

# CABINET

## Revenue Services Restructure 11 December 2007 Report of Roger Muckle (Corporate Director – Finance & Performance)

### PURPOSE OF REPORT

The report brings forward proposals to restructure and reorganise Revenue Services to respond to the need to make savings, achieve better value for money and meet the operational needs of the Service as it seeks to improve Council Tax collection rates and implement the corporate document management system.

Key Decision

X

Non-Key Decision

Referral from Cabinet Member

Date Included in Forward Plan

July & December 2007

This report is public

### RECOMMENDATIONS OF COUNCILLOR ROGER MACE

- (1) Cabinet accept the proposals in the report and as detailed in Appendix A (Exempt item)
- (2) Cabinet ask Personnel Committee to consider the detailed organisational and Human Resources implications of the report for implementation on the dates shown in the exempt item at Appendix A.
- (3) Any costs arising from the Human Resources implications of the report are met from the savings identified in the report with such costs being reported back to Cabinet as part of the 2008/9 budget process.

#### 1.0 Introduction

1.1 At its meeting on 24 July 2007, Cabinet asked for a further report on adopting proposals in respect of:

- The prosecution of defaulters for failure to supply information
- The provision of a money advice worker in conjunction with Lancaster CAB and

- The restructure of the Service to meet these proposals and those already approved by Cabinet.

At the same time Revenue Services has been in the process of seeking to improve value-for-money, respond to the call to identify recurring savings of £802,000 in the 2008/9 budget and to the cut in the Housing Benefit/Council Tax Benefit Administration Grant of 5% in real terms imposed by central government.

Against this background Revenue Services has been leading on the introduction of a corporate document management system and the need to provide the initial corporate scanning team from within its existing resources has also presented a significant challenge.

This report outlines the organisational and structural changes proposed to meet these requirements, the net effect of which is to bring forward savings of over £8,000 in 2007/8, £70,000 in 2008/9, £90,000 in 2009/10 and £93,000 in 2010/11.

## **2.0 Proposal Details**

### **2.1 *Council Tax collection issues***

Following a fundamental review of the business processes adopted in Council Tax collection, officers have formed the view that it will be possible to implement the proposals referred to in 2.1 above by mainly making organisational changes within existing resources. However, one small change is proposed that involves the deletion of half a post and the creation of a post for a temporary period of one year (2008/9) after which this post will be reviewed as to whether it is necessary to make a permanent appointment.

With regards to the arrangement with Lancaster Citizen's Advice Bureau (CAB) to provide a money advice worker one day a week at Lancaster Town Hall, it is proposed to negotiate with the CAB that this service is provided as a condition of the funding the Council provides to the Bureaux at Lancaster & Morecambe and which is being reviewed as part of the service level agreement that will run from 1 April 2008.

### **2.2 *Electronic Document Management System (EDMS) issues***

As members will be aware, Revenue Services is leading on the implementation of a corporate document management system that will initially replace the current system that has been in use in Revenue Services since 1990 and which has been procured so as to enable other Services of the Council to adopt the benefits of the technology.

During this first phase, Planning & Building Control, Council Housing and Financial Services (for Creditors) are included in the implementation, all of which should be live on the system early in the New Year.

In order to ensure that efficiencies are realised from the use of the technology it has been decided that a corporate team will be required to open the incoming mail and scan the documents at this first point of entry in to the Council. Thereafter the documents will be transferred electronically to recipient Services and, after indexing, be routed electronically to the end users with minimal or no manual intervention.

As Revenue Services have many years expertise in the scanning operation and already have hardware with the capacity to handle the additional work, it has been decided that the corporate scanning team should be sourced in Revenue Services.

As much of the work of the existing team in Revenue Services relates to the volume of benefits documents the Council handles, the opportunity has been taken to review and rationalise the clerical support teams to meet the requirements of providing the corporate scanning function which will bring the management of this function in to the Benefits & Customer Services division of the Service.

The result of this review and the drive for efficiencies linked to the implementation of the project is the deletion of two posts, the creation of two new posts and to make a small change to re-grade the spinal column points of another post to reflect a change in duties and the responsibility for the day to day provision of the corporate scanning function.

### 2.3 ***Benefits – Value for Money and Efficiency issues***

In response to the need to provide and demonstrate value for money in service provision, Revenue Services constantly looks at ways in which business processes are delivered and makes changes whenever it is prudent to do so. Decisions will be informed by a number of factors including:

- Benchmarking performance and costs wherever possible. Our costs are considered higher than average but performance is top quality.
- The welfare reform programme and its impact on the resources required to deliver the service. The legislative changes continue a pace and introduction of Local Housing Allowance from April 2008 presents a further significant challenge.
- The Government's efficiency agenda.
- The level of central government funding and the response to cuts in Benefits Administration grant. A 5% cut in real terms over the next three years has been imposed.

During the last few months a review of posts as they have become vacant and those that have been held vacant previously pending review of the necessity to fill them has been undertaken. In addition a review of the administration function in Benefits & Customer Services and the opportunity to link this with the EDMS project has presented a further opportunity to make efficiency savings.

As a result it is proposed to delete 3.5 posts and amend the grade of one post to address the several failures to attract a suitably qualified and experienced candidate and reflect the changes to the level of responsibility the new post-holder will expect to undertake following the location of the corporate scanning function in the Benefits & Customer Services division of the service.

Officers are confident that the current high standard of benefit administration will not suffer as a result of these proposals.

### 2.4 A summary of the financial implications showing the savings to the manpower budget in the current and next three years is shown below. The figures do not include any costs of redundancy and/or early retirement costs that may arise but an indicative, one off, maximum cost (based on all four posts receiving Voluntary Redundancy and two receiving Early Retirement pension entitlement), can be estimated at £49,003

which would be met from the Council's revenue budget in 2007/8. However, as the Council's Redeployment Policy is likely to be applied in these cases these costs are not expected to be as high as the indicative figures.

