

## NORTH YORKSHIRE COUNTY COUNCIL

### CORPORATE AND PARTNERSHIPS OVERVIEW & SCRUTINY COMMITTEE

15 November 2010

#### BUDGET SAVINGS - CHIEF EXECUTIVE'S GROUP AND FINANCE AND CENTRAL SERVICES

##### Joint Report

of the Chief Executive and Corporate Director – Finance and Central Services

#### 1.0 PURPOSE OF REPORT

- 1.1 To advise Members of the Committee on the latest proposals for how the Chief Executive's Group and Finance and Central Services propose to deliver their contribution towards the County Council's required budget savings over the period 2010/11 to 2014/15.
- 1.2 To seek Members views on the merits or otherwise of the savings proposals in the context of the financial prospects of the County Council following the Comprehensive Spending Review.

#### 2.0 BACKGROUND

- 2.1 The County Council approved the annual Revenue Budget (for 2010/11) and its associated Medium Term Financial Strategy (MTFS) for the period 2010/13 at its meeting on 17 February 2010. Both the Revenue Budget and MTFS include a number of assumptions about necessary cost reductions if expenditure is to be matched to anticipated resources.
- 2.2 Since February 2010, a General Election has been held. The new Coalition Government has made it clear that significant reductions in public expenditure will be necessary if the financial position of the UK is to be addressed. The first evidence of this was the announcement in June 2010 of cuts to local authority revenue and capital grants which resulted in a £10.80m "loss" to the County Council.
- 2.3 The Government announced the results of its Comprehensive Spending Review (CSR) on 20 October 2010 and whilst this does not yet provide details of funding at individual local authority level, it does give an indication of the overall scale of government cuts. Announcement of the Local Government Finance Settlement is anticipated in early December, at which point the detailed impact on the County Council will be clearer.

### 3.0 COMPREHENSIVE SPENDING REVIEW

- 3.1 A full explanation of the possible impact of the CSR on the County Council's financial position is contained in section 10 of the Quarter 2 Performance and Budget Monitoring Report circulated for the meeting of the Executive on 16 November 2010.
- 3.2 In essence the assumptions made by the County Council when preparing its Budget in February 2010 (a 10% reduction in grants over the 2 years 2011/12 and 2012/13) and following the June announcement (6% reduction of grants in each of the 4 years commencing 2011/12) fall short of the possible situation emerging from the CSR. In essence the grant reduction over the four years is now estimated to be of the order of 27% and it is heavily frontloaded with nearly half falling in Year 1 and 75% in the first 2 years. For the information of Members the two schedules included in the Q2 report to the Executive that illustrate these figures are attached as **Paper A1** and **Paper A2** respectively.
- 3.3 Following the June Budget and the Q1 report (in August 2010) the Management Board began to prepare savings programmes for each Directorate based on the indicative figures shown in **Paper A1**. In the light of the CSR and based on the preparatory work undertaken by Management Board since the Q1 report, Corporate Directors are now currently assessing the scope to:
- (i) bring forward planned savings proposals from Year 2 (ie 2012/13) into Year 1 (ie 2011/12) and Year 3/4 into Year 2
  - (ii) accepting that (i) may not be sufficient and/or cannot be realistically implemented in time due to consultation requirements etc, to identify any budgets that can be "turned off/turned on" at short notice. Thus a "turned off" budget in 2011/12 will help generate the required cash saving in Year 1 whilst other savings are initiated – as these other budget savings materialise the relevant budget can be "turned back on". Examples of such budgets are highways maintenance, property planned maintenance and ICT infrastructure.
- 3.4 Based on the percentages quoted in **Papers A1/A2** and maintaining the indicative pro rata approach at this stage the year on year profile of savings required from the Chief Executive's Group and Finance and Central Services can be summarised as follows:

Financial Year	CEG		F&CS	
	Pre CSR £k	Post CSR £k	Pre CSR £k	Post CSR £k
2011/12	484	1,036	458	980
2012/13	484	637	458	603
2013/14	484	80	458	75
2014/15	484	398	458	377
Total	1,936	2,151	1,832	2,035

#### 4.0 CEG & FCS SAVINGS PLANS

4.1 Given that the Corporate & Partnerships Overview and Scrutiny Committee has direct oversight of both the CEG and FCS budgets, the detail of the savings plans for both directorates has been presented as follows:-

**Paper B** CEG Budget Savings

**Paper C** FCS Budget Savings

#### 5.0 BUDGET CONSULTATION

5.1 A series of public budget consultation events are currently being run throughout the County. In addition, other stakeholders are being asked for their views about the savings that have been proposed and the relative priorities of services in order to inform future plans. All Members are invited to attend these meetings.

