



# **Business Improvement and Efficiency Strategy**

**2010/11 – 2014/15**

**Corporate Core**

## Context for Corporate Core

|                             |                      |
|-----------------------------|----------------------|
| <b>Director</b>             | <b>Joanna Simons</b> |
| <b>2009/10 gross budget</b> | £35.2m               |
| <b>2009/10 FTE</b>          | 443.3                |

Corporate Core is the council's smallest directorate with a gross budget (including recharges) of £35.2m per annum and a workforce of 443.3 establishment FTEs (June 2009). ICT is the largest unit with a budget of £18.4m and 206.3 establishment FTEs as at 30 June 2009. Our efficiency saving target is £4.0m in the period to 2013/14, with £1.25m to be identified in 2010/11. In addition, there are pressures totalling £1.3m from last years MTFP savings which had not been identified plus £2.0m new pressures arising in ICT.

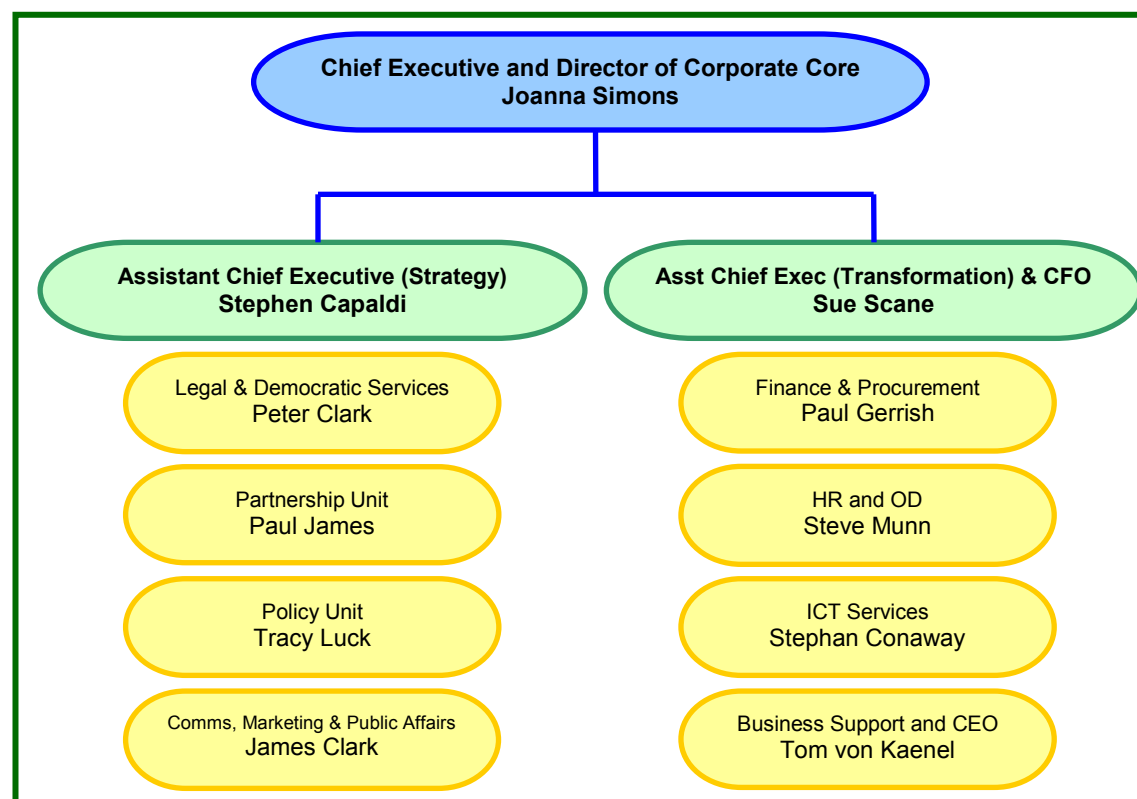
| <b>Cumulative</b>  | <b>2010/11<br/>£000</b> | <b>2011/12<br/>£000</b> | <b>2012/13<br/>£000</b> | <b>2013/14<br/>£000</b> | <b>2014/15<br/>£000</b> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Total pressures (see page 7)</b>                        | 2,642                   | 2,175                   | 2,743                   | 3,159                   | 3,371                   |
| <b>Total Savings Proposed</b>                              | -3,768                  | -3,858                  | -4,674                  | -5,242                  | -5,454                  |
| <b>Net Position</b>  | <b>-1,126</b>           | <b>-1,683</b>           | <b>-1,931</b>           | <b>-2,083</b>           | <b>-2,083</b>           |
| <b>Savings target</b>                                      | -1,250                  | -2,366                  | -3,292                  | -4,000                  | 4,000                   |
| <b>Net Position compared to target</b>                     | <b>124</b>              | <b>683</b>              | <b>1,361</b>            | <b>1,917</b>            | <b>1,917</b>            |
| <b>Staffing Changes in Full Time Equivalentents (FTEs)</b> | <b>-55</b>              | <b>-74</b>              | <b>-90</b>              | <b>-106</b>             | <b>-106</b>             |

During the last 3 years the structure has been reorganised from three divisions to two, and from eleven business units to seven. The current structure is set out on page 3. Corporate Core has three primary functions. To:

1. Provide a framework within which the council can function effectively – the planning and regulatory arrangements;
2. Challenge, review, and improve the organisation's effectiveness; and
3. Provide the organisation with specialist support functions. Shared Services will also be involved in the delivery of these services.

