



Belfast City Council DRAFT RESPONSE TO ICE CASE FOR CHANGE REPORT

1. INTRODUCTION

Belfast City Council accepts the need for greater collaboration within local government and recognises the potential opportunities which this may present in terms of securing possible efficiencies and providing value for money services. The Council therefore welcomes the opportunity to submit its views on the ICE 'Case for Change' report.

The Council acknowledges that the current financial pressures facing the local government and wider public sector will undoubtedly act as a compelling driver for encouraging greater collaboration where real benefits, greater value for money and efficiencies can be demonstrated at no detriment to councils.

Whilst the Council has previously stated its commitment to working in collaboration, where appropriate, to secure greater efficiencies and has actively been involved in the ICE programme to date, it will not be until detailed business cases are set out that the Council could establish the potential added value of participating in any collaborative projects.

Over the past number of years the Council has put in place many of the foundations which are needed for an organisation to deliver a programme of sustained efficiency savings. As a result the Council has already delivered in excess of £12million efficiency savings across the following areas. It should be noted that these are the key efficiency drivers in the latest HM Treasury report on efficiency.

- Assets and Land
- Procurement
- Challenge to Budgets
- ICT
- Service Reviews
- Income Generation

The Council recognises also the need to avoid the following risks when delivering further savings:

- Major conflicts between the drive for efficiency and having enough money to deliver Members' ambitions for the city;
- Damaging front line services; and
- Cutting services rather than realising genuine and sustainable efficiency savings

The comments, as set out within this response, therefore build upon the Council's own experience in respect to improvement and efficiency, are intended to be constructive and seek to ensure that the potential benefits to be accrued from the ICE programme are maximised in the interests of providing a value for money services to the citizen.

The following response sets out both a high-level commentary on the contents of the ICE 'Case for Change' report and the general tenor and focus of the work around improvement, collaboration and efficiency within local government. Commentary is provided also on the individual questions as set out within the consultation document.

2. GENERAL COMMENTS

i) Potential Opportunities & Efficiency Savings

- The Council notes that the Case for Change report estimates that efficiency savings in the region of between £250m to £570m can be achieved over a 25 year period via the ICE programme.
- The Council would be concerned about the reliability and accuracy of the baseline figures/assumptions used to identify the scope and scale of potential opportunities and the range of efficiency savings attached to a formalised collaboration programme amongst Councils. In many instances throughout the report reference is made to the lack of robustness of the baseline information.
- The Council would also be concerned in regards to the potential risk of double counting potential savings across the workstreams explored within the report.
- The Council would suggest that further consideration needs to be given to the potential up-front funding required to realise such savings.
- The Council would highlight that the potential benefits realised through collaboration will be dependent upon the scale of the change required within each of the participant councils and the extent of political will to affect change at the local level. Furthermore, any possible savings attached to the participation of councils will vary depending upon the projects that a council wishes to participate in; which in turn will be informed by the use of local business cases and Members' priorities for the District.

ii) Establishment of Regional Governance Group

- The Council would point out that the proposal for the establishment of a Regional Governance Group representative of the current 26 Council structures has been developed in the context of the current uncertainty around the future of local government reform.
- Whilst recognising the primacy of the 26 sovereign councils in this process and the need for political oversight and input into discussions around improvement, collaboration and efficiency, due consideration will need to be given to how the proposed Regional Governance Group would relate to any emerging statutory reform structures, including the reinstatement of Voluntary or Statutory Transition Committees, should the outstanding issues in respect to RPA be resolved by the NI Executive. The Council would suggest that any governance structure put in place needs to be sufficiently flexible to respond to this possible dynamic.
- The Council would suggest that due consideration will also need to be given to the timing of establishing such structures given the pending elections and potential changes to elected Members.

iii) Operational Arrangements for the Regional Governance Group (RGG)

- Whilst the Council would support in principle, the proposed operating principles as set out within the consultation document, it would require further information in terms of the anticipated resource requirement for councils. Clearly any costs must be kept to a minimum and any commitment made by the Council towards the establishment and/or operation of the RGG would be subject to a business case.
- The Council notes that under the current proposals the costs attached to the establishment and operation of the RGG will be apportioned based on the respective population size for each of the participating Councils. Clearly this will have a larger proportionate impact for Belfast as it is the largest council by some way. In addition and as a consequence of no statutory duty being placed upon councils to participate in the I.C.E. programme, annual costs attached to operation of the RGG will be determined by the number of councils participating. This again brings additional risks

for Belfast City Council if it decides to participate as it would be required to fund the largest proportion of costs. This funding model will need to be further considered and should be based on the likely savings that each council would actually achieve.

