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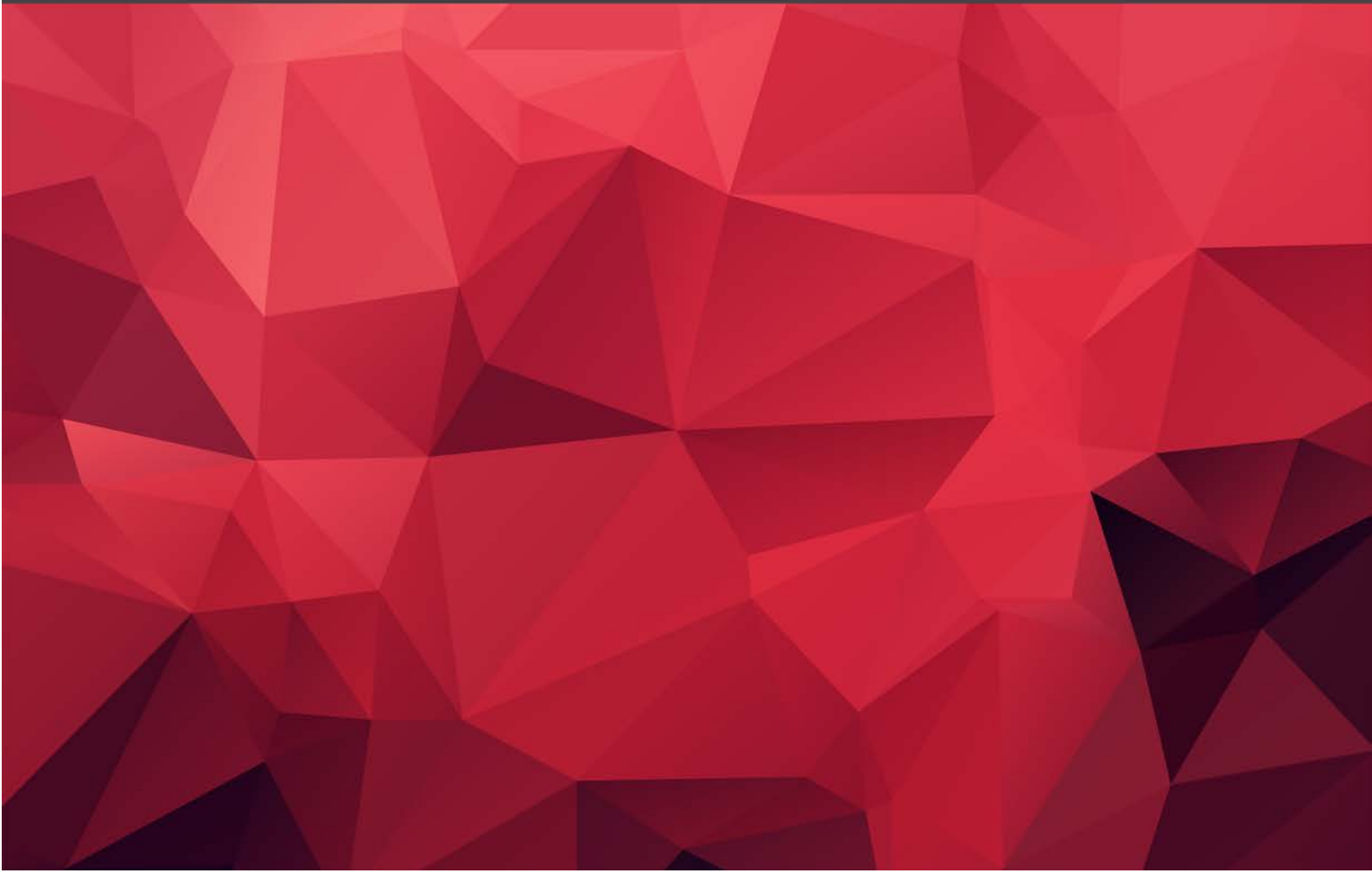
Archwilydd Cyffredinol Cymru
Auditor General for Wales

Review of the Effectiveness of the Council's Efficiency Savings Programme – **Flintshire County Council**

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Arrangements for planning and monitoring efficiency savings are effective, but arrangements for evaluating non-financial impact and for sharing post-project learning are under-developed

Summary report

Summary

1   Flintshire County Council (the Council) has reported significant efficiency savings over the last 10 years; its Medium Term Financial Strategy notes how the need to achieve savings has accelerated in response to increasing budget pressures. Since 2008-09, the Council has reported efficiency savings of almost £60 million, including nearly £25 million for 2014-15 and 2015-16 alone – over 40% of the total savings reported since 2008-09.

2   In 2016-17, the Wales Audit Office reported on the extent to which the Council's financial and savings planning arrangements supported financial resilience. In this review, we look more closely at the Council's arrangements for planning, monitoring, evaluating and reporting outcomes from its efficiency savings programme. We also assess whether the Council's post-project evaluation effectively identifies and replicates good practice, helping it to avoid repeating potentially costly mistakes.

