



# **Business Improvement and Efficiency Strategy**

**2010/11 – 2014/15**

**Shared Services**

## Context for Shared Services

<b>Director</b>	<b>John Parry</b>
<b>2009/10 gross budget</b>	£28.9m
<b>2009/10 FTE</b>	673.47

Shared Services has an overall budget of £28.9 million (gross) and employs 673.47 ftes. Of this £28.9 million, £26.5m is re-charged out to directorates and other partners, including schools. The primary contribution to Council objectives is focused within healthy and thriving communities and provision of better public services.

<b>Cumulative</b>	<b>2010/11 £000</b>	<b>2011/12 £000</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>
<b>Total pressures (MTFP 2009/10 – 2013/14 – Savings to be Identified)</b>	0	0	117	233	233
<b>Total Savings Proposed</b>	-814	-1,047	-1,122	-1,122	-1,122
<b>Net Position</b>	<b>-814</b>	<b>-1,047</b>	<b>-1,005</b>	<b>-889</b>	<b>-889</b>
<b>Savings target</b>	-939	-1,776	-2,469	-3,000	-3,000
<b>Net Position compared to target</b>	<b>125</b>	<b>729</b>	<b>1,464</b>	<b>2,111</b>	<b>2,111</b>
<b>Staffing implication</b>	<b>-12</b>	<b>-15</b>	<b>-18</b>	<b>-18</b>	<b>-18</b>

Shared Services has 4 primary functions:

1. The delivery of Financial and Management Accounting (FMA):

This unit provides a professional advisory service to managers in service and resource planning, monitoring and forecasting, offering advice, support and challenge in accordance with the level of risk/complexity of the budget, and with budget setting and preparation of final accounts;

## 2. The provision of Financial Services

The team provides banking services including reconciliation of corporate bank accounts, set-up/closure of bank accounts and amendments to signatories and encashment facilities, training/guidance to imprest accounts holders and checking of imprest account reconciliations and procurement card administration. In addition the team provides a comprehensive and professional advisory service to managers on taxation issues and coordinates the final accounts process and completes the statement of accounts.

## 3. Human Resources

This unit provides employment advice and guidance to managers and staff. It also co-ordinates learning and development activities and provides health and safety information and advice. This team undertakes recruitment activity across the authority managing the process of approvals to recruit, advertising posts, undertaking criminal records bureau checks and issuing contracts of employment. The provision of Health and Safety advice also sits in this team along with Occupational Health.

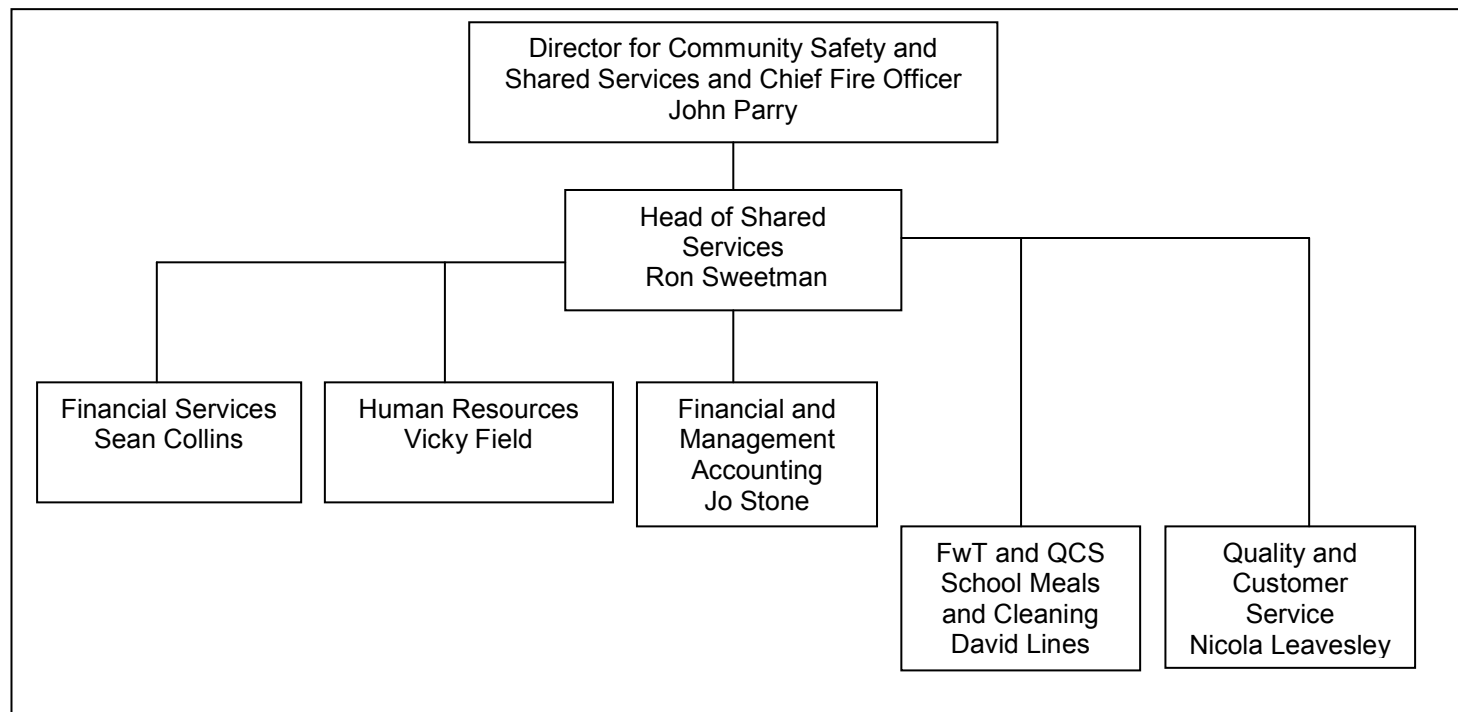
## 4. Quest Cleaning Services (QCS) and Food with Thought (FwT)