iv) Resource Implications for Participating Councils

- The Council notes that the financial implications for participating Councils in the ICE programme are represented by (1) upfront investment costs attached to the development and implementation of collaborative initiatives across participating councils, and (2) costs attached to the establishment and operation of the RGG.
- Clearly if the Council is to make an informed decision in respect of the collaborative initiatives it may wish to support, the early and accurate identification of upfront investment costs is an important pre-requisite. Furthermore, the Belfast City Council Strategic Policy and Resources Committee has previously agreed that any investment costs attached to collaborative initiatives via the I.C.E. programme will only be borne where there is a demonstrable financial benefit for participating. Investment costs should be divided based on the likely benefits to be accrued.

4. CONCLUSION

There are many positive attributes included in the ICE Programme proposals, however the Council would be concerned in respects to the potential resource implications attached to the ICE Programme and the need for fuller business cases to be developed to inform the Council's consideration of potential collaborative opportunities.

The Council recognises that this is a phased programme of work and that if agreement is secured across local government that work will be progressed to establish the detailed business cases for potential collaborative opportunities. The Council looks forward to work with the sector to unlock the potential opportunities that exist to realise efficiencies through greater collaboration.

4. RESPONSE TO QUESTIONS

ICE principles and Development of an appropriate Framework	Belfast City Council Comments
<p>Q1. Do you agree that the definitions provided in Section 3 of the 'Case for Change' report (Page 11) for Improvement, Collaboration and Efficiency are appropriate and that these form a suitable basis on which to develop the ICE Programme?</p>	<ul style="list-style-type: none"> ○ The Council would suggest that it would be helpful to define ICE at three levels i.e. organisational, sectoral and cross-sectoral. ○ The efficiency definition should make some reference to cash savings.
<p>Q2. Do you agree that the ICE Framework as outlined in Section 11 of the Case for Change report (Page 23) and Appendix B is an appropriate mechanism to aid and support improvement, collaboration and efficiency within individual councils?</p>	<ul style="list-style-type: none"> ○ The ICE framework appears to be a very simple standard definition of planning. If the emphasis is on collaboration then maybe a broader model is required which addresses the issues of integration and alignment of planning at sectoral and cross-sectoral levels. ○ It will be important that flexibility exists for individual councils to develop their own mechanisms and therefore there is no need to be prescriptive or require all councils to follow an identical framework. ○ However, the Council welcomes the self-assessment excellence model and recognises its role in identifying and prioritising service improvements.
<p>Q3. Is your council prepared to incorporate the ICE Framework within its Corporate and Business Planning Cycle?</p>	<ul style="list-style-type: none"> ○ Belfast City Council already integrates improvement and efficiency planning into its corporate, business and financial planning processes and has linked this with a new performance management regime. Whilst the BCC model is not identical to the ICE Framework there are some similarities of approach. ○ The Council already has a well developed set of service PIs and published Service Standards. ○ The Council would highlight the previous experiences with the Best Value review process which some would argue became overly complicated and diverted significant resources to a tick box exercise. It will be important that the ICE Programme does not seek to create a prescriptive process but rather be flexible enough for Council's to adopt to best fit their circumstances.

Q4. *What are the main challenges relevant to the ICE Programme that will be faced by your council during the next election term (2011-2015)?*

- Examples of some of the main challenges which the Council may face in pursuance of potential improvement, collaboration and efficiency activities may include:
- managing the potential conflicts between the drive for efficiency and having enough money to deliver Members' ambitions for the city;
- retaining front line services whilst realising genuine and sustainable efficiency savings
- relative scale of opportunity and added value for Belfast City Council
- pursuance of cross-sectoral collaboration around a City agenda; and
- efficiencies are required to deliver the Council's identified priorities for the City and would therefore not be available for funding reform.