5.2 As Members will be aware, a Budget Workshop was held on 1 September 2010 and further Workshops are scheduled for 10 December 2010 and 2 February 2011 in order to ensure that all Members are –

- aware of the overall funding position for the County Council
- able to express views on service priorities
- able to express views on savings proposals and
- advise on other opportunities for savings

5.3 It is intended that all Overview & Scrutiny Committees will have had an opportunity to review the savings plans of their respective directorates in advance of the Budget Workshop scheduled for 10 December 2010. Plans have also been made in order to ensure that each Overview & Scrutiny Committee has an opportunity to address the Workshop (through the Chairperson or other nominated individual) on the thoughts of the Committee.

5.4 In reviewing the savings proposals, Members' attention is drawn to the scale of the savings requirement for the County Council as outlined in **paragraph 3** of this report. Given this challenge, it is essential that should Members wish not to pursue some of the proposals put forward by CEG and FCS, alternative proposals will need to be identified.

## 6.0 **RECOMMENDATIONS**

- 6.1 The Corporate & Partnerships Overview and Scrutiny Committee is asked for its views on the savings proposals for CEG and FCS as identified in Paper B and Paper C respectively of this report.
- 6.2 The Corporate & Partnerships Overview and Scrutiny Committee is asked to provide brief feedback on its views (through the chairperson or other nominated individual) to the Budget Workshop scheduled for 10 December 2010.

RICHARD FLINTON  
Chief Executive

JOHN MOORE  
Corporate Director – Finance and Central Services

County Hall  
Northallerton

10 November 2010

**Background documents** – None

### MTFS SCOREBOARD AS REPORTED TO Q1 (AUGUST 2010)

	Balance of VFM			MTFS	June 2010	MTFS 2010/13 with additional years to 2014/15					
	2009/10 Excess (-)/ Shortfall(+)	2010/11	Total	2010/11	Savings Req'd	2010/11 + VFM + "June 2010"	2011/12	2012/13	2013/14	2014/15	Total
	a	b	a + b = c	d	e	c + d + e = f	g	h	i	j	f + g + h + i + j
	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k
<b>ACS</b>	-900	4,783	3,883	3,800	289	7,972	4,644	4,644	4,644	4,644	26,548
<b>BES</b>	-7	2,370	2,363	480	553	3,396	2,311	2,311	2,311	2,311	12,640
<b>CYPS</b>	366	2,718	3,084	1,540	2,762	7,386	2,730	2,730	2,730	2,730	18,306
<b>CEG</b>	-37	270	233	0	58	291	484	484	484	484	2,227
<b>FCS</b>	-46	376	330	0	0	330	458	458	458	458	2,162
<b>Corp Misc</b>	0	223	223	0	0	223	0	0	0	0	223
<b>TOTALS</b>	-624	10,740	10,116	5,820	3,662	19,598	10,627	10,627	10,627	10,627	62,106

**COMPARISON OF EXISTING MTFS PLAN AND CSR ASSUMPTIONS  
CUMULATIVE TARGET (£m)**

(a) 4 X 6%	2011/12	2012/13	2013/14	2014/15	Total cash	Recurring c/fwd
	(a)	(b)	(c)	(d)	(a + b + c + d)	4 X (a)
ACS	4.6	9.2	13.8	18.4	46.0	18.4
BES	2.3	4.6	6.9	9.2	23.0	9.2
CEG	0.5	1.0	1.5	2.0	5.0	2.0
CYPS	2.7	5.4	8.1	10.8	27.0	10.8
FCS	0.5	1.0	1.5	2.0	5.0	2.0
<b>TOTAL A</b>	<b>10.6</b>	<b>21.2</b>	<b>31.8</b>	<b>42.4</b>	<b>106.0</b>	<b>42.4</b>

(b) CSR	%	2011/12	2012/13	2013/14	2014/15		
	11/12	13	23.0	23.0	23.0	23.0	92.0
12/13	8		13.5	13.5	13.5	40.5	13.5
13/14	1			2.1	2.1	4.2	2.1
14/15	5				8.5	8.5	8.5
<b>TOTAL B</b>	<b>27</b>	<b>23.0</b>	<b>36.5</b>	<b>38.6</b>	<b>47.1</b>	<b>145.2</b>	<b>47.1</b>

<b>Shortfall B - A</b>	<b>-12.4</b>	<b>-15.3</b>	<b>-6.8</b>	<b>-4.7</b>	<b>-39.2</b>	<b>-4.7</b>
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PAPER A2

## CEG – PROPOSED BUDGET SAVINGS

### BACKGROUND

A report was considered by the Executive on 29 June 2010 which provided brief details on the proposed savings for the County Council including those for the Chief Executive's Group (CEG).

The Executive authorised the Chief Executive to undertake any necessary consultation processes in order to progress the savings programme for CEG. This report therefore provides details on the proposed CEG savings programme.

