

## **Report to the Cabinet**

**Report reference: C/102/2006-07.**  
**Date of meeting: 6 February 2006.**



**Epping Forest  
District Council**

**Portfolio: Finance and Performance Management.  
ICT and Corporate Support Services.**

**Subject: Central Support Costs – 2006/07 Budget.**

**Officer contact for further information:**

<b>Bob Palmer</b>	<b>(01992 – 56 4279).</b>
<b>Colleen O’Boyle</b>	<b>(01992 – 56 4475)</b>
<b>Adrian Scott</b>	<b>(01992 – 56 4457)</b>
<b>Tony Tidey</b>	<b>(01992 – 56 4054)</b>
<b>Ian Willett</b>	<b>(01992 – 56 4243).</b>

**Democratic Services Officer: Gary Woodhall (01992 – 56 4470).**

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### **Recommendations:**

- (1) That the proposals put forward by each support service be considered;**
- (2) That, for savings to be made on central support costs following the loss of the Highways Agency and the externalisation of leisure management, a CSB saving of £114,100 be included in the 2006/07 budget; and**
- (3) That, to allow for any costs of re-organisations, a bid for DDF growth in the sum of £56,000 be made for the 2006/07 budget.**

### **Report:**

- The Council is currently going through major structural changes, the Highways Agency has reverted to Essex County Council, SLM took over the management of leisure facilities from 4 January 2006 and proposals are being developed for the implementation of a customer contact centre. Clearly as the level and nature of “front line” services change there is a need for support services to change as well.
- It will take a period of time after leisure management has been externalised for all the work associated with the transfer to be completed and a clear picture of ongoing requirements to emerge. However, it is clear that support service costs must be reduced during 2006/07 and it would be inappropriate to set a budget and a Council Tax based on artificially high costs. This report proposes the inclusion of amounts to reflect potential costs and savings.

### **CSB Savings:**

- A preliminary analysis has been performed on the costs and time allocations for 2004/05. It was necessary to use the 2004/05 data as this was the last year that included the Highways Agency. The results are summarised in the table below and show how much time (expressed in terms of full time equivalents or FTE’s) each support service allocated to both the Highways Agency and the leisure facilities that will now be managed externally. To express this in monetary terms the average cost of an FTE (approximately £24,000) was calculated and the FTE figure multiplied by this to generate a savings target.

Service	Highways & Leisure (FTE)	Target Saving (£)	CSB Saving (£)
Finance	2.01	48,600	54,800 *
Human Resources & PMU	1.16	28,000	20,000 ^
Internal Audit	0.46	11,100	8,700
Legal, Admin & Estates	0.51	12,300	14,800
Research & Democracy	0.60	14,500	15,800
<b>Total</b>	<b>4.74</b>	<b>114,500</b>	<b>114,100</b>

\* DDF cost of £42,000

^ DDF cost of £14,000

#### Finance:

- The areas of Finance, which spent the most time on highways and leisure work, were Accountancy and Payroll. A saving of £35,100 can be made from Accountancy by the deletion of post FAC/16. This post was previously that of the Exchequer Services Manager, whose duties have now been re-allocated. The post had previously been retained on the establishment and used to fund temporary staff to deal with peak workloads. It is anticipated that temporary staff may still be needed to support the revised structure and, with Members agreement, £10,000 of the saving will be retained by the service for this purpose.
- The adjustment to Payroll is rather more complex. The current full time post of Senior Pay Officer (FAC/20) will be subject to a voluntary redundancy, a new part time (30 hours per week) post of Senior Pay Officer will be created and ring fenced to existing Payroll staff. The current post of the successful applicant will then be deleted on their promotion to Senior Pay Officer. The savings and costs are given in the table below:

Post	CSB Saving	CSB Cost	DDF Cost
Senior Pay Officer (F/T)	£39,100		£42,000
Senior Pay Officer (P/T)		£29,200	
Finance Officer	£19,800		
<b>Total</b>	<b>£58,900</b>	<b>£29,200</b>	<b>£42,000</b>

- The combined CSB saving for Finance is £54,800 (£25,100+£39,100+£19,800-£29,200), although to achieve this it is necessary to incur a DDF cost of £42,000.

#### Human Resources and Performance Management:

- The externalisation of Leisure Centres and loss of the Highways Function has resulted in some reduction in work associated with training and development. This relates to the annual analysis of training needs, advising staff on these matters and general HR casework. The postholder of post HR/02 (HR Consultant) is mainly responsible for this area of work, and has asked to be considered for voluntary redundancy with effect from 31 March 2006. The cost of this is £14,000. There are no ongoing revenue implications.
- It is proposed that as a result of this post deletion the HR staffing budget be reduced by £20,000 on an annual basis, with the remaining budget for the post (£27,080) reallocated within the HR unit by means of a restructuring. This restructuring will take place at a later date, taking into account changes that may be brought about by the

introduction of the Contact Centre and Senior Management restructuring.

**Internal Audit:**

9. The Audit Assistant Post CAU/06 is currently vacant and the money for this post has been used to fund the use of consultants. It is proposed to remove half this post to save £8,700, with the balance still being used for consultants. The audit coverage will be affected at the margin, as the savings had originally been earmarked for inclusion in the Audit Consultancy budget to enable specialist skills to be brought in for specific projects.

**Legal, Administration & Estates:**

10. It is proposed to meet the required saving for Legal, Administration and Estates by the deletion of two posts. The part-time post holder for post AEV/07 is due to retire in March 2006 and this post will be deleted on their retirement to give an annual saving of £8,250. The second post to be deleted is ASB/04, which is also part time but is currently vacant. The deletion of this post gives an annual saving of £9,550, with the combined saving for the two posts being £17,800.
11. Following the last senior management restructure the voice communications service was transferred from the Admin section to the ICT service area. In particular the post now designated as ICT/04. However that post also had administrative and supervisory duties including management of the out of hours service. In view of this it is proposed to retain £3,000 towards financing the necessary restructure.

**Research and Democratic Services:**

12. A Democratic Services Officer (DSO) post was kept vacant to cover any savings required on support service costs. The Council subsequently agreed to create a Scrutiny Officer post at the same grade as the DSO post. However it proved impossible to fill this post. The Head of Research & Democratic Services decided to fill the DSO position as a means of providing the extra support to Overview & Scrutiny requested by the Council. By deleting the Scrutiny post (UCM/11) an annual saving of £30,800 can be generated. However, the service is currently faced with additional demands to deal with the Freedom of Information Act and is anticipating the retirement of a number of staff in 2006. In view of these changes it is proposed to retain £15,000 of the savings in the service to finance a limited restructuring.

**Statement in support of recommended action:**

13. The budget and Council Tax need to be set on a realistic basis and so in the knowledge that a re-organisation of support services will occur during 2006/07, the savings that will arise from this should be reflected in the budget.

**Options for action:**

14. The amounts recommended are calculated on the basis set out above, Members may feel it appropriate to either increase or reduce either the savings or costs suggested.

**Consultation undertaken:**

15. None

**Resource implications:**

**Budget provision:** CSB saving £114,100 and DDF cost of £56,000.

**Personnel:** Potential reduction of 4.74 FTE's.

**Land:** Nil.

**Community Plan/BVPP reference:** N/A.

**Relevant statutory powers:** N/A.

**Background papers:** None.

**Environmental/Human Rights Act/Crime and Disorder Act Implications:** None.

**Key Decision reference (if required):** N/A.