

## REPORT TO THE CABINET

12 July, 2016

**Cabinet Member:** Councillor Dafydd Meurig

**Subject:** Matter arising from the scrutiny committee - Further Efficiency Savings

**Contact Officer:** Dafydd W Williams – Head of Regulatory Department [Interim]

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### Decision sought

Approval on how to meet the savings that were referred to the Scrutiny Committee for further work before reaching a conclusion by:

1. The Department to commit to making the Pest Control Unit as self-sufficient as possible by increasing income by approximately £40,000 per annum, rather than abolishing the Pest Control Service in its entirety.
  2. The Department to deliver the Step 2 Public Protection saving (£69,000) by abolishing the post of Senior Manager - Public Protection and adjust the present Senior Manager Planning and Environment post to include responsibility also for the Public Protection Service.
  3. That the Department presses on to achieve £278,440 in efficiency savings, as outlined in paragraph 5.2 of this report, by way of an alternative scheme. The alternative scheme will look to opportunities to raise income levels (primarily from the efforts to introduce a new Parking Order), changes in the structure of the department as well as reducing the risks which are preventing efficiency savings already approved from being achieved.
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### Local Member's Opinion

Not a local matter.

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## 1. BACKGROUND

- 1.1 As part of the exercise to find financial Savings schemes between 2015 and 2018 the Regulatory Department has submitted schemes worth £1,242,883 to the Council Cabinet and these have been approved. In addition to this, cuts of £523,000 were approved by the Council on 3rd March 2016. Details of the schemes approved by the Cabinet together with an implementation profile are included as Appendix 1 for information.
- 1.2 The Department also has four schemes which have been referred by the Cabinet for further work by the relevant scrutiny committees before reaching a conclusion, namely:
  1. **Cessation of non-statutory functions – Pest Control Services** - £67,000 [this matter dealt with in a separate report to the Scrutiny Committee].
  2. **Step 2:** A further 10% cut in the Public Protection Service budget - £69,000.
  3. **Step 3:** A yet further 10% cut in the Public Protection Service budget - £69,000.
  4. **Advertising Planning Applications** - £15,000.
- 1.3 An initial report was submitted to the Communities Scrutiny Committee on 12 January 2016 dealing with the first scheme [Pest Control Service] and it was agreed that the Department would return to the committee with a plan to make the Pest Control Unit financially self-sufficient. A further report was submitted to a joint meeting of the Communities Scrutiny Committee and the Corporate Scrutiny Committee on 16 June to submit a scheme to increase the income of the Pest Control Unit.
- 1.4 Another report was submitted to the same Scrutiny Committee which outlined a plan to address the other savings referred for further work before reaching a conclusion.
- 1.5 This report will summarise what was submitted to the Scrutiny Committee on 16 June 2016 and will outline the main conclusions for the Cabinet's consideration before reaching a decision.

## 2. A SUMMARY OF WHAT WAS SUBMITTED TO THE CORPORATE SCRUTINY COMMITTEE ON 16 JUNE 2016

- 2.1 An outline of the Department's commitments in terms of Savings and Cuts was given to the committee detailing the current situation, the relevant timeframes as well as the risks to delivering. The Scrutiny Committee welcomed this information as it provided a clearer context for them when looking at the further savings to be considered.

### Savings that have been approved

- 2.2 It was explained that the Department had succeeded to reach the savings target for 2015-16 and savings of £470,390 had been found, and it was expected that we would meet the target of £409,810 in 2016-17 and £362,683 in 2017-18.
- 2.3 The risk designation associated with every savings scheme was outlined. It was explained that £85,290 was in the risk category of 'likely there will be a problem in reaching the expected saving' (amber) and £35,000 under the risk 'unlikely to be able to find the saving' (red). The risk profile to deliver the savings approved as well as the risk level is shown in Table 1.

**Table 1** Risk profile of achieving approved savings

<b>RISK LEVEL</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>TOTAL</b>
Achieved	£470,390	£241,910	£4,300	£716,600
Green	£0	£151,900	£174,713	£326,613
Yellow	0	£10,000	£69,380	£79,380
Orange	0	£6,000	£79,290	£85,290
Red	0	0	£35,000	£35,000.00
<b>Total</b>	<b>£470,390.00</b>	<b>£409,810</b>	<b>£362,683.00</b>	<b>£1,242,883.00</b>

- 2.4 It was explained that an additional sum of £90,000 (from the £16 million efficiency savings) had been found in the 2015-16 financial year to bring the total to £560,390, through better management of Council offices which has enabled the leasing of office space to private companies at Penrallt offices, Caernarfon.