## Management structure of Corporate Core

The diverse and specialist nature of activities undertaken within Corporate Core limit the opportunities for further rationalisation. There is potential for the Partnerships Unit to become an 'off shore' unit funded by the county, districts, PCT and Police; but negotiating partner funding to achieve this will be extremely difficult. There will be opportunities in 2011 to rethink the senior management in Corporate Core, but workload management requirements mean that a replacement in one shape or another will be required. Some savings are feasible. Current structures (except the ICT Unit) are too hierarchical and flatter matrix management arrangements will be developed in the service areas where work is more project based (e.g. Policy and Partnerships Units). The current management structure is set out below.



## Directorate pressures

### The following pressures all relate to ICT:

**Continuing Trends in ICT Maintenance Cost Increases (CCP1 and P2):** The current annual ICT maintenance bill across the 300 plus applications, 80 databases, 7000 PCs, 300 Servers, 75 terabytes of data storage totals some £3.0m. Continuing cost reduction measures that will take effect over the next 18 months will reduce this liability by in excess of £0.4m. After the reductions there will be an on going gap of approximately £0.35m between OCC maintenance liability and the ICT budget to cover it. From that point on, the costs are expected to climb again by approximately 5% per annum. Two pressures have been listed. The first is a one-off increase in the revenue budget to cover the existing gap. The second is a pressure to cover the annual increase in maintenance that is forecast for the next five years.

**Increasing Requirement for Oxfordshire Community Network (OCN) Capacity (CCP3, P4 and P5):** The Council's broadband facility is one of the leading broadband support facilities in the UK. To some degree it is a victim of its own success in that the business has grown to depend upon it being available and fit for purpose. Legitimate business demands are requiring new capacity to be installed to meet needs. The existing BOP programme has not significantly reduced the number of buildings required on the network, and this has led to an annual deficit of £400k between the contracted price to operate the OCN and the ICT budget available. A one-off investment programme of £0.6m for the reconfiguration of the OCN could lead to annual savings of £0.2m. However, even after the OCN has been reconfigured the annual costs are expected to rise by 3% above inflation for the next five years. Three pressures have been listed for the OCN. The first is the one-off investment to reconfigure the network. The second is to meet the existing budget deficit of £0.4m in the first year and £0.1m in subsequent years. The third is the projected additional annual cost increase of network operations.

**Disaster Recovery (DR) (CCP6):** Disaster recovery requirements for OCC are currently met through traditional tape backup systems with partial off site availability of secondary computer room facilities. This is a common approach to DR. But with in excess of 300 applications to recover in a failure, it would take weeks to bring back all of the applications using existing standard procedures. It has been planned for the past 3 years to create a mirrored off site recovery site at the Oxford Science Park to allow a much more efficient recovery process to take place and to ultimately lower operational costs. This work has been delayed while other live operational requirements were met. It is now critical that this DR work go ahead. The pressure presented is for £0.25m first year commission costs followed by £0.15m per annum on going operational costs.

**Cost of Compliance and Operational Reporting (CCP7):** Increasing national trends in ICT compliance and government standards have created a pressure. Some work to address these trends is in progress such as Government Connect, while others are in planning. They include a) Identity Management, b) Network Access Control, c) Applications log management, d) Standards and exception reporting, e) Configuration management of both the infrastructure and of individual user machines, f) encryption, and g) secure networks. Implementation of these requirements is estimated to cost £0.3m per annum for the next three years and then £0.1m per annum in maintenance thereafter.

**Telephony Switch Maintenance (CCP8):** The ongoing maintenance of the central telephony switch has increased to approximately £0.185m over the existing budget, owing to extension of footprint, extended applications and the refurbishment programme.

**Increasing Size and Cost of Data Storage (CCP9):** A terabyte is one thousand billion bytes of data. A byte being one character of data. One year ago the Council had 17 Terabytes of data under management. During the year this has risen to over 45 terabytes with a growth rate of 30% per annum. This is a typical profile for local authorities and business in general. During 2009/10 £0.35m was invested to change the technologies used for data storage and to lower the cost from £0.01m per annum to £0.005m per annum per terabyte. With data growing at 30% per year, even at the improved cost of £5k per terabyte for raw storage the total annual increase is expected to average £0.06m per annum for the next five years.

**IT Training Requirements (CCP10):** Given the increased reliance on ICT across the organisation, the need for training has increased. Inadequate levels of training cause an additional pressure on support. Investment in training is therefore seen as a cost reduction enabler, and the training deficit is estimated at £0.125m per annum.