Q5. *Do you agree that the local government sector should develop a baseline data set and appropriate key performance indicators that can be used to assist co-operation and collaboration in terms of identifying and supporting good practice?*

- The Council would accept need to create a robust baseline data set and appropriate key performance indicators that can be used to assist co-operation and collaboration in terms of identifying and supporting good practice.
- The Council would suggest that further consideration will need to be given as to how this would be done and the potential linkage with the new local government performance framework as set out within the recent Local Government Reform Policy proposals recently released by DoE for consultation and in responding the Council has raised concerns in the proposed approach. The Council would welcome its input into any such discussions.
- The Council believes that the setting of performance indicators should be left to local authorities and set within the wider context of community planning and in developing integrated solutions to local needs.
- Rather than introducing an overly bureaucratic and centralised performance regime, a more supportive approach should be developed. Local and central government should work together to develop and implement a more progressive approach to performance and service improvement including, for example, the creation of performance tools such as peer review, self assessment and benchmarking.
- The Council would stress that any performance framework which is implemented should be based on the following principles:
 - Councils are ultimately accountable to their ratepayers for their performance

	<ul style="list-style-type: none"> - Councils are responsible for their own performance and for leading on the delivery of services and improving outcomes for the people they serve. - A range of assessment methods including self assessment, peer review and performance indicators should be used. - The burden of inspection, data collection and reporting to be kept to a minimum. - The framework should provide value for money, be affordable, transparent and fair, easily understood and capable of implementation. <p>○ The Council would also suggest that due consideration be given to the potential lessons to be learned from the DoE Best Value Performance Indicator (BVPI) indicators and reporting process that has been in place since 2001 and which some would argue is out of date and ineffective.</p>
<p>ICE Work Programme</p>	
<p>Q6. <i>What are your views on the proposed ICE Work Programme detailed at Section 13 of the 'Case for Change' report (Page 41)? Is it an appropriate starting point for consideration by the RGG?</i></p>	<p>○ Refer to Annex A below for response.</p>
<p>Q7. <i>Are there other projects you would like to see included?</i></p>	<p>○ Not at this stage.</p>
<p>Q8. <i>What are your views on the enablers listed at Section 8.2 of the 'Case for Change' report (Page 18)? Are they all appropriate for the ICE Programme? Are there others that are not included?</i></p>	<p>○ The Council would support the identified enablers as set out within the Case for Change report, however, would seek further clarification as to the anticipated source for necessary up-front seed funding and resource to take forward the next phase of work to develop detailed business cases.</p>
<p>Q9. <i>What are your views on submission of a case to DOE for a further extension of existing resources to maintain continuity of the ICE Programme until such times as the initial ICE Work Programme has been finalised and resource requirements more accurately determined?</i></p>	<p>○ The Council recognises the need to secure a level of dedicated resource to progress the ICE Work Programme to its next stage whereby potential opportunities and resource consequences are quantified and a case can be made for potential funding.</p> <p>○ The Council notes that based on the proposals as set out in regards to the establishment of the Regional Governance Group that the anticipated workload would equate to 2 FTE posts. Clearly this resource does not take account of the proposed development of detailed business cases for potential collaborative projects and involvement at local council level.</p>

	<ul style="list-style-type: none"> Given the financial and budgetary constraints facing the DoE, it will be important that any interim case put forward clearly sets out the scope and purpose of any resource required. Due consideration should also be given to the mobilisation of resources from within the local government sector to take this work forward.
Governance	
Q10. <i>What are your views on the proposed operational principles for the Regional Governance Group? Are there alternative proposals which you consider would be more appropriate?</i>	<ul style="list-style-type: none"> Whilst the Council would support in principle, the proposed operating principles as set out within the consultation document, it would require further information in terms of the anticipated resource requirement from councils. Clearly any costs must be kept to a minimum and any commitment made by the Council towards the establishment and/or operation of the RGG would be subject to a business case. The Council notes that under the current proposals the costs attached to the establishment and operation of the RGG will be apportioned based on the respective population size for each of the participating Councils. Clearly this will have a larger proportionate impact for Belfast as it is the largest council by some way. In addition, and as a consequence of no statutory duty being placed upon councils to participate in the I.C.E. programme, annual costs attached to the operation of the RGG will be determined by the number of councils participating. This again brings additional risks for Belfast City Council if it decides to participate as it would be required to fund the largest proportion of costs. The Council would recommend that any funding requirements should be based on the scale of likely benefit.
Q11. <i>Please indicate which method of management of regional resource you prefer.</i>	<ul style="list-style-type: none"> Any regional resource put in place should be accountable to local government (or those participating councils).
Q12. <i>What are your views on the proposal that there should be a limited number of methods for ensuring sharing of positions of Chair and Deputy Chair similar to the proposals in the DOE Local Government Reform Consultation?</i>	<ul style="list-style-type: none"> The proposed methods for ensuring sharing of positions of Chair and Deputy Chair do not appear to be outlined within the consultation report and the Council would welcome further clarification on this.
Q13. <i>Will your council give a commitment to nominate a representative to the Regional Governance Group?</i>	<ul style="list-style-type: none"> Yes, the Council would commit to nominate a representative to the Regional Governance Group subject to further clarification being given on the potential resource implications for the Council of such participation.

