
REPORT FOR: CABINET

Date of Meeting:	18 February 2016
Subject:	Resources and Commercial Services MTFS Implementation Plan
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources and Commercial
Portfolio Holder:	Councillor David Perry, Leader and Portfolio Holder for Communications Councillor Kiran Ramchandani, Portfolio Holder for Performance, Corporate Resources and Policy Development Councillor Varsha Parmar, Portfolio Holder for Public Health, Equality and Wellbeing Councillor Sue Anderson, Portfolio Holder for Community, Culture and Resident Engagement Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	No, not in the context of this report as the decision is for noting only
Wards affected:	All Wards
Enclosures:	None – All enclosures relate to the overall Budget Report.

Section 1 – Summary and Recommendations

This report sets out the MTFS Implementation Plan for Resources and Commercial.

Recommendations:

Cabinet is requested to:

1. Note the Resources and Commercial Directorate MTFS Implementation Plan.

Reason: (For recommendations)

To ensure the efficient and sustainable delivery of statutory services to the communities of Harrow.

Section 2 – Report

Introduction

1. The Resources and Commercial Directorate MTFS Implementation Plan sets out the approach to achieve the delivery of efficient and sustainable services to the communities of Harrow within the budget envelope available and in support of the Council Priorities.

Options considered

2. The following sections on various elements of the Resources and Commercial Directorate set out the planning that has been developed following extensive work through the Council's Commissioning Panel and budget setting processes and any consultations where applicable. Further reports will be presented to Cabinet on specific proposals following further work and consultations where relevant. These are highlighted in the report.

Changes and Additions of Savings from the Council's Previous Medium Term Financial Strategy

3. The 2015/16 MTFS Resources Directorate Savings included HR Savings of £550k in 17/18 and £250k in 18/19. They also included Finance Savings of £250k in 16/17, £500k in 17/18 and £500k in 18/19. Both the Finance and HRD savings followed significant savings delivered in 2015/16 as a result of internal re-organisation under Project Minerva.
4. The HR savings were based on the assumption that to achieve future savings the workforce headcount would significantly reduce. The Council headcount was 2049 in 2014/15 and the 2016/17 MTFS proposals would result in a reduction of 179.5 FTE by the end of 2018/19. Even allowing for a significant number of part time posts this would still fall well short of the reduction in headcount on which the original savings proposals were based.

5. For both Finance and HR, since these savings were put into the budget in December 2013, more work has been carried out to develop delivery plans for the savings. This more detailed work, undertaken in preparation for the 2016/17 MTFS, identified that these savings were not achievable in their initial form, so substitute savings have been provided which were:
 - a. A potential £250k can be achieved in HR if the service goes into a shared service with Buckinghamshire County Council;
 - b. A staffing saving of £415k will be achieved in Finance staffing;
 - c. A change in investment strategy can support higher returns for the Council in terms of how it uses its cash balances.
6. For transparency it was therefore felt that the original savings should be reversed out and substituted with different proposals across Resources and Commercial, which are covered later in this report.
7. Delivering these savings on top of the Minerva savings already taken would also deliver a higher level of saving than was identified when the services were soft market tested for a potential outsource.
8. The previous savings have therefore been 'reversed out' and replaced with these and other proposals.
9. Within Customer Services, actions continue to encourage and enable customers to shift to cheaper channels. In order to maintain and improve current levels of customer service whilst this happens, it was decided to remove the future savings in the MTFS, hence the reversal of the savings. This will be kept under review as customers choose to move to alternative channels.
10. With regards the Communications Service, this was retendered in 2014, and Cabinet approved the new supplier in January 2015. Original savings in the MTFS approved at Cabinet and Council in February 2015 had only the savings position approved through the tendering process. Additional income targets have now been integrated into the MTFS for 2016, one of which was the £100k income target which was approved in July 2015 through the early savings report.

Resources and Commercial Directorate Savings Strategy for 2016/17 - 2018/19

11. The following sets out the strategy for each of the six areas of the Resources and Commercial Directorate for achieving the overall savings set aside for the Directorate.

Finance

12. The Finance Directorate will deliver a saving of £415k in 2016/17 through staff re-structuring. This will see the division reduce from 36.5fte to 30fte.

Property Investment Portfolio

13. The Council's investment strategy was considered by Cabinet in December 2015, and agreed that a property portfolio be acquired at a cost not to exceed £20m with no single purchase to exceed £5m. The capital requirements are reflected in the Capital Programme and savings of £350k are included in the revenue budget for 2017/18 and 2018/19 to reflect investment returns.