### **Other additional Savings**

2.5 As part of the list of schemes which have been referred for further work by the scrutiny committees, two other schemes had been included originally, namely:

- Planning Collaboration [Gwynedd and Anglesey] £50,000.
- Planning Collaboration [Gwynedd and SNPA] £50,000.

2.6 Despite this, the Head of Department has agreed that every effort will be made to seek to deliver these savings in alternative ways, but, it has not been possible to give a guarantee of this to date.

### **3. CUTS WHICH HAVE BEEN DETERMINED**

3.1 At the Full Council meeting on 3rd March 2016 a decision was made on the cuts to Council Services.

3.2 The total cuts which directly affect the Regulatory Department is £523,400, and the exact headings, the sum and timing for each cut together with the timescale have been outlined in Table 3.

**Table 2:** Cuts which have been determined and timescale for the Regulatory Department

<b>CUT</b>	<b>SUM</b>	<b>WHEN</b>
Two posts in the Joint Planning Policy Unit	£30,000 [50% for Anglesey]	April 2018
One post in the Biodiversity Unit	£30,000	April 2017
Half the Budget of the Traffic and Projects Unit	£65,000	April 2016
20% of the footpath maintenance budget (including one post)	£110,000	£20,000 April 2016 £90,000 April 2017
One post from the Pollution Control Unit	£35,000	April 2017
One post from the Food Hygiene Unit	£36,000	April 2017
Nature Reserves Budget	£59,400	£15,000 April 2016 £44,400 April 2017
One post in the Roadworks Management Unit	£30,000	October 2016
Closure of Frondeg, Pwllheli and Beach Road, Felinheli	£60,000	Frondeg will go back to the Cabinet
One post from the Buildings Maintenance Unit	£28,000	April 2016
One and a half post from the Estates Unit	£40,000	November 2016
<b>TOTAL</b>	<b>£523,400.00</b>	

- 3.3 The cuts highlighted in blue (total of £339,000) are jobs cuts which mean that there is a need for some change in structure and responsibilities to try to reduce the impact of the cut on the Department's services.

**4. HOW CAN WE DELIVER THE SAVINGS FROM THE SCHEMES THAT HAVE BEEN REFERRED FOR FURTHER WORK BY THE SCRUTINY COMMITTEES?**

4.1 Four schemes were considered by the Scrutiny Committee, and this part of the report will refer to how we can deliver these savings, namely:

- **Cessation of non-statutory functions – Pest Control Services - £67,000.**
- **Step 2:** A further 10% cut in the Public Protection Service budget - £69,000.
- **Step 3:** A yet further 10% cut in the Public Protection Service budget - £69,000.
- **Advertising Planning Applications - £15,000.**

**4.2 Cessation of non-statutory functions - Pest Control Services - £67,000**

4.3 A report was submitted to the Communities Scrutiny Committee on 12 January 2016. The Committee was of the opinion that this was a very important service for the public and for internal operational services of the Council.

4.4 The main scrutiny output on the 12<sup>th</sup> of January, 2016 was a request to look at the options so as to make the service financially self-sufficient, rather than abolish it. It was also acknowledged that abolishing the Pest Control Unit would not lead to a saving of £67,000 anyway. The Unit's financial situation can be summarised as follows:

Costs of service provision (including central recharges and departmental costs)	£144,880
Income Target	£88,590
<b>Financial deficit</b>	<b>£56,290</b>

- 4.5 Nevertheless, it must be borne in mind that the service provision costs include a contribution towards the Council's central costs, namely £27,850. Should the service be abolished, the Council would need to re-direct these central costs to other services thus this sum would not be saved in reality. Therefore, the actual saving from abolishing the service after disregarding these costs would be:

Current financial deficit (costs less income) less	£56,290
Central recharges that would need to be re-directed to other services	£27,850
<b>Actual saving from abolishing the Pest Control Unit</b>	<b>£28,440</b>

