

# Overview & Scrutiny

## **Budget Scrutiny Task Group: Central Services and Common Functions**

All Members of the “Budget Scrutiny Task Group: Central Services and Common Functions” are requested to attend the meeting to be held as follows:

**Wednesday, 12th October, 2011**

**7.00 pm**

**Council Chamber, Hackney Town Hall, Mare Street, London E8 1EA**

**Gifty Edila**

**Corporate Director of Legal, Human Resources and Regulatory Services**

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**Members: Cllr Robert Chapman, Cllr Tom Ebbutt and Cllr Ann Munn**

## **Agenda**

**ALL MEETINGS ARE OPEN TO THE PUBLIC**

- 1. Apologies for Absence**
- 2. Urgent Items / Order of Business**
- 3. Declarations of Interest**
- 4. Minutes of the Previous Meeting** (Pages 1 - 4)
- 5. Service Review Summaries: Legal, Regulatory and Human Resources** (Pages 5 - 22)
- 6. Any Other Business**

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# Overview & Scrutiny

## **BUDGET SCRUTINY TASK GROUP CENTRAL SERVICE AND COMMON FUNCTIONS**

### **8 September 2011, note of informal meeting**

**Members in attendance:** Cllr Chapman (Chair), Cllr Muir, Cllr Munn

**Officers in attendance:** Martin Calleja (Lead Programme and Project Manager); Patricia Narebor (Head of Commercial, Legal Services); Gareth Wall (Acting Head of Overview and Scrutiny).

#### **Main points noted at close of meeting**

- **Strong Member appetite for consideration of more radical options**
- **more transparency required on how costs and structures relate to activity**

#### **1. Introduction**

- 1.1. Members agreed to organise a second informal meeting, primarily to consider information relating to Customer Services and any updates to service areas being considered within Legal, HR and Regulatory.
- 1.2. The approach being taken to 'fast track service reviews' was outlined, and it was explained that they were at the mid-point in terms of gathering information and emerging issues.
- 1.3. For each service area, headline information from the report was introduced, followed by comments and questions from Members.
- 1.4. Members made the general point that they were looking for proposals of radical change. These were not generally in the paperwork to date but they recognised the point which the reviews were currently at.

#### **2. Legal Services**

- 2.1. Members noted the cost per hour comparison with the competitive external market, but there needed to be a clear indication of hours taken on casework in order to assess productivity.
- 2.2. The service used a case management system manage and measure its workload. Different cases had different degrees of complexity: some cases could take 6 months, others 1 year, and others (such as Woodberry Down) were ongoing. So the information on hours per

type of case was available but was not necessarily a straightforward way of demonstrating whether the service was efficient or not.

- 2.3. Members noted that 60% of the service workload was mandatory and 40% on 'discretionary' areas of work. He asked how directorates instructing legal work were able to judge whether the service they received was value for money if they weren't commissioning it from their budgets directly.
- 2.4. There was discussion of a need to unpick the risk relationship by testing some of the higher volume and higher cost case areas, and talking to directorate clients about the duration of legal work, as well as the appetite and ability to manage some work with less reliance on legal input.
- 2.5. More transparent information would be available to indicate the level of time spend on different categories of legal work.
- 2.6. Looking at the recent history of savings within the service, Members questioned what the impact of reducing staff numbers from 70 to 55 had been and what work was no longer being undertaken as a result. It was understood that the service had reduced the use of agency staff covering fixed-term posts, and processes had been streamlined so that lawyers were working less in isolation.
- 2.7. Members questioned whether the 40% discretionary workload would be more competitively managed by budget holders outside of legal services. Using the example of renewing a commercial property lease, they also challenged whether that would benefit from having challenge from service managers within the system.

### **3. Governance Services**

- 3.1. Members noted that the savings proposals available within Governance Services were not large scale. They questioned the basis of customer service feedback and value for money information. They agreed that rationalising paperwork was good wherever possible – as long as the approach was consistent across the Council.
- 3.2. In light of the emerging issues Members questioned whether it was possible to reduce costs by have some services running Committees themselves. In relation to this they thought that further clarity was needed on what the service did in addition to agenda production and servicing meetings.
- 3.3. Members noted the scope to reduce some committees, or costs associated with them, such as Neighbourhood Forums. However, there would clearly be strong Member interest in any proposal to reduce the number of committees overall.