### CEG BUDGET

The CEG budget includes much more than a range of corporate support services. The following needs to be considered -

- large areas of spend within CEG are on frontline activity (e.g. Customer Services Centre)
- the workload of many services are driven by service directorates (e.g. Legal Services, HR Services, Customer Services Centre)
- certain areas of spend within the CEG budget fall outside the direct control of CEG and the Chief Executive directly (eg Members, Subscriptions)

The above is perhaps best illustrated by the following analysis -

	<b>Back Office £000</b>	<b>Non-CEG Control £000</b>	<b>Customer Influence £000</b>	<b>Customer Control £000</b>	<b>Total £000</b>
Base Budget	4,858 (34%)	1,969 (14%)	4,749 (33%)	2,770 (19%)	14,346 (100%)
Savings Proposals	1,171 (48%)	338 (14%)	833 (34%)	100 (4%)	2,442 (100%)

**Appendix B1** provides more detailed analysis by budget line.

In addition, it should be borne in mind that a lack of appropriate capacity within the centre of the organisation is likely to adversely impact upon the organisation's overall performance and effectiveness. The County Council is about to embark upon a period of significant change, and this will require a good degree of change management and change support. Capacity will be required corporately to lead and support this change (eg organisational review including PWC and how it is taken forward) and support services such as Legal and HR are likely to come under pressure as a result of staffing changes and legal challenges, etc. It is recognised that the priority of the County Council must always be to protect frontline services but the above needs to be considered as part of any decision making process.

## **SAVINGS AREAS**

**Appendix B2** provides a summary of the savings and an initial assessment of the year in which they will be achieved. It will be noted from **Appendix B2** that the year on year profile of the savings broadly satisfies the frontloading requirement of the post-CSR scenario referred to in **paragraph 3.4 of the covering report**. Further details are provided below on the more significant areas of the proposed CEG savings programme -

### **Restructure of Chief Executive's Unit (CEG 1,2,3,5,14)**

A proposed restructure is currently in progress which seeks to bring together the separate teams for Performance; Scrutiny Support; Policy & Partnerships; Business Improvement; and Access to Services. It is intended that a generic team is brought together which will be multi-disciplinary. At the same time, savings will be secured by reducing the number of posts including that of the revised team as well as management and administrative support.

Emergency Planning was recently brought into CEG. It has recently removed one Emergency Planning Officer post and replaced 2 managerial posts with a single Manager post, thereby securing £100k of savings.

### **Communications (CEG 20)**

Various public sector organisations all employ their own communications teams. Discussions have been held with a number of them to see if there is any wish to share resources. It is still too early to determine whether there may be the potential to generate income but a failure to secure the income will mean that staff numbers will be reduced.

### **Review of NY Times (CEG 20a)**

The gross cost of producing NY Times is currently circa £470k based upon 10 editions per annum. A review is underway which is considering a range of options including cessation, reduction in frequency or alternative ways of communicating with the public. A saving of £200k is anticipated but this will need to be refined based upon the final preferred option.

### **Customer Services Centre (CEG 6)**

The Centre is effectively the front door for a large range of services which the public access. In recognition of its frontline nature the Centre has been prioritised within CEG and therefore does not take a saving in proportion to its share of the CEG



budget. It is expected that a combination of external income and greater efficiencies will realise the savings target of £100k over the 4 year period (mostly through the deployment of new systems and enhanced performance management). Any simple “cut” in the Centre would be a last resort due to the impact it would have on frontline services.

### **HR Services (CEG 21)**

HR Services are currently in the midst of fundamentally changing the way in which elements of the service are provided and the means by which managers and staff access HR functions (eg promotion of self-service). This approach has already helped to deliver VFM savings and as the project progresses it is possible to make further savings by reducing the level of adviser and administrative support.

### **People Strategy (CEG 24)**

This budget has been used to support a number of corporate staff initiatives. Whilst these have proved valuable, it is now considered appropriate that such initiatives are either ceased or mainstreamed.

### **Legal & Democratic Services (CEG 26,27,28,34)**

A number of savings opportunities are being pursued within LDS including -

- rationalisation of administrative support by sharing the resource between Legal and Committee Services
- abolition of the Standards Committee and lesser burden
- implementation of new ICT based systems to automate processes
- review of support arrangements to committees (eg Scrutiny reductions etc)
- review of professional legal support requirements

### **Grants & Subscriptions (CEG 16)**

Whilst certain subscriptions have been reduced (notably LGYH and LGG), it is still expected that downwards pressure is applied on this budget heading. In addition, it is suggested that a review is carried out against each individual area of spend to ascertain the value for money.

### **LINKs (CEG 17)**

The County Council is obliged to support Local Independent Networks so that they can champion the users of health and social care. A separate grant has been provided to date and this saving assumes a 50% reduction in funding to support direct activity.

### **Community Safety (CEG 18)**

A cut of £58k was made to the Area Based Grant for Community Safety following the government announcement on 10 June 2010. This cut has simply been passported on to the Safer Communities Forum and the Community Safety Partnerships. In addition, it is anticipated that further recurring cuts of £150k will be made to support community safety.