This unit provides cleaning services for council buildings and schools and the provision of school meals.

## Management structure of Shared Services

Shared Services delivers a range of specialised HR and Financial services. The nature of the work and risks to the authority of incorrect advice means that there is a need to employ highly qualified professionals in management roles. The Hackett benchmark is the result of an independent survey of Shared Service providers, indicating that 61% of Shared Services achieve a 20% saving. Our business case reflected by our current position of 25% savings compares favourably to this.

Our figures may not be exactly comparable but if we hold this 25% and deliver another £1M of savings our gross reduction will amount to 30% which is 1.5 times the average saving made by Shared Services surveyed by Hackett. The current management structure is summarised below.



## Broad approach to improvement and efficiency

The MTFP requires £3.23m up to 2014/15. Our strategy for delivery of savings and overall improvement is focused upon:

### Business efficiency and effectiveness

Business process re-engineering has been central to the achievement of the Shared Services business plan to date. It will now become even more important in achieving gross cross directorate reductions in excess of the 25% to date. The quality and customer service team is key to this re-engineering process, developing and implementing projects that deliver continuous improvement.

### Maximising Income

Shared Services collects in the region of £14m on behalf of directorates through provision of services to schools. Schools will continue to be able to exercise discretion over the purchase of such services and through the Schools Forum there is an opportunity to better market and communicate the benefits of existing support and to develop other areas.

The Shared Services approach has already delivered meaningful and sustainable savings to the Council. Within the time span of this programme, serious consideration will need to be given to further transference of existing functions in directorates to Shared Services (which are at the transactional level) and an examination of structural change in and across directorates at a corporate level.

The 8-year business plan remains on target albeit due to the late start and other minor factors we are some 9 months behind overall schedule. However, actual savings being delivered to date are higher than the business case (gross £27m over 8 years). The efficiencies programme requires an additional £3m saving. Plans are in development to deliver the first £1m with further work in train to bring this forward in balancing Year 1 of the efficiencies programme. The remaining £2m could only be delivered in support of further corporate projects which are in development.

### Food with Thought and QCS Cleaning and Facilities

The Food with Thought School Meals Service has a turnover of £5.3m and serves over two million school meals annually. It is currently underpinned by a £0.4m central government subsidy until 2012. The team is focused on business growth to extend provision of meals service to the 45 schools in the county not currently taking the FwT output (business valued at £2-3m). It is currently over-achieving on income circa. £60k a year which will significantly reduce the need for subsidy. Should central government's grant drop out, a political decision will be required regarding the provision of the service albeit the team's intention is to break even by this point.