#### **4. Registrars**

- 4.1. It was noted that the service is close to cost neutral outwith service charges. It was further understood that as the service had grown so had the costs. On this basis Members questioned the imperative to increase income further if costs would continue to increase as well.
- 4.2. Using registrars as an example, a general point was raised about shared services with other authorities. Recent research showed that this worked most effectively when organisations were culturally ready for it, but that even at that stage cashable savings were unlikely to amount to more than 5%. The case would need to be very compelling for this. On the basis of 5% possible cash savings the case for shared services would be most appropriate for large scale/cost areas, of which Registrars may not be one.

#### **5. Human Resources and Organisational Development**

- 5.1. It was noted that this service would reduce operational support but increase its support to restructuring. So timing the balance of a net position here would be key given the Council would be losing about 200 staff per year.
- 5.2. On questioning about reducing HR costs where services were outsourced, Members noted that there was a balance between higher HR costs (for insourced services) and higher contract management costs (for outsourced services).
- 5.3. Members noted that it was hard to tell whether the service was performing well without clear information on measures and success criteria.
- 5.4. It was noted that there was scope to centralise further to control of training budgets depending on level of use within directorates. There was potential for substantial cashable savings here.

#### **6. Building Control**

- 6.1. The non-statutory part of this service was operating in a competitive market and had about 65% of the market share. A number of the bigger jobs had been lost to competition and the overall income base had reduced. Although the service was looking to regain a footing in this market there were risks on meeting income targets in future.

- 6.2. The income target was based on full cost recovery of the competitive element of the service. There was a minimal level of income at which it became untenable to compete in the competitive market. At this point the service could be stopped and the statutory element potentially shared with the another authority.
- 6.3. Members noted with concern that the competitive part of this service was competing with the private sector, charging higher prices for the service, and not meeting its income target. They questioned why the service should continue at all.

## **7. Licensing**

- 7.1. Members suggested that the service should be cost neutral and questioned whether it was possible to substantially increase charges as a way of balancing costs. They also noted that there were a lot of temporary event notices.

## **8. Planning applications**

- 8.1. Before a service review some 18 months ago, costs in this service had been 50-70% higher than elsewhere. This had largely been due to poor investment in ICT and high levels of failure demand. The service had just gone live with new functionality so unit costs were being revisited.
- 8.2. Again, Members suggested that this service should be cost neutral.



<b>Budget Scrutiny Task Group: Central Services and Common Functions</b>	Item No
12 <sup>th</sup> October 2011	<b>5</b>
<b>Legal, Regulatory and HR Services</b>	

## Outline

The initial work of this Budget Scrutiny Task Group is focused on the following services within Legal, Regulatory and HR Services:

- Human Resources and Organisational Development
- Legal Services
- Registars
- Governance
- Planning Applications
- Building Control
- Licensing

The task group has been working informally to date alongside a 'fast track service review' process being carried out internally. The attached report provides summary findings from those reviews and presents and initial formation of ideas for redesigning service delivery.

## Action

The Budget Scrutiny Task Group is asked to:

1. question and comment on the information based on these reviews with lead officers
2. consider its preferences for action to be taken in light of the reviews, and form a report with recommendations to be submitted for approval to the Overview and Scrutiny Board

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## LEGAL, HR & REGULATORY SERVICES

<b><u>Human Resources and Organisational Development</u></b>	<b>11/12 Gross Expenditure:</b>	<b>£3.619m</b>	<b>11/12 Net Expenditure:</b>	<b>£2.769m (76%)</b>
<b>Key Services &amp; Activities:</b>	<p>Human Resources and Organisational Development (HR&amp;OD) Services are organised across three key teams:</p> <ul style="list-style-type: none"> <li>i. HR operations – 36 Full-Time Equivalent staff (FTEs) focused on recruitment, restructures, redundancy, case management and payroll)</li> <li>ii. Organisational and Employee Development - 8FTEs focused on delivering the corporate OD and culture change programme, management development, induction, apprenticeships and wider workforce oversight e.g. “Investors In People”, staff survey. This includes a budget of around £250k for corporately led training</li> <li>iii. HR Policy and Occupational Health (OH) - 6 FTEs focused on HR policy framework, management of corporate industrial relations, managing OH and well-being contracts and Health and Safety.</li> </ul> <p>6FTEs provide business support on information, budget and contract management.</p> <p>HR and payroll systems, Occupational Health Service, Employee Assistance and Agency staff recruitment are provided through well developed outsourced arrangements.</p> <p>The substantive element of Training, Learning and Development is delivered outside of HR with around 45FTE dedicated officers and a budget of £1.8m</p>			

