

Appendix 2

Sample ZBB Service Review Executive Summaries

People and Talent ZBB Service Review - Executive Summary

People and Talent (P&T) is the Council's human resources division. It leads on the implementation of the council's People Strategy that aims to engage, enable, and empower the council to build an effective and efficient organisation. This is delivered through two main functions – learning and organisational development and strategic and operational workforce management. The service has the lead for the human resource aspects of its IBC system and contract, managed arrangement and contract for securing agency staff and also incorporates a team that delivers services to schools on a commercial basis. The service is based within the Council's Public Service Reform within a range of related and corporate functions.

This report summarises the ZBB review approach taken to assess value for money and identify opportunities for a more efficient and effective service offer. The review provides specific and detailed advice on savings that are considered viable for immediate action and also wider possibilities to move further toward a zero budget position.

People and Talent (P&T) currently have an annual budget of **£3.04m** made up of £2.37m for staff and £0.67m that is mainly for commissioned learning, development and well being services designed to meet Council wide staffing needs. The service is projecting a year end overspend of £0.35m associated with high cost agency posts and a level of misalignment between brief and staffing arrangements. Directorates provide the specialist technical training that their workforce needs that is outside the scope of this review. Funding for the service is mainly provided through the General Fund (81%). The remainder comes from pensions, recharging, HRA and departmental recharges and internal traded business. The team provides a range of services including learning and development, case management (e.g. sickness and grievance), occupational health, apprenticeships and recruitment advice and are responsible for commissioning corporate contracts such as agency provision. The Council is expected to spend just under £90m on staff in the current year which will cater for over 2000 FTEs. The service is also carrying £400k overspend for 2019/20.

The ZBB service review fully involved the service's senior management team. The review has concluded that the focus, structure and priorities of the Council's People Strategy remains relevant. The reach, range and level of services provided is substantial and it is at the forefront of a number of successful initiatives including the managing up of internal apprenticeships, an innovative supported internship programme for young people with learning disabilities and the well established staff star awards. The service has also been a key aspect of recent major programmes of work around re-accommodation and re-commissioning of our finance and HR management system. Through this review process the service work has started to define and deliver against a range of opportunities to effectively management down staff costs, working closely with the ZBB team and corporate finance

However this review, with a strong steer provided by the recently appointed Interim Deputy Director, has also concluded that change needs to be led by addressing three key issues in order to assure value for money.

Firstly there is a need to shift to an operating model and service offer that proactively enables managers to effectively do their job in all aspects of staff management – as opposed to reactively supporting them. Secondly there is a need to improve associated core systems and processes for recruitment, performance management and development. Thirdly, the way functions and posts within the service are defined and organised needs to be simplified and improved so that a much stronger position on the value that they add is assured.

Together this steer has informed a significant more for less agenda and a restructure of the service that is recommended by this review. This will be supported by an improved performance management framework that puts cost, productivity and change management at the forefront of what People and Talent is working to support. This will enable the Council to continue to realise its People Strategy in a way that supports the delivery of the wider Zero Based Budgeting and efficiency imperative for staff resource management.

Some related and specific points and issues identified by this review are set out below;