The QCS cleaning and facilities function serves 204 OCC buildings and 66 schools. Projected turnover is £2.4m with a current budget surplus of £33k. Further to the corporate Facilities Management project, agreement has been reached for QCS to now bid for further in-house services and to then bid in open competition for provision of new and renewed contracts in two years' time.

The directorate efficiency strategy was tested as part of an inter-directorate peer challenge session, and the areas outlined above reflect the actions identified in the challenge session. These issues are addressed in the efficiency planning for each service. We have provided an overall risk assessment of each saving based on the likelihood of achieving the saving. We have additionally provided an analysis of the type of saving, categorised as follows:

<b>ES</b>	Efficiency Savings (achieve the same outputs for less resource or additional outputs for the same resource)	<b>SR</b>	Service Reduction (providing a lower level of service and/or a lower level of quality for the same/less money)
<b>IG</b>	Income Generation (increased charges or increased volume, or new charge)	<b>O</b>	Other Types (e.g. alternative use of previously agreed funding, changes to funding streams)

## Shared Services' savings

<b>Head of Service</b>	<b>Ron Sweetman</b>
<b>2009/10 gross budget</b>	£28.9m
<b>2009/10 FTE</b>	673.47 FTE

Our approach to delivering efficiency savings is based on the following:

### Business efficiency and effectiveness

We will undertake a review of the processing and control function to achieve efficiencies in the end to end process. Using technology we will reduce manual intervention when generating data in specialist payment processes. We will automate accounts payable processes to deliver efficiency savings and improve access to invoice information for end to end user.

In HR the focus will be on reviewing and automating processes including Criminal Records Bureau checks (CRB) and health and safety monitoring. Transfer of recruitment activity from Children, Young people and Families Directorate (CYPF) will enable integration of processes and increase efficiency. We will also review the payroll control function and stop monitoring the employment agency contract as this is not a core function.

We will review the general office function, review postage and courier costs and reduce office expenses. We will also use improved procurement for the staff shuttle service.

### Maximising Income

Shared Services plans to increase income from schools for the provision of new financial services.

EFFICIENCIES AND SAVINGS (CUMULATIVE)								
REF	DESCRIPTION	TYPE	RISK	2010/11	2011/12	2012/13	2013/14	2014/15
				£'000	£'000	£'000	£'000	£'000
SS1	Inflation Savings	ES	Low	-313	-436	-436	-436	-436
SS2	Review of the processing control function	ES	Low	-70	-140	-140	-140	-140
SS3	Additional savings to be identified in financial accounting	ES	Med	-48	-48	-48	-48	-48
SS4	Income from schools for the provision of new financial services	ES	Med	-50	-50	-50	-50	-50
	<b>TOTAL FINANCIAL MANAGEMENT SAVINGS</b>			<b>-481</b>	<b>-674</b>	<b>-674</b>	<b>-674</b>	<b>-674</b>
SS5	Accounts payable – automation of processes	ES	MED	-70	-70	-70	-70	-70
	<b>TOTAL FINANCIAL SERVICES SAVINGS</b>			<b>-70</b>	<b>-70</b>	<b>-70</b>	<b>-70</b>	<b>-70</b>
SS6	Review of the HR function and processes	SR	Med	-135	-175	-250	-250	-250
SS7	Automation of CRB processes	ES	Med	-30	-30	-30	-30	-30
SS8	Electronic recording of health and safety monitoring	ES	Med	-35	-35	-35	-35	-35
	<b>TOTAL FOR HUMAN RESOURCES SAVINGS</b>			<b>-200</b>	<b>-240</b>	<b>-315</b>	<b>-315</b>	<b>-315</b>
SS9	Review of office services			-63	-63	-63	-63	-63
	<b>TOTAL SHARED SERVICES SAVINGS</b>			<b>-814</b>	<b>-1,047</b>	<b>-1,122</b>	<b>-1,122</b>	<b>-1,122</b>



## Summary

The 8-year business plan remains on target albeit due to the late start and other minor factors we are some 9 months behind overall schedule. However, actual savings being delivered to date are higher than the business case (gross £27m over 8 years). The efficiencies programme requires an additional £3m saving. Plans are in development to deliver the first £1m with further work in train to bring this forward in balancing Year 1 of the efficiencies programme. The remaining £2m could only be delivered in support of further corporate projects which are in development.

**John Parry**

**Director for Community Safety and Shared Services and Chief Fire Officer**