<p><b>Savings to date - track record &amp; focus:</b></p>	<p>Controllable costs have been reduced by around 12% in the last 4 years. This has been achieved through a focused and multifaceted strategy to reduce costs including reduced management costs, centralisation of recruitment, bringing payroll back in-house and procurement e.g. re-negotiation of the Occupational Health. The HR led Randstad partnership has also delivered substantial reductions in the use of agency staff and agency rate reductions across the Council.</p> <p>Within the directorates, there has been some initial exploration of lower cost substitutes to external formal training in some directorates (e.g. peer/buddying, internally provided training).</p>
<p><b>Costs justification within the existing model of service:</b></p>	<p>Overall current costs are falling but remain toward the higher level against median costs/FTE benchmarks. There are however local drivers which will increase costs e.g. blue collar workforce. The service has started to map resources against required activities, although further work to fully consider its core cost drivers will be undertaken to take forward the recommended option.</p> <p>In the current year the Council is budgeted to spend £1.586m on training and development provisions and £1.141m on the provision of 45 FTEs working with a closely associated learning and development remit. The number and cost of staff focussing on training activities is considered to be disproportionately high, when the total training budget and activities is taken into account.</p> <p>Initial analysis suggests that total spend per head is £881 which strongly suggests there is scope to reduce costs.</p>
<p><b>Advice on existing savings plans (including 12/13 proposals):</b></p>	<p>Existing savings plans for 2012/13, which focus on the integration of Organisational Development, Policy and Business Support functions and transfer of some Health and Safety responsibilities are supported and will achieve £200k of savings.</p> <p>3 Options for further (stage 2) savings, through the managed downsizing of operational support on offer to services of between £454k - £1025k additional savings delivered by April 2013 have been identified. This will require senior and middle managers being more self-sufficient in HR management.</p>
<p><b>Options for Radical</b></p>	<p><b>Managed cost reduction towards a lowest cost model through the next medium term:</b></p>

<b>Redesign 1:</b>	<p>3 cumulative sub options are currently specified:</p> <p>a) £454k saving: Strategic advice to Chief Executive, Corporate and Assistant Directors and more rationed support to lower level managers with the removal of hands on support for routine and low risk case work (e.g. sickness, conduct, recruitment and most dismissals)</p> <p>b) £798k saving: Strategic advice to Chief Executive, Corporate and Assistant Directors and limited transactional support for 3<sup>rd</sup> tier and above and highest risk cases/restructures only.</p> <p>c) £1025k saving: Strategic advice to Chief Executive, Corporate and Assistant Directors only with line mangers becoming the guardian of HR processes only.</p>
<b>Potential Benefits:</b>	<p>The potential benefits are predominately financial although the transfer could also support a wider shift to strategic and business management (away from operational fire fighting) by senior managers.</p> <p>Changes to the training functions within directorates also mainly have financial benefits, but will also help the alignment of learning and development activities with corporate priorities, and a better corporate understanding of staff skills sets and gaps.</p>
<b>Advice on change management (including risks, dependencies, costs and dis-benefits):</b>	<p>Further work is required to set scope and time frames for stage 2 savings ensuring the pace of change pays due attention to the risk environment. Transfer through a seriously reduced level of HR support will require very careful management including the preparation of senior and middle managers through the wider OD programme. In particular increased demand for operational support for the high volume of restructures, redundancy and redeployment projected for the next three years needs to be factored in taking into account roles and resources across HR and Corporate functions.</p> <p>Similarly, changes to the learning and development activities within directorates need to be carefully planned and managed, particularly to prevent the loss of service area specialist knowledge in commissioning training, and maintain the attractiveness of the Council as an employer both for existing and new staff.</p>