Treasury Management

14. The Council's Treasury Management Advisors will be engaged to advise on the options for generating additional treasury management returns whilst balancing risk and ensuring an adequate cash flow position. Savings are built into the MTFs, the first saving being £180k in 2016/17.

Insurance

15. Harrow Council, like most large authorities, has a mix of external insurance arrangements and self insurance. Most of the Council's external insurance policies are subject to large policy excesses and claims that fall within these policy excesses are met from the internal insurance provision.
16. A saving of £200k will be realised from a further reduction in the annual contribution to the internal insurance provision, reducing the annual contribution to £1.132m. There is a risk to this saving as the number and cost of claims against the Council is unpredictable but this is mitigated as the Council's Insurance Service takes a proactive approach to minimising the costs of claims against the Council by:
 - Handling all claims in house removing spend on external claim handler fees
 - Using the Claims Portal for handling Public and Employers Liability injury claims which caps third party solicitor fees.

Strategic Commissioning

17. As part of the Chief Executive's Senior Management Restructure a review of the capacity in the Council to deliver better commissioning has taken place with subsequent savings in the Strategic Commissioning Division being made. Other areas of the Council have submitted savings proposals separately as part of the MTFs but during the early part of 2016 work is taking place to look at how this remaining resource can be more effectively linked up and work together to support better commissioning decisions. Other changes for the 2016/17 year include increasing the income targets for the School Information Management System Support Team who provide services to Harrow schools.
18. With regards the Voluntary and Community Sector, and specifically the Outcome Based Grants Programme and the Small Grants Programme, there are currently no proposals in the budget for savings in this area. However, a review is underway on the Council's relationship with the VCS which will in effect create a strategy for the VCS in Harrow. The

current agreements for outcome based grants and small grants, as well as the Adults Services Service Level Agreements have been extended until 30th September 2016, so subject to the outcome of this review, there will need to be a new commissioning round in 2016/17.

Human Resources

19. Cabinet will receive a report in February 2016 seeking authority to enter into a shared service with Buckinghamshire County Council for the provision of HR Services to Harrow and Buckinghamshire Councils. The creation of a shared HR Service will support the Council in meeting its MTFS savings targets. It will also allow the development of a resilient and cost effective HR Service to both Councils. Implementation of the shared service would be phased; phase 1 would see the introduction of a shared management team in the summer of 2015/16 and the development of the ICT to support phase 2. Phase 2 would see the establishment of the shared HR services and the transfer of relevant staff to BCC by the end of March 2017.

Legal & Governance

20. The direction of travel for Legal and Governance is to continue to grow HB Public Law, with the concurrent savings in the MTFS based on more Councils joining the service and the income levels made by sharing. A report setting out the expansion plans for HB Public Law, including the decision of Buckinghamshire County Council to join HB Public Law will also be considered at the February 20160 Cabinet meeting. There is also a saving related to the sharing of Registrars Services with Brent Council which the Council is currently in dialogue over.

Procurement

21. The Procurement savings for years 2016/17 and 2017/18 are intended to be achieved through a Shared Service with LB Brent and Buckinghamshire County Council (Bucks CC). The Business Case for the Shared Service will be received at the January Cabinet. In the event that Brent and Bucks CC do not agree to the shared service arrangement the savings would need to be achieved through staff reductions – the impact of this would be for the Commercial and Procurement Division to be able to deal with tactical procurements only, i.e. supporting those procurements that the Council felt had the profile and risk to require additional support.

Customer Service and IT

22. As well as Customer Services and IT, where savings strategies have been developed, the other area where savings are required to be delivered is the Business Support Service.
23. For Customer Services, the strategy involves increasing the volume of Helpline customers and making the service more commercial. Resources within Access Harrow will be maintained at current levels, with channel migration being pursued, so that future savings could be delivered on the basis of successful migration to cheaper forms of

delivery and therefore being able to close more expensive channels of contact such as face to face (which is by appointment only) and phone.

24. In IT, the new contract started in November 2015 following a major retendering in 2014 and 2015. Savings of around 20% were delivered and taken into account in the MTFS approved by Council in February 2015. As part of their work programme the new provider will consider opportunities for the Council to make further savings where utilising our technology in different ways, or new forms of technology will support more efficient and effective working. All changes will be subject to approving robust business cases.
25. With regards the Business Support Service, work continues to identify the level of saving that can be achieved from this service. A report will go to the Council's senior management team, the Corporate Strategic Board in February 2016.

