. Information Services Belfast (ISB) is one

of these services with customers locally and in England and Wales. ISB is undertaking a review of its service as changes in the market have meant a significant decrease in forecasted income. This downturn in income means the service has to consider ways of decreasing expenditure and increasing its return to the Council. The outcome of the review will be presented to Strategic Policy and Resources Committee for approval.

Recommendations

1. Agree the programme of efficiencies for 2009/10 as outlined in the report.
2. Note the work already underway to realise future savings.

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