<b><u>Legal Services</u></b>	<b>11/12 Gross Expenditure:</b>	<b>£4.110m</b>	<b>11/12 Net Expenditure:</b>	<b>£3.986m (97%)</b>
<b>Key Services &amp; Activities:</b>	<p>The Service comprises 55 staff across 2 main sections:</p> <ul style="list-style-type: none"> <li>i. Litigation - including Children's &amp; Community Services Team, General Litigation and Employment, Licensing and Corporate Law and Housing</li> <li>ii. Commercial - covering planning, procurement, property and regeneration, and Hackney Homes</li> </ul> <p>There is also a dedicated business support team to provide technical support to both sections.</p> <p>24% of the services are provided via external contractors and are focused on the most highly specialist cases. 60% of the work is mandatory and 40% discretionary but provided in order to manage down what are currently assessed as significant legal risks. In 2010/11 work on over 2,200 cases was provided with the largest numbers in Housing, Children &amp; Adult Social Care, Property and General Litigation.</p>			
<b>Savings to date - track record &amp; focus:</b>	<p>The service has reduced controllable costs by 21% and external legal budget by 43% since 2008/9. This has been delivered through a major restructure reducing management costs, increasing Officer's case loads and in-sourcing.</p>			
<b>Costs justification within the existing model of service:</b>	<p>The costs of providing legal services through the mixed economy approach are competitive and spend levels appear to around the middle for inner London. The costs of in-house legal advice are more than 50% cheaper than external options for advice and substantial savings have been delivered whilst maintaining high service standards by expanding the in-house share. Agency costs for non specialist basic legal work are however lower but needs to bear in mind this does not include recharges that would normally be added to permanent posts. The service's business model is currently demand and risk led. However there is scope to more fully understand how cost drivers, including e.g. overall falling case levels and the potential to reduce service demand over time need to be better understood.</p>			

<b>Advice on existing savings plans (including 12/13 proposals):</b>	Existing savings plans are stretching, with options for over £1.009m specified. The associated impact across reputational, legal and financial is currently considered to be extremely serious with very limited scope for management.
<b>Option for Radical Redesign 1:</b>	<b>Carefully Managed Transfer of Risk and Reduced Business Need:</b> This is an aspiration that would require and a in-depth analysis of each area of legal work in close association with services areas. It would need to fundamentally re-consider how the partnership between legal services and service areas manage risk and perform statutory obligations and required obligations across the business. The aspiration would be to set out a phased programme of cost reduction based on well applied design principles including; the promotion of knowledge transfer and service ‘memory’ and reduced cost legal interventions.
<b>Potential Benefits:</b>	The existing service reduction plan totals up to 25% (£1.009m). Benefits can only be modelled by a more solid assessment with services but should <i>aim for</i> at least 25% cost reduction over the next medium term, with a considered review at each ‘tranche’ of managed transfer and reduction.
<b>Advice on change management (including risks, dependencies, costs and dis-benefits):</b>	Transfer through a seriously reduced level of legal support will require very careful management including the preparation of senior and middle managers through the wider Organisational Development programme. This approach is likely to increase the risk environment on the management of legal risks, at least through the short term.
<b>Other Radical Options:</b>	<p>Shared services options was considered and could save up to 5% additional costs through shared management; however the maturity and appetite of the sub regional LG market for this sort of merger development is currently low and the service already benefits from a joint framework contract for procuring contracted services.</p> <p>Authorities who are interested are looking offer their services in order to make a profit either independently or through a shared service development. Between 2001 and 2007/8 a significant level</p>

