

## **WAVERLEY BOROUGH COUNCIL**

### **VALUE FOR MONEY AND CUSTOMER SERVICE OVERVIEW AND SCRUTINY COMMITTEE**

**25 JUNE 2018**

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**Title:**

**BUDGET SHORTFALL COMMITMENTS**

**Portfolio Holder: Cllr All**

**Wards Affected: All**

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**Summary and purpose:**

At the January 2018 meeting, the Value for Money and Customer Service Overview and Scrutiny Committee received the [Medium Term Financial Plan 2018/19 – 2020/21](#), which contained proposals to balance Waverley's general fund budget in 2018/19. The purpose of this report is to update the Committee on the progress of these proposals.

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**How this report relates to the Council's Corporate Priorities:**

The Council could not deliver the Corporate Priorities without a robust Budget setting process in place.

**Equality and Diversity Implications:**

No content of this report directly impacts on equality and Diversity.

**Financial Implications:**

There are no direct financial implications from this report.

**Legal Implications:**

There are no direct legal implications from this report.

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### **1. Background**

Waverley's budget strategy is to address the budget shortfall in the medium term in the following ways:

- Achieve cost savings from better procurement of supplies and services.
- Deliver increased income from property, including new acquisitions and investment in existing assets.
- New and increased income from fees and charges.
- Cost savings from increased efficiency including customer service initiatives and invest to save projects.
- Work with the Government to eliminate or reduce the impact of the negative grant on the Council.
- Use Waverley's successful participation in the Government's business rates pilot to achieve the best funding outcome for this Council and for Surrey.
- If necessary, approve a Council tax increase each year up to the maximum allowable by the Government.

The Value for Money and Customer Service Overview and Scrutiny Committee have undertaken a commitment to monitor Heads of Service progress on the development and delivery of an action plan against objectives relating to income, savings and efficiencies and report progress to the Executive.

## **2. Head of Service Proposals**

### **Efficiency reviews: Head of Finance**

An efficiency review was successfully piloted in the Housing Benefit service achieving a significant improvement in the service and a cost reduction in excess of £100,000.

The review entailed a process that studied the service as a system and the knowledge gained was used to re-design the service entirely around meeting the customer's needs to improve performance and drive out costs. Expert assistance was procured from Rushmoor District Council's in-house "Systems Thinking" team. The "Systems Thinking" review process is now being implemented in the Revenues team. The next step is to roll out this review methodology across all council customer facing process intensive teams.

### **Streamline Financial Administration: Head of Finance**

The finance team is developing an initiative to redesign financial administration processes such as income collection and procurement. The relative proportion of time spent on these functions must reduce in line with the pressure to reduce front line skilled service capacity to maximise value added activity.

The finance team will be redesigning corporate process to ensure fees and charges are collected at the point of service using the latest technologies with minimal demand on service capacity. Income collection processes embedded within the front line services have evolved to be cumbersome and bureaucratic; diverting a significant amount of service's capacity and failing to add value to service delivery.

Fees and charges that are not collected at the point of service (the customer is billed for later payment), go to the balance sheet prior to collection. Significant resources are used to secure settlement and these debts incur a higher risk of becoming uncollectable.

Income must be collected at the point of service at every opportunity and where this is not possible; debt collection processes across all services will be streamlined to ensure every debt owed to the council is being actively recovered.

Purchasing and procurement responsibility is devolved to the individual services assisted by a procurement officer and takes up a significant amount of front line service capacity. The reality of devolved procurement is that front line staff is not focused on achieving effective procurement and are not skilled in procurement.

A centralised procurement function is being developed to increase overall professional competency, raising procurement standards, driving up value for money through eliminating inefficient practices and streamlining procurement process to deliver greater cost avoidance and cost reduction.

## **Channel shift: Head of Customer and Corporate Services**

Customer Services are currently delivered by twelve service based call groups that are managed and configured differently according to the services' circumstances. These call groups respond to telephone calls, e-mails sent to generic e-mail addresses and web submissions.

The focus of channel shift will be a series of projects to standardise the variety of bespoke IT software used across the council to manage individual services customer relationships.

Services that use specialist software such as Housing Benefit administration, Council Tax and Business rates collection, Housing Rents and the planning portal cannot be standardised into a single system but can be interfaced with a CRM system (Customer Relationship Management) that will enable customers to have a single IT access with the council and facilitate self service.

Customer demand (contact) is important to the Council and it is also the single biggest service cost driver. Not all customer contact is desirable and the council should not be expending resources servicing non value added contact, either in 12 call groups or a single generic call centre. An example of value added contact is "I would like to ...(value added)" and service failure contact is "I am chasing up...(no added value)".

Channel shift can deliver a cost reduction through the use of a CRM system, self service capability and a single generic call centre to resolve non specialist customer demand. Any contact through the centre that is not resolved immediately resulting in hand off to a service for resolution will effectively be resourcing waste and must be avoided.

In order to achieve Channel shift objectives, every service with a customer facing focus will need to under go a systems thinking review to redesign the service to meeting the customers needs and drive out the resource wasting service failure. This will also identify the capacity requirement of the generic call centre.

The Channel Shift project initiation document (PID) is currently being finalised.

## **Civic centre redevelopment: Management Board**

Consultants have been engaged with a specification to provide a broad overview on options to redevelop the civic centre and surrounding site. A new Human Resources strategy is being developed along side the civic centre accommodation review incorporating new ways of working using new technologies, rationalisation of the travel allowance scheme and salary structures.

## **Local Authority trading company and alternative delivery methods: Head of Finance**

There are very few statutory requirements for the council to deliver services through direct employment of staff under local government terms and conditions. There are also many advantages to be gained from devolving service provision whilst maintaining control of delivery though limited company status. Some of these advantages are improved recruitment, financial risk reduction, competing against the private sector for business and attracting financial leverage from partner organisations.

A current opportunity is set out at (Exempt) Annexe 1.

Over the summer, the Head of Finance will explore and evaluate options and opportunities to ring fence other services into independent status to:

- mitigate financial risk
- improve commercial prospects
- encourage financial leverage – grants and lottery funding
- build service self sustainability and reduce reliance on council funding

### **Investment board activity**

The Investment Board has an active programme to invest in commercial property within the adopted strategy.

### **Business rates retention, negative government grant and the Fair Funding Review.**

The Strategic Director finance and Portfolio Holder Finance are actively lobbying the government through consultations and peer groups to influence the outcome of these government changes.

### **Medium Term Finance Plan (MTFP)**

The MTFP is being reviewed and projected over the next 4 years 2019/20 to 2022/23 to quantify all know potential impacts of changes in the local government funding regime and projected economic climate. Over the summer Management Group will be tasked with identifying what will be required to reduce overall cost of service by 20%, 25% and 30% over the next following 4 years.

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### **Recommendation**

That the Overview and Scrutiny committee note the work being done by officers alongside the working group project to resolve the projected budget gap.

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### **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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