

MTRP Proposal - 18/19 and Beyond - Business Case

Service Area	Cross Council
Unique Reference Number	CC181902
Proposal Title	Our People
Version	For Informal Cabinet 24 th October 2017
Proposal Summary Description	To make cross council efficiencies related to Our People and Modernised Council Objectives.
Impact on Performance	No negative impact on performance.
Impact on FTE Count	Increase to FTE x1
Impact on other Service Areas	Impact on managers to promote flexible benefits and proactively challenge and manage mileage claims.
Impact on Citizens	Directly – None, as proposed efficiencies relate to HR policy, procedure and practice
Delegated Decision (Head of Service/Cabinet Member/ Cabinet)	Head of Service

Net Savings (£000's)	2018/19	2019/20	2020/21	2021/22
	122			

Implementation Costs (- £000's)	2018/19	2019/20	2020/21	2021/22
Revenue – Redundancy/Pension				
Revenue – External consultants				
Revenue - Other				
Capital – Building related				
Capital - Other				
Implementation Cost - Total				

Current Position

Under the Modernised Council programme consider cross council efficiencies aligned to Our People Project relevant to:

- Flexible Benefit Opportunities
- Reduction to Travel and Subsistence Claims

Key Objectives and Scope

Flexible Benefit Opportunities

The current flexible benefit offer which generates salary savings to staff includes the following:

- Childcare vouchers

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- Cycle to Work Scheme
 - Car leasing scheme*
 - Additional annual leave purchase scheme*
- *these are new schemes and have only been introduced in 2017

The current salary deductions that are 'given up' by staff to benefit from the list above are in the region of £535k. We benefit from a reduction in employers NI savings and, in the case of car leasing, employers' pension contributions. Based on current levels for childcare and cycle to work, but scaling up for car leasing and annual leave purchase and introducing technologies later in the year, will save approximately £145k.

These savings are not currently attributed to the HR function as they appear in the budgets where the individual employees are assigned. Through introducing these policies, the HR function is generating the savings to the Council as a whole. In order to continue to generate further ideas for salary savings, a proportion of these savings could be reinvested into the HR function on the assumption that further work could be done in this area.

There is currently no resource available to analyse payroll data and identify further areas for efficiency savings on pay related activity. The exercise carried out to identify mileage and flexible benefits are only two elements of payroll. There are additional areas of pay that have not been analysed – overtime, use of enhancement, call out, additional hours, terms and conditions, etc. where there are possible future savings that could be identified. This work cannot be done without a proportion of savings reinvested in an HR resource within the business development team.

Reduction to Travel and Subsistence Claims

In 2016/17 over 1 million miles were claimed by employees in the course of their regular work conducting the Council's business, at a cost of £460,000. This excludes travel carried out by elected members, the senior leadership team who receive a block car allowance, and Council owned vehicles.

Options considered

1. Maintain the status quo and do nothing.
2. Centralise £167k of relevant service budgets, re-investing a proportion with the purpose of achieving £122k savings in 18/19. The re-investment of a portion of income generated from proposal 1 will enable future growth for income generation aligned to Our People objectives.
3. Centralise and re-invest 45k of relevant budgets with the purpose of reducing inefficient spend. The re-investment will enable the action and maintenance of efficiencies; and contribute to the achievement, action and maintenance of further efficiencies aligned to our people objectives. The residual reduction of spend (projected at £122k for 18/19) to be retained by respective service areas to manage.
4. Centralise budgets and realise £167k of savings. This option is not achievable/sustainable. Resource is required to action and maintain efficiencies proposed; and contribute to the achievement, action and maintenance of efficiencies aligned to Our People objectives.

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Recommended Proposal/Option

In order to achieve savings, Option 2 (below) is recommended.

Centralise £167k of relevant service budgets, re-investing a proportion with the purpose of achieving £122k savings in 18/19. The re-investment of a portion of income generated from proposal 1 will enable future growth for income generation aligned to Our People objectives.

In order to effectively promote and increase flexible benefit opportunities re-investment is required. The funding of additional resource reduces expected savings but without it savings will not be sustainable going forward. This is a cost of £45k, reducing net savings to £122k as detailed in the table below:

No	Proposal	Cost Benefit	Re-Investment	Net Saving
1	Flexible Benefit Opportunities – Assume percentage against each service budget based on 16/17 generated income.	£145k	£45k (to grow and promote opportunities)	£100k
2	Reduction to Travel and Subsistence Claims –Applying a percentage reduction against budgets for mileage – onus with the manager to challenge and manage travel. A 5% reduction on 16/17 mileage would equate to a £22k saving.	£22k		£22k
TOTAL				£122k

Required Investment

None

High Level Milestones and Timescales

Communication Plan	1 December 2017
Budget Realignment	31 March 2018
Recruitment	1 April 2018
Go Live	1 April 2018

Key Risks/issues

Risk Description	Risk Score (as per matrix below)	Mitigation Measures
Changes to tax and NI rules	Amber Risk Score 5: Probability low (2), Impact Medium (3)	Rules reviewed and amended in April 2017.

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Probability description	Score
Very Low probability	1
Low probability	2
Medium probability	3
High probability	4
Very high probability	5

Impact description	Score
Negligible	1
Low	2
Medium	3
High	4
Very High	5

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5

Specific linkage with Future generation act requirements

Integration – these proposals are in line with the council's Corporate Plan, and the People & Business Change Service Plan.

Long Term – Provide appropriate challenge supporting a culture of responsibility and accountability.

Prevention – Proposals aim to address inconsistencies in the promotion of flexible benefit opportunities and challenge of mileage claims.

Collaboration – Services working in collaboration to improve consistency of people management across the council.

Involvement – Improving stakeholder involvement through the quality assurance and consultation process.

Fairness and Equality Impact Assessment

None required.