	of the Council's work went to Camden and private solicitors which drove up costs, so increased purchasing from other authorities as suppliers is also not currently an on radar option. In addition the current mixed economy has delivered significant savings and very high client satisfaction.
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<b><u>Registrars</u></b>	<b>11/12 Gross Expenditure:</b>	<b>£0.978m</b>	<b>11/12 Net Expenditure:</b>	<b>£0.333m (34%)</b>
<b>Key Services &amp; Activities:</b>	The service is provided by 17 FTE staff who delivered just under 6,500 certificates, around 4,500 registrations and ceremonies and around 300 migration related notices in 2010/11.			
<b>Savings to date - track record &amp; focus:</b>	<p>The service has focused on growing the business to increase income over the last medium term. The net costs of the service have however remained relatively static as increased income has largely been matched by increased costs.</p> <p>The service was restructured to a more flexible and efficient team based structure (away from silo staff with their own registers) in 2009. This year 2 staff are about to leave through voluntary redundancy, and the ceremony and citizenship teams will merge to reduce costs.</p>			
<b>Cost justification within the existing model of service:</b>	Overall costs are justified as the Hackney service is of a very similar cost to that which is provided by other authorities and performs best on the percentage controllable cost recovery. The service has a good reputation for quality and is regularly visited by other authorities. Savings made this year should see the service move further toward full cost recovery.			
<b>Advice on existing savings plans (including 12/13 proposals):</b>	Existing savings plans are based on increased income although further clarity is required on the associated increase in costs and the means by which the optimum position on cost recovery can be achieved.			
<b>Options for Radical Redesign 1:</b>	<b>Refocus of the business towards full cost recovery:</b> An initial analysis of statutory and mandatory aspects of the business has been undertaken in order to identify a business model for service delivery at full cost recovery, which will be supported by this year's noted voluntary redundancies. The model will focus on <b>all</b> options for cost reduction (particularly where statutory fees do not meet full costs), charge increases, expanding profit making aspects of the business and withdrawing from discretionary services that do not recover full costs or have no marked benefit to the wider community.			

<b>Potential Benefits:</b>	Savings of £150k have been specified which represents just under 50% of the funding gap, although further analysis is required to provide further that cost reduction is now maximised.
<b>Advice on change management (including risks, dependencies, costs and dis-benefits):</b>	In order to maximise opportunities for full cost recovery the service has begun negotiations with Waltham Forest to consider a shared service model for management. The service also recognises the need for a more joined up and powerful marketing strategy for the Hackney Wedding Ceremony offer with the Council's venues.

<b><u>Governance</u></b>	<b>11/12 Gross Expenditure:</b>	<b>£0.644m</b>	<b>11/12 Net Expenditure:</b>	<b>£0.594m (92%)</b>
<b>Key Services &amp; Activities:</b>	12 FTEs provide management and support to a total of 8 statutory committees and 9 non statutory committees.			
<b>Savings to date - track record &amp; focus:</b>	Controllable costs have reduced by 9% over the last three years through moderate reductions in staffing, supplies and services, including printing.			
<b>Costs justification within the existing model of service:</b>	Costs, staffing levels and numbers of committees are generally commensurate with a small selection of other authorities assessed, including those with a reputation for low costs. Further work can be done to understand the cost drivers including a full picture on how operational activities relate to resource levels. A range of technology driven opportunities are on radar with a view to local piloting.			
<b>Advice on existing savings plans (including 12/13 proposals):</b>	<p>Existing plans are largely based on a eliminating, transferring and/or reducing the number of committee meetings. Savings up to £246k have been modelled which would impact on most of the business: reduced number of audit sub committee meetings, Council Joint Committee and Procurement Board (transferring to HR and Corp Procurement respectively), slight reduction in Council meetings (from 7 to 6). The offer comes with a considered view that this would impact significantly on member involvement and the strength of the Council's governance framework. The existing approach represents a radical option although it needs to be further refined in order to a) take into account opportunities for improved efficiency within the service and b) ways in which impact can be better managed to make the changes more acceptable to members.</p> <p>In addition potential savings in the region of £50k have been identified, tied to the introduction of new ICT led practices, although commitments need to be more clearly specified.</p>			
<b>Options for Radical Redesign 1:</b>	<b>Existing Radical Reduction:</b> The existing option offer a sliding scale of 5 reduction options. As noted above this needs to be refined taking into account a closer look at options for more efficient working (e.g. reducing 2 minute takers at meetings) and limiting impact (e.g. through other mediums for			

	members to participate and increased transfer to service areas).
<b>Potential Benefits:</b>	Benefits are predominately financial although taking forward the proposals may assist in helping the organisation to focus on what matters most and modernise participation practices.
<b>Advice on change management (including risks, dependencies, costs and dis-benefits):</b>	Taking forward plans will require careful negotiation with Members and will need to be supported by a high level steer on our expectations for change. The shift would need to be marketed as an attractive and modernising option.