<p>'Invest to Save' Business Model</p>	
<p>Q14. <i>Do you agree that efficiencies delivered should be used by councils to either reduce the rates bill or reinvest for further improvements in service delivery as advocated by the 'Invest to Save' Business Model (Page 10 report)?</i></p>	<ul style="list-style-type: none"> ○ The Council would suggest that efficiencies need to be clearly defined, captured and used in the context of the financial planning of each local authority to meet locally determined priorities. It is important to recognise and reconcile the clear tensions between the use of potential efficiency savings at the local level and also any requirement to centrally fund local government reform.
<p>Q15. <i>Under what circumstance would your council would be prepared to agree to using efficiency savings to deliver aspects of the reform programme?</i></p>	<p>Given the current financial and budgetary constraints facing the NI Executive, the Council accepts that it is likely that local government will be expected to bear some of the costs of the local government reform programme. The Council Strategic Policy and Resources Committee, at its meeting on 19th March 2010, endorsed the following high-level principles which it proposed should be applied to funding reform.</p> <ul style="list-style-type: none"> (a) any financial contribution made by the Council would be proportionate to the costs incurred by the Council in implementing the reform programme; (b) any financial commitment to the efficiency programme for local government will only be made on the basis of VFM being demonstrated for Belfast ratepayers; (c) the Belfast ratepayer should not be asked to subsidise the convergence costs of other council areas; and (d) transferring functions should be rates neutral at point of transfer to councils.
<p>Local Government Reform</p>	
<p>Q16. <i>What part do you consider the ICE Programme can play in developing improved partnership relationships between local and central government and agreeing the transfer of functions from central government?</i></p>	<ul style="list-style-type: none"> ○ Clearly there remains some uncertainty in regards to how local government reform is to be taken forward and the potential scope and timing of any transferring functions to local government. It will be important that the DoE Minister and Executive provide clarification on how this will be taken forward and importantly the implementation structure. ○ Notwithstanding, it will be important that any such discussions has professional input from the local government sector so as to ensure that due consideration is given to the operational, managerial and resource implications of any transfer proposals. ○ It is understood that the RPA Transfer of Functions Working Group is to be reconvened to consider how the Local Government sector may wish to engage.

ANNEX A: Response to Question 6

In considering the proposed ICE Work Programme and the related reports as set out within the Appendices, the Council would make the following observations:-

Customer Facing Services (Appendix D)

- The Council notes that the proposals as set out within the Case for Change report relating to potential efficiency savings across a range of customer facing services are based primarily on (i) increasing revenue income and/or (ii) reducing net expenditure.
- The proposals appear to be heavily focused on securing efficiencies rather than service improvement. The Council would suggest that due consideration needs to be given to the role of local government especially in respect to its accountability to the citizen through the local electoral mandated politicians, the difference of place (localism) and the need to create public value.
- It is important to recognise the differing political dynamics between councils and the varying emphasises placed upon, for example, charging policies and allocation of resources across particular functions. No two council areas are the same nor are the political, economic and social drivers which inform decision making processes.
- The Council would be concerned about the robustness of the baseline data used to inform the emerging position. Whilst the Council notes the 30% sensitivity discounted, it would require further information on the basis of the sensitivity figure set and as to whether a similar methodology was introduced for the other workstreams. The risk of double counting could undermine the potential savings available.

