

# Executive

## Value for Money Review of Corporate and Democratic Core

6 December 2010

### Report of the Chief Executive

#### PURPOSE OF REPORT

To consider the findings of the Value for Money (VFM) Review report and the recommendations arising from the report

This report is public

#### Recommendations

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The Executive is recommended:

- (1) To endorse the overall conclusions of the review
- (2) To agree that improvements in value for money be sought in Democratic Services and Elections and approve the following recommendations to achieve savings of £124,803;
  - a. Merge the Democratic Services and Elections teams to provide greater resilience and achieve further efficiencies
  - b. Achieve the schedule of savings set out in Annex 1
- (3) To agree that improvements in value for money be sought in Corporate Strategy, Performance and Partnerships and approve the following recommendations to achieve savings of £68,270;
  - a. Delete the post of performance officer and restructure the team to accommodate the loss of this post, reallocating roles and responsibilities to reflect revised local priorities and changes in the national performance regime
  - b. Reduce the budget for research and consultation, focusing the remaining resources on high priority areas and supporting in house consultation
  - c. Change the operating arrangements for performance management software to scale back its costs and provide better value for money
- (4) To agree that improvements in value for money be sought in Treasury Management and approve the following recommendations to achieve

minimum savings of £30,000;

- a. Review the Council's declining investment funds and allocate over two funds, rather than three.
- b. Ensure that this allocation is in place by 31 March 2011.

## **Executive Summary**

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### **Introduction**

- 1.1 This review forms part of the Value for Money programme of reviews for 2010/11, which aims to cover all services within the council and improve the value of services offered to residents of Cherwell, and contributes to meeting the Council Promise of securing £800,000 of new savings by 1 April 2011.
- 1.2 The Corporate and Democratic core was selected for review during 2010/11 because high-level comparative budget information available through 2010/11 RA form analysis indicated it may be comparatively expensive. A key element of the review was to better understand these comparative costs where possible and to identify any possible savings. Three areas were looked at; Democratic Service and Elections, Corporate Strategy Performance and Partnerships, and Treasury Management
- 1.3 A savings target of £100,000 for the review was set as part of the £800,000 Council Promise. The review has exceeded this target and identified total savings of £223,073, a proportion of which can only be achieved after 2011/12

### **Proposals**

- 1.4 To adopt the recommendations of the Review in full

### **Conclusions**

- 1.5 Significant reductions to spending on the Corporate and Democratic Core are possible and will improve the council's overall comparative spend position.
- 1.6 Improvements identified from the review will help reduce the council's cost base for its support services and contribute towards its Medium Term Financial Strategy targets.

## **Background Information**

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- 2.1 The Corporate and Democratic Core is a collection of council functions brought together solely for accounting purposes in line with CIPFA accounting requirements. It includes, Democratic Services, Elections, Member Services, Improvement Team, the Chief Executive's office, Communications, Corporate Strategy, Performance and Partnerships, Corporate Charges, Treasury Management and Accounts, Reports and Public Plans.
- 2.2 Cherwell's combined budget for these areas was £3.018m for 2010/11, which made it the 7<sup>th</sup> most expensive council in its CIPFA comparator group costing £33,700 more than the average or £460,250 more than the lowest quartile spend. This led to the inclusion of this review within the 2010/11 VFM Programme.
- 2.3 To undertake the review, three discrete service areas were chosen to focus on, with each undertaken as a separate project;
- Democratic Services and Elections (including Member Services) (8.81FTE of staff and total expenditure of £1.5m)
  - Corporate Strategy, Performance and Partnerships (5.72 FTE of staff and total expenditure of £393,000)
  - Treasury Management (total expenditure of £287,500)
- 2.4 As part of the council's Corporate Promise of securing £800,000 of new savings by 1 April 2011 a target of £100,000 was set for the review, with individual targets set for each of the three service areas as follows;
- Democratic Services and Elections - £70,000
  - Corporate Strategy, Performance and Partnerships - £20,000
  - Treasury Management - £10,000