**Corporate Core's pressures are set out on the following page.**

| PRESSURES (CUMULATIVE) |   |                 |                 |                 |                 |                 |
|------------------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| REF                    | DESCRIPTION   | 2010/11<br>£000 | 2011/12<br>£000 | 2012/13<br>£000 | 2013/14<br>£000 | 2014/15<br>£000 |
| CCP1                   | ICT Existing maintenance gap  | 356             | 356             | 356             | 356             | 356             |
| CCP2                   | ICT Maintenance increases   | 81              | 164             | 252             | 348             | 444             |
| CCP3                   | Oxfordshire Community Network (OCN) - existing contract deficit         | 400             | 100             | 100             | 100             | 100             |
| CCP4                   | Reconfiguration of OCN  | 600             | 0               | 0               | 0               | 0               |
| CCP5                   | Increased demand on OCN   | 62              | 125             | 190             | 260             | 335             |
| CCP6                   | ICT Disaster recovery   | 250             | 156             | 160             | 165             | 170             |
| CCP7                   | ICT Internal security & compliance                                      | 300             | 300             | 300             | 100             | 100             |
| CCP8                   | Telephony maintenance   | 185             | 191             | 196             | 202             | 208             |
| CCP9                   | Growing Cost of Data Storage  | 60              | 90              | 120             | 150             | 180             |
| CCP10                  | IT Training Requirements  | 125             | 125             | 125             | 125             | 125             |
|                        | <b>Total Pressures</b>  | <b>2,419</b>    | <b>1,607</b>    | <b>1,799</b>    | <b>1,806</b>    | <b>2,018</b>    |
|                        | MTFP 2009/10 to 2013/14 – savings still to be identified                | 223             | 568             | 944             | 1,353           | 1,353           |
|                        | <b>Total Pressures &amp; previously agreed savings to be identified</b> | <b>2,642</b>    | <b>2,175</b>    | <b>2,743</b>    | <b>3,159</b>    | <b>3,371</b>    |

## Broad approach to improvement and efficiency

Our strategy for business improvement and efficiency is based on the following. To:

1. Recognise the rapidly changing nature of activity at the 'centre' and to restructure to allow a flexible and efficient use of resources;
2. Streamline the planning and review activities so as to minimise costs and maximise effectiveness;
3. Ensure that the cost of our services is transparent to members and customer directorates; and
4. Work closely with customers (largely service directorates) to meet their needs as efficiently as possible. It should be recognised that in some instances there will be a demand for increased support from Corporate Core which will inhibit our ability to reduce costs.

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. Corporate Core was challenged about the following:

- Examine the Corporate Core / Shared Services relationship to see whether more efficient use of resources could be achieved. This might involve changes to management of activities.
- Consider the value added from the existing procurement activities
- Review the funding arrangements for ICT and corporate priority setting processes/ improve budget transparency.
- Review whether there are further opportunities for reducing the number of senior staff and layers of management.
- Focus on streamlining processes in order to reduce staffing requirements

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)                    |



## Transformation Division

The division is managed by Sue Scane, Assistant Chief Executive & Chief Financial Officer. There are three business units, each managed by a head of service, and a small business support team which supports the whole directorate, combined with the Chief Executive's Office.

- **ICT Unit** - This service provides a comprehensive ICT service supporting the ongoing delivery and development needs of all of the council's services. Its functional areas include operations, procurement, deployment, project management, network and web services, SAP applications, service support and improvement, and Corporate Information Management Unit (CIMU).
- **Human Resources and Organisational Development Unit** - The team provides the following services and is the client for HR Operations in our shared services centre. Its functions include HR policies & procedures, senior casework, senior leadership development, workforce planning, senior appointments, and customer service.
- **Finance and Procurement Unit** - This unit comprises Corporate Finance, County Procurement, and Internal Audit. Corporate Finance consists of financial planning, treasury management/pensions, and investment & corporate standard. Internal Audit maintains and updates the financial control framework of the County. The Procurement Team ensures that all purchases are driven through the proper process to achieve best value.
- **Business Support and Chief Executive's Office** - The team provides direct support to the Chief Executive, the Assistant Chief Executives, and the Lord Lieutenant, as well as having a key role in improving performance and managing change across the Corporate Core,

## ICT Unit

|                             |                        |
|-----------------------------|------------------------|
| <b>Head of Service</b>      | <b>Stephan Conaway</b> |
| <b>2009/10 gross budget</b> | £18.4m                 |
| <b>2009/10 FTE</b>          | 212                    |

Owing to the heavy contractual weighting of the ICT budget, most savings must come from the salary portion of the budget. The magnitude of the savings required is amplified by the need in 2009/10 to bring the core ICT budget in alignment to compensate for one off expenditures to cover the cost of unfunded work such as Government Connect, higher than expected SAP upgrade costs, preliminary studies for CRM and ESS projects, £0.4m of OCN contractual increases and £0.3m of contract maintenance increases, totalling some £1.8m. This deficit is being made up through staff reductions and a sharp curtailment in other ICT project engagements.