Building Control

- Whilst not wishing to undermine or comment upon the effectiveness of the Building Control Group System, it should be noted that Belfast City Council is not part of the Group System at present given the scale and complexity of operation within Belfast.
- Whilst there is no statutory link between Belfast and the Group system or other councils, there is however two voluntary alliances.
 - **Group Chiefs Building Control Committee:** The five Goup Chief Building Control Officers (CBCOs) and their elected representatives meet quarterly and organise an annual Study Visit and Seminar.
 - **Building Control Northern Ireland:** The five GCBCOs, Belfast and most/all of the other Heads of Building Control combine to form a collaborative professional officers group. It has been operational in one form or another for about fifteen years. It meets monthly to try to get consistency of interpretation, act as a link for the industry, share best practice and work on economies of scale. It has working panels on issues relating to Fire Safety, Building Standards and Training & Communication.
- Whilst the Council would see the potential need for and benefit of a more collaborative approach on issues such as establishing common interpretations of legislation and sharing good practice, it would not wish to enter into a new formalised structural arrangement at this stage. However, the Council would be willing to further explore the potential opportunities which may exist.

Environmental Health

- Whilst not wishing to undermine or comment upon the effectiveness of the Environmental Health Group System, it should be noted that Belfast City Council does not formally participate in these structures given the scale of operation of the Council and the complex and linked issues which it deals with (e.g. community safety and health development are key areas for Environment Health within the Council)

- Whilst the Council appreciates that collaboration is effective, useful and essential across professionals and councils, it should be noted that there are already examples of proactive and positive collaborative work across the 26 Councils (e.g. via CEHOG) which should be considered and potentially build upon.
- Whilst the Council would not be in favour of entering into any formal collaborative model at this stage, it would be willing to enter into dialogue around the potential opportunities and models which may exist.

Single Waste Disposal Authority

- Whilst loosely referred to at page 23 of Appendix D, the Councils notes with concern the limited consideration given to the proposed establishment of a Single Waste Authority for Northern Ireland. The Council is aware that discussions are ongoing in regards to this and would highlight that the Council would be in favour of this proposal as reiterated in the Council's response to the PwC 'Economic Appraisal of Local Government Service Delivery' agreed by SP&R on 20th November 2009.
- The Council would, however, advocate that any consideration given to the potential inclusion of waste collection within a Single Waste Authority needs to be based on a robust business case and a detailed examination of all potential consequences. Such an approach runs the risk of disconnecting the delivery of the service from the accountability for performance to the citizen and political process. Councils should be afforded the opportunity to collaborate for waste collection purposes but on a voluntary basis and where there is a proven added value.

IT (Appendix E)

- The Council recognises the potential benefits to be gained through the creation of a common network infrastructure and the ability to share information and communicate more effectively. The Council is also aware of the potential opportunity provide by Network NI to provide a common infrastructure across councils and between central and local government which will be a pre-requisite for the proposed transfer of functions in the future.
- Any consideration given to the establishment of a common ICT infrastructure should be subject to:-
 - consideration of the cost/benefit analysis for participating councils; and
 - ensuring service continuity and resilience.
- The Council notes that at paragraph 5.9 of Appendix E, reference is made to the potential extension of the HR and payroll systems applied by Belfast across other council areas. Whilst there will be clearly licence cost implications from this proposal there are likely to be significant resource implications for BCC staff as highlighted within the report. Clearly such resource requirements would need to be quantified and the potential benefits for BCC established. A business case would also need to be prepared to confirm that this was the optimum approach.

HR (Appendix F)

- In considering the HR workstream, there are clearly tensions to be considered in respect to the costs and benefits of centralisation -v- decentralisation on workforce issues.
- The current local government HR system has been in place since 1997 seeks to secure a hybrid of both e.g. it was intended to secure the benefits of acting collectively on the big issues; essentially those in Part 2 of the National Joint Council Agreement while allowing for flexibility around pay and grading and Part 3 conditions.
- The Case for Change report and proposals contained therein needs to be set within a wider strategic context and strategy for the future of HR within local government and the associated roles

and relationships with other agencies. The Council notes that the Case for Change report identifies this as a point of action, but does not outline how this would be progressed.

