



Corporate Services 2017/18 Council Fund Budget

**Corporate Resources Overview
and Scrutiny Committee
June 2016**

Purpose of the Presentation

- » To explain and invite the review of the proposals for the Corporate Services Portfolios for 2017/18 and comment
- » To explain and invite the review of the ongoing work on Corporate Financial Planning and Stewardship

Local Context

- » Portfolio Business Plans set 30% efficiency targets over 3 years to 2017/18
- » Significant cost reductions prior to the 3 year business planning period:
 - » Finance Function Review
 - » Employment Services merger of Humans Resources transactional services and Payroll
 - » Occupational Health 'trading' model
 - » ICT regional procurement collaboration
- » Legal services regional capacity sharing model

Local Context

- » Ministerial pressure on Councils on corporate costs with the publication of the independent report (KPMG and CIPFA) in 2015
- » Commissioning of an independent review of our corporate services to test the business plans (awarded to PA Consulting)
- » Limited regional collaboration opportunities for corporate services
- » No national investment set aside for new shared services models as was the case with the NHS Shared Services model

Independent Report Summary

- » Largely validated the business plans
- » Recommended specific improvements in operational services within the business plans
- » **Finance:** the business plan will move the service to a good practice business model
- » **HR:** the current model is leading industry practice
- » **ICT:** a good practice business model
- » **Legal:** the business plan will move the service to a good practice business model
- » **Democratic Services:** good practice business model



Corporate Services Comparative Analysis

	HR & OD	ICT	LEGAL	FINANCE
Value for Money (Vfm)	G	A	A	A
Efficiency	G	G	A	A
Resilience	A	G	A	A



Corporate Services – Business Plan Efficiencies and Pressures



Corporate Services – Efficiencies Summary 2017/18

HR & Organisational Development	£0.228m
Corporate Finance	£0.270m
Governance – ICT	£0.350m
Chief Executive's	<u>£0.055m</u>
Corporate Services Total	£0.903m



Human Resources & Organisational Design



HR & OD – Efficiency Target 2017/18

- » Review of operating model
- » Changes to DBS process/charges

Efficiency Statement – HR & OD

- » Year on year record of reducing headcount e.g. FTE within Employment Services has reduced to 14.40 FTE (compared to 30.5 FTE in 2008).
- » The Flintshire and Wrexham Occupational Health Partnership, (a form of trading model) provides income in excess of £150k per annum
- » CIPFA KPMG Wales 2015 Benchmarking
- » HR & OD costs per FTE
 - » Flintshire £234 (Average £413)
- » Xpert HR 2016 Survey: Key Metrics
- » Ratio of employees to HR Practitioners
 - » Flintshire 1: 374 (Average 1:99)

Resilience Statement – HR & OD

- » The operating model is an optimal industry model being both lean and low cost.
- » Going further may introduce unnecessary risks and lead to :-
 - » A failure to meet our employer duties (e.g payroll, recruitment, routine case-work)
- » The Business Partner model is good practice, well-regarded by service users and is regarded as being at the minimum sustainable level to support the organisation
- » Central to ongoing service change initiatives.



Corporate Finance



Corporate Finance – Efficiency Target 2017/18

- » Finance Modernisation Project

- » Implementation of new software
 - » Pilot complete
 - » Go live for 2016/17 monitoring

- » Review of Finance Operating Model

- » Review of processes and reporting

Efficiency Statement – Corporate Finance

- » Finance Function Review saved £0.300m
- » Further Efficiency Targets of £0.675m in 3 year Business Plan

- » CIPFA KPMG Wales 2015 Benchmarking
- » Finance Cost per £1,000 GRE
 - » Flintshire £9.20 (Average £8.18)
- » % of Qualified Staff
 - » Flintshire 14.6% (Average 39.4%)

Resilience Statement – Corporate Finance

- » Business Plan likely to bring service to Optimum Model
- » Going Further will bring risks in relation to:-
 - » Financial Governance
 - » Undertaking Statutory Duties
- » More resilience at 'Middle Roles' than at Business Partner and Professional Roles
- » Continuing to grow Capability



Governance – Legal & Democratic Services

Efficiency statement - Legal

- Prior to business plan period service lost 4 FTE solicitors and 1 FTE admin – replaced with 1.5 FTE legal officers
- Subscription and training costs reduced by 47% through collaboration
- Resilience and specialist knowledge shared through collaboration in adult social care and prosecutions

CIPFA/KPMG BENCHMARKING

- £6,700 Actual spend/1000 popn (£7,900 Wales average)
- 7th smallest spend in Wales/1000 popn
- Income 4% (12% Wales average)

Cost is already low but could generate more income

Resilience statement - Legal

- Corporate services review identified need:
 - for more flexibility/less specialisation to increase resilience
 - to modernise working practices through increased use of ICT, greater use of templates, standardised instruction forms, building client knowledge
- But it did not suggest further staff reductions
- Service currently carrying vacancies and struggling to meet demand
- Further post reductions would reduce the scale and capability of the team - some work would be slowed and some would stop



Efficiency statement – Democratic Services

- 12.5% savings prior to business plan period

CIPFA/KMPG BENCHMARKING

- £3,000 spend/1000 popn (£4,000 Wales average)

The corporate services review found that

- the service has modern operating processes
- current management structure does not meet organisational design standards
- the proposed structure will produce a lean operating model and greater resilience

Resilience statement – Democratic Services

- Current structure has small teams – cross working for elections but not other services
- To achieve proposed 30% savings need to reduce number of meetings supported
- Further savings beyond proposed restructure not possible without loss of key service



Governance - ICT

Efficiency statement – ICT

- 19% savings prior to business plan period
- Management posts cut by 40% since 2014
- Selective “out-sourcing” for specialist services and value for money
- Joint procurement with other Councils e.g. network equipment, PC’s and laptops
- Corporate services review found that the operating model was modern, lean and efficient

CIPFA/KMPG BENCHMARKING

- £341 per workstation (£512 Wales average)
- £212 per user (£428 Wales average)

Resilience statement – ICT

- Management/change capacity has been greatly reduced
- Council has 2 data centres - it would be costly and pose an unacceptable risk to reduce to 1
- Corporate services review could not identify further savings beyond those already proposed

Governance - Cost Pressures

» ICT	£0.115m
» Procurement	<u>£0.002m</u>
» Total	£0.117m



Corporate Financing – Pressures



Summary of Corporate Cost Pressures

» Commercial Properties	£0.386m
» MRP/Prudential Borrowing	£0.729m
» Repayment of Reserve	£1.429m
» Actuarial Pensions Review	£1.300m
» Apprentice Levy	£0.470m
» Auto Enrollment	£0.558m
» Single Status	£1.726m
» Insurance Fund	£0.100m
» Inflation	<u>£3.100m</u>
Total Pressures	£9.798m



QUESTIONS?