Key Project Work during 2016/17

26. There are a number of key projects with the Resources and Commercial Directorate that will take place during 2016/17, some of which will be subject to Cabinet decisions. The Joint Procurement Service for example was 'approved' at Cabinet in January 2016, and therefore this will now be a major project for delivery during the year. The decision whether to agree to a joint HR service with Buckinghamshire County Council will be considered by Cabinet at the same meeting as this report so depending on the decision, the delivery of this new shared arrangement will also be a major project in 2016/17. The decision of Buckinghamshire County Council joining HB Public Law will also be considered at by Cabinet at the same meeting as this report.
27. Work will continue to expand the Legal Practice which will be consistent with the strategy followed in previous years, which to date has led to a successful expansion of the Practice.
28. Many of the savings have been staff related, especially in Finance and Strategic Commissioning, so these have already been consulted upon with staff and will be live for the beginning of 2016/17. Any changes in the Business Support Service will require staff consultation, which will take place subject to the decision made by the Council's Corporate Strategic Board.

Performance Issues

29. The proposals detailed in this report will in some cases have a detrimental impact on performance. However, some of the innovations that the Council will deliver through the MTFS, such as further channel migration and a greater digital offer to residents, will have a positive impact on residents and service users, whilst contributing significantly to savings.
30. The proposals contained with the MTFS and the methods of implementation have both been designed to minimise the impact on

service users. Mitigations will be put in place to manage any adverse impact on performance, and the monitoring of the implementation will form part of the directorate performance management process, which will measure the progress in delivering the proposals and the impact of the changes. Progress will also be reported through the quarterly cycle of Improvement Boards (which make up the Council's performance management regime) which will also consider the performance of the key measures in each of the services in the Peoples' Directorate to ensure the Council is aware of how the delivery of these savings will be impacting on some of the more vulnerable groups in Harrow.

Environmental Implications

31. There are no environmental impacts as part of this report.

Risk Management Implications

32. Each proposal has been risk assessed and will be tracked through the Directorate risk register as part of delivery monitoring. The risk register will feed into the Council's quarterly performance reporting cycle.
33. For major projects within the MTFS programme for the Directorate, individual risk registers documents will be created, with assigned owners and include the current and future actions in place to control the risks. The Council corporate risk management procedure will be used to rate risks.

Legal Implications

31. There are no legal implications specifically related to this report as it is to note. All future decisions which Cabinet would be required to make are highlighted in the report in terms of the key projects that are to be delivered as part of the Resources and Commercial MTFS Implementation Plan, including the February Cabinet decisions relating to Buckinghamshire County Council joining HB Public Law and the shared HR service with Buckinghamshire County Council.

Financial Implications

32. The total savings that the Resources and Commercial Directorate will deliver over the MTFS is £4.603m, set out in the chart below. Each of the separate proposals which make up this total are set out in the MTFS Report on the Cabinet Meetings' agenda.

	2015/16 Early Ongoing Savings £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total
Resources & Commercial	250	2684	474	1195	0	4603

Equalities implications / Public Sector Equality Duty

33. Section 149 of the Equality Act 2010 requires that public bodies, in exercising their functions, have due regard to the need to (1) eliminate discrimination, harassment, victimisation and other unlawful conduct under the Act, (2) advance equality of opportunity and (3) foster good relations between persons who share a protected characteristic and persons who do not share it.
34. Equalities Impact Assessments have been carried out for all of the proposals that make up the MTFS contribution for the Resources and Commercial Directorate, and these have been published as background papers to the main budget report. Where adverse impact against protected characteristics have been found, following completion of EQIAs and any consultation undertaken appropriate mitigations will be put in place to minimise the impact. However, in some instances there will be adverse impacts where mitigations go only some way to resolve the impact. In such areas, these impacts are highlighted in the main EQIA for the Budget, again which is published with the main MTFS paper.

Council Priorities

35. The Council's vision is: **Working Together to Make a Difference for Harrow**
36. The Council Priorities are:
- Making a difference for the vulnerable
 - Making a difference for communities
 - Making a difference for local businesses
 - Making a difference for families
37. The recommendations support these priorities by ensuring efficient and sustainable services for vulnerable people, families, communities and businesses in Harrow.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 6 February 2016		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 4 February 2016		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out: EqIA cleared by:	Not for this report, but each proposal has had an EQIA where relevant. . EqIAs will be undertaken on each proposal to inform final decision making

Section 4 - Contact Details and Background Papers

Contact: Tom Whiting, Corporate Director Resources and Commercial
tom.whiting@harrow.go.uk 020 8420 9484

Background Papers: None.

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in does not apply in the context of this report as the decision is for noting only]</i>
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