- In considering the proposed HR workstreams outlined and the associated potential benefits to be realised, the Council would have concerns about some of the assumptions which underpin these and the absence of detailed costing for implementation. A number of the work areas set out would need to be considered in the light of past experience in local government (e.g. lessons learnt from the introduction broad banded pay).
- In addition, it should be noted that local government in NI used to operate a more 'closed' recruitment and promotion regime, but again this is not referenced or debated within the document. The fact that many councils moved away from this regime for business reasons before it was eventually dissolved by the 'McCausland –v- Dungannon Council' case isn't debated. This is not to say that there may be of course be a legitimate 'business case' to move back to local government trawls but this needs to be further worked up and clearly presented.
- In some areas there appears to be discussion based on a single, centralised regime of employment conditions (not unlike NICS perhaps?) in other parts it's narrowed down to simply job evaluation administration.
- As a point of information, the Council would highlight that the reference made to potential savings under 'common terms and conditions' on page 6 of Appendix F appears to relate to job evaluation administration rather than common terms of conditions.
- The Council recognises that there are clearly legitimate concerns about job evaluation administration and the significant costs committed by councils in recent years. It is important to note however that a key contributor to this is the fact that the approaches that have led to that outcome are the only approaches available at present. If potential service improvements and/or efficiencies are to be realised, the options available to local government to undertaken job evaluations needs to be reviewed and updated.

Joint Recruitment Advertising (p6, Appendix F)

- The Council recognises the potential benefits to be gained from a more strategic and joint approach to recruitment advertising and would welcome further exploration as to how this could be taken forward even on a pilot basis to test working assumptions.

Pay and Grading Systems Benefits (p10 Appendix F)

- The Council notes the proposals set out in regards to the creation of common terms and conditions and the anticipated benefits to be gained from such an approach (see below). The Council believes that much further examination and discussion in this area is needed.

Procurement (Appendix G)

- The Council recognises that the details regarding procurement as set out within the Case for Change report are very high level with a great deal of further work to be undertaken.
- Notwithstanding, the Council believes that the procurement workstream has been a good exercise to get councils to start examining their procurement spends; highlighting the absence of and need for robust financial procurement spend information across the sector. There needs to be an understanding that such information will be crucial if local government is ever to formulate a robust procurement strategy for the sector. Only when we know what we are spending money on can we have a strategy that will gain efficiencies. It is therefore suggested that is an element that the report should emphasise.
- The potential efficiency savings outlined within the paper appear to be somewhat aspirational and will be difficult to capture. The savings are based on three elements i.e. 1. Moving to good

practice, 2. Implementing quick win opportunities and 3. Identifying and developing collaborative procurement opportunities. These three elements may be difficult to quantify regarding savings to be realised.

- The report confirms that the baseline financial information from 24 councils who responded is not robust. This in itself is a significant problem. The Council recognises that capturing accurate information would be difficult as there are many and varied financial systems in existence throughout the 26 councils. This, along with the fact that there are differences in coding methods, means that it is unlikely that the baseline information on which projected savings are based is accurate.
- The Council notes the proposed 'quick wins' set out in respect to potential improvements to procurement processes and practices. Whilst the Council has already progressed many of them within the organisation, it recognises the potential benefits for other councils.
- There does not appear to be any detailed consideration given at this stage to quantifying the investment required to realise the proposed improvements and associated efficiency savings.
- If further work is to be progressed to develop a Procurement Strategy for the sector as proposed within the Case for Change report (at page 42), the Council would welcome its continued involvement in this process.

Support Services (Appendix H)

- The Council would suggest that much further work is required to examine the practical operational implications and barriers to taking forward the collaborative opportunities identified under this workstream (e.g. council self insurance, creation of local government legal support team; creation of a financial transactions shared service model). Due consideration needs to be given to the effectiveness of such models, the costs of investment needed and the need for councils to retain service continuity.
- Whilst the Council would advocate that it should be for individual councils to decide as to their participation in such collaborative initiatives, based on a business case assessment, it should be noted that the up-front enabling costs and the levels of any efficiency to be realised will be dependant upon participation numbers.

