From: Clifford, Michael
Sent: 05 June 2015 11:48
To: Hay, Robert (EPS - LGFP)
Subject: RE: Welsh Local Authorities Administrative Costs Review

Hi Rob,

Thank-you for reviewing the report and your considerations across the couple of emails below, please see responses below to comments raise. As discussed shall be picking a number of these up in our final review of the report.

Thanks,

Mike

Sorry Mike, another point that I forgot to mention in my earlier e-mail :

In the appendix, in some places it refers to staff and in other places it refers to FTEs. Can you confirm that all the staff numbers are expressed in FTEs? This is correct.

From: Hay, Robert (LGC - LGFP)
Sent: 04 June 2015 16:25
To: Clifford, Michael
Subject: FW: Welsh Local Authorities Administrative Costs Review

Mike,

Further to our conversation yesterday, I have referred the letter on hold harmless to our procurement people for advice and will get back on that asap.

On the issue of the annex to the report. I have discussed further with colleagues here. If we are able to confirm that the welsh versions the annexes are not required and you take out anything which is considered commercially sensitive would that allow us to publish these?

If we are able to share the annex with local govt and we use the information to inform the next stages of the exercise then it will be difficult for us to limit its circulation so it would be easier to manage if we publish it. Also from experience if you suggest that something is not being published it creates more interest in it because people wonder why it has not been published. Happy to discuss if that would help.

Apologies for not coming back sooner but I also have a few more comments as set out below ;

Page 23 service analysis summary : alleged savings initiatives underway for creditors and debtors and payroll both the same (ie 1.6 and 2.5) – is this right? The savings were not captured at this level but at the primary activity 'Finance' this encompassed payroll, creditors and debtors and accounting – so the savings and income across these areas are all the same.

Page 23 typo / grammar error in text on payroll (with the most the highest unit costs) Thanks, shall change.

page 29 reference to income of2.5m on ICt mostly from services to schools seems to me to mean that actually not real income since it will have come from education funds originally anyway! The same point pertains to property management at page 38. Agreed, we are concerned income was not captured consistently by authorities (some included schools – others did not seem to do so), so we have just conveyed in the text the primary income source of that submitted, which in these two services was schools. There was not sufficient time to respond to authorities on how much related to school SLA's etc. – this would need to be fixed in future studies.

Page 50 investment in services : "as the cost envelope within which administrative services is reduced, consideration should be made towards the potential benefit of investing in some services to drive efficiencies and effectiveness elsewhere in the organisation"

I know what you mean but is this clearer " as funding for admin services is reduced the resulting savings may be reinvested in frontline services to drive efficiencies and…." Agreed, shall consider in our final review.

Regards

Rob

Re exec summary. Probably need to tweak the first sentence! "Local Govt in Wales" is wider than the 22 authorities. The 22 unitary authorities are most significant part but we risk upsetting all the other bits. Noted shall do.

Recognise the importance of alignment with other reforms but important to emphasis that these authorities can deliver some of these savings without the need to wait for reforms. As discussed on Wednesday, shall reframe this

Should we caveat the indicative savings reports by LAs. We risk a response that says authorities have already delivered £17m of the £33m savings and does the further £16m in 2015/16 then mean they have delivered the £33m! Noted shall consider for final report.

Need to be clear the savings proposed are annual. Shall refer to in repot more explicitly

Page 25 defn of "opportunity in scope" includes reference to no consideration of the investment costs. This is likely to be highlighted by authorities as undermining the savings figures. Is there anything further we can say on this? Shall consider in report.

Page 6 – how does the £510m figure relate to the £471m figure? As our survey used a different definition to the one used in the Revenue Outturn Corporate Democratic Support

Services definition the two do not correlate. It should be noted the difference is likely to be largely explained by the inclusion of 'Democratic' costs within the CDSS definition, this includes a number of posts and services sitting under the monitoring officer role – registration services for example.

Page 26

May need a bit more explanation on the difference between phase 1 normalisation and phase 2 standardisation. The key point here I think is normalisation within Wales and standardisation with the wider sector. Phase 2 refers to improving performance towards "mean sector performance". How is that defined? Noted and shall consider in the final report, your assumption on the phases discussed above is correct. Mean Sector Performance is primarily based on CIPFA benchmarks across all the services.

Timing of delivery of savings – Have discussed and will consider in final report

Page 29 – what is "disruptive technology"? Will expand in report and on Monday

Page 44 – the KPMG report assumes that all authorities in Wales can reduce their admin costs to 4% - which is currently the lowest level of spend achieved by any authority. Is that realistic? They mention that their spend reduction estimates ignore issues relating to quality of delivery and special factors such as rurality or deprivation. Does that mean that the 4.0% figure is unrealistic? There is reference to unitary authorities in England as " a leading practice example" having admin costs of 3% to 4%(Fairly wide range relatively). Are these the "best in breed" authorities? Eg top quartile? Or is it the mean? Have discussed and will consider in final report and further on Tuesday. Savings have been built both top down and bottom up.

Important to note that the % figures are based on 2013/14 spend so do not take account of any future spending reductions planned.

Annex 1

page 20 a figure missing ("x") Noted – shall update

Spelling of Blaenau Gwent incorrectly. Noted (!)