## **VFM Review Findings – Democratic Services and Elections**

- 2.5 The Democratic Services and Elections teams manage and deliver the democratic decision making process within the council, including meetings, scrutiny, member training and member support. They also manage and deliver elections and electoral registration.
- 2.6 This is a time of rapid change in both the democratic and elections areas, with many of the new governments' initiatives impacting directly on the work of the team. These include the planned national referendum on electoral reform, the implementation of the alternative vote, individual registration, elected police chiefs, fixed term parliaments and forced removal of MP's, community governance review, referenda on council tax increases, new constituencies with increased cross boundary transfers, referenda on community rights to build and possible elected NHS boards.
- 2.7 The review used benchmarking information from other councils and national

data to assess how well the service performs along with comparisons on its costs. Key findings from the review of this area can be summarised as follows;

- For Democratic Services, Cherwell's staffing was found to be in the lowest quartile (1.32FTE less than the average District Council) when measured by staff per electorate. It was also shown to have a low level of meetings compared to other authorities (9<sup>th</sup> lowest against the size of electorate)
- In contrast, Cherwell's elections team was found to be relatively well staffed with the 5<sup>th</sup> highest level of staff per 10,000 electorate for all authorities, or the 2<sup>nd</sup> highest for District Councils.
- Cherwell had the 6<sup>th</sup> highest number of portfolio holders per 10,000 electorate. Its member allowances were found to be 6% below average compared to other south east authorities
- In looking at other councils no standard approach was found for how elections are organised and managed, although it was identified that Cherwell's recent approach in using a project manager from Democratic Services has been very successful. This highlighted the need for greater cross-working between the two teams
- There are potentially significant savings to be found through a move to all-out elections every four years, although these cannot be quantified at present and could not be introduced before 2015.

2.8 The Review identified a number of options for achieving savings. These were subject to additional consultation with members due to the impact these would have on the scope and level of member activity.

2.9 The total value of savings identified was £124,803 of which £68,035 can be achieved in 2010/11, £14,857 in 2011/12 and the remainder of £41,911 in 2012/13. A schedule of these savings is attached as Annex 1, with the main aspects summarised below;

- Merger of the two teams, with the deletion of a vacant Democratic Services trainee post. We will retain one trainee post in the Democratic Services team. Further staff savings to be identified in 2012/13 following the 2011 elections –savings of £30,718 can be achieved in 2010/11 and a further £30,000 in 2012/13 making a total of £60,718
- The deletion of the Standards Committee (when and if anticipated changes in legislation permits this) – total savings of £25,451
- Efficiencies in democratic services and elections such a reduced IT budget better procurement arrangements, less publicity and less printing and publications – total savings of £11,666
- Efficiencies in member services such as less catering for meetings, a reduced training budget and reductions in scrutiny activity – total savings of £15,857
- Removal of the subsidy for parish council elections, resulting in savings of £11,111