## **Members** (CEG 9,10,11,12,13)

Many of the savings areas have already been achieved. However, circa £60k still requires further exploration.

## **PROFILE OF PROPOSALS**

As explained in **paragraph 3.2/3.4 of the covering report**, the original request to find savings worth £1,936k was in equal instalments over four years. The post CSR scenario accelerated this requirement.

As the control totals show at the foot of **Paper B2**, the proposed phasing of the CEG savings is ahead of the possible revised profile of savings, with £1,361k potential savings in 2011/12 compared to a 13% target of £1,036k.

## **OTHER ISSUES**

Whilst we are clear about the significant reduction of government funding for local government, there remain key areas which are, as yet, unclear and are likely to impact significantly on the work carried out in CEG and in the wider organisation where CEG takes the lead. Such examples will include -

- organisational review and explorations of further savings opportunities by taking an organisational approach
- the extent to which partnerships are changed and the level of engagement and resource which the County Council will want / need to expend
- any new emerging corporate performance framework / external inspection regime
- risks and challenges as a result of high levels of staff turnover

The above issues will impact upon CEG and directly affect the extent to which CEG can find further savings or secure those identified in this report.

CHIEF EXECUTIVE'S GROUP

PAPER B1

2010/11 REVENUE BUDGET (exc PIP)

BUDGET HEAD	REVISED BUDGET 2010/11	Back Office	Non-CEG control	Customer influence	Customer driven	Total
	£000	£000	£000	£000	£000	£000
Chief Exec's Office	2,140	2,140				2,140
Grants & Subscriptions	243		243			243
Comm Safety, Climate Change etc.	326	326				326
Emergency Planning	485	485				485
Youth Offending Team	775				775	775
Legal Services	1,569			1,569		1,569
Democratic Services	612	612				612
Legal Expenses	643				643	643
Elections	76		76			76
Access to Services	462	462				462
Customer Service Centre	1,352					1,352
Customer Service Centre PIP Allocations					1,352	1,352
HR Services	2,875				0	0
HR Services PIP Allocations				2,875		2,875
People Strategy	304			304		304
Communications	824	824				824
Member's Services	1,592		1,592			1,592
Chairman's Fund	58		58			58
VFM Proposals in Excess of cumulative Target	10					10
		10				10
<b>TOTAL</b>	<b>14,346</b>	<b>4,858</b>	<b>1,969</b>	<b>4,749</b>	<b>2,770</b>	<b>14,346</b>

34% 14% 33% 19%

Savings Proposed	<b>2,442</b>	1,171	338	833	100
% of savings		48%	14%	34%	4%
% of base budget	17%	24%	17%	18%	4%
	<b>2,227</b>	956	338	833	100
	16%	43%	15%	37%	4%

## BUDGET PROPOSALS – CHIEF EXECUTIVE’S GROUP

Directorate	Reference	Proposal	2010-11 £k	2011-12 £k	2012-13 £k	2013-14 £k	2014-15 £k	Grand Total £k	Staffing impact - FTE
CEG	1, 2, 3, 5, 14	Encompasses: scrutiny review; move to generic teams, down-sizing & re-assessment f priorities, Emergency Planning and; reduction in admin support.		490				490	10.4
CEG	20	Communications - income generation from shared services to be investigated. If not reduction in staff (approx 1FTE)		30				30	1
CEG	20a	Communications - Review of NY Times		200				200	
CEG	6	Customer Services post / Income generation		25	75			100	4
CEG	21	HR Staffing Savings (incorporating 22,23 £105k originally on 25 and £32k originally on 31)	105	270	62			437	10.0
CEG	24	People Strategy			50	150		200	0
CEG	25	Remaining Comms VFM targets	9					9	
CEG	26	Democratic Services Committee Administrator		46	9			55	2
CEG	27	Legal and Democratic Services Admin and Support (various)		51	14	24		89	4
CEG	28 and 34	Reorganisation of legal service		8	78	11	15	112	Could affect a number of posts - plan to review in line with natural wastage
CEG	32	Remaining Legal & Democratic Services VFM target (mainly S & S)	19					19	0
CEG	33	Reduction in cost of practicing certificates		11				11	0
CEG	9	Members budget - mileage	10					10	
CEG	10	Members SRA (4 x Scrutiny Chairs & Vice Chairs)	17	8				25	
CEG	11	Chairman's Fund		5				5	
CEG	12	Members IT and miscellaneous spend	20					20	
CEG	13	Other Member's savings - reduction by 2 Exec Members	10	15				25	
CEG	13a	Members (inc Member support)			60			60	
CEG	8	Best Value budget	25					25	
CEG	15	Supplies & Services - general - tighter housekeeping in CEG	8	2			57	67	
CEG	19	CCfA Use new grant to support core activity in scrutiny function and partnership work.			15			15	
CEG	35	Consultation savings		25				25	
CEG	16	Grants & Subs - cash limit / inflation not required?	10		50			60	
CEG	17	LINKs funding		100				100	
CEG	18	Community Safety	58	75	75			208	1
CEG	19	Further staff savings - to be determined			45			45	1
TOTALS			291	1,361	533	185	72	2,442	34