Overview of collaborative opportunities identified

The 'Case for Change' sets out proposals and seeks views on the following:

Information & communication technology

This strand considers the efficiency savings and business improvement opportunities that could be delivered collaboratively within the sector through the use of a common network infrastructure. This is a pre-requisite for future development in terms of sharing applications and IT infrastructure across Councils and it will also be necessary to accommodate future transferring functions. Working collectively across the sector, there is the opportunity to consolidate data centres, technology platforms, IT architecture and business applications to enable a reduction in overall costs, while making it possible to focus on the development of improved systems and processes with a higher level of security.

Estimated annual efficiency savings per annum from implementation of the recommendations is £436,115.

Procurement

The scoping exercise has identified an approximate Local Government procurement spend of £287m across 31 expenditure categories, based on the 2009/10 financial year. Given the scale of procurement within the sector and experiences of other central and local government bodies and agencies such as the Health Trusts, it is estimated that significant benefits could potentially be achieved through collaborative procurement, underpinned with a capacity building initiative for local SME's to equip them with the skills and knowledge to compete within a wider market place. The potential of E-procurement is also considered.

Minimum estimated annual efficiency savings per annum from implementation of the recommendations is £2.9m (the potential may be up to £11.7m)

Human Resources

The proposals in the ICE outline business case have been identified alongside the developing Organisational Development and People Strategy for the sector that will explore how key HR issues should be addressed. Approximately 45% of Local Government expenditure in Northern Ireland (£307.1m) relates to employment costs and as such it is important in terms of maximising sectoral performance. Within the 'Case for Change' report, illustrative estimates of long-term financial benefits have been made for 5 improvement areas: - Joint Recruitment Advertising, IT integration, Sharing Staff, Performance Management, Absenteeism reduction and Common Terms and Conditions.

Indicative financial benefits of the HR strand amount to approximately £119.5m over 25 years, however at this stage it has not been possible to estimate the financial provision for the staff related costs associated with transition (e.g. voluntary redundancies) and these have not been included in the estimated efficiency savings to date which will reduce this figure.

Support Services

The support services element of the 'Case for Change' concentrates on financial transactions (processes, systems, costs, staff, debtors, creditors, invoicing and payroll), insurance, legal

service provision and asset management practices. For insurance and legal services it was concluded that opportunities to progress collaborative initiatives should be pursued in recognition that, whilst there will be cashable savings, the main benefits will derive from improvement and standardisation of processes, procedures and improved service delivery. In relation to financial transactions, initial consideration was given to the collaborative procurement of software and shared service options to provide economies of scale.

Indicative estimates suggest that an annual saving of £1.8m is potentially deliverable through implementation of the recommendations.

Customer facing services

Customer Facing Services consider front line services delivered directly to customers and citizens including leisure, parks and recreation, waste collection, waste disposal, environmental health and building control. These account for a net expenditure across the sector of £330m annually. Given the scope and extent of the functional areas involved coupled with the limited timetable available for analysis, the objective of the scoping exercise was to assess the potential for improvement, efficiency and/or collaboration in the knowledge that each of identified priorities would be subsequently examined through a full business case.

The indicative savings in the report are based on reductions to operational costs of 2%, 4%, 6%, 8% equating to between £4.6m - £18.5m per year.

Transfer of functions

As part of the RPA local government reform proposals, it had been intended that a suite of new functions would transfer to councils with a view to creating strong and responsive local government. A Transfer of Functions working group had been established by the sector to lead the associated discussions and negotiations. There has recently been some progress with the Minister's announcement on the intended transfer of Planning Service functions to Local Government. Given the current economic climate pending budgetary cuts and growing pressures on the public sector 'to do more with less', this strand of the ICE Case for Change looks at further opportunities that exist for local government to work in a joined up way to facilitate the delivery of services to citizens improving public services. It is suggested that partnership pilots are proactively sought for proof of concept purposes.

The 'Case for Change' seeks confirmation from the NI Executive in terms of:

- Reaffirmation of its commitment to transfer of functions.
- Confirmation of the proposed timetable for transfer.
- Clarification on resources and liabilities
- Bring forward the necessary legislative platforms to underpin the transfer of functions.
- Acceptance of the principle that functions should be rates neutral at the point of transfer.
- Commitment to meaningful engagement with local government on implementation issues