

## **PROGRESS ON SPEND TO SAVE SCHEMES 2006/07**

### **1. Purpose of Report**

- 1.1 This report outlines progress achieved to date on Spend to Save Schemes approved by the City Council.

### **2. Recommendation**

- 2.1 It is recommended that progress on the schemes as outlined in paragraph 4 of the report be noted.

### **3. Background**

- 3.1 Details of all Spend to Save Schemes approved by the City Council to date are shown in Appendix 1. This report sets out the progress made to date on those schemes which were due to have started by January 2007. It is too early to report on the progress of those schemes with a starting date after January 2007, so progress on those schemes will be reported later in the year. The forecast savings for 2006/07 and later years for all Spend to Save Schemes have already been deducted from cash limits, so any shortfall in savings must be found elsewhere within the relevant cash limit.

- 3.2 The Spend to Save Scheme for 9 Leigh Road included in Round 1 has been withdrawn as it cannot now proceed.

### **4. Progress to Date**

#### **4.1 Staffing and Temp Staff Budget**

The scheme allows for an in-house temp agency to be created and run to facilitate the engagement of temporary staff within the authority, initially to cover administrative posts. Work is also being undertaken to review the use of temporary staff across the City Council with the aim of reducing their long term use within any post.

All of the investment budget of £15,000 has been spent and a Manager has been recruited to run the new service. The scheme was originally envisaged to be fully operational from 1 April 2006 but implementation was delayed due to the review of the Typing Services function which had previously run the Council's in house agency bookings. There was also further slippage in bringing all existing agency temps into PCC due to employment legislation issues and agency contract arrangements. The phased transfer of staff during the year resulted in a much higher level of Ranstadt staff being employed than was originally planned. PCC is now getting control over the use of temporary staff and HR are working with the Procurement Service to develop a tender for agency preferred suppliers which may be operated through this agency so that the improved controls and systems can operate throughout PCC. The agency has also been approached to run a service for green and clean which will be progressed; this is currently operated by an external agency at a higher cost than would be incurred through the internal agency. When the budget was prepared, the savings were slipped to start from 2007/08 to reflect the impact of the delays in the scheme.

#### 4.2 I-expenses and Automation of Occupational Sick Pay

These two schemes and the resultant savings were slipped into later years in the budget because HR staff are working on the Local Pay Review and do not have the resource to input into these schemes at present.

#### 4.3 Building Control Review

Due to a reduction in the number of Building Control Applications and the pressure to meet previous MTRS savings, a review of the Building Control Service has been undertaken. One of the outcomes of the review has been a reorganisation of the management structure to take into account the reduced workload and a Building Control Officer leaving. The original spend to save investment of £82,000 to cover one off redundancy costs is no longer required as the post holder left at the beginning of April 2006. The anticipated fees from internal clients on fire inspection works has not materialised as the posts have been transferred to other departments and agency staff have been employed during the year while vacancies were being filled. Savings are anticipated to be on track for 2007/08.

#### 4.4 Environmental Co-ordinator Post

The cost was for a one-off payment in respect of early retirement pension costs of the Environmental Co-ordinator post within the Public Protection Service. This expenditure has been incurred in full and the corresponding saving has been achieved. The responsibility for co-ordinating the Sustainability Strategy and Policy within PCC has been transferred to the Corporate Strategy Unit as planned.

#### 4.5 Housing and Council Tax Benefits

This scheme was aimed at improving the processing of “Change of Circumstances” in order to reduce Local Authority liability overpayments by £130,000 per annum and to trigger improved subsidy income. The investment budget of £70,000 has been spent on IT set up and contract processing as planned. Essential process changes to enable the “suspension” of claims that would cause overpayments were introduced at the beginning of 2006/07. The planned saving of £130,000 will be exceeded for 2006/07 with the full year saving estimated to be £105,000 in reduced LA overpayments and more than £250,000 in Claimant liability. The Change of Circumstances team has continued to operate across a number of area office locations and this does have a negative effect on processing efficiency. Centralised space is currently planned to be available from June 2007. Members need to note that there is a risk to future year savings if Housing Benefit caseload growth continues to exceed the capacity of existing staffing levels. Caseload is up 7% over the past year and a continuation of this will put pressure on the process controls implemented to limit overpayments if reasonable cycle times and levels of customer service are to be maintained.