Excludes Item 28/34 - reorganisation of legal service

## BUDGET PROPOSALS – CHIEF EXECUTIVE’S GROUP

ORIGINAL TARGET (post June 2010 announcements)

SUMMARY	2010-11 £k	2011-12 £k	2012-13 £k	2013-14 £k	2014-15 £k	Grand Total £k	2011-12 to 2014-15 Total £k
Percentage Savings Target		6%	6%	6%	6%		24%
2009/10 VFM variance cfwd	-37					-37	0
2010/11 VFM Target	270					270	0
Share of £6bn	58					58	0
MTFS Target	0	484	484	484	484	1,936	1,936
<b>TOTAL TARGET</b>	<b>291</b>	<b>484</b>	<b>484</b>	<b>484</b>	<b>484</b>	<b>2,227</b>	<b>1,936</b>
<b>TOTAL POTENTIAL SAVINGS</b>	<b>291</b>	<b>1,361</b>	<b>533</b>	<b>185</b>	<b>72</b>	<b>2,442</b>	<b>2,151</b>
<b>VARIANCE FROM TARGET</b>	<b>0</b>	<b>-877</b>	<b>-49</b>	<b>299</b>	<b>412</b>	<b>-215</b>	<b>-215</b>

POTENTIAL NEW TARGETS

SUMMARY	2010-11 £k	2011-12 £k	2012-13 £k	2013-14 £k	2014-15 £k	Grand Total £k	2011-12 to 2014-15 Total £k
Percentage Savings Target		13%	8%	1%	5%		27%
2009/10 VFM variance cfwd	-37					-37	0
2010/11 VFM Target	270					270	0
Share of £6bn	58					58	0
MTFS Target	0	1,036	637	80	398	2,151	2,151
<b>TOTAL TARGET</b>	<b>291</b>	<b>1,036</b>	<b>637</b>	<b>80</b>	<b>398</b>	<b>2,442</b>	<b>2,151</b>
<b>TOTAL POTENTIAL SAVINGS</b>	<b>291</b>	<b>1,361</b>	<b>533</b>	<b>185</b>	<b>72</b>	<b>2,442</b>	<b>2,151</b>
<b>VARIANCE FROM TARGET</b>	<b>0</b>	<b>-325</b>	<b>104</b>	<b>-105</b>	<b>326</b>	<b>0</b>	<b>0</b>

## FINANCE & CENTRAL SERVICES – PROPOSED BUDGET SAVINGS

### 1.0 NATURE OF BUDGET

- 1.1 The FCS Budget includes a number of different sections/functions, the treatment of which necessarily varies when preparing a Savings package. There are:
- (a) Sections which are essentially back-office and support the activities of the County Council as a whole. Some of these Sections however provide services that are income generating (e.g. CRB checks, Standard Desktop) or are recharged (e.g. to North Yorkshire Pension Fund).
  - (b) Within (a) there are a number of budget provisions for expenditure on corporate infrastructure e.g. repairs and maintenance of all properties (excluding schools), Wide Area Network (via NYnet), as well as the internal corporate ICT infrastructure.
  - (c) Services which are purely traded. These primarily relate to services provided to schools under the LMS arrangements.

This report identifies potential savings in (a) and (b) above as the financial fate of (c) are ultimately dependent upon decisions made by schools.

- 1.2 **Appendix C1** provides a summary analysis of the F&CS Budget. The base (i.e. recurring) Budget that is relevant to this savings exercise is £12.769m (which covers the net cost of **(a)** and **(b)** as defined in **paragraph 1.1** above). The indicative savings target (under either Paper A1 or Paper A2) for the 4 years (2011/12 to 2014/15) is £2.035m which is equivalent to 15.9% of the net base budget.
- 1.3 Details of the proposed savings are contained in **Appendix C2**. In preparing these savings recognition has been taken of the various formal (i.e. statutory) or quasi-formal responsibilities within the County Council held by the Corporate Director. This is relevant to financial management, internal audit, health and safety, property landlord and information governance where the Corporate Director is expected to lead the organisation, ensure appropriate standards are maintained, etc. The Corporate Director also has a lead responsibility for procurement (which is highly regulated), risk management, service continuity and ICT, all of which are critical 'support' functions to the satisfactory operation of the County Council.