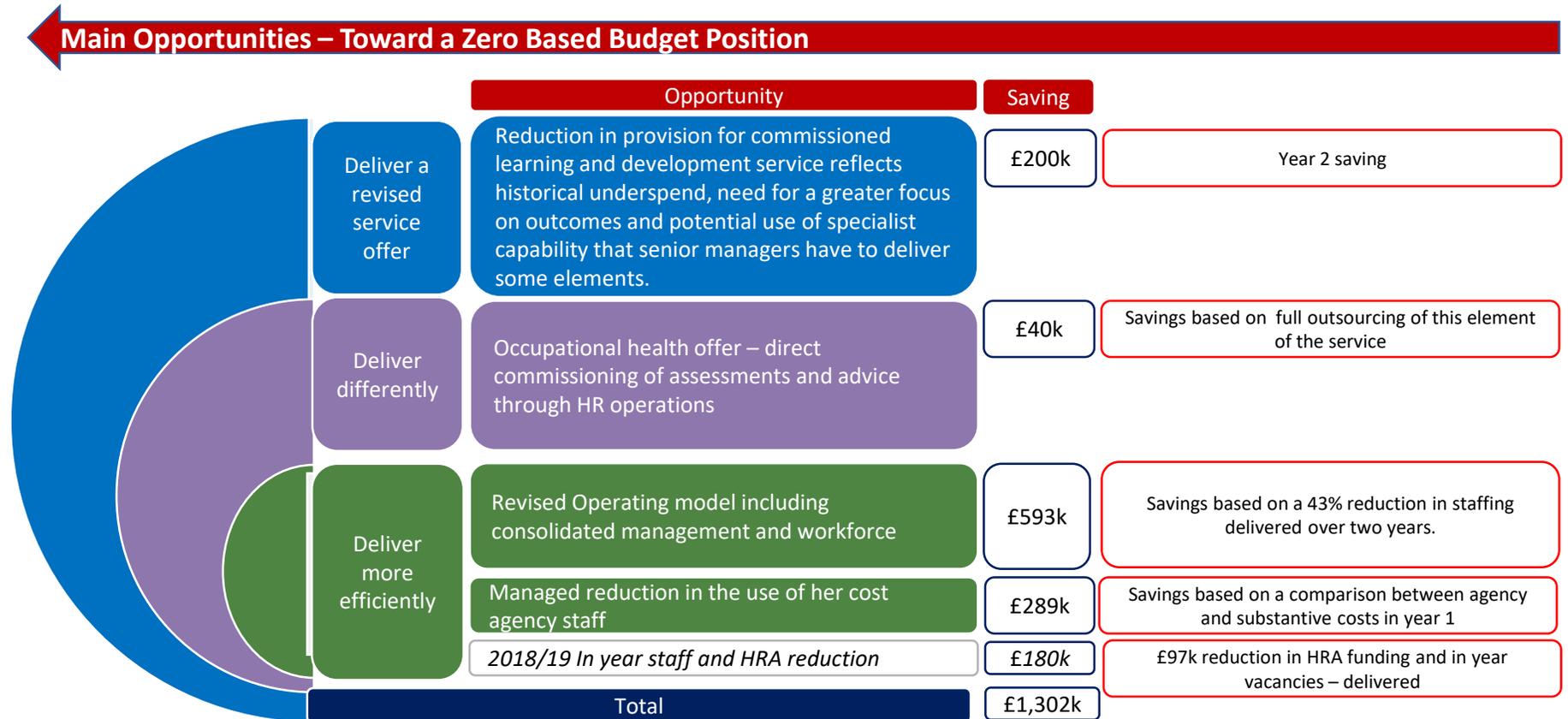
- The IBC self service model is not being used as designed by staff or managers, significantly increasing the workload and demands on the P&T team. This dependency needs to be reduced by both a shift in culture and improvements to on line guidance and support from IBC.
- Basic management information and evaluation is not readily available e.g. accurate structure charts, attendance and impact of learning and development events and evaluations of organisational development initiatives.
- The key capabilities required within the P&T teams need to be more clearly defined taking into account future digital enablement, management self service and the very different capabilities that associated with transactional support, complex case management and value adding learning and organisational development.
- The P&T business partner role should be further developed to deliver the impact that the business needs at Directorate level. The role should be focused on defining and delivering the strategic and operational workforce management priorities of Directorate's including; recruitment, retention and succession plans, performance and productivity assurance, further delivery of flexible and mobile working and managing out key system and practice issues.
- The partnering role and needs of the Directorate's should more clearly inform the Department's cross cutting learning and organisational development offer so that it is grounded around practical service delivery imperatives and real added value. As such these functions should be brought together under a single team.