#### 4.6 Upgrade Passenger Information System (Commercial Port)

This scheme is for the installation of new hardware and software to replace the existing passenger information system at the Port. The new system will have the capacity to run video advertising and the projected revenue from the sale of advertising time will exceed the installation cost. Final outturn cost will be £28,050, some £3,950 less than the forecast investment cost of £32,000. All works have been completed with MAXPORT becoming ‘live’ in May 2006 followed by MAXADVERT in June 2006. The original implementation date had been January 2006, however this slipped due to enhancements required to the system, negotiations over terms and conditions and the terminal building roof repairs which had to take place urgently and delayed the installation of hardware and cabling. The implementation of MAXPORT has been relatively successful and there has been some uptake of the advertising opportunities, however this has not been as great as anticipated. If advertising levels remain as they are currently it is thought that income will be in the region of £5,000 for 2006/07. Other options are to be investigated to try and increase income levels.

#### 4.7 E-Tendering Solution

This scheme allows for the purchase and implementation of InfoVision’s InTend e-sourcing system. The system is fully web based and its use will mechanise the tender, quotation and contract management processes. All of the investment budget of £55,250 has been spent on the acquisition and implementation of the system.

Portsmouth University has agreed to assist the City Council with the re-engineering of business processes. The team is working with Housing, but because of other work on System Thinking, work on the project did not begin until November 2006 and the system is now due to go live in May 2007. Through improving and standardising processes followed for quotation exercises it is estimated that the department now has the potential to realise some £70k of resource savings per annum. The savings that will be delivered through utilising the system to reduce paper, postage, photocopying, advertising and administration costs still need to be formally calculated and added to the potential savings. The Asset Management Service and Commercial Port are also due to start work on the project in May 2007. The Procurement Management Board predicts that savings achieved through conducting a business process re-engineering exercise with the Asset Management Service will far exceed those identified in the Housing project as it is Asset Management Service that undertakes the majority of PCC tenders and quotation exercises. As a result of the slippage in the programme, it is clear that the forecast savings will not be delivered strictly in accordance with the original bid but further savings from the re-engineering of business processes are anticipated to supplement the savings for this scheme. Progress is being closely monitored by the Procurement Management Board.

#### 4.8 Recruitment of 2 Solicitors

The scheme allows for the permanent appointment of two solicitors who will form part of the core service to clients and replace two temporary solicitors employed through agencies. Savings will accrue from the difference between standard employment costs and costs paid to the agencies. It is anticipated that the posts will be filled in April/May so the forecast savings in 2006/07 will not be achieved.

#### 4.9 Restructure of Environment and Transport Directorate

After the MTE Structure had been in place for a year, a review was undertaken to ensure that the Directorate structure was the most effective for the management and delivery of the services for which it is responsible. As a result of this review, a restructure was agreed by the Employment Committee on 24 January 2006. Funding from the MTRS Reserve was required to meet the redundancy and essential accommodation move costs arising from the restructure. Costs have been incurred as estimated and the savings are on track in 2006/07.

#### 4.10 Purchase of 20,000 Composting Bins

As part of the final budget amendment for 2006/07, the cost of £225,000 for the purchase of 20,000 composting bins, to be provided free to residents as a result of the ban on collection of green waste, was approved. This expenditure was to be treated as a Spend to Save scheme and met from MTRS Reserve and has been incurred in full. By the end of

December 2006 over 23,000 home composters had been provided to households, the additional units being jointly funded by WRAP and from an underspend of grant monies carried forward from the DEFRA funded wheeled bin scheme for recyclable waste. The programme for the provision of free home composters has been completed. The ban on collecting garden waste was introduced in June 2006 and tonnage of waste collected has subsequently reduced. At this stage it is not possible to say categorically that this is solely as a consequence of the ban and the impact of home composters. It is difficult to be precise on the level of savings that have been achieved since the ban was introduced in June and composters only started to be distributed en masse throughout July and August. A comparison of the tonnage of household waste collected from July 2006 to December 2006 with the corresponding period for 2005 suggests a reduction in waste arisings of approximately 2,500 tonnes. This may be totally attributable to this initiative, although it may also be as a result of a very dry summer and a consequential reduction in waste arisings. It is estimated that by the end of the year, savings of £130,000 as reflected within the waste disposal budget for 2006/7 will be achieved. It should be noted that a proportion of the predicted annual savings has been offset by increased waste disposal costs (paint, CRTs etc) and the reduction in predicted LATS income.