### **The 4 year savings targets would be met through a combination of internal processes:**

- A reduction of staff, both contract and permanent, by upwards of 50 posts. Much of this reduction is scheduled for the second half of 2009/10 in preparation for the following financial year, to bring the 2009/10 budget into alignment.
- The reduction of application support costs through the termination of some existing support arrangements,
- The redevelopment of the OCN to allow multiple buildings to be serviced from a single installation, and
- Direct Charging to the source directorates and service units for all work and materials provided as part of development projects.

### **These levels of risk can be associated with this programme:**

- That existing service levels can be maintained with the reduction of staff in the direct user facing service delivery areas. There will be a reduction in service to the user groups, although every effort will be made to minimise the impact of these reductions.
- That the changes in maintenance and OCN technical architecture can be made and will be financially successful. As they are developmental changes, the outcome will not be known until the projects are completed.
- That central direction/management is not lost through the unintended devolution of ICT budget management back to the directorates.

## Annex 3(e)

In 2012, the current contract for support SAP will end with anticipated savings of £0.4m following the re-tendering of this contract. Although these savings will result from efficiencies, this may result in a significant level of service cut (i.e., future development of new systems and implementation of new technologies funded within the Directorates). Work is being currently carried out to assess the impact of these proposals across OCC. Further details of the saving proposals follow, along with cost centre analysis.

| EFFICIENCIES AND SAVINGS (CUMULATIVE) |  |       |      |               |               |               |               |               |
|---------------------------------------|--|-------|------|---------------|---------------|---------------|---------------|---------------|
| REF                                   | DESCRIPTION  | TYPE  | RISK | 2010/11       | 2011/12       | 2012/13       | 2013/14       | 2014/15       |
|                                       |  |       |      | £000          | £000          | £000          | £000          | £000          |
| CC1                                   | Review of ICT staff structure  | SR/ES | High | -515          | -1,097        | -1,479        | -1,860        | -1,860        |
| CC2                                   | Reduced maintenance  | SR    | Med  | -356          | -356          | -356          | -356          | -356          |
| CC3                                   | Reduced maintenance costs (renegotiation of contracts, consolidation and standardisation of applications and stripping out of marginal applications) | SR/ES | Med  | 0             | -88           | -182          | -217          | -217          |
| CC4                                   | Oxfordshire Community Network (OCN)  | SR/ES | Med  | 0             | -87           | -182          | -216          | -216          |
| CC5                                   | Re-tender SAP support contract (current contract ends 2012)  | ES    | Med  | 0             | 0             | -200          | -400          | -400          |
| CC6                                   | Remove pressure for disaster recovery  | SR    | High | -250          | -156          | -160          | -165          | -170          |
| CC7                                   | Remove pressure for data storage   | SR    | Med  | -60           | -90           | -120          | -150          | -180          |
| CC8                                   | Remove pressure for training   | SR    | Med  | -125          | -125          | -125          | -125          | -125          |
| CC9                                   | Further reduction on staff and maintenance to balance pressures  | SR    | High | -1,259        | -16           | 335           | 752           | 575           |
|                                       | <b>TOTAL ICT Savings</b>   |       |      | <b>-2,565</b> | <b>-2,015</b> | <b>-2,469</b> | <b>-2,737</b> | <b>-2,949</b> |

## Human Resources and Strategic Organisational Development Unit (including customer contact)

|                             |                   |
|-----------------------------|-------------------|
| <b>Head of Service</b>      | <b>Steve Munn</b> |
| <b>2009/10 gross budget</b> | £2.6m             |
| <b>2009/10 FTE</b>          | 26.5              |

The HR service has a key role to play in delivering our efficiency programme - in terms of staff reductions, new ways of working, and supporting managers and staff through the organisational change process. Therefore team workload likely to increase at the very time we look to make efficiencies in the service.

HR & OD will look to reduce staff numbers over the period to achieve its Corporate Core target. Although the service has already reduced headcount by 35% with the move to Shared Services, we intend to propose an "invest to save" approach specifically by:

- Investing in ESS/MSS to enable better information and workflow whilst reducing HR staff numbers which removes duplication of effort, manual intervention (which reduces scope for inaccuracies) and improves timeliness. This will enable individuals across OCC to take personal responsibility for their personal information, and equipping managers to manage their people more effectively resulting in bringing the Council into line with best practice with on-line services (replacing paper based activities).
- Looking at HR in the round (Strategic and Shared Service teams) to optimise the deployment of technology and to achieve maximum cost reductions with enhanced service delivery. We will change the HR operating model as part of this efficiencies programme.

Savings for the first year will be achieved through the reduction of staff with savings in the following years of years being achieved following a review of HR provision in OCC.