<b><u>Planning Applications</u></b>	<b>11/12 Gross Expenditure:</b>	<b>£2.811m</b>	<b>11/12 Net Expenditure:</b>	<b>£1.770m</b>
<b>Key Services &amp; Activities:</b>	<p>The service is provided by 28 FTEs spit across technical admin, north and south area teams. 2,650 applications were processed in 2010/11 of which 3% represented major developments. The service also dealt with 83 appeals, provides a pre-planning advice service and specialist support to process heritage applications.</p>			
<b>Savings to date - track record &amp; focus:</b>	<p>The service has delivered £390k (14%) savings since 2008/9 through the “Planning for Excellence” driven savings agenda. Those savings focused on reducing management costs and re-focusing technical administration through the programme delivery phase. The programme has also driven a 20% increase in customer satisfaction. Future benefits are expected as the new e-processing functionality beds down and through greater integrated working across the wider planning and regulatory services function that is now developing.</p>			
<b>Costs justification within the existing model of service:</b>	<p>The review benefits from detailed and methodical benchmarking on core application processing costs as part of the new national charging framework which is due for implementation from 1<sup>st</sup> April 2011. Although significantly improved on the comparative unit cost position in 2008, the service remains 13% higher than the average hourly rate for chargeable service delivery against 11 like boroughs.</p>			
<b>Advice on existing savings plans (including 12/13 proposals):</b>	<p>Whilst the realisation of further benefits from “Planning for Excellence” should bring costs down further, the imperative to do this with speed requires careful consideration as the new framework should allow for full cost recovery. It is therefore the elements of the service that have been modelled as being outside the scope of charges (covering pre-planning advice, appeals, committee and heritage) that need to be the focus on cost reduction management. Based on initial modelling this totals £684k in costs.</p> <p>Existing plans which focus on a significant down grading to enforcement services need to be</p>			

	considered within this context, although plans to reduce pre-applications costs and third party payments appear to be justified.
<b>Options for Radical Redesign 1:</b>	<b>Full Cost Recovery on Core Applications Processing and Minimising Costs for Other Activities:</b> This model will implement the new national charging regime with a view to total cost recovery on core applications processing and further work to bring down the costs of non core activity and enforcement work. This will include a focus on opportunities through the developing unified “planning and regulatory services” function.
<b>Potential Benefits:</b>	A strategy and game plan to reduce these costs by between 25% – 50% (up £684k) requires further development.
<b>Advice on change management:</b>	Risks to pre-application income and the core service offer for the most substantive aspects of enforcement, appeals and heritage work require careful management.
<b>Other Options:</b>	There are emerging models of outsourcing for built environment functions, joint ventures with the private sector and shared services. These options need to be considered however within the context of a major restructure across planning and regulatory functions which is taking place, in order to achieve further efficiencies and limited market intelligence on the financial and service benefits.

<b><u>Building Control</u></b>	<b>11/12 Gross Expenditure:</b>	<b>£1.174m</b>	<b>11/12 Net Expenditure:</b>	<b>£0.531m (45%)</b>
<b>Key Services &amp; Activities:</b>	<p>There are 18 FTEs in the current structure processing 730 chargeable applications and around 160 statutory dangerous structure and discovery cases. Most chargeable applications are for small residential developments with only around 25 related to major developments following the erosion of this market share to the private sector due to preferred partnerships with developers and lower charges.</p> <p>There is an emerging trend that the Council's market position on residential developments is also now under threat.</p>			
<b>Savings to date - track record &amp; focus:</b>	<p>The service's actual costs have been relatively stable with varying income over the last medium term. The service has a cumulative income deficit of around £600k. Following a service review in 2010 the initial phase of recommended savings on costs has been delivered (£142k).</p>			
<b>Costs justification within the existing model of service:</b>	<p>On the whole costs are justified considering a range of benchmarks including the productivity of technical specialists, commercial sales values, and the high allocation of required resources to meet statutory requirements and undertake initial 'plan check' processing (which does not appear to be well aligned with the scale of the business need).</p>			
<b>Advice on existing savings plans (including 12/13 proposals):</b>	<p>Additional savings commitments of £157k, based on the full implementation of the second phase of leaner design recommended within the 2010 service review are appropriate. The service should be supported in its aspirations to be a more commercially driven service, generating income and improving productivity. In addition the current restructure of planning and regulatory services will reduce senior management costs by £71k from April 12.</p>			
<b>Options for Radical Redesign 1:</b>	<b>Current model with enhanced commercial drive &amp; existing savings commitments.</b>			

