

FINANCE DEPARTMENT SAVINGS

DESCRIPTION OF OPTION

A series of proposed savings relating to non-frontline services provided by different parts of the Finance Department.

Treasury Management

Reduce the Treasury Management budget from 2013/14 by £1.7 million to reflect the impact of the previously agreed changes to the profiling and funding of the capital programme and the benefits from the pro-active management of the cash-flow of the Council..

IT Services

Centralisation and an external review of the service started delivering savings in 2012/13 and this is set to continue, delivering further efficiencies of £210,000 in 2013/14 and £90,000 in 2014/15. This is prior to any further decisions which may be taken in respect of the future provision of IT Services within the Council. IT contracts are regularly reviewed and this has delivered a saving in respect of the Uninterruptable power supplies to Cheshire Lines Building of £11,000 per annum.

Revenues and Benefits

The options relating to changes in service provision or the payment of Housing and Council Tax Benefits are contained within a separate report but there is a savings option essentially from the administration of the service. The Government re-imburses the Council for Benefit payments made that meet the Government eligibility criteria. Actions taken by the Council to reduce the level of non-eligible grant spend, fraudulent payments, errors in payments and errors in the final audited claim have led to the Government now re-imbursing the Council an increased amount of our spend in this area. This sees £2 million of 'additional' income / lost grant now received and the Budget projections initially included £1 million for both 2013/14 and 2014/15 in respect of this change. It is now projected that this saving can be achieved in 2012/13 and so is classed as a deliverable saving in 2013/14 and it is proposed that this grant budget be revised to reflect this.

Procurement

The reorganisation of the Merseyside Procurement Partnership, and the funding arrangements, will deliver a saving of £11,000 per year. Option to introduce a procurement card solution to pay the approximately 40,000 invoices for under £100 in value the Council currently processes each year. Formalising by way of a Service Level Agreement the service the Corporate Procurement Unit provides to Academy Schools and Schools. Engaging external specialists to audit all utility payments paid over the past five years by the Council, to discover if any overpayments have been made and the engaging of specialist advisors to assess the Council's VAT payments to see if there is any entitlement to a reclaim of some of those payments could both deliver 'one-off' savings. A review of the procurement service is currently underway, which will be followed by a review of our list of suppliers and the introduction of a category management system.

Management

The Chief Executive has made a commitment to review management across the Council with the aim of reducing posts and costs by around a third. The Finance Department has,

to date, identified a potential saving of £621,000 although work is on-going to increase this figure.

RATIONALE FOR SAVINGS

The savings have been identified from actions taken, in the case of Treasury Management and Revenues and Benefits for example, which have delivered savings during 2011/12 and have continued into 2012/13. The proposals are that these now be consolidated within the Budget.

The procurement savings are based upon the experiences of other local authorities in terms of potential 'one-off' savings and others will flow from the review of procurement service. This review will also seek to link with the work undertaken on the commissioning of services by departments across the Council who will be developing alternative methods of service provision.

Management savings are being identified to reflect the commitment to reduce the levels of management in the Council.

IMPACT

The proposals in respect of Treasury Management, IT Services, Revenues and Benefits and Procurement are essentially back-office savings which deliver financial benefits without impacting upon services currently provided. The review of the procurement service is intended to commence in 2012/13 and more detailed proposals will follow.

The reduction in Management will impact upon staff but will seek to improve service delivery through reducing bureaucracy so this is intended not to adversely impact upon service delivery.

MITIGATION

As the proposals are essentially back-office savings resulting from improvements to processes or controls there will be no direct impact upon service delivery.

Actions to ensure that any benefits which are identified from reductions in management will be monitored both by the Department and corporately by the Executive Team.