Further details of the saving proposals follow below, along with cost centre and risk analysis.

| EFFICIENCIES AND SAVINGS (CUMULATIVE) |  |      |      |            |             |             |             |             |
|---------------------------------------|--|------|------|------------|-------------|-------------|-------------|-------------|
| REF                                   | DESCRIPTION  | TYPE | RISK | 2010/11    | 2011/12     | 2012/13     | 2013/14     | 2014/15     |
|                                       |  |      |      | £'000      | £'000       | £'000       | £'000       | £'000       |
| CC10                                  | Review of Strategic HR   | ES   | Low  | -68        | -68         | -68         | -68         | -68         |
| CC11                                  | Review of HR provision in Strategic HR and Shared Services                         | ES   | Med  | 0          | -31         | -112        | -180        | -180        |
| CC12                                  | Review customer contact  | ES   | Low  | -14        | -37         | -59         | -78         | -78         |
|                                       | <b>TOTAL Human Resources and Strategic Organisational Development Unit Savings</b> |      |      | <b>-82</b> | <b>-136</b> | <b>-239</b> | <b>-326</b> | <b>-326</b> |

## Finance and Procurement Unit

|                             |                     |
|-----------------------------|---------------------|
| <b>Head of Service</b>      | <b>Paul Gerrish</b> |
| <b>2009/10 gross budget</b> | £3.6m               |
| <b>2009/10 FTE</b>          | 51.5                |

The Procurement Team has been targeted with achieving contractual savings averaging at about 10%. Based on the current value of contracts this could potentially generate savings of £40m, albeit at a significant risk. Savings on generic goods could potentially amount to £4m per annum and procurement is working closely with Directorates in identifying savings of £36m per annum in total on service specific contracts. These savings fall across the Council and will not count towards Finance & Procurement's target.

Finance & Procurement will achieve their savings through the combination of staff reductions and income generation through the work of audit.

The majority of savings will need to come from staffing reductions which will have some impact on the service provided and increase pressure on the remaining staff. The services that will suffer include procurement advice to directorates, a reduction in the number of audit days and a significant reduction in financial training provision to service managers. As the savings are required over a four year timeframe, it should be possible to make most of the staff reductions through turnover. Further details of the saving proposals follow below, along with cost centre analysis.

| EFFICIENCIES AND SAVINGS (CUMULATIVE) |  |      |      |             |             |             |             |             |
|---------------------------------------|--|------|------|-------------|-------------|-------------|-------------|-------------|
| REF                                   | DESCRIPTION  | TYPE | RISK | 2010/11     | 2011/12     | 2012/13     | 2013/14     | 2014/15     |
|                                       |  |      |      | £'000       | £'000       | £'000       | £'000       | £'000       |
| CC13                                  | Reduce non pay budgets                               | ES   | Low  | -8          | -16         | -16         | -16         | -16         |
| CC14                                  | Move forward the early retirement saving in the MTFP | ES   | Low  | -11         | -11         | -10         | 0           | 0           |
| CC15                                  | Restructure Corporate Finance                        | ES   | High | -52         | -101        | -111        | -111        | -111        |
| CC16                                  | Provision of audit services to external bodies       | IG   | Low  | -47         | -47         | -47         | -47         | -47         |
| CC17                                  | Review of audit services                             | ES   | High | 0           | -27         | -27         | -27         | -27         |
| CC18                                  | Review of procurement services                       | ES   | Med  | 0           | 0           | -34         | -159        | -159        |
|                                       | <b>TOTAL Finance &amp; Procurement Savings</b>       |      |      | <b>-118</b> | <b>-202</b> | <b>-245</b> | <b>-360</b> | <b>-360</b> |

## Chief Executive's Office and Business Support

|                             |                |
|-----------------------------|----------------|
| <b>Business Manager</b>     | Tom von Kaenel |
| <b>2009/10 gross budget</b> | £1.4m          |
| <b>2009/10 FTE</b>          | 12             |

Savings to be made in year one of £35k will partly be met by a review of subscriptions. A review of the senior management structure will be undertaken in year two. Further details of the saving proposals follow below, along with cost centre and risk analysis.

| EFFICIENCIES AND SAVINGS (CUMULATIVE) |  |      |      |            |             |             |             |             |
|---------------------------------------|--|------|------|------------|-------------|-------------|-------------|-------------|
| REF                                   | DESCRIPTION  | TYPE | RISK | 2010/11    | 2011/12     | 2012/13     | 2013/14     | 2014/15     |
|                                       |  |      |      | £'000      | £'000       | £'000       | £'000       | £'000       |
| CC19                                  | Review senior management structure                                 | ES   | Med  | 0          | -133        | -133        | -133        | -133        |
| CC20                                  | SEER Subscription  | ES   | Low  | -15        | -15         | -15         | -15         | -15         |
| CC21                                  | Cancel subscription to ACTVAR                                      | ES   | Low  | -12        | -12         | -12         | -12         | -12         |
|                                       | <b>TOTAL Chief Executive's Office and Business Support Savings</b> |      |      | <b>-27</b> | <b>-160</b> | <b>-160</b> | <b>-160</b> | <b>-160</b> |



## Strategy Division

The division is managed by and Assistant Chief Executive: Stephen Capaldi. There are four business units, each managed by a head of service.