3   Between February and May 2017, we sampled four recently-completed 'change' projects, including projects that benefitted from initial pump-priming, to assess the Council's arrangements. The efficiency projects we sampled were:

- corporate operating model;
- changes to the library network;
- in-house enforcement agent service; and
- review of fleet arrangements.

4   We found that arrangements for planning and monitoring efficiency savings are effective, but arrangements for evaluating non-financial impact and for sharing post-project learning are under-developed.

5   We came to this conclusion because:

- the Council has effective arrangements for planning and monitoring the financial impact of its efficiency savings programme;
- arrangements for evaluating the non-financial impact of efficiency initiatives are not systematic, but are being strengthened; and
- arrangements for capturing and sharing good practice are under-developed.

Proposals for improvement

6   It would be unusual if we did not find things that can be improved and, where we
     do, the Auditor General can take a variety of steps. In this case, we have made a
     proposal for improvement that we expect the Council to respond to in an
     appropriate way.

Exhibit 1: Proposals for improvement

Proposals for improvement
P1   Introduce a more robust and systematic approach to post-project evaluation, suitable for: •   evaluating the non-financial impact of efficiency/change initiatives; and   •   capturing, sharing and promoting learning and good practice.

Detailed report

Arrangements for planning and monitoring efficiency savings are effective, but arrangements for evaluating non-financial impact and for sharing post-project learning are under-developed

The Council has effective arrangements for planning and monitoring the financial impact of its efficiency savings programme

7   Our review found that the Council has effective and transparent planning arrangements. The savings we reviewed were well considered and supported by robust business cases and costings. Expected benefits were clearly set out and approved by Cabinet. External consultants provided independent advice on the corporate operating model and fleet review efficiencies; the Council investigated the arrangements in place at other local authorities when assessing whether to establish an in-house enforcement service.

8   We noted in our 2016-17 report on Financial Resilience at Flintshire that the Council continues to refine its approach to stakeholder engagement. The savings proposals reviewed as part of this review were supported by appropriate consultation processes with a range of relevant stakeholders, including residents, staff, trade unions and external regulatory bodies.

9   The Council adjusts its efficiency proposals in response to consultation feedback. For example, corporate customer services was moved to a more customer-focused portfolio following feedback on the proposed corporate operating model. Similarly, the Council incorporated public feedback into the design of Deeside Library, and public consultation on rural library closures led to expressions of interest from community groups to take over operation of the libraries.

10   The Council's budget monitoring processes enable it to track the savings achieved. Savings are monitored monthly and variances against target are reported in regular budget monitoring updates to Cabinet and Corporate Resources Overview and Scrutiny Committee. Programme Boards monitor each portfolio's progress against savings and budgetary targets. Boards meet regularly and provide senior officers and councillors with the opportunity to review performance against savings targets and to provide challenge.

11   Budget monitoring documents confirm that most planned savings were achieved for the sample plans we reviewed. Some savings were lower than planned in the first year due to later-than-anticipated project starts, but were achieved in full, or expected to be, in subsequent years. Up-front investments by the Council have either been recouped already or are expected from the cumulative effect of

recurring savings. Further detail on the financial impact of each of the efficiencies is set out below.

12   In 2014-15, the Council included £3.1m of workforce efficiencies in its savings plan. We reviewed the senior management efficiencies related to the new, leaner corporate operating model, which was expected to contribute £460,000 to the planned savings total. Invest to save funding of £440,000 supported the upfront costs of these changes, such as exit costs. The revised Chief Officer structure successfully delivered savings, achieving £605,000 in 2014-15. The Council expects the annual savings against the previous operating model to rise to £668,000 once all Chief Officers reach the top of the new salary scale. The new operating model also led to a review of senior management support staff as part of a wider review of administration staff; this generated further savings of £116,000.

13   Despite these achievements, the planned changes alone did not generate savings of £3.1 million. But the target of £3.1 million was met by supplementary savings arising from unfilled vacancies and additional one-off efficiencies within portfolios.

14   Council plans to relocate three libraries to a new library hub in Deeside were expected to generate savings on running costs[1] of £30,000 in 2016-17. The Council received Welsh Government capital grant funding to co-locate the hub library within the Deeside leisure centre building. Fit out costs of £40,000 were funded from the existing library service budget in 2015-16. Efficiency savings should exceed this investment in less than two years; a saving of £30,000 was achieved in 2016-17, which the Council expects to rise to £50,000 in 2017-18.

15   The Council also funded the co-location of a library within Holywell leisure centre using £120,000 from its Community Asset Transfer Capital Grant Fund to match Welsh Government grant funding. The leisure centre was transferred to a community group by Community Asset Transfer (CAT) and the Council now rents library space from the community group. This arrangement provided a part-year saving of £4,000 in 2016-17, which the Council expects to increase to £16,000 a year from 2017-18 onwards.

16   The Council initially expected savings from these particular initiatives of around £142,000 in 2016-17. Delays to some CATs reduced the actual savings to £105,000. The savings shortfall in 2016-17 was covered from reserves[2] and from additional savings generated within the library service.