## **VFM Review Findings – Corporate Strategy, Performance and Partnerships**

- 2.10 The Corporate Strategy, Performance and Partnerships team manages the community strategy and the local strategic partnership, consultation and engagement activities, community knowledge and profiles (e.g. Living in Cherwell, deprivation profiles, data observatory), corporate and service planning, performance and risk management, equalities work and community cohesion.
- 2.11 During the course of the review the Government announced the abolition of CAA, the National Indicator Set, the Place Survey, Local Area Agreements and the Audit Commission Use of Resources assessments. At the same time the Equalities Act has been passed, and proposals for a Localism Bill have been outlined which are likely to lead to increased local consultation and community engagement.
- 2.12 The review found it was not possible to employ benchmarking to make meaningful comparison with other councils around these functions as each council has a different approach to their discharge and location of functions, resulting in large differences in staffing provision and expenditure. Instead, the focus of the review was in identifying areas for efficiency savings against its target.
- 2.13 The service has had an annual consultancy budget of £70,000, which has been used to improve and develop the council's internal systems and processes, and has supported the establishment of a corporate consultation programme including the consultation portal. The budget is also used to deliver research commissioned to support local priorities such as citizen's juries for the fear of crime improvement project and Banbury Brighter Futures (connecting communities). Savings in this budget are now possible through the loss of the Place Survey, the completion of improvement work (such as data quality) and the reduced national performance regime.
- 2.14 It is proposed that the post of Performance Officer is deleted through redundancy and that the new duties and responsibilities which are being set out by the coalition government will be allocated across the remaining posts within the team. Performance management remains absolutely critical.
- 2.15 A final aspect of the review focused on the costs of software used by the team to perform its work, particularly Performance Plus. Changes in operating arrangements and a reduction in consultancy days have generated immediate savings, with further savings possible in the future through renegotiating the contract or sharing the system with another authority. A further small saving was identified through removing the capital charges on a redundant item of software.
- 2.16 The total value of savings identified through the review was £68,270. The details are set out below;
- Delete the post of performance officer. Restructure the team to accommodate the loss of this post, reallocating roles and responsibilities

to reflect revised priorities - saving of £28,882

- Reduce the budget for research and consultancy – saving of £30,000
- Change the operating arrangements for performance management software to scale back its costs and provide better value for money – saving of £7,338
- Removal of the depreciation budget for Keypoint – saving of £2,000

## **VFM Review Findings – Treasury Management**

- 2.17 Treasury Management is the management of the council's £70m investment portfolio to achieve the best financial return whilst maintaining security of the principle. Despite currently low interest rates performance from 2 of the 3 pots has been in accordance with budget and this investment income will fund 7% of the Council's 2010/11 revenue budget.
- 2.18 The current medium term financial strategy assumes that the Council will end its reliance on investment income to fund revenue services by March 2012 and use the funds to fund one off projects and replenish reserves.
- 2.19 The portfolio is currently split into 3 'pots', in accordance with the CIPFA code, with £45m handled by private sector experts in 2 pots and the 3rd pot of £25m handled internally by council staff.
- 2.20 Costs include council staff time, payment for advisors and third party commissions, the latter being based on interest rates.
- 2.21 A 'desktop' review was undertaken to explore an optimum cost model while still meeting the requirements of the CIPFA code. This identified that on top of reducing the payment to 3<sup>rd</sup> party advisors (£8k saving achieved) that by reducing the number of 'pots' from three to two would give rise to a significant level of savings.
- 2.22 Negotiations have begun but early indications are that savings of around £30,000 will be possible to achieve for 2011/12.

## **Implications**

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- Financial:** The review has identified savings totalling £223,073 against a target of £100,000. Sufficient savings have been identified to meet the council promise requirement; with further savings providing flexibility should other aspects of the Medium Term Financial Strategy not be deliverable.
- Comments checked by Karen Curtin, Head of Finance  
01295 221551
- Legal:** The proposed recommendations will not impact on the council's statutory functions in the areas covered by the review. Savings from changes to the Standards regime are dependent on forthcoming legislation and so cannot

be assured at this time.

Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221686

**Risk Management:** The proposed level of savings present no risk to service delivery

Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221566

**Data Quality** Data for comparison has been obtained through rigorous benchmarking. Financial data has been prepared by the relevant service accountant

Comments checked by Neil Lawrence, Improvement Project Manager 01295 221801

**Wards Affected**

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All

**Corporate Plan Themes**

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An Accessible, Value for Money Council

**Executive Portfolio**

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**Councillor Attack**  
**Portfolio Holder for Performance Management, Improvement and Organisational Development**

**Document Information**

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<b>Appendix No</b>	<b>Title</b>
Annex 1	Schedule of proposed savings in Democratic Service and Elections
<b>Background Papers</b>	
Corporate and Democratic Core VFM - Update Report: Democratic Services and Elections (exempt) - Update Report: Corporate Strategy, Performance and Partnerships (exempt)	
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