### 2.0 SAVINGS PROPOSALS

- 2.1 Using the cross referencing provided in **Appendix C2** the proposals are as follows:

FCS 1/2	Reduction of Senior Management in Directorate by 1 Assistant Director (who has now retired and will not be replaced) and a Project Officer (who has been on secondment from the DfE). Duties have been either reallocated or discontinued.
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- FCS 3 All four of the Accountancy Sections have been reviewed and a total of 7 posts will be removed by the end of 2011/12. A further review will then be undertaken once the impact of cuts in service areas on the workload of Accountancy staff in outposted Sections can be assessed. It is likely that as a result of the Phase 2 review the level of support to Budget Managers will be reduced – this is the only practical way that reduced staff numbers can be achieved without compromising the basic day to day accountancy work that must be carried out.
- FCS 4 The FCS Directorate has actively recruited and supported CIPFA and AAT trainees for many years. This ‘youth’ policy has stood the Directorate in good stead ensuring that there is a continuity of ‘house-trained’ staff to replace leavers, etc. Sadly this will have to be halted until the current cohort have completed their qualification.
- FCS 5 Retirement in the Procurement Team.
- FCS 6 The Central Finance Service Unit undertakes all the transactional services provided by FCS viz payroll, pensions, accounts payable, account receivable, car allowances, etc. This saving is projected on the basis of reduced volumes of activity (e.g. fewer staff to pay or invoices to process, etc) allied to process efficiencies. Both of these will take time to materialise hence the phasing into 2012/13.
- FCS 7 Reduction in 2 stages of audit days purchased from Veritau. Each £42k is equivalent to 1 audit year. This will reduce the audit coverage available for the Annual Audit Plan – as with the reduction in support to Budget Managers this is a ‘controlled’ reduction based on a risk assessment of the possible consequences.
- FCS 8 Restructuring opportunity within Corporate Property Management (CPM) occasioned by recent staff departure. A further review will be undertaken following the retirement of the Assistant Director in 2011.
- FCS 9 A two phase approach to ICT. It is unlikely that any significant net savings can be made in infrastructure costs without reducing the resilience/robustness of the corporate ICT infrastructure. Therefore the savings in this area fall primarily against staff budgets.

Phase I rationalises a number of posts that have either become vacant or are filled by temporary contracts that are due to end soon.

Phase II will be dependent on the successful completion of the transition to Microsoft software (to replace Novell, etc). The business case for this project is due to be considered by Management Board and Executive shortly. If it does not proceed it is unlikely that staff savings of this magnitude can be made in ICT and alternative savings will have to be found elsewhere in the Directorate.

- FCS 10 Budgets relating to corporate office accommodation will be reduced by £130k over the 4 years. This will be achieved by various economy measures (e.g. reduced cleaning) and fewer improvement works, etc.
- FCS 11 Due to more efficient arrangements in relation to managing properties declared surplus it is possible to reduce this budget.
- FCS 12 Funds will be removed from the corporate provisions for planned maintenance to the non-schools property portfolios and small holdings. This will be allied, where possible, to the closure of properties by Directorates.
- FCS 13 A significant number of staff within Corporate Property Management are involved in oversight and landlord management of school premises. This work is currently funded by the County Council. It is proposed, with effect from April 2011, to charge this cost to the Direct Schools Grant budget in CYPS. This enables the County Council to maintain its 'landlord' responsibilities without paying for that part that relates to schools.
- FCS 15 The scope of the procurement service provided by NPG will be reviewed as part of a forthcoming tender process.
- FCS 16 Removal of a transition payment to Jacobs UK at the end of the primary contract period. Now that the County Council has agreed to extend the contract the payment is no longer due.
- FCS 17/  
18/19 Various minor savings relating to housekeeping costs.

2.2 If all these proposals materialise 39 posts will be removed from the establishment of FCS – this is equivalent to 13% of the current posts. However because a number of the savings proposed relate to services that have been outsourced (e.g. Veritau, NPG, Jacobs) the reductions to be made by these organisations will not directly affect the headcount of the Directorate (or be a cost in terms of redundancy, etc).

2.3 It is considered that savings at this level can be made without prejudicing the ability of the Directorate to perform its key roles and responsibilities to a satisfactory (albeit reduced) standard. Further cuts (if necessary) will challenge this position because many of the key roles/responsibilities will still need to be carried out regardless of the reduced overall spending of the County Council.

### 3.0 PROFILE OF PROPOSALS

3.1 As explained in **paragraphs 3.2/3.4 of the covering report** the original request to find savings worth £1.832m was in equal instalments over 4 years. The post-CSR scenario accelerated this requirement.

3.2 As the control totals show at the foot of **Appendix C2** the proposed phasing of the savings meets the possible 13% target (£980k) in Year 1 and falls slightly short in Year 2 (£25k), although this position recovers in Year 3. The precise timing of the



savings in Years 3 and 4 will depend on the Microsoft Business Case (FCS 9b) and Phase II of the Accountancy Review (FCS 3d).