- 4.6 Following the clear message expressed at the Scrutiny Committee in January, an assessment was made of the realistic possibility of meeting the saving of abolishing the Service [£28,440] as a minimum and seek to reach the figure of £56,290 to be entirely self-sufficient.
- 4.7 Following detailed work to consider what options are open to the Council, it is recommended that the financial deficit can be met through a combination of the following:

Review the fees of Internal contracts	£16,500
Review the fees of External contracts	£6,500
Review the fees of Responsive Service	£7,500
Attracting New Work with more effective marketing	£9,120
<b>Total</b>	<b>£39,620</b>

- 4.8 Therefore, the above-mentioned elements would result in an income increase of approximately £39,620 compared with the actual saving of £28,440 which would derive from abolishing the service. The Scrutiny Committee confirmed that this was a reasonable way of addressing the financial deficit, and they were extremely supportive of proceeding with this alternative scheme rather than abolishing the service. A request was made for a progress report within 12 months.

**Step 2: A further 10% cut in the Public Protection Service budget - £69,000**

- 4.9 Committee members may remember that the Senior Manager with responsibilities for the Public Protection Service retired in August 2015. At the time, the responsibility for this Service was added to the responsibilities of the Senior Planning and Environment Service Manager on a temporary basis. It was very difficult to predict whether or not this arrangement would be successful, as the field of work is a specialist one, that there were four additional Units to manage and that not much time had been given to transfer the responsibilities.
- 4.10 Despite this, the Senior Planning and Environment Service manager has coped very well with the additional duties, with staff and managers in agreement that the arrangement worked well. In light of this, arrangements have been made to make this arrangement a permanent one, and therefore the Planning and Environment Service and the Public Protection Service were merged at the beginning of February 2016. This arrangement will give a saving of the cost of employing a Senior Manager - Public Protection, and having considered the acknowledgement for undertaking additional duties, the saving of doing this is approximately £70,000. It is therefore intended to place this saving against Step 2, namely a further 10% reduction in the Public Protection Service budget - £69,000.

**Step 3: A further 10% cut in the Public Protection Service budget - £69,000**

- 4.11 It can be seen from Rh8 & Rh11 [Appendix 1] that efficiency savings of £194,850 have been achieved by reducing the number of staff in the Public Protection Service. This is against a target of £169,000 and therefor in excess of the target by £25,850.
- 4.12 The Department's opinion is that the figure achieved in excess of the target should go part of the way to deliver the saving in Step 3: a yet further 10% reduction in the Public Protection Service budget of £69,000. This then leaves a deficit of £43,150.

- 4.13 Whilst it is possible to consider reducing the Public Protection budget further, it is likely to be very difficult to realise this without affecting the Service's ability to maintain its statutory duty. We must also consider the cuts facing the unit, namely one food hygiene post (£36,000) and one pollution control post (£35,000).

**Advertising Planning Applications - £15,000**

- 4.14 Further to the new Planning Act introduced in 2015 which does not refer to changing the statutory requirements to advertise some types of applications in the press, it will not be possible to reduce the cost for advertising planning applications. Therefore, the Department's opinion is that we should try to deliver the saving through an alternative scheme.

**5. ALTERNATIVE SCHEME**

- 5.1 This situation is not easy, but it is felt that it is possible to deliver the savings in question by being flexible and considering the challenge in its entirety as a Department when creating alternative schemes.
- 5.2 From what has been submitted, you will see that we need to consider not only the schemes which have been referred for further work by the scrutiny committees, but also the savings which have been approved which are at risk of not delivering. These schemes are shown in Table 4. This table shows that an alternative scheme is needed to address the £278,440.

**Table 3:** Savings which need to be considered in alternative schemes:

<b>SCHEME</b>	<b>SUM</b>
Step 3: A further 10% cut in the Public Protection Service budget	£43,150
Advertising Planning Applications	£15,000
Savings that have been approved - amber risk level	£85,290
Savings that have been approved - red risk level	£35,000
Desire to find savings to address the deficit from two collaboration schemes disregarded (paragraph 2.5)	£100,000
	<b>£278,440.00</b>
<b>Total not including the desired saving</b>	<b>£178,440.00</b>

### **Department Staff Structure Changes**

- 5.3 Section 3 of the report mentions, when discussing the cuts faced by the Department, the intention to look at minor adaptations to the structure of the Department's services to reduce the effect of cuts on services. The Department is of the opinion that it is possible to look at minor adaptations to the structure of the Department's services across all Units, including the Units which are affected by cuts as well as those which are not. It is believed that it is possible realise some of the required sum by making minor adaptations to the structure.