The proposals would need to be effective from 1 January 2008 in some cases and from 1 April 2008 in others.

Additional savings arising from transport related costs are also included as two of the proposed deleted posts hold essential car user status.

<b>Area</b>	<b>2007/8</b>	<b>2008/9</b>	<b>2009/10</b>	<b>2010/11</b>
	£	£	£	£
<b>Council Tax</b>	(2,437)	4,360	(10,358)*	(10,669)*
<b>EDMS</b>	317	(10,477)	(12,064)	(13,326)
<b>Benefits</b>	(6,297)	(61,956)	(65,249)	(67,206)
<b>SubTotals</b>	(8,417)	(68,073)	(87,671)	(91,201)
<b>Transport</b>		(2,400)	(2,400)	(2,400)
<b>Totals**</b>	(8,417)	(70,473)	(90,071)	(93,601)

\* Subject to temporary post not being made permanent from April 2009

\*\* Subject to any costs of ER/VR (see above)

2.5 At the top of the grades the manpower savings are £66,593 in 2008/9, £85,962 in 2009/10 and £88,541 in 2010/11.

2.6 Attached as Appendix A is a more detailed summary of the proposals showing post numbers and post titles and the proposed effective dates. This information is exempt from publication. The Human Resources implications of the proposals will need to be considered by Personnel Committee and the Council's HR policies relating to Early Retirement/Voluntary Redundancy and Redeployment are likely to play a part in their implementation. A detailed report will be submitted to Personnel Committee on 18 December 2007 subject to approval of this report by Cabinet.

HR has advised that any regradings resulting from the restructure will be temporary pending the outcome of the Fair Pay process as agreed by the Personnel Committee in other recent restructures. Any pay protection that may be agreed will not apply to the regradings.

### **3.0 Details of Consultation**

3.1 Consultation with staff and trade unions has taken place and their views will be reported in to the meeting.

#### **4.0 Options and Options Analysis (including risk assessment)**

4.1 Option 1 is to accept the proposals as identified in Appendix A to the report.

Accepting the proposals will enable the Council to make significant savings in support of its medium term financial strategy, contribute to the need to identify efficiency savings and demonstrate value for money in service provision.

4.2 Option 2 is to consider implementing only part of the proposals taking savings but not accepting any costs included in the proposals.

By following Option 2 Cabinet could realise some additional savings but would run the risk of the operational failure of the new structure as proposed and would jeopardise the efforts to improve Council Tax collection rates.

#### **5.0 Officer Preferred Option (and comments)**

5.1 Option 1 is the Officer preferred option as it offers the best prospect of meeting the Council's financial and corporate targets.

#### **6.0 Conclusion**

6.1 This report encompasses a wide range of issues facing the Service and the Council. The restructure as proposed will enable service delivery to continue to a high standard whilst providing improvements to the value for money given to the Council Tax payers of the district.

#### **RELATIONSHIP TO POLICY FRAMEWORK**

To deliver value for money, customer focused services  
To continue to improve the Council

#### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

The report has no implications on Diversity/Human Rights, Community Safety or Sustainability

#### **FINANCIAL IMPLICATIONS**

The restructure of Revenue Services will result in savings for the Council under the proposal outlined in Option 1. The Council will be able to save in excess of £262,000 in total over the four years to 2010/11, if there is no take up of early retirement/voluntary redundancy. The table below summarises the main costs and savings which are shown in detail in Appendix A and in paragraph 2.4 in the body of this report.

The second part of the table also includes a potential maximum cost to the Council of ER/VR. Cabinet is asked to note that this is for the purposes of illustrating a worst case

scenario of the net savings, should Option 1 be adopted. The Council's Redeployment Policy will apply to the affected post-holders and the cost of ER/VR is expected to be considerably lower, if any. The real cost of ER/VR, will have to be identified and calculated when more definite details are available.

**SUMMARY OF SAVINGS – REVENUES RESTRUCTURE**

	2007/08 £	2008/09 £	2009/10 £	2010/11 £	Total £
Savings on Establishment	-8,417	-68,073	-87,671	-91,201	-255,362
Savings on Transport Costs	0	-2400	-2400	-2400	-7,200
<b>TOTAL SAVINGS</b>	<b>-8,417</b>	<b>-70,473</b>	<b>-90,071</b>	<b>-93,601</b>	<b>-262,562</b>
<i>FOR ILLUSTRATION PURPOSES</i>					
<i>Potential Cost of ER/VR</i>	<i>49,002</i>				<i>49,002</i>
<b>TOTAL SAVING NETOF ER/VR COST</b>	<b>40,585</b>	<b>-70,473</b>	<b>-90,071</b>	<b>-93,601</b>	<b>-213,560</b>

The one-off cost of ER/VR are contained within the £49,002in 2007/8

**SECTION 151 OFFICER'S COMMENTS**

The proposals would make a significant contribution to the Council's current savings targets, through achieving better value for money and whilst still providing support for the initial phase of the corporate EDMS implementation.

As touched on in the report, Revenues Services have made large savings on staff turnover in recent years, and these have contributed to the corporate turnover targets. The service's ongoing position and scope to make savings will need to be re-assessed in future, however, should the proposals be approved. (Such reassessment will also be undertaken for all other services though.)

**LEGAL IMPLICATIONS**

Legal have been consulted and their comments have been incorporated in to the report.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and her comments have been incorporated into the report.

**BACKGROUND PAPERS**

Cabinet Report 24 July 2007  
Base budget Review and Value for Money  
Assessment note 10 August 2007

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