17   In 2015-16, the Council created an in-house enforcement agent team which was expected to generate net income of £100,000 each year. The Council reported savings of £70,000 from this initiative during 2015-16, attributing the shortfall to delays in establishing the new arrangements. In 2016-17, the service was expected to generate a further £60,000 of net income by undertaking enforcement

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[1] Running costs include staffing, rates, utilities, cleaning costs etc.

[2] In September 2016, Cabinet approved the use of £200,000 of reserves to offset lost savings caused by a three month delay to the timescales set for the CATs of two leisure centres. £22,000 of this was used to offset library CAT savings.

work for a neighbouring council. Monitoring documents show that after costs of £210,000, the initiative generated net income of £179,000 – some £19,000 more than originally anticipated.

18   Following an external review of its fleet services in 2013, the Council began implementing recommendations to change the ownership model and operational management and maintenance arrangements for its vehicle fleet. Planned savings of £350,000 were achieved in 2014-15, with a further £175,000 of savings anticipated during 2015-16. Delays with the procurement process meant that changes were not introduced until October 2016, but the service identified alternative savings to plug the gap. The fleet savings are generated through fixed price contracts for vehicle hire and maintenance. This provides the Council with confidence in the level of annual savings it can expect.

Arrangements for evaluating the non-financial impact of efficiency initiatives are not systematic, but are being strengthened

19   The Council's arrangements for monitoring and evaluating the impact of efficiency initiatives on stakeholders are not consistent. However, the Council is taking action to ensure that non-financial impact is evaluated more systematically. For example, the chief officer team has established a culture of conversational learning, where chief officers routinely discuss hot issues, share information and work collaboratively. The Council intends to formally review the corporate operating model with the new Administration, to ensure that it remains valid.

20   The Council continues to monitor and support community-run libraries. However, it expects to better understand the impact of recent changes when the first annual community benefit report is produced by the community groups involved, later in 2017-18. Existing evidence[3] suggests that the changes have had a minimal impact on the number of library users. Anecdotal evidence also suggests that the changes have attracted some new library users. For example, the co-located library in Deeside appears to be attracting visits from leisure centre users who did not previously use their local library. The Council intends to carry out a user impact survey during 2017 to formally evaluate the impact of the changes on stakeholders. The next annual assessment against Welsh Public Library Standards will demonstrate the impact of the changes on library performance. The Council also intends to formally review the CAT savings, including library-related transfers, at the end of 2017-18 when the current business plans end.

[3] Visitor numbers to enclosed areas of Deeside library are approximately 9% lower than combined visits to the three relocated libraries in the prior year. Although visits to the open area of the library are not recorded, the Council conservatively estimates the total number of visits to both the open and enclosed areas of the library as 5% higher than before. Source: Flintshire County Council

21   The Council measures the success of its enforcement service by monitoring collection rates for council tax and business rates. In 2015-16, following the introduction of an in-house service, collection rates increased to 98%. This was the highest collection rate in Wales that year and the highest rate ever achieved at the Council. The Council believes that the in-house service also provides it with greater control of the revenues recovery process, such as the ability to take a proportionate response to sensitive cases.

22   A fleet project board manages the contracts and oversees progress in relation to this efficiency. Services' fleet requirements are regularly reviewed to ensure their needs are met and that there is no detrimental effect on services or the public from the changes to fleet hire and maintenance arrangements.

Arrangements for capturing and sharing post-project learning are under-developed

23   Our discussions with officers confirm that informal reflection and evaluation takes place during and after efficiency-related changes are made. For example, the corporate operating model, with its portfolio approach to grouping services under a single chief officer, supports shared learning across service areas. There are also opportunities for managers to share learning and good practice at the Council's regular Change Exchange and Academi[4] meetings. However, post-project learning does not routinely happen and the arrangements for capturing and sharing the learning are not always robust.

24   The evidence we gathered about the way prior learning informs future efficiency projects has generally been anecdotal. For example, officers told us that:

- implementation of the corporate operating model has supported development opportunities and raised corporate awareness of lean management thinking. This, in turn, led to a corporate administrative staff review and encouraged chief officers to adopt a lean approach when applying workforce efficiencies within their portfolios;

- officers we spoke to acknowledged the importance of stakeholder engagement to the success of a project and confirmed their intention to continue refining the engagement process when planning future efficiencies;

- changes to the library network have provided the Council with valuable experience of alternative delivery models. The success of co-locating libraries within leisure centres has demonstrated the potential synergies

[4] The Change Exchange is an informal senior officer forum for sharing local, regional and national updates and case studies which have the potential to impact the way the Council works.

The Academi is a senior management developmental network that provides opportunities for senior officers to assist, analyse and challenge key projects. It enables collective working on major strategies and internal practice sharing.

between related services - an approach the Council intends to revisit in future business plans; and

- delays to planned CATs timescales have prompted the Council to create a specific reserve to mitigate against future transfer slippages.

25 It is encouraging to see examples of the Council using post-project learning to influence future initiatives. Nevertheless, an over-reliance on informal arrangements is unlikely to maximise knowledge transfer - particularly between portfolios. A systematic process of evaluating efficiencies and of sharing good practice is more likely to help the Council replicate its successes and avoid repeating any mistakes.