#### 4.11 Energy Efficiency Officer/Civic Offices Energy Efficiency

The appointment of a specialist Energy Efficiency Office post was approved on 10 October 2006 together with a budget for the procurement of external specialist technical advice and certification with the aim of achieving future energy cost savings across the City Council. An appointment has not yet been made to this post. In addition, Civic Offices Energy Efficiency works comprising the installation of lighting controls and cooling system controls at a total cost of £205,000 were approved with the aim of achieving an overall saving of £318,300 over 5 years. The specification for these works is currently being finalised so no expenditure has been incurred to date. The forecast completion date for these works has slipped from June 2007 to December 2007.

#### 4.12 Reshaping of Adult Services (Spend to Avoid Cost Scheme)

The proposed reshaping of Adults and Older Peoples Services is necessary not only to modernise social care services and make them more responsive to present-day needs but also to be able to place the service in a better position to deliver savings in future years. The scheme comprises a number of strands and involves Human Resource expertise to manage changes to staffing levels and roles, training support to re-focus and re-skill staff, financial assistance with appraising alternative options for service delivery, communications support and project management capacity to oversee and manage the changes. The scheme is being closely monitored by a Project Group which meets monthly. Regular meetings are also taking place between the Project Leader and

Senior Managers responsible for joint commissioning, and between the PCT and PCC. Priorities for commissioning for each care group were produced for the PCT Local Delivery Plan update in December 2006. A presentation to and discussions with the 3<sup>rd</sup> sector took place during December 2006. Initial joint commissioning strategies are being drafted and any further consultation required is being arranged by joint commissioning managers. These strategies will be formally considered by the HHSC Executive Member in March 2007. A draft governance structure has been designed and consultation took place in January 2007. A first draft structure for joint commissioning has also been consulted on during January 2007. Further discussion and clarification re commissioning preventive services is to be followed up. Initial discussions re the role/place of Supporting People within the commissioning/contracting framework have also begun. Good progress is being made in developing more consistent understanding of the key elements of joint commissioning and the legislative framework and central government guidance that is increasingly setting the parameters for this activity. Information continues to be circulated/shared and a resource library is being developed. The forecast drawdown of expenditure from the MTRS Reserve has slipped in 2006/07 from £367,780 to £169,930 but the slippage will be made up during 2007/08 and the overall cost is forecast to remain at £872,830.

#### 4.13 Engineering Best Value Review

The spend to save bid for Engineering Consultancy re-aligns Engineering staff into client departments as a result of a Best Value Review. The funding of £267,800 from the MTRS Reserve will fund redundancy costs, physical and IT related costs of the move, and the loss of fee income to the Consultancy while information is being archived in preparation for the move to the Port and Asset Management Service. Savings of £168,400 per annum are due to be achieved from 2007/08 onwards. Expenditure to date amounts to £1,840. The IT and infrastructure works associated with the relocation of engineers to the Port is expected to be completed by the end of March 2007. The archiving of records and the move to the Port are also forecast to be completed by the end of March 2007.

#### 4.14 ITECS – System Replacement (Spend to Avoid Cost Scheme)

ITECS is the service database used by Public Protection and Private Sector Housing staff to log enquiries received from the public. Information recorded on the database is used to complete statutory returns to agencies such as GOSE, Food Standards Agency, Trading Standards Institute and DEFRA, and enables the services concerned to maintain an effective performance management process. The current system will no longer be supported from April 2007 and within a short time will become redundant and unable to facilitate the completion of statutory returns etc. Expenditure of £24,900 has been incurred to date on the replacement system which is forecast to cost £67,400. A project completion date of July/August 2007 has been provided by Civica but there is a lot to be achieved in a relatively short period of time.

4.15 Feasibility Schemes

No progress report has been provided on the feasibility schemes approved by Members as it would be inappropriate to report any information until the feasibility studies have been completed.

4.16 Capital Schemes

Progress on capital schemes funded through the MTRS Reserve will be monitored as part of the capital programme.

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Valerie Lane  
Head of Financial Services

*Background List of documents –  
Section 100D of the Local Government Act 1972*

*The following documents disclose facts or matters which have been relied upon to a material extent by the author in preparing this report –*

<i>Title of document</i>	<i>Location</i>
Portsmouth City Council Budget 2006/07 to 2008/09 and Medium Term Resources Strategy Spend to Save Highlight Reports	Office of the Head of Financial Services

The recommendation(s) set out above were  
approved/ approved as amended/ deferred/ rejected  
by the Chair of the Policy and Review (Performance) Panel on 22 March 2007.

