

BUDGET AND TRANSFORMATION PANEL

MINUTES OF MEETING 1

8 May 2009

Present

D Browne	UUP	P McNaney	Chief Executive
M Browne	Sinn Fein	T Salmon	Director of Corporate Services
P Convery	SDLP	G Millar	Director of Improvement
N Long	Alliance Party	R Crozier	Head of ISB
R Newton	DUP	R Cregan	Improvement Manager

1. Role of Panel

Members agreed that the work of the Panel would focus on the following:

- Getting an acceptable rate for 2010/11.
- Driving actions required to deliver the agreed rate.
- Agreeing the capital programme in the context of place-shaping, affordability and funding arrangements.
- Creating an effective lobby for investment in Belfast.
- Preparing financially for RPA.
- Monitoring the budget for 2009/10.

2. Overview of BCC Operating Environment

The Chief Executive outlined for Members the current operating environment and the challenges this brings to the Council.

Economic Recession continues to impact on the Council in the following ways:

- The loss of external income in areas such as ISB and Building Control continues to put pressure on the 2009/10 budget.
- There is a risk that business rates income may fall because of the reduction in business activity. There may also be greater difficulty in collecting domestic rates.
- Pressure will come from local businesses for a rates and an industrial estates rent holiday.

- The low levels of price and wage inflation will assist in reducing additional costs but at the same time reduces the acceptability of future rates rises.

Reduced public expenditure levels will mean that there is less public money available and therefore there is a significant risk that less money will be invested in Belfast. There is therefore a need for the Council to attempt to progress public expenditure in the City by its own efforts and producing an advocacy document.

The Review of Public Administration will present many financial challenges for the organisation. The creation of 11 local authorities will potentially change the dynamics of budget allocations within the Council and between central and local government. The Chief Executive stressed the importance of developing strong arguments for investment in Belfast and that Members will need to agree how these arguments will be made.

The setting and delivery of an acceptable **rate and budget for 2010/11** will be a key challenge for the organisation. The process needs to start as soon as possible with the development and agreement on the principles on which the budget and rate 2010/11 should be based.

Following discussion Members agreed the following actions:

- a) The Chief Executive to present a paper to the next Budget and Transformation Panel meeting on the principles to be used for the development of the budget and rate for 2010/11.
- b) The Chief Executive to write to Lisburn and Castlereagh Councils in order to initiate engagement in relation to RPA transfer issues.

3. Efficiency and Transformation

The Director of Corporate Services reminded Members that the Council has already achieved £7m cash efficiency savings over the past four budget rounds. These savings have been achieved through improvements in back office activity such as procurement and better budgetary control. They have not impacted on the quantity or quality of services delivered to the public.

The Director advised Members that the organisation has now reached the point where further efficiency savings will only be delivered by both changing how we do things today and progressively making fundamental changes to the Council's business operation.

The Chief Executive informed Members that the external review of the centre of the organisation would be presented to Panel at its next meeting. This review is likely to form the basis for the Council's efficiency and transformation agenda for

the run up to RPA. Members agreed that they would receive a briefing on the report by its authors – Sector Projects – either at the next meeting or individually prior to the next meeting depending on the availability of the lead consultant. The report will be presented to Strategic Policy and Resources Committee for approval at its meeting in June.

The Head of ISB presented a report on a review of ISB. The report outlines how the service can be 'right-sized' in the context of falling external income and without impacting on level of service provided to the Council. The implementation of the recommendations in the report would lead to annual savings of £580,000. A copy of the Strategic Policy and Resources Committee report relating to the review can be found at Appendix A.

Following discussion Members agreed the following actions:

- c) Consider a report on the Review of the Centre at the next meeting of the Panel.
- d) Receive a briefing on the Review of the Centre from Sector Projects either at the next meeting or individually prior to the next meeting depending on the availability of the lead consultant.
- e) The report on ISB should be submitted to the Strategic Policy and Resources Committee for approval at its meeting in May.

4. Financial Reporting

The Director of Corporate Services advised Members that the final out turn for the budget 2008/09 would be reported to the Panel at its meeting in June. It is hoped that this report will include the finalisation figure on the rates but this will be dependent on the information being available from Land and Property Services.

Following discussion Members agreed the following actions:

- f) Receive a report from the Director of Corporate Services on the budget and rates finalisation 2008/09 at the June Panel meeting.

5. Capital Programme and City Investment Strategy

The Director of Improvement informed Members of the on-going discussions being held in relation to investment decisions in the context of the Council's place-shaping role. The key issue for the Council is affordability and finding alternative means of financing schemes. The Director informed Members that he is currently exploring alternative forms of capital finance.

Following discussion Members agreed the following actions:

- g) Receive a report from the Director of Improvement on the capital programme and city investment strategy at the June Panel meeting.