- **Legal and Democratic Services** - The unit provides legal advice and support for councillors and directorates to ensure that they fulfil their statutory obligations and the Authority acts lawfully. Legal Services operates as a self - financing trading unit. The Head of Legal and Democratic Services is also the County Solicitor and the Council's Monitoring Officer.
- **Partnerships Unit** - The unit has responsibility for the fostering of effective partnership working across the public, private and community sectors in order to provide better outcomes, real choice and value for money for local people.
- **Policy Unit** - The Unit's is responsible for helping the organisation to develop a coherent forward strategy and for driving performance improvement.
- **Communications, Marketing and Public Affairs** - this unit is responsible for communication with local residents, media relations, publications, internal communications, the council's website and Print and Design.

The ability of the four units to meet efficiency targets is mixed.

## Legal and Democratic Services

|                             |                    |
|-----------------------------|--------------------|
| <b>Head of Service</b>      | <b>Peter Clark</b> |
| <b>2009/10 gross budget</b> | £4.0m              |
| <b>2009/10 FTE</b>          | 67.01              |

Legal Services is a demand-led business. Some areas are growing (child protection) others are declining (section 106); however overall demands are fairly constant and making savings will be difficult. There are, however, some opportunities for cost reduction being pursued and Peter Clark will be discussing customer requirements with key service managers to see whether service demands can be moderated. Savings for Legal Services for the first two years will be achieved by amending the Lexis/Nexis contract for online Legal information (£25k), by reducing Counsel spend by retaining more advocacy work in-house. In years three and four there will be a continuing review of Legal and Democratic Services, including the Coroner's Service to achieve subsequent savings targets.

Democratic Services was the subject of a fundamental service review in 2008/09. New ICT systems and a restructuring have produced savings but these will not fully meet the four year efficiency target. It is unlikely to achieve further staff reductions without reducing the number of meetings to service. That said, savings identified for the first two years will be achieved by reduction in Admin support within Democratic Services for an approximate saving of £82K.

Further details of the saving proposals follow below, along with cost centre and risk analysis.

| EFFICIENCIES AND SAVINGS (CUMULATIVE) |   |      |      |             |             |             |             |             |
|---------------------------------------|---|------|------|-------------|-------------|-------------|-------------|-------------|
| REF                                   | DESCRIPTION   | TYPE | RISK | 2010/11     | 2011/12     | 2012/13     | 2013/14     | 2014/15     |
|                                       |   |      |      | £'000       | £'000       | £'000       | £'000       | £'000       |
| CC22                                  | Early retirement costs cease                                      | ES   | Low  | -29         | -29         | -59         | -59         | -59         |
| CC23                                  | Reduce level of subscription to on line legal information service | ES   | Low  | -25         | -25         | -25         | -25         | -25         |
| CC24                                  | Reduce use of counsel   | ES   | Low  | -25         | -25         | -25         | -25         | -25         |
| CC25                                  | Review of Democratic Services                                     | ES   | Med  | -82         | -82         | -82         | -82         | -82         |
| CC26                                  | Review Coroner's Service  | ES   | Low  | 0           | -12         | -12         | -12         | -12         |
| CC27                                  | Review the legal, democratic and coroner services                 | ES   | Med  | 0           | 0           | -37         | -135        | -135        |
|                                       | <b>TOTAL Legal and Democratic Services Savings</b>                |      |      | <b>-161</b> | <b>-173</b> | <b>-240</b> | <b>-338</b> | <b>-338</b> |

## Members' budget

|                             |                    |
|-----------------------------|--------------------|
| <b>Head of Service</b>      | <b>Peter Clark</b> |
| <b>2009/10 gross budget</b> | £1.5m              |
| <b>2009/10 FTE</b>          | 3                  |

The Members' budget is administered by Democratic Services with limited options for achieving the efficiency savings target of £192K, as Member Allowances accounts for the vast majority of this budget. Further but minor savings can be made from the IT and Training budget but members will need to decide the minimum level of budget required for IT and training over the four year election cycle. The Chairman's budget (£5K) is a possibility subject to the views of members particularly as Council has required additional spending on hospitality for the armed services for the following year.

Further details of the saving proposals follow below, along with cost centre and risk analysis.

| EFFICIENCIES AND SAVINGS (CUMULATIVE) |  |      |      |            |            |            |            |            |
|---------------------------------------|--|------|------|------------|------------|------------|------------|------------|
| REF                                   | DESCRIPTION  | TYPE | RISK | 2010/11    | 2011/12    | 2012/13    | 2013/14    | 2014/15    |
|                                       |  |      |      | £'000      | £'000      | £'000      | £'000      | £'000      |
| CC28                                  | Reduce members' services budgets (including IT and training) | ES   | Med  | -10        | -16        | -23        | -23        | -23        |
| CC29                                  | Reduce car allowance and expenses budgets                    | ES   | Med  | -5         | -5         | -5         | -5         | -5         |
| CC30                                  | Freeze member allowances until next County Council elections | ES   | Med  | -5         | -15        | -40        | -40        | -40        |
| CC31                                  | Reduce Chairman's Allowance from £24K to £19K                | SR   | Med  | -5         | -5         | -5         | -5         | -5         |
|                                       | <b>TOTAL Members' Budget Savings</b>                         |      |      | <b>-25</b> | <b>-41</b> | <b>-73</b> | <b>-73</b> | <b>-73</b> |