Signed: -----

**APPROVED SPEND TO SAVE BIDS**

Scheme	Portfolio	Investment £	Earliest start date	Reduction in Cash Limits				
				2006/07	2007/08	2008/09	2009/10	2010/11
<b><u>Round 1 Schemes</u></b>								
Staffing & temp staff budget	Leader	15,000	Jan-06	0	86,000	114,000	200,000	200,000
I-expenses	Leader	39,800	Apr-06	0	0	14,418	14,418	14,418
Automation of occupational sick pay	Leader	30,000	Apr-06	0	0	8,530	8,530	8,530
Building Control review	PRED	Note 1	Apr-06	0	120,500	137,400	137,400	137,400
Environmental co-ordinator post	Environment	56,100	Dec-05	41,800	41,800	41,800	41,800	41,800
Housing & Council Tax benefits	HH&SC	70,000	Immediate	130,000	130,000	130,000	130,000	130,000
Upgrade passenger info system	PRED (Port)	32,000	Jan-06	15,800	15,800	15,800	15,800	15,800
<b><u>Round 2 Schemes</u></b>								
E Tendering Solution	Leader	55,250	Dec-05	61,000	46,750	46,750	46,750	46,750
Recruitment of 2 Solicitors	Leader	15,000	Apr-06	14,000	14,500	14,500	14,500	14,500
<b><u>Round 3 Schemes</u></b>								
Approved Environment & Transport Directorate Restructure	Traffic & Transportation	171,000	Apr-06	121,271	143,562	143,562	143,562	143,562
Highways Management - Feasibility Study	Environment	37,000	Apr-06	0	24,000	24,000	24,000	24,000
<b><u>Approved 21 February 2006</u></b>								
Purchasing of 20,000 composting bins	E&T	225,000						
Consultancy Review of Social Care budgets	HH&SC	42,800						
<b><u>Approved 10 October 2006</u></b>								
<b><u>Spend to Save Schemes</u></b>								
Energy Efficiency Officer	Leader	120,000	Dec-06	*	*	*	*	*
Civic Offices - Energy Efficiency	Leader	205,000	Dec-06	0	15,300	62,900	63,600	63,600
<b><u>Spend to Avoid Cost Scheme</u></b>								
Reshaping of Adult Services	HH&SC	873,000	Oct-06					
<b><u>Approved 8 September 2006</u></b>								
Milton Village Scheme to Provide Accommodation for Older People	HH&SC	1,300,000	Oct-06	0	0	16,600	256,000	321,600
Harry Sotnick House	HH&SC	600,800						



## APPENDIX 1

Scheme	Portfolio	Investment £	Earliest start date	Reduction in Cash Limits				
				2006/07	2007/08	2008/09	2009/10	2010/11
<b>Approved 19 December 2006</b> Engineering Best Value Review ITECS System Replacement Guildhall Review and Development Feasibility Study Museums Feasibility Study	E&T Leader Culture & Leisure Culture & Leisure	267,800 67,400 100,000 150,000			168,400	168,400	168,400	168,400
<b>Approved 30 January 2007</b> Occupational Health Services	Leaer	83,700	Apr-07		25,000	12,500	12,500	12,500
<b>Approved 20 February 2007</b> Isambard Multi Story Car Park Extension Landlords Maintenance	E&T Leader	177,000 1,500,000						
<b>Total</b>		<b>6,233,650</b>		<b>383,871</b>	<b>831,612</b>	<b>951,160</b>	<b>1,277,260</b>	<b>1,342,860</b>
					1,215,483	2,166,643	3,443,903	4,786,763

### 1 Return on Investment (by end of 2010/11)

- 100% (i.e. breakeven) - 110%
- 111% - 120%
- 121% - 130%
- 131% - 140%
- 141% - 150%
- 151% and above

### 2 Payback period

- By end of 2010/11
- By end of 2009/10
- By end of 2008/09
- By end of 2007/08

### 3 Contribution to corporate priorities

- Major contrib to more than one priority
- Major contribution to one priority
- Minor contribution to more one priority
- Minor contribution to one priority

### Notes

1. The sum of £82,000 originally requested from MTRS Reserve is no longer required