#### 4.0 **OTHER CONSIDERATIONS**

- 4.1 The fundamental role of FCS is to provide a range of essential support services to all Directorates of the County Council so as to ensure that certain 'governance' processes are in place and maintained to a satisfactory standard. Whether it be financial management, internal audit, property landlord, health & safety, insurance and risk management, procurement, information governance or service continuity these functions must continue to exist in a meaningful way if the authority is to manage itself properly and transparently.
- 4.2 In addition to these 'governance' activities FCS is also responsible for the ICT infrastructure, the administration of all aspects of the Pension Fund and 'overseeing' and/or supporting the activities of the three 'trading' companies in which the County Council has an equity interest (ie NyNet, Veritau and Yorwaste).
- 4.3 The challenge will be to ensure that these 'irreducible' and/or essential responsibilities can be carried out to a sufficient standard within the reduced resources available.

## FINANCIAL & CENTRAL SERVICES BUDGET 2010/11 (£k)

	BASE BUDGET										Staff FTE	
	Employees Direct	Employees Indirect	Premises	Transport	Supplies and Services	Support Services	Gross Expenditure	Income	Net Expenditure (Base Budget)	Carryforward from 2009/10		Total RE
<b>Main (non traded) Services</b>												
Financial Services	3,594	46	5	11	1,516	320	5,492	2,629	2,863	368	3,231	124
STIC - Scanning bureau	0	0	0	0	0	0	0	0	0	-186	-186	
Corporate Procurement	38	0	0	1	494	10	543	69	474	9	483	1
ICT Services - Operational	2,941	155	144	60	609	9	3,918	33	3,884	15	3,899	108
ICT Services - Developments	0	0	0	0	461	0	461	0	461	1,414	1,875	
ICT Recharged Services	0	0	0	0	1,032	0	1,032	1,754	-722	-258	-980	
WAN Revenue Budget	0	0	0	0	863	0	863	0	863	0	863	
Health and Safety Risk	135	1	0	8	33	17	193	48	145	3	148	3
Risk Management Initiatives Fund	0	0	0	0	92.32	0	92	0	92	184	276	
Corporate R+M	0	0	1,831	0	300	0	2,131	0	2,131	339	2,470	
Themed programme - Gas ventilation, Glass filming, Air conditioning	0	0	0	0	0	0	0	0	0	120	120	
Corporate Accommodation	414	4	2,167	3	157	441	3,186	3,136	50	485	535	16
CPLU	1,295	49	815	65	799	124	3,148	620	2,527	650	3,177	37
<b>TOTAL</b>	<b>8,417</b>	<b>255</b>	<b>4,963</b>	<b>147</b>	<b>6,356</b>	<b>921</b>	<b>21,059</b>	<b>8,290</b>	<b>12,769</b>	<b>3,143</b>	<b>15,912</b>	<b>289</b>
<b>PIP Initiatives</b>												
ICT - Additional staff transformation	150	0	0	0	0	0	150	0	150	32	182	
ICT - Data Encryption	0	0	0	0	0	0	0	0	0	9	9	
WAN	0	0	0	0	600	0	600	0	600	0	600	
STIC	0	0	0	0	0	323	323	0	323	237	560	
BOS Northallerton PIP	0	0	0	0	0	1,450	1,450	0	1,450	0	1,450	
BOS Skipton PIP	0	0	0	0	0	0	0	0	0	500	500	
BOS Harrogate PIP	0	0	0	0	0	1,205	1,205	0	1,205	0	1,205	
Gypsy site refurbishment PIP	0	0	0	0	0	0	0	0	0	204	204	
<b>TOTAL</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600</b>	<b>2,978</b>	<b>3,728</b>	<b>0</b>	<b>3,728</b>	<b>982</b>	<b>4,710</b>	<b>0</b>
<b>Traded Services</b>												
Cleaning and Grounds Client	251	1	26	44	57	3	381	227	154	64	218	7
Grounds Maintenance DSO	415	2	36	160	46	38	698	653	45	66	111	18
County Print Unit	286	1	0	2	586	81	956	1,014	-57	170	113	12
County Print Unit - door access fund	12	0	0	0	21	0	33	0	33	7	40	
Building Cleaning Services	7,192	0	0	13	371	1,092	8,668	8,668	0	638	638	470
Facilities Management Administration Account	879	21	28	193	74	175	1,371	1,371	0	0	0	28
<b>TOTAL</b>	<b>9,035</b>	<b>25</b>	<b>90</b>	<b>412</b>	<b>1,155</b>	<b>1,390</b>	<b>12,107</b>	<b>11,933</b>	<b>174</b>	<b>946</b>	<b>1,120</b>	<b>535</b>
<b>GRAND TOTAL</b>	<b>17,601</b>	<b>279</b>	<b>5,053</b>	<b>559</b>	<b>8,111</b>	<b>5,290</b>	<b>36,894</b>	<b>20,222</b>	<b>16,671</b>	<b>5,071</b>	<b>21,742</b>	<b>824</b>