6. Forward Work Plan

Members agreed the following work plan for the Panel:

June

- 2008/09 Year End Finance Report
- Review of the Centre Report
- Capital Programme 2009/10
- Report on principle for establishing the budget and rate 2010/11

August

- Review of the Centre Update
- Q1 2009/10 Budget Performance Report
- 2010/11 Efficiency and Transformation Programme
- 2010/11 Budget Process

Date of next meeting

Friday 5 June 2009 @ 12.30 pm in Adelaide Exchange, Chief Executive's Conference Room.



Belfast City Council

Report to:	Strategic Policy and Resources
Subject:	Review of ISB including Reprographics (Executive Summary)
Date:	22 May 2009
Reporting Officer:	Rose Crozier, Head of ISB, extn 4200
Contact Officer:	Rose Crozier, Head of ISB, extn 4200

Relevant Background Information

In the past external IT work has generated significant income for the Council and subsidised internal IT costs by up to 25%. This contribution has dropped to 17% in 2007/2008 and to 14% in 2008/2009.

At Strategic Policy and Resources Committee on 9 January 2009 the Director of Corporate Services highlighted a significant downturn in income for ISB and the projected loss of income (in the region of £890,000) for the financial year 2009/2010.

Committee supported the recommendation that a review be undertaken to determine how the service could be 'right-sized' by reducing expenditure whilst sustaining the quality of IT service.

As part of the Council's efficiency programme ISB has reduced costs and created savings wherever possible resulting in a lean operating budget. This has made the realisation of further cost savings in areas other than staffing less achievable. As staff costs in ISB account for 60% of overall costs it was considered reasonable to commission BIS to examine ISB's structure and the potential for a reduction in the number of posts to realise savings.

Key Issues

ISB's current structure has four portfolios: Customer Services, Internal Solutions, External Solutions and Infrastructure, all supported by a Commercial Support section. Each portfolio has an establishment of a portfolio manager post. The service has been functioning with two portfolio managers supported by the Deputy General Manager and the Head of Service. The review presents an opportunity to review ISB's management requirement with a view to flattening the management structure and reorganising the portfolios.

In recent years ISB has changed the way resource is managed and in particular how

work is allocated to projects within the service. Rather than having staff dedicated to specific applications, a number of staff are allocated from a resource pool with generic skills - keeping the balance right between supporting specialisms and increasing the ability to flex capacity according to demand. This presents an opportunity to review the size of the generic pool without impacting negatively on capacity.

The creation of CTU and the changing needs of the service have changed the role of Commercial Support in ISB. It has moved away from the more traditional role of business support to one of creating and supporting a programme office and supporting the staff development and performance management needs of the service.

In 2009 Reprographics section merged with ISB. It was agreed that the merge would deal initially with the physical move and that it would be appropriate to review the Reprographics function as part of this review.

With the above factors in mind, the scope of the work undertaken by BIS has covered the structure of ISB and Reprographics and the changing role of business support staff.

Recommendations

BIS has developed the recommendations outlined below to address the key issues identified.

- Delete the post of Deputy General Manager;
- Delete one post of Portfolio Manager, leaving an establishment of three Portfolio Managers;
- Reconfigure the four Portfolios into three.
- Delete two posts of Assistant Manager;
- The two vacant posts of Principal Consultant should be filled to enable effective delivery of the IS/IT service at this level;
- Delete four posts of Senior Consultant reducing the establishment to twenty nine;
- Delete one post of Consultant and two posts of Senior Analyst;
- Delete one post of Senior Technician;
- Delete one post of Technician;
- Delete post of Reprographics Manager;
- Delete post of Commercial Support Manager;
- Re-title post of Commercial Support Assistant to Programme and Business Support Assistant;
- Delete post of Management Support Assistant

Resource Implications

Financial

The implementation of the above recommendations will result in the following costs;

Posts	Actuarial and Redundancy Costs (£)	Current Salary and Superannuation Costs (p.a.) (£)	Clawback Period
IT Staff	896,970	506,116	
Commercial Support Staff	169,974	82,914	
Total	1,066,917	589,030	22 months

If these recommendations are accepted, savings of **£589,030** per annum after 22 months will be realised.

Benchmarking has identified that the clawback period is well below that used by other

public sector organisations where a payback period of 3.25 years has been defined as acceptable.

Human Resources

Detailed consultation will now take place with all relevant stakeholders including HR, Trade Unions and staff to develop an implementation plan which is fully in accordance with all relevant HR policies and procedures.

It is acknowledged that all affected post holders must sign and agree amended job descriptions. In addition, a recruitment exercise will need to be undertaken for new posts, as appropriate.

Recommendations

The Committee is asked to agree the BIS recommendations for the ISB review as a management side position.

Members are asked that, if no written objections are received, we can proceed directly to implementation stage without further referral back to committee.

Decision Tracking

Key to Abbreviations

ISB – Information Services Belfast
BIS – Business Improvement Section
RPA – Review of Public Administration
CTU – Central Transaction Unit

Documents Attached

BIS “Review of Information Services Belfast including Reprographics” (March 2009) report