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- There is a need to better join up the People and Talent service offer and management systems with other key initiatives including key corporate priorities and imperatives including co-production and ZBB and efficiency and education and supported employment services in the Economy .
 - The budget for commissioned learning and organisational development services has historically been underspent with funding used to meet staff cost pressures including high agency costs. Progress already made in year and through the restructuring of the service will eliminate this need allowing for a further saving. This saving also reflects the need for a greater focus on ensuring commissioned services deliver clear outcomes and the potential capability to deliver a greater aspect of these services in house.
 - As a result there is an opportunity to reduce the cost of the service by 38% against its current spend level (budget and overspend) for the reasons set out above. This equates to a saving of **£1.302m**. This can be achieved by delivering a service restructure and refocusing commissioned services in two phases between January 2020 and April 2021.
 - **Through this review process** a longlist of opportunities which cuts across all services for improved workforce management and savings in has been developed. This includes reduced agency spend, back office costs, organisational structures (spans and layers) This is now being translated into a delivery plan that is aligned to the recommendations of this review. The remit of the board arrangement put into place to scrutinise and reduce agency spend should be used to provide oversight and support for delivering on this wider range of opportunities for delivering staff related savings taking account of a minimum reduction level in staff costs of £6m agreed by the Senior Leadership Team through the review process.
 - The scale of savings that the Council needs to make over the next full medium term points to a reduction in spend of staff of at least 20% (£18m). Modelling, validation and service review work undertaken by the ZBB team has concluded whilst this scale of savings is possible there are many barriers to achieving it with confidence.

Implementing the recommendations from the review will make the service more relevant and focused on supporting change and delivering improved staff satisfaction, productivity and associated savings.

The service will need additional time limited capacity and capability and associated resources to support the delivery of major programmes that impact on staff. For this reason savings will be delivered over two years and budgets for major programmes will need to consider building in some additional costs for People and Talent support services that may be needed to support service transformation.

7. Main Opportunities Toward a ZZB Position



Key Benchmarks

LBHF	Comparators
<ul style="list-style-type: none">• Based on P&T current staff spend and number of employees within the council the current unit cost for the service is £1,354 per H&F employee.• The savings set out within this service review will reduce this to £851 over two years.• The current number of H&F employees (headcount) per P&T employee – is 44.4• The current unit cost for the Business Partner team aspect of the service is £352.• 38% reduction in costs set out in this review	<p data-bbox="1044 332 1736 368">London Councils HR Resources Survey (2018)</p> <ul style="list-style-type: none">• Inner London average unit cost £889• Outer London average unit cost £825 • Inner London employees per specialist – 62.9• This compares to a unit cost of £130 that the schools team charge for providing a comparable service offer to schools • Comparable to level of reduction set out by the National Audit Office for the whole civil service over 5 years (42% reduction £1,060 to £614 unit cost)

Housing and Homelessness ZBB Service Review - Executive Summary

Hammersmith & Fulham (H&F), like other local authorities, are facing the challenge of increasing demand and financial pressures and facing a £52million deficit by 2024. This challenge is particularly prevalent within Housing services who have seen a 127% increase in approaches in the last year (largely by single person households) and 189% more homeless applications as a result of the recently introduced Homelessness Reduction Act. With limited increase in the supply of affordable housing and waiting times for social housing become longer each year, more people are spending more time in costly interim accommodation.

In response to this challenge the council have adopted a new approach to budget setting, Zero Based budgeting (ZBB). From July 2019 an in-depth review of Housing Solutions and Homelessness services has been undertaken. This report summarises the ZBB approach taken to assess value for money and outcomes and its findings including recommendations and opportunities for the services to deliver a revised service offer, a different service and a more efficient service.

Housing Solutions and Homelessness services have an annual GF budget of £6.8million, £2.9million of which relates to staffing. The services support residents experiencing or threatened with homelessness, residents requiring tenancy management support, and residents needing support in accessing appropriate affordable accommodation. Services are largely statutory with limited local discretion for how these duties are met. In addition, the council provides a discretionary floating support service through two social care commissioned contracts with a GF value of £1.08million. The services were looked at in relation to their provision of tenancy sustainment support and homelessness prevention.

