

Bolsover District Council

Executive

13th May 2014

Medium Term Financial Plan

Report of the Executive Director - Operations

This report is public.

Purpose of the Report

- To seek Executive's approval for the creation of two posts shared with North East Derbyshire in order to facilitate the delivery of the Council's Transformation Agenda. The approval of these posts is essential to provide the capacity which is necessary in order to enable the two authorities to secure the efficiencies that can be realised by securing improvements in our business processes. The posts concerned have already been recommended for approval to both Councils by the Strategic Alliance Joint Committee at its meeting on 23rd April 2014.
- Secondly, to secure the approval of Executive for a simplification in the number and purpose of the reserves held by the Council which will make our accountancy arrangements both simpler and more transparent.
- Thirdly, for Executive to note an update in respect of the proposed procurement arrangements for securing new banking arrangements following the withdrawal of the Co-op bank from the local authority sector.

1 Report Details

Customer Services and Improvement

- 1.1 Members will recall that Council at its meeting of 30th October 2013 agreed the procurement of a new customer information system (CIS). The system was acquired in order to streamline business processes and to facilitate joint working across the two Councils where appropriate. The initial implementation targets have been met with the contact centre scripts in place and Environmental Health and Street Scene fully operational by April 2014. Having successfully completed the initial implementation it was always envisaged that Strategic Alliance would utilise the Firmstep product as a platform for operating common business process applications across both Councils.
- 1.2 At the time of the original report the Council agreed to put in place short term arrangements for the delivery of the project including an interim budget funded from Efficiency grant. Having successfully completed the first stage implementation and demonstrated that the Firmstep product provides a robust software platform officers are of the view that it is now appropriate to move forward to the second phase. This phase will see the Firmstep solution rolled out across the Council with the main advantages being:

- Ending the requirement for paper forms
- Ending the need to send paper documents between different locations saving on cost, time and minimising the risk of information security breaches
- Integrate the CIS system into other systems of the Council removing the requirement to manually key data into another Council system.
- Publish forms to the website so customers can complete them online thus allowing customers a choice between accessing services through the internet, visiting the Council or phoning the contact centre.

1.3 Members have previously agreed a detailed Transformation Programme with the delivery of this agenda being dependent upon increasing the use of the Firmstep product. As outlined in the original report to Council in order to roll out the software it will be necessary to resource the implementation team beyond the period of the initial project plan which comes to an end in June 2014. As part of the phase 1 project the post of CIS (Customer Information System) Developer was established on a temporary basis. It is now necessary to agree that this post be established as a joint post across the two authorities on a full time basis. The post is currently funded on a full time basis until the end of June 2014 and this will need to be made into a permanent established post. In respect of the period until the end of the current financial year the post will continue to be funded by Efficiency Grant. From 2015/16 it will need to be funded from within mainstream budgets. Given that this post will be an additional post on the Staffing Establishment of Bolsover District Council it will be necessary to refer this report to Council in order to secure agreement to this recommendation.

1.4 One of the issues identified during phase 1 has been the limited availability of resources to carry out the integration between the CIS and back office systems. This requires specialist IT skills and knowledge above those of the CIS Developer. Two existing Application Development Officers within the ICT team have undertaken the phase 1 work but this has meant other projects being delayed. In order to address short term issues in capacity it is recommended that a temporary post of Business Development Officer is established. Integration between systems is essential to securing the efficiencies that will arise from the transformation programme and can also save on the cost of expensive connectors from other suppliers. A job description has been created for the Business Developer Officer post based on those already in existence within ICT and the likely resource implication is up to £35,000 including overheads subject to Job Evaluation. The temporary 18 month post will be on the NEDDC establishment. Funding is already identified within the CIS budget already approved at each Council. The post would be line managed by the Business Development Manager in close liaison with the Project Manager (Joint Assistant Director – Customer Service and Improvement).

Managing the Council's Earmarked Reserves

1.5. In common with all other local authorities Bolsover District Council has two main revenue accounts with associated financial reserves which are the General Fund and the Housing Revenue Account. The funding in these balances is not earmarked for any purpose but is available to help the Council manage a position where income fell significantly below the budgeted level or expenditure increased significantly above the anticipated level. General financial reserves are necessary in order to allow the Council time to adjust in the case of unforeseen budget pressures

and they are available in the short term to enable the Council to avoid expenditure reduction which otherwise would have an immediate and major adverse impact upon local communities.