### **Increasing Income**

- 5.4 It can be seen from the information about savings that have been approved (Appendix 1) that there are several schemes in which savings are found by increasing income. It is felt that there is scope to increase income by focusing more efforts on some aspects. Some more work needs to be done before committing to a figure of how much more income can be attracted by increasing efforts.
- 5.5 However, we have already gone through a comprehensive process to review our car parks which will lead to the introduction of a new Parking Order for the county. This was an extensive and complex process which included conducting a statutory consultation. These efforts will allow us to generate substantial additional income over the next year or two. The intention is to use the additional income as a contribution towards the Department's efficiency savings.

## **Risk Reduction**

- 5.6 There is of course also scope to reduce the risks which prevent us from realising the savings which have been approved. By focusing on this over the past months, the Department has succeeded to reduce the risk of realising on several of the schemes.
- 5.7 The Corporate Scrutiny Committee accepted that adopting an alternative scheme to address the savings was a reasonable step forward. The Cabinet Member confirmed his desire and his expectation to fulfil the full saving of £278,440. It was also agreed to report to the Scrutiny Committee on the progress of the alternative scheme within 9 months.

## **6. RECOMMENDATION**

- 6.1 The Department to commit to making the Pest Control Unit as self-sufficient as possible by increasing income by approximately £40,000 per annum, rather than abolishing the Pest Control Service in its entirety.
  - 6.2 The Department to deliver the Step 2 Public Protection saving (£69,000) by abolishing the post of Senior Manager - Public Protection and adjust the present Senior Manager Planning and Environment post to include responsibility also for the Public Protection Service.
  - 6.3 That the Department presses on to achieve £278,440 in efficiency savings, as outlined in paragraph 5.2 of this report, by way of an alternative scheme. The alternative scheme will look to opportunities to raise income levels (primarily from the efforts to introduce a new Parking Order), changes in the structure of the department as well as reducing the risks which are preventing efficiency savings already approved from being achieved.
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## **Opinion of the Statutory Officers**

### **Chief Executive:**

The Regulatory Department, like every other department within the Council are facing significant challenges in realising the Efficiency Saving Strategy and the Council cuts. Clearly, circumstances change, and in some situations it is not always possible to deliver in exactly the way envisaged in the past, some two years ago in some efficiency savings cases.

It is completely reasonable therefore that the department present alternative schemes in such circumstances. In some cases these have been discussed in Scrutiny Committees to assess their effect and consequences. The important matters here are to reduce the effect on the general public as much as possible, and that the Regulatory Department can assure the Cabinet that they will deliver the targets set and the commitment made to realise all the efficiency savings and cuts that have been approved by the Council.

### **Monitoring Officer:**

In considering and approving a schedule of efficiency savings the Cabinet need to satisfy themselves of their understanding of the possible effects and robustness of the measures. The report offers alternative solutions to meet the efficiency savings target, and accepts that some further work is required to develop some aspects. These are matters the Cabinet may balance in considering the report.

### **Chief Finance Officer:**

Due to various reasons, some of the Regulatory Department's efficiency savings' original target may not be realised. Where other Department's have not met their departmental quantum, they have had to find alternative schemes of the same value, and this is what the Regulatory Department is presenting here.

To summarise, the affected schemes means that £340k needs to be found. Two of those schemes to the value of £109k have been confirmed, leaving £231k. Not only is the Department confident that it can achieve this and the relevant areas are outlined within the report, it's able to over-achieve by £47k to generate a total of £278k.

In truth, therefore, the recommendations propose £46k more savings than the original total with this sum available for the Council's corporate requirements.

However, a large proportion of the alternative savings proposed are from an increase in income. Where income has increased through proactive steps, the Department has a claim on those savings. On the other hand, if the income is higher due to outside trends as a result of increase in demand, that sum will be snatched by adjusting the budget.

In the circumstances, the Cabinet might possibly consider that this proposal from the Regulatory Department is an acceptable compromise.

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**Appendices:**

A list of the Department's efficiency savings.