The review found that services are providing an effective, safe service but at a higher cost to nearest neighbour boroughs and some areas are not operating at optimum capacity. High cost management structures also require attention.

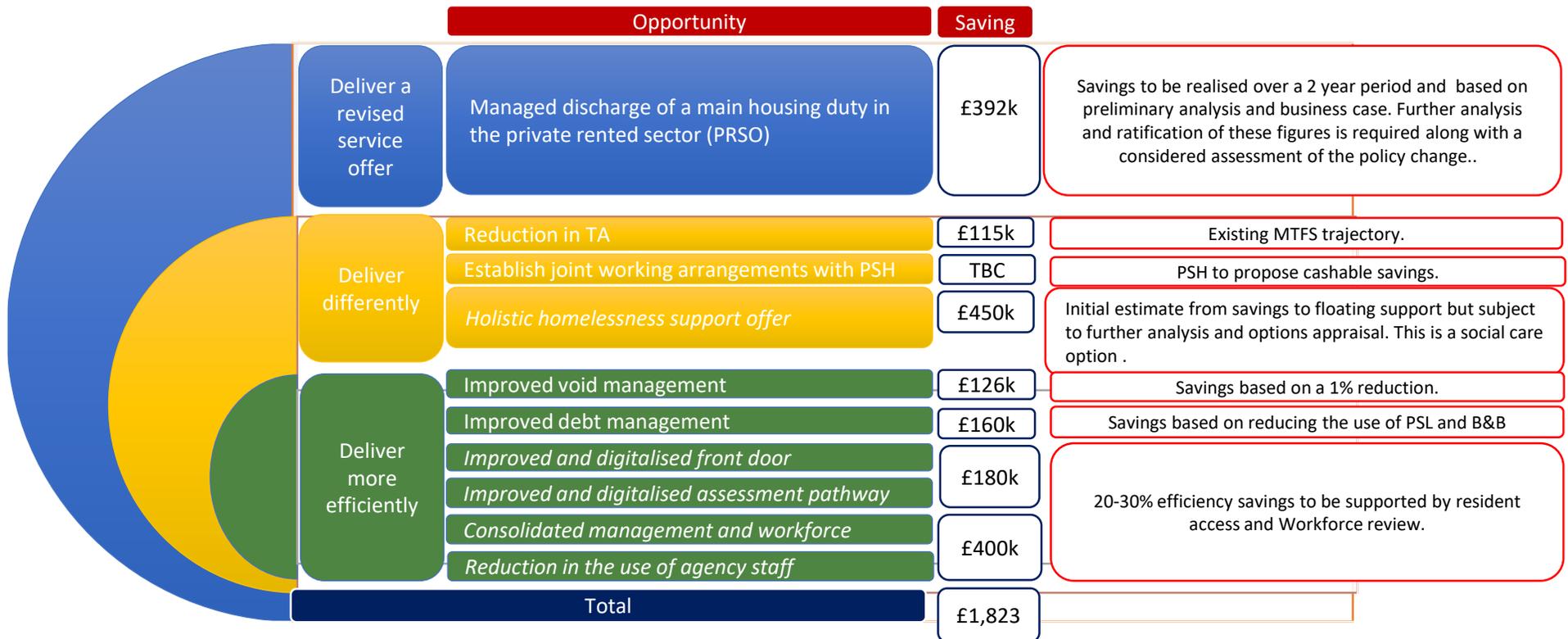
The report details opportunities for an improved, joined up prevention and welfare offer, enhanced access and utilisation of the private sector, an improved and more efficient access pathway, improved debt and void management and a management consolidation. The recommendations and options within this report identify an opportunity for £1.823 million cashable savings, a shirt to Zero by 30% over a 3-year period. This includes an aspect of adult social care funding for a specialist floating support service that is primarily focused on tenancy sustainment. The element of recommended saving that is within economy department's service portfolio is £1.373m which is 20% of the current budget.