<b>Potential Benefits:</b>	The best achievable position on this model over the next medium term would be £946k total costs and £166k net costs (dependent on above noted savings and existing income targets) for 12/13. The risk environment for delivery due to market conditions and the productivity baseline for the service is, however, high.
<b>Advice on change management (including risks, dependencies, costs and dis-benefits):</b>	This should be supported through the transfer of resources for the Head of Service (Building Control and Licensing Post) to a time limited Service Development Manager for Building Control (until April 2012) within the current restructure for Planning and Regulatory Services, after which the senior management role will be undertaken by the Head of Development Management. In particular improved joined up marketing of planning and building control services is required.
<b>Options for Radical Redesign 2:</b>	<b>Statutory Only Service (Delivered as either a sole authority or as a shared service)</b>
<b>Potential Benefits:</b>	A crude design for a statutory only service is projected to cost between £219k if provided on a shared service basis and up to £416k if provided as a sole authority. Further work on projected costs is required however and it may be lower. Whilst more expensive than option 1 it would eliminate the risks and efforts associated with income and the competitive market.
<b>Advice on change management (including risks, dependencies, costs and dis-benefits):</b>	Shared service delivery would need to be supported by an appropriate legal and contractual framework with delivery by another authority in order to afford continued market choice to customers. The arrangement could also include a commission for referrals of business to the partner provider. This option would however mean any opportunity to recover additional income against the noted cumulative deficit would be lost.
<b>Other Options</b>	The formation of a sub-regional shared service through an established network of boroughs across North East London has the potential to develop, although it is too early to design and model financial benefits, costs of the statutory service should be at least as the lowest detailed under option 2 and an improved income to cost balance

<b><u>Licensing</u></b>	<b>11/12 Gross Expenditure:</b>	<b>£0.910m</b>	<b>11/12 Net Expenditure:</b>	<b>£0.414 (46%)</b>
<b>Key Services &amp; Activities:</b>	Services are provided through 12 Officers with 3 posts focused on enforcement. The service processes 3,000 applications each year with the largest numbers for simple processing of highways applications. The service supports licensing committee and sub-committees (50+ meetings per year) where objections have been raised.			
<b>Savings to date - track record &amp; focus:</b>	The service has reduced controllable costs by £110k and increased income by £65k since 2008/9. This has been achieved by reducing posts in enforcement and business support and increased charges.			
<b>Costs justification within the existing model of service:</b>	Benchmarking and analysis of opportunities to reduce processing costs and raise income suggests that whilst the overall costs appear to be reasonable there is significant potential to move more closely toward a full cost recovery model. Local non-statutory manifesto priorities are largely aligned to targeted enforcement, local area policies and customer care, which should remain affordable, particularly if plans to integrate enforcement operations with the police are taken forward.			
<b>Advice on existing savings plans (including 12/13 proposals):</b>	Existing savings plans are based on a service downgrade, particularly on the enforcement side of the service. However the review offers much lower impact alternatives. In addition the current public realm, and 'planning and regulatory services' restructure will reduce service manager costs by introducing a single service manager for both licensing and trading standards.			
<b>Options for Radical Redesign 1:</b>	<b>Maximising Cost Recovery:</b> The review undertook an analysis of options for maximising cost recovery and concluded that a range of opportunities were available including increases charges (towards highest market levels) and cost reduction (including channel migration through e-processing, transfer of simple processing to the unified business support function for			

	planning and regulatory services, improved join-up of enforcement operations with the police and moderate efforts to increase processing productivity for applications of moderate and complex difficulty). Based on the initial modelling undertaken this is estimated to close the current funding gap by up to £250k.
<b>Potential Benefits:</b>	Pursuing cost recovery in this way will have both financial, access and service delivery benefits
<b>Advice on change management (including risks, dependencies, costs and dis-benefits):</b>	The approach will need to be underpinned by more robust business analysis and investment in web processing.