## Partnerships Unit

|                             |                   |
|-----------------------------|-------------------|
| <b>Head of Service</b>      | <b>Paul James</b> |
| <b>2009/10 gross budget</b> | £0.9m             |
| <b>2009/10 FTE</b>          | 9.65              |

The County Council currently supports many of the costs of partnership working with the PCT and District Councils. Opportunities for sharing these costs are being explored but partner organisations will also be seeking similar efficiency targets. Re-structuring will take place to reduce staff costs. Contracts and grants with voluntary sector organisations (including ORCC and OCVA) will be reviewed when next due for renewal (2012). Agreements for supporting local partnerships in priority places (for example in Bicester and Abingdon) will be reviewed when current commitments are due for renewal.

Further details of the saving proposals follow below, along with cost centre and risk analysis.

| EFFICIENCIES AND SAVINGS (CUMULATIVE) |   |      |      |            |            |             |             |             |
|---------------------------------------|---|------|------|------------|------------|-------------|-------------|-------------|
| REF                                   | DESCRIPTION   | TYPE | RISK | 2010/11    | 2011/12    | 2012/13     | 2013/14     | 2014/15     |
|                                       |   |      |      | £'000      | £'000      | £'000       | £'000       | £'000       |
| CC32                                  | Restructure Partnerships Unit                           | ES   | High | -25        | -40        | -40         | -40         | -40         |
| CC33                                  | Sharing partnership costs with key partners             | ES   | Med  | 0          | -21        | -21         | -21         | -21         |
| CC34                                  | Review of contracted services with the voluntary sector | ES   | Med  | 0          | 0          | -20         | -20         | -20         |
| CC35                                  | Review of town partnership support                      | ES   | Med  | 0          | 0          | -20         | -20         | -20         |
|                                       | <b>TOTAL Partnerships Unit Savings</b>                  |      |      | <b>-25</b> | <b>-61</b> | <b>-101</b> | <b>-101</b> | <b>-101</b> |

## Policy Unit

|                             |                   |
|-----------------------------|-------------------|
| <b>Head of Service</b>      | <b>Tracy Luck</b> |
| <b>2009/10 gross budget</b> | £1.7m             |
| <b>2009/10 FTE</b>          | 30                |

The Unit's target for 2010/11 is £32k, but £134k has been identified in the coming year by reducing staff numbers in the review and change teams. Subsequent years' savings will be achieved by prioritising activity around the current needs of the council. Further staff reductions for subsequent years will be explored and agreed in the coming fiscal year.

By 2011/12 there will be fewer posts in the Policy Unit due to the end of contracts and by 2013/14 further FTE reductions will be identified from the Unit. Please see the Business Plan for full details of posts and funding. Further details of the saving proposals follow below, along with cost centre and risk analysis.

| EFFICIENCIES AND SAVINGS (CUMULATIVE) |                                  |      |      |             |             |             |             |             |
|---------------------------------------|----------------------------------|------|------|-------------|-------------|-------------|-------------|-------------|
| REF                                   | DESCRIPTION                      | TYPE | RISK | 2010/11     | 2011/12     | 2012/13     | 2013/14     | 2014/15     |
|                                       |                                  |      |      | £'000       | £'000       | £'000       | £'000       | £'000       |
| CC35                                  | Rationalise work/staffing levels | ES   | Med  | -134        | -164        | -191        | -191        | -191        |
|                                       | <b>TOTAL Policy Unit Savings</b> |      |      | <b>-134</b> | <b>-164</b> | <b>-191</b> | <b>-191</b> | <b>-191</b> |



## Communications, Marketing and Public Affairs Unit

|                             |                    |
|-----------------------------|--------------------|
| <b>Head of Service</b>      | <b>James Clark</b> |
| <b>2009/10 gross budget</b> | £0.8m              |
| <b>2009/10 FTE</b>          | 15                 |

This business unit is growing with a consequential reduction in service directorate based communications activity. As a consequence Corporate Core costs will increase but the council can expect:

- Communications to find its share of efficiency savings across the council;
- Fewer posts;
- Better management of resources;
- Better service to residents and media, and more accessible information; and
- Income generation.

It is anticipated that the new structure will be operational within 2009/10.