## BUDGET PROPOSALS – FINANCE AND CENTRAL SERVICES

Directorate	Reference	Proposal	2010-11 £k	2011-12 £k	2012-13 £k	2013-14 £k	2014-15 £k	Grand Total £k	Staffing impact - FTE
FCS	1	Assistant Director post not replaced	57	34				91	1
FCS	2	Project officer (Seconded Officer)	38	77				115	0
FCS	3a	Review of the structure and budgets of Corporate & ACS Accountancy Teams	59	6	12			77	2
FCS	3b	Review the structure and budgets of CYPs Accountancy Team		180				180	4
FCS	3c	Review the structure and budgets of BES Accountancy Team		30				30	1
FCS	3d	Accountancy Teams - Phase 2 Review			60	60		120	4
FCS	4	CIPFA/AAT Trainees	48	13				61	3
FCS	5	Procurement team	7					7	1
FCS	6	Central Finance Service Unit			60			60	3
FCS	7	Internal Audit (via Veritau)		42		42		84	0
FCS	8a	CPM - staffing changes in CAM and CLU	21	29				50	2
FCS	8b	CPM Phase 2 review		50	70			120	3
FCS	8c	CPM - GPTA fees		20				20	0
FCS	9a	ICT - Phase 1 review of vacancies & fixed term contracts		110				110	5
FCS	9b	ICT - Phase 2 review post Microsoft transition				100	150	250	10
FCS	10a	Review of property arrangements - Corporate accommodation Minor Improvements	30					30	0
FCS	10b	Review of property arrangements - Corporate accommodation operational costs		25	50	25		100	0
FCS	11	Review of property arrangements - Budget for redeployed properties	70	30				100	0
FCS	12	Review of property arrangements - Corporate R&M/Smallholdings		50	200	50		300	0
FCS	13	Reduction in corporate funding for schools related property support & advice		300	30			330	0
FCS	15	Procurement Support Service - review as part of re-tendering exercise			20			20	0
FCS	16	Jacobs - end of transition payment at end of primary contract period			60			60	
FCS	17	Transactional activities/service areas that may generate marginal savings due to volume changes or process efficiency		3	3	9	9	24	0
FCS	18	SDT Recharges (based on 20 PCs)		3	3			6	0
FCS	19	Mileage savings		10	10			20	0
<b>TOTALS</b>			<b>330</b>	<b>1,012</b>	<b>578</b>	<b>286</b>	<b>159</b>	<b>2,365</b>	<b>39</b>

## BUDGET PROPOSALS – FINANCE AND CENTRAL SERVICES

ORIGINAL TARGET (post June 2010 announcements)

SUMMARY	2010-11 £k	2011-12 £k	2012-13 £k	2013-14 £k	2014-15 £k	Grand Total £k	2011-12 to 2014-15 Total £k
Percentage saving target		6%	6%	6%	6%		24%
2009/10 VFM variance cfwd	-46					-46	0
2010/11 VFM Target	376					376	0
Share of £6bn	0					0	0
MTFS Target	0	458	458	458	458	1,832	1,832
<b>TOTAL TARGET</b>	<b>330</b>	<b>458</b>	<b>458</b>	<b>458</b>	<b>458</b>	<b>2,162</b>	<b>1,832</b>
<b>TOTAL POTENTIAL SAVINGS</b>	<b>330</b>	<b>1,012</b>	<b>578</b>	<b>286</b>	<b>159</b>	<b>2,365</b>	<b>2,035</b>
<b>VARIANCE FROM TARGET</b>	<b>0</b>	<b>-554</b>	<b>-120</b>	<b>172</b>	<b>299</b>	<b>-203</b>	<b>-203</b>

POTENTIAL NEW TARGETS

SUMMARY	2010-11 £k	2011-12 £k	2012-13 £k	2013-14 £k	2014-15 £k	Grand Total £k	2011-12 to 2014-15 Total £k
Percentage saving target		13%	8%	1%	5%		27%
2009/10 VFM variance cfwd	-46					-46	0
2010/11 VFM Target	376					376	0
Share of £6bn	0					0	0
MTFS Target	0	980	603	75	377	2,035	2,035
<b>TOTAL TARGET</b>	<b>330</b>	<b>980</b>	<b>603</b>	<b>75</b>	<b>377</b>	<b>2,365</b>	<b>2,035</b>
<b>TOTAL POTENTIAL SAVINGS</b>	<b>330</b>	<b>1,012</b>	<b>578</b>	<b>286</b>	<b>159</b>	<b>2,365</b>	<b>2,035</b>
<b>VARIANCE FROM TARGET</b>	<b>0</b>	<b>-32</b>	<b>25</b>	<b>-211</b>	<b>218</b>	<b>0</b>	<b>0</b>