This review has coincided with a cross service restructure which went live in September 2019. Work is now being undertaken through the resident access programme and the workforce review to identify reductions in staffing costs. This work will not be completed until the early December 2019. However, an early assessment of available spend benchmarks, tiers and spans of control within the service and the prospects for improved front line efficiencies indicate that an efficiency saving of at least 20% in staffing costs should be delivered over the next three years.

There is a longer- term opportunity to deliver more for less in this area associated with the wider housing and development strategy for the borough. Further analysis is needed to fully join up all services that aim to prevent and address immediate and acute welfare needs and ensure services are creating ladders of opportunity into well paid work and affordable housing. This should be explored further in partnership with PSR releasing the recommended quick win savings associated with duplication between floating support and other information, advice and support services that are commissioned.

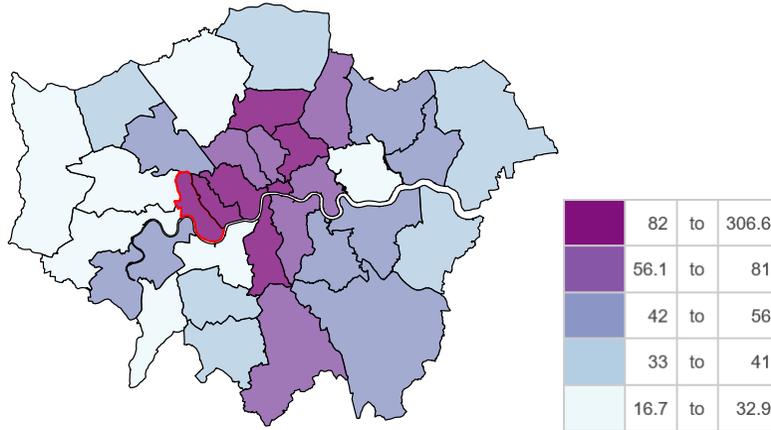
7. Main Opportunities Toward a ZZB Position

Main Opportunities – Toward a Zero Based Budget Position

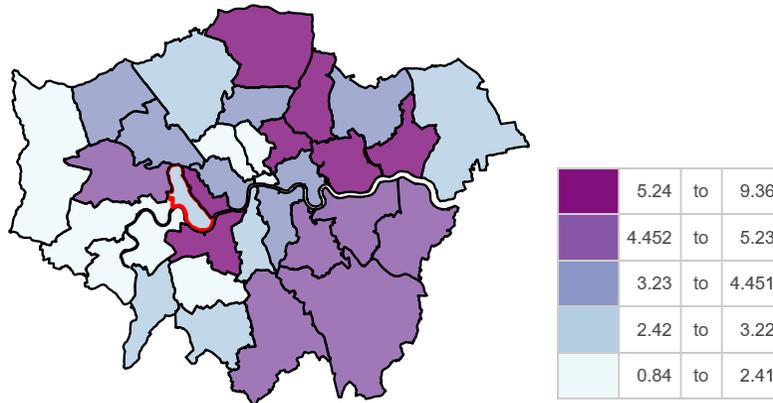


6. Benchmark

Housing service : Unit Costs (£/head)



Homeless & in priority need: per 1,000 households



TOTAL HOUSING SERVICES (GFRA only) (RO) £/head		
Top (1)	Area (6)	Bottom (33)
Area City of London	Area Hammersmith and Fulham	Area Newham
Count 306.6	Count 95.11	Count 16.71

1	City of London	306.6
2	Kensington and Chelsea	154.89
3	Westminster	151.16
4	Haringey	112.73
5	Hackney	97.51
6	Hammersmith and Fulham	95.11
7	Lambeth	83.82
8	Camden	80.47
9	Islington	70.55
10	Southwark	61.87
11	Croydon	61.36
12	Waltham Forest	59.52
13	Tower Hamlets	56.84