- 1.6 In addition to these general reserves the Council has maintained a number of earmarked reserves which are available for specific purposes. Currently the Council has fifteen earmarked reserves, five of which it is anticipated will contain less than £50,000 at the end of last financial year (2013/14). The existence of such a large number of reserves unnecessarily complicates the Council's financial accounts and makes them less transparent to both Elected Members and local residents. Accordingly it is proposed that the Council takes steps to simplify the number of earmarked reserves as part of the process of closing the 2013/14 final accounts.
- 1.7 The major change that is proposed is that the Transformation Reserve should be merged with the Transition Grant Reserve with the new reserve retaining the title of the Transformation Reserve. In addition it is recommended that the Efficiency Reward Grant of some £0.25m together with any of the 2013/14 Efficiency Grant which remains unspent at the year end is transferred into the transformation reserve. Given that the 2013/14 Efficiency Grant underspend will be required to meet contractual commitments the Council should have a sum in the order of £2m available for additional investment. The purpose of this reserve will be to support Invest to Save projects which generate ongoing revenue efficiencies. It will be an investment fund to secure efficiencies which will help reduce the Council's underlying base budget in line with the ongoing reduction in the level of resources and in particular to support the type of initiatives such as property rationalisation and shared services which were significant themes within the Government's Efficiency Grant criteria.
- 1.8 With respect to the five funds which contain less than £50,000 it is recommended that the future of these funds be considered as part of the process of closing the 2013/14 financial accounts with the Chief Financial Officer determining which of these funds should be closed or merged with other reserves. Any such decision would be reported to Members as part of the closedown process in respect of the 2013/14 final accounts.

Councils Banking Arrangements

- 1.9 Members will be aware that the Council's bank (the Co-operative Bank) has indicated that in the future it will no longer be providing banking services to local government. All existing contracts will be honoured and during the run off period of these contracts should a council wish to transfer to a new provider then they are free to do so without any contractual penalties. The Council's existing contract with the Co-operative bank runs until March 2017. Officers had indicated in the Treasury Management Strategy report taken to Council on 12th February 2014 that the plan was to undertake a banking tender exercise that commenced in February 2015 with a view to a 1st September 2015 changeover date.
- 1.10 Since that report it has become increasingly apparent that the Co-operative bank would prefer a shorter run off period for all local authorities to leave existing contracts, there continues to be treasury management advice not to place any investments or leave any overnight cash balances with the Co-operative bank and recent press articles seem to indicate an increased level of risk with the bank. It is

also noted that the number of staff employed by the Co-operative bank continues to be reduced which at some stage may impact on the support we receive as part of the existing contract.

1.11 Officers have carefully considered the position and have reached a conclusion that it would be preferable for the Council to undertake the tender exercise at a much earlier point than originally planned. Officers have also held discussions with neighbouring councils to seek their views and opinions on the current position. These discussions also showed that the majority of these Councils would be looking to undertake a bank tender exercise in the near future. As a result officers have explored the option of a Group Tender exercise between interested Councils. A group tender option will secure a shared procurement cost, ensure we meet European tendering regulations and potentially deliver greater banking cost savings to each Council. The five Councils listed below have expressed a wish to participate in a group tender exercise:

- Bolsover District Council
- Chesterfield Borough Council
- Derbyshire Dales District Council
- Erewash Borough Council
- North East Derbyshire District Council

1.12 To facilitate the tender exercise the interested Councils have looked at appointing independent specialised support to assist with the tender procurement which will ensure we conform to European tendering requirements (OJEU). The specialist support will be requested to prepare the group tender document and OJEU notice, prepare the evaluation forms, score cards and methodology. The specialised support will also be requested to undertake a review of our existing banking arrangements and card services to identify any areas for improvement and discuss potential solutions which, where appropriate, will be included in the subsequent tender documents.

1.13 This area of work has a limited number of companies/consultants that offer these services. Two companies were considered and following a presentation and review of their proposals one company was the preferred choice of the five Councils. In summary – the company will be required to review the current transactional banking arrangements of each of organisation and to undertake a formal tender on behalf of all the participants. The cost to each Council is £2,800 plus travel expenses.

1.14 Following further discussions between the interested Councils a proposed timetable has been agreed which would commence the exercise in May 2014 and conclude in mid September 2014 with the appointment of a single bank who will deliver the same banking services model to each Council involved in the tender, recognising that there will be some differences in requirements.

2 Conclusions and Reasons for Recommendation

- 2.1 To improve the service that the Council offers to local residents while securing the financial efficiencies necessary to operate effectively against a background of ongoing reductions in the level of central government financial support for local authorities.
- 2.2 To simplify the Council's accounting arrangements in respect of its financial reserves to aid completion of accounting statements and to facilitate an easier understanding of the Council's financial position.
- 2.3 To ensure that the Council continues to have appropriate banking arrangements in place.

3 Consultation and Equality Impact

- 3.1 The proposals within this report are concerned with securing more efficient Council services by a range of business process reviews in order to secure effective utilisation of the CRM software. Secondly, they are proposing a simplification of the Council's accounting arrangements. Thirdly, they are proposing going out to tender for banking services. All of the proposals are essentially concerned with implementing mechanisms designed to secure more cost effective services and do not directly impact upon the Council's priorities or services to residents. Accordingly they do not have a direct impact upon equalities and there would not appear to be any purpose served by a formal process of consultation in respect of any of these proposals.
- 3.2 While the report does not have any direct impact at this stage it is clearly possible that proposals that emerge from the business process reviews will have a direct impact upon either residents or employees. Where this is the case appropriate consultation will be undertaken.

