



Belfast City Council

Report to: Strategic Policy and Resources Committee

Subject: Efficiency Programme 2014/15 - 2015/16

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Purpose of Report

The purpose of this report is to provide an overview for Members of the proposed approach to the development and delivery of the 2014/15 - 2015/16 Efficiency Programme to meet the target of £20m by 2015/16.

Background

The Strategic Policy and Resources Committee (SP&R) on 15 April 2011 agreed an indicative efficiency target of £2m per year for the 3 years up to 2015/16 to ensure that a total of £20m of efficiencies are realised by that date. The efficiency target was a key element of the Investment Programme commitment to maintain the increase in the district rate at or below the rate of inflation over the three year period to 2015/16.

The 2013/14 revenue estimates included £2.12m of efficiency savings arising from the efficiency programme, as against the target of £2m and this contributed to the council setting a zero district rate for 2013/14. The £2.12m of savings brought the total savings from the Efficiency Programme to £16m since 2006.

Key Issues

Financial Pressures

The following pressures all contribute to making the realisation of cash savings from the efficiency programme more difficult in 2014/15 and future years. These include:-

- The quick win efficiencies within the council have already been realised in previous years.
- The cash savings removed in previous years have significantly reduced the budgets for expenditure on external services meaning that the major element of a number of service budgets now relate to employee costs.
- While the implementation of improvement plans has generated cash savings, some of these

savings have been redeployed to support other priority initiatives, such as improving job opportunities, and so are not available to offset against the district rate.

- The significant capital expenditure savings in vehicle procurement arising from the review of the council's fleet, has not resulted in a reduction in the annual capital financing budget as the savings are being used to finance the full capital expenditure commitments of the Investment Programme.
- Transformational savings within Leisure Services will be required to support additional capital investment in the Leisure Estate rather than to offset the district rate requirements.
- The need to consider ways to enhance income generation particularly through demand led services such as the Zoo and Belfast Castle.

The above pressures mean that the bulk of the efficiency savings will have to come from wider business transformation / value for money projects which are complex, may require collaboration with other local authorities and public bodies and have longer lead in times.

Approach to Efficiency programme 2014/15 - 2015/16

The key themes of the efficiency programme, and the associated projects, will continue to be based on the HM Treasury Guidance and these are:-

- Procurement
- Assets & Land
- Budgetary Challenge
- ICT
- Income Generation
- Service Reviews/Employee Costs

Current Projects in Progress

The Efficiency Unit is currently supporting the implementation of improvement programmes following the completion of the Value for Money (VFM) reviews in the thematic areas of Procurement & Fleet. Both of these projects have been agreed by the Strategic Policy and Resources Committee and will generate significant cash savings over the next 2 years to contribute to the £20m efficiency target by 2015/16.

A VFM review of Security is also in progress and the final report expected by the end of April 2013 which should also identify further opportunities to realise cash savings for 2014/15. The outcome of the review and proposed efficiency savings will require Strategic Policy and Resources Committee approval.

The other main projects which are in progress are:-

- Fleet Utilisation and Route Optimisation in Cleansing Services - Terms of reference are being prepared with the department.
- Office Accommodation - Review in progress, supported by external consultant.
- Energy and Utilities - Review completed and implementation plan to be developed and agreed.
- Review of BCC Marketing - Terms of reference being developed.
- Overtime & Agency – Revised overtime policy being drafted and analysis of costs has been completed. Implementation plan to be developed which will include agreed balance between job creation and cash savings.
- ICT Strategy – Being commissioned and will include wider Local Government Reform opportunities and business case for future Microsoft licensing arrangements.
- Advertising on Assets and Income - Review completed and implementation plan to be agreed.
- Budgetary Challenge - Challenge will continue on current budgets.

Proposed New Projects

The proposed approach to further projects to be included in the Efficiency Programme will be based on the following actions:-

- Complete a high level strategic cost driver analysis review across BCC against the top expenditure areas and by Department / Service to identify the potential for realising cash savings or highlighting areas requiring a more detailed VFM review.
- Complete an analysis of potential service review areas based on the net cost of the service to the ratepayer.

A further report on the 2014/15 Efficiency Programme and a revised programme of service reviews arising from the above actions will be presented to SP&R in June 2013.

Trade Union Support

As we move into conducting more transformation thematic and prioritised VFM review type work there will be an increasing potential for there to be implications for staff. In order to ensure that we are in a position to effectively manage any potential human resource and employee relations issues it will be essential that we work closely with the Trade Unions to ensure that effective communication channels remain open and to ensure that staff concerns and issues have a mechanism to be addressed. At present there is a specific Trade Union Efficiency Sub Group made up of representatives from Human Resources, Finance, Trade Union Coordinators and representatives from the Trade Unions and it will be important to work closely with this group to ensure that they are fully engaged.

Conclusions

At present £2m will be required annually over the next 2 years to meet the £20m efficiency target by 2015/16 as agreed as part of our Investment Programme.

By June 2013 the council will have received the final Actual Penny Product from Land and Property Services, for 2012/13 and this will enable the efficiency target to be reviewed in the context of the district rate for 2014/15.

Recommendations

Members are asked to:

- Note the contents of this report and agree the direction of travel for the Efficiency Programme
- Agree that a detailed report on the Efficiency Programme 2014/15-2015/16 be brought to SP&R in June 2013.