

## Report to Budget Panel

### Future Council – Roadmap

#### 1.0 Background

I reported to Cabinet on 6 June 2011 the Corporate Plan for 2011-14 and within it the Future Council Roadmap.

The roadmap (**Appendix 1**) references the Council's Medium Term Financial Strategy (see the bottom row of the diagram). This identified the savings already agreed through service prioritisation (around £3 million over the next two years) and the remaining savings that need to be found by 2015 (a further £2 million).

To achieve the further savings requirement of £2M, a more radical approach is needed and the Future Council Strategy proposes four key transformers:

- Service redesign: integrating services to produce efficiencies and improve customer service; revising service specifications; changing operational delivery arrangements;
- Channel shift: moving services on line (particularly transactional activities such as paying for a service, requesting a service or notifying the Council about a service requirement or about information) and via telephony and self-serve. We need to ensure that outcomes are co-designed with our customers and leads to improved customer experience. The recent analysis we have undertaken about customer preferences shows that a large proportion of survey respondents had used the website to find information (91%) but far fewer had used it 'to report' (22%), 'to pay' (14%) or 'to apply for services' (13%).
- Market testing: consideration of our largest services for outsourcing – testing the market in respect of value for money, competitiveness and quality; using market analysis to benchmark against our existing costs and enabling the policy choice to be made about in-house (redesigned) or externalised services. A policy statement on the key issues identified by Portfolioholders is attached at **Appendix 2**.
- Reviewing corporate and shared services costs and functions to align them to the departmental changes that emerge from any front line service changes. The all staff briefings, Roadmap Bulletins 1 & 2 of are a useful summary of the service areas under review (**Appendix 3**).

#### 2.0 Main Issues for Budget Panel

Budget Panel has played an important role in advising on and challenging the Council's financial plans. We are entering a key phase whereby the Panel needs to play a strong and decisive role to review

proposals for savings, help validate assumptions and most importantly create consensus on cost reduction initiatives or help identify alternative strategies.

### Key assumptions

Please see **Appendix 4** produced by the Head of Strategic Finance. It posits firstly that there are so many variables that planning a MTFS is particularly difficult at this stage but given the likelihood that reducing expenditure will be an on-going requirement, there are two constants: firstly that driving forward increased VFM schemes across all Services is unavoidable, including outsourcing, and secondly that relying on reserves to avoid delivering savings is not sustainable.

The Budget Panel is asked to review the analysis in Appendix 4 and comment on the above assumptions.

### Is there an alternative strategy?

The Future Council Road map is based on the 4 transformers described in Section 1 above. Is there a different approach identifiable from Budget Panel that can deliver a further £2m in savings?

### Cumulative Pressures

The report attached at **Appendix 5** (full report was considered at Budget Panel on 25 October 2011) identifies a prospective shortfall on Service Prioritisation savings of £239k. If we assume there will be an overall underachievement of circa 15% on the £3m current savings profile – which is not unusual in terms of proposed versus actual ratios, this means we will have to find near £2.5m in the second phase rather than £2m.

Budget Panel is asked to comment on whether there are any strategies it would recommend to ensure the Council delivers the proposed savings identified in the Service Prioritisation programme especially as we approach delivery of the Year 2 savings.

## 3.0 Recommendations

Budget Panel is asked to consider the main issues identified in Section 2 above.