4 Alternative Options and Reasons for Rejection

- 4.1 With regard to the proposed additional resources to facilitate business process review the main option is a do nothing option. If this were the option chosen then the full potential value of the investment made in Firmstep software will not be secured. Likewise, it would be more difficult to secure improved efficiency in services which would place greater workloads on staff and make it increasingly difficult to resource the current level of Council services.
- 4.2 With regard to the proposals in respect of simplifying the Council's accounting treatment of reserves and balances there is a 'do nothing' option. This would both create additional work and complicate the understanding of the Council's account. Neither are considered to be desirable options. The main option proposed is that of merging a number of existing reserves into the Transformation reserve and making it clear that the Transformation reserve has as its overriding purpose the support of Invest to Save schemes which will help to ensure the Council's medium term financial sustainability. Given that this reflects the agreed priorities of the Council

the proposed revised accounting arrangements in respect of financial reserves would appear to be the most appropriate option to choose.

- 4.3 With respect to the tendering of our banking arrangements there is little option but to pursue this course of action given that the Co-Op our existing bank have formally notified the all Council's that they are withdrawing from local authority banking. Officers now consider that it is appropriate to procure alternative arrangements on the timescales as set out within this report.

5 Implications

5.1 Finance and Risk Implications

- In overall terms the proposals set out within this report are aimed at reducing costs, increasing income or improving the level of services available to local residents. These measures help to mitigate the Strategic Risk that the Council will be unable to balance its budget and that local residents will see a decline in the quality of services delivered by the Council.
- Financial implications are covered throughout the report. The costs of the proposed 18 month post of Business Developer Officer (amounting to up to £17,500 p.a. for this Council) will be met from a combination of Efficiency Grant or Earmarked Reserves. The post of Customer Information Systems developer (amounting to some £12,000 p.a for this Council) will be met from the Efficiency Grant in respect of the current financial year and will be incorporated within mainstream budgets in future financial years.
- There are no additional financial implications arising from the proposals in respect of the simplification of the Council's financial reserves as this proposal will simply change the presentation of the items concerned.
- Finally it is intended that the cost of £2,800 plus travelling expenses for undertaking the banking tender will be met from within the existing budget for bank charges. Executive should, however, note that this budget will need to be adjusted to reflect the outcome of the procurement exercise as the bank selected is unlikely to secure the contract at a price which exactly mirrors that of the Co-op Bank under its current contract.

5.2 Legal Implications including Data Protection

There are no Legal or Data Protection issues arising directly from this report. The proposal to enhance the Council's capacity to undertake Business Process reviews does, however, imply that some of the Council's key processes will be subject to review and proposed change. As part of the process of review and proposed improvement officers will ensure that any proposals at least maintain – and where possible enhance – our Data Protection arrangements.

5.3 Human Resources Implications

These are covered throughout the report.

6 Recommendations

- 6.1 That Executive recommend to Council that it be agreed that a post of Customer Information Systems developer as outlined within this report at an estimated annual cost of £12,000 p.a. (to this Council) be added to the Council's staffing establishment with the post to be funded from Efficiency Grant in 2014/15 and from mainstream budgets in future financial years.
- 6.2 That Executive approve that Bolsover District Council agree to fund 50% of the costs of the post of Business Developer Officer (amounting to up to £17,500 p.a. for this Council) to be hosted by North East Derbyshire for a period of 18 months, with the post to be funded by Efficiency Grant or other earmarked financial reserves.
- 6.3 That Executive approves the recommendation that the Transition Grant Reserve, the Efficiency Reward Grant Bonus , together with any 2013/14 Efficiency Grant to be carried forward into 2014/15 be transferred into the Transformation Grant Reserve with these resources to be earmarked to funding Invest to Save expenditure which reduces the Council's underlying base budget.
- 6.4 That Executive notes that the Chief Financial Officer will authorise measures designed to simplify and reduce the number of financial reserves under £50,000 held by the Council as part of the process of closing the 2013/14 Financial Accounts, with the position to be reported to Members as part of the Financial Outturn reporting process.
- 6.5 That Executive notes and recommends that Council be advised of the updated position in respect of the proposed procurement route for securing a new supplier of banking services to replace the Co-op Bank which no longer wishes to be a supplier of banking to local authorities.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	All.
Links to Corporate Plan priorities or Policy Framework	Customer Focussed Services – Providing Excellent customer focussed services. Strategic Organisational Development – Continually improving our organisation

8 Document Information

Appendix No	Title
N/A	
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
<p>Growth and Transformation Programme – Process Optimisation Report (Strategic Alliance Joint Committee 23/4/14), Treasury Management Strategy report 2014/15 to 2016/17 (Council 12/2/14)</p>	
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Report Reference –