



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Environmental Services Budget Options
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	22 nd March 2010
Policy Document:	No
Directorate:	Environment & Culture
Accountable Cabinet Member:	Councillor Trini Crake

1. Purpose

- 1.1 The purpose of this report is to outline to members of the Audit Committee the savings plans for Neighbourhood Environmental Services including those for 2010/11.
- 1.2 The savings plans delivered by our Value for Money Partner, Northgate Kendric Ash relate directly to the plans put in place to deliver the improvements as identified in the Audit Report on Grounds Maintenance (report No. 09_10 Northampton Borough Council 04) and should therefore be read in conjunction with that report (agenda item 6).

2. Recommendations

- 2.1 To note the savings plans as outlined within this report.

3. Issues and Choices

3.1 Report Background

- 3.1.1 A three-year plan to bring about improvements to Neighbourhood Environmental Services (NES) has been developed. In summary the plan sets out the following actions:

- 3.1.1.1 Year one (2009/10): This includes a number of activities to:

- Remove budgetary anomalies,
- Identify and prioritise areas for service improvement,

- Reduce the service budget from £12.5m to £9.2m through savings and efficiencies such as:
 - Increase the ratio of agency to permanent staff to allow the service to 'flex' to meet demand and make efficiencies. For example, in Waste Services this approach has allowed flexible waste collection rounds resulting in savings.
 - Address sickness absence,
- Improve the day-to-day performance across the service, and
- Reduce the level of customer complaints.

3.1.1.2 Year two (2010/11) includes:

- The development and implementation of the Neighbourhood Model,
- A new service structure to support the Neighbourhood Model that includes a new manage structure and working practices to integrate frontline services and allow them to work closer with other Northampton Borough Council services and partners, particularly the Police.
- Preparing the service for potential procurement. This includes implementing a range of savings plans to further reduce the service budget from £9.2m to £8.15m. This involves the implementation of a programme of savings, efficiencies and improvements delivered in partnership with our Value for Money Partner, Northgate Kendric Ash (see section 3.2).

1.1 Year three (2011/12) includes looking to the private sector to establish whether it can deliver improved services at a reduced cost.

3.2 Issues

3.2.1 As discussed at the Audit Committee held on the 11th January 2010 when considering the Grounds Maintenance Audit report, should the service be procured then any problems or issues need to be addressed ahead of time. The work of the Council's Value for Money Partner was discussed in light of the contribution they will make in addressing these service issues. Additionally it was identified that the savings plans that form part of the work programme of Northgate Kendric Ash (NKA) supports a high percentage of the service and council savings targets for years two and three as mentioned above and therefore carried with it a level of risk.

3.2.2 The NKA programme is due to deliver savings of £786,934 in 2010/11 (net of severance costs) and £1,015,340 in 2011/12. It should be noted that these figures may change as the programme is implemented and further costs/savings become known, for example the NES restructure is due to complete 22nd March 2010 and as such the total severance costs are not yet known.

3.2.3 The NKA programme is split into four main project areas as follows:

3.2.3.1 Productivity & Resource Management which includes:

- A review of the working patterns within Street Cleansing with the outcome of removing the cost of over time whilst creating a seven-day service.
- Annualised hours for Parks staff so that operatives are working in the parks when they are being used. This will have a significant impact on the Council's reputation and on the rate of crime.
- Review of Grounds Maintenance working practises.
- Rescheduling of Grounds Maintenance schedules of work
- Development of Street and Grounds cross team working
- Review of Parks bookings offices.
- Analysis of refuse rounds to reduce crewing levels/agency and vehicle costs.

3.2.3.2 Neighbourhood Model & Staffing Structures which includes:

- New management structure
- Organisational development plan to assist the service through the transition from area to neighbourhood working
- Re-engineering administrative processes/function to support new structure

3.2.3.3 Vehicle & Plant which includes:

- Development of management information, for example the introduction of the Chevin RoadBase system that will enable the service to manage fleet and fuel.
- Reduce repair costs through new driver and vehicle protocols and new suppliers of small parts such as tyres
- Reduction in fleet
- Re-procurement of grounds plant at a reduced price

3.2.3.4 Recycling which includes the development of a business case for increasing capacity and therefore income from the Materials Reclamation Facility (MRF).

3.2.4 A copy of the full service improvement plans for each of the above projects is attached at appendix one.

3.3 Choices (Options)

- 3.3.1 The programme of work as described in 3.2.3 is required to not only deliver savings but to help prepare the service for comparison with the market and possible subsequent procurement.
- 3.3.2 In order to fully deliver the three-year plan for Neighbourhood Environmental Services, and deliver the full savings target there was a need to inject capacity to achieve the transformation and allow the service to develop in to its new role. This level of capacity and expertise was not available within the service, and therefore a Value for Money Partner was sought.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 None directly associated with this report.

4.2 Resources and Risk

- 4.2.1 The programme is due to deliver savings of £786,934 in 2010/11 (net of severance costs) and £1,015,340 in 2011/12.
- 4.2.2 It should be noted that these figures may change as the programme is implemented and further costs/savings become known, for example the NES restructure is due to complete 22nd March 2010 and as such the total severance costs are not yet known.
- 4.2.3 As stated, this programme of work will deliver a high proportion of the service's and Council's savings targets and therefore the risk of those projects not being delivered must be closely monitored. In order to do this the service improvement plan at appendix one has incorporated into it a traffic light system to indicate the status of each work package within each project, so that the risk of the projects failing and therefore the savings not being delivered can be managed.
- 4.2.4 A management Board has been established to oversee the work of our Value for Money Partner.
- 4.2.5 The responsibility for the NKA programme rests with the Head of Service who works closely with NKA to ensure implementation of the programme.

4.3 Legal

- 4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

- 4.4.1 All savings plans have had an equality impact assessment undertaken.

4.5 Consultees (Internal and External)

4.5.1 The following people have been asked to comment on this report:

- Director of Environment & Culture
- Director of Finance & Support
- Head of Finance & Asset Management

4.6 Other Implications

4.6.1 No further implications identified as associated with this report.

5. Background Papers

5.1 Appendix one – Service Improvement Plan

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