Further details of the saving proposals follow below, along with cost centre and risk analysis.

| EFFICIENCIES AND SAVINGS (CUMULATIVE) |   |      |      |            |            |             |             |             |
|---------------------------------------|---|------|------|------------|------------|-------------|-------------|-------------|
| REF                                   | DESCRIPTION   | TYPE | RISK | 2010/11    | 2011/12    | 2012/13     | 2013/14     | 2014/15     |
|                                       |   |      |      | £'000      | £'000      | £'000       | £'000       | £'000       |
| CC36                                  | Income generation   | IG   | Med  | -30        | -30        | -30         | -30         | -30         |
| CC37                                  | Review of Communications, Marketing & Public Affairs              | ES   | Med  | 0          | -39        | -89         | -89         | -89         |
|                                       | <b>TOTAL Marketing, Communications and Public Affairs Savings</b> |      |      | <b>-30</b> | <b>-69</b> | <b>-119</b> | <b>-119</b> | <b>-119</b> |

**Memorandum – Children, Young People & Families Communications Related Savings:**

|       |  |    |   |      |      |      |      |      |
|-------|--|----|---|------|------|------|------|------|
| CYPF5 | Reduction in publications costs and improved information | ES | M | -120 | -230 | -340 | -360 | -360 |
|-------|--|----|---|------|------|------|------|------|

## Summary

Over the next few years demands on Corporate Core resources will grow because of:

- The opportunity for ICT systems to support service streamlining and cost reduction;
- The HR & legal support needs of managers as they deal with downsizing;
- The increased need for challenge and review;
- The accountancy supports needs of managers seeking to understand and use budgets more creatively;
- The expectations of procurement savings; and
- The need to communicate and engage the public more effectively.

Despite these demands we anticipate that Corporate Core will achieve significant efficiency savings over the next 5 years.

**Joanna Simons - Chief Executive**

**Stephen Capaldi - Assistant Chief Executive (Strategy)**

**Sue Scane - Chief Finance Officer and Assistant Chief Executive (Transformation)**

October 2009



# 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<br/>£000</b> | <b>2011/12<br/>£000</b> | <b>2012/13<br/>£000</b> | <b>2013/14<br/>£000</b> | <b>2014/15<br/>£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.

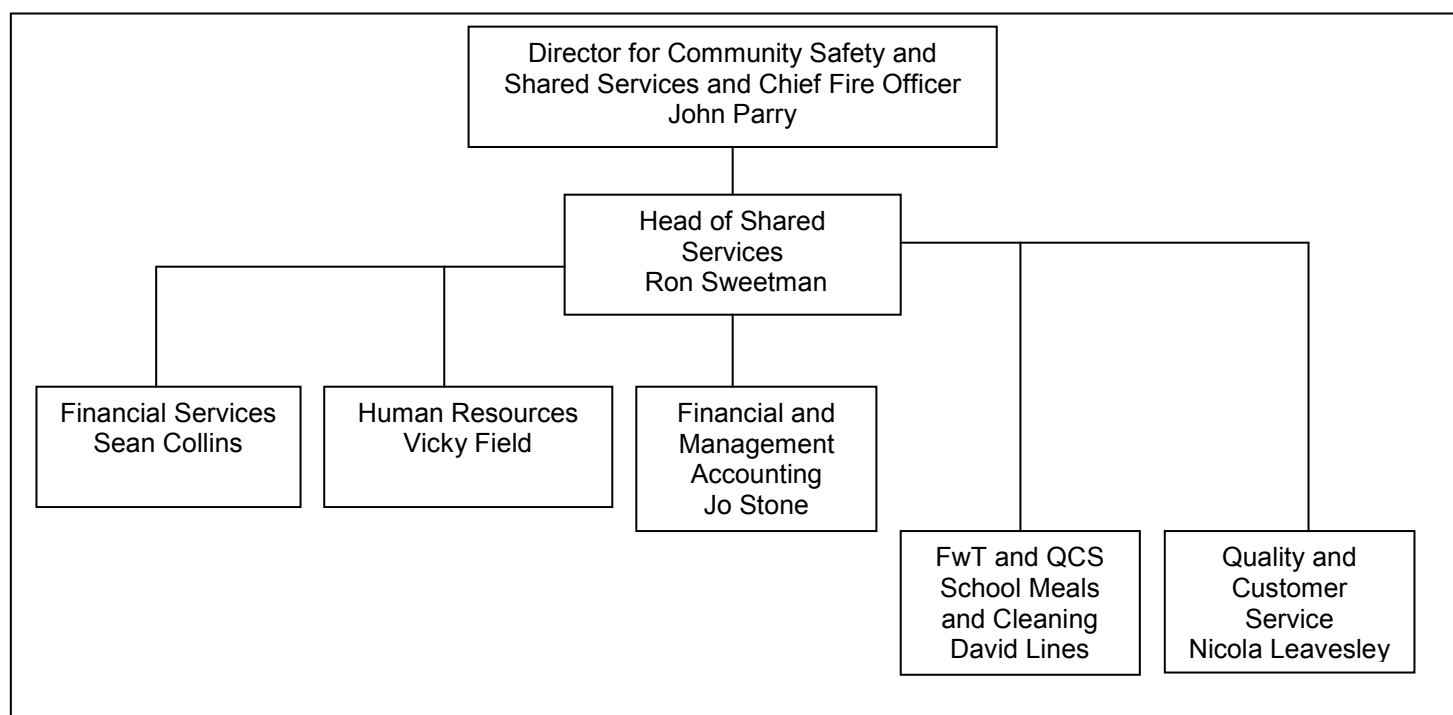
### 4. Quest Cleaning Services (QCS) and Food with Thought (FwT)

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**