
The arvato contract

- Governance of contract
- Service Scope
- Value
- Time frames



Governance of contract

- FISOB
(Finance and Information Services Operational board)
 - Chaired by Cabinet Member / CFO
 - Accountable board for all performance issues
 - All KPI achievements and failures reported monthly
 - Action plans for remedy approved at Board
 - Holds key personnel of arvato and Council to account for performance and delivery



Service scope (FTE staffing)

Function	Covers	FTE Staffing
Revenues	Business rates, council tax sundry debt	63
Benefits	Housing benefits, CTRS	51
Customer Service	One stop shop, call centre, ELAS	76
Accounts payable	Under review following Agresso implementation	7
HR / payroll	Transactional HR	26
ICT	See detail below	73
Other	Performance management, senior managers etc.	23



ICT (fte)

ICT		fte
Application development and support		26
Infrastructure		12
Helpdesk/ desktop support		20
Live environment		7
Project office		6
Others		2



Value

- Financial model over 10 years
 - Contract set at 10% saving with immediate effect from 2008
 - Planned deficit for arvato in years 1-4
 - Planned recovery and profit from year 4/5
 - Different services delivery different profit lines
- Original contract price: £16.5m (ICT 50% approx.)
- Voluntary reductions/savings contribution to Council made in 2012/13 £1.6m



Timeframes

- 10 years with option to negotiate extension for further 5
- Contract started October 2008
- Negotiated reductions (£1.6m) in 2012/13 to support council cuts
- Request by Council to identify further £1m savings opportunities March 2015
- Transfer of financial system support to Council June 2015
- Transfer of Benefit fraud team to DWP Oct 2015
- Report to Cabinet/ Cabinet Member in spring 2016 on options for post 2018



Key Performance Indicators

- KPIs for each service area
- Agreed method calculating and frequency of monitoring
- Reports to FISOB on standards
- Annual review of KPIs
- Most KPIs have no financial penalty attached
- Most KPIs input focused (rather than outcome)



Questions?





Financial Management across the Council

www.sefton.gov.uk

Sefton Council 

Context

- Austerity and significant challenges ahead
 - 56% of Mets and Unitary LAs not meeting medium term plans (NAO 2014)
- Financial sustainability over medium term and beyond
- Greater devolution, expectations of taking on greater risk and encouragement of greater financial freedoms
- Local Authorities becoming self financing



What are the components of good financial management

- Strategic financial planning
- Financial governance
- Financial control
- Key indicators of financial performance



Strategic financial planning

- Focus of the medium term financial plan
- Adequacy of planning assumptions
- Scope of the medium term financial plan and links to annual planning
- Review processes
- Responsiveness of the plan to change and risk



Financial governance

- Understanding the financial environment
- Executive and member engagement
- Overview of key cost categories
- Performance management of budgets
- Accuracy of reporting



Financial Controls

- Performance management of budgets
- Performance of savings plans
- Key financial systems
- Finance department resources
- Internal audit arrangements
- External audit arrangements
- Assurance framework/ risk management approach



Key indicators of financial performance

- Reserve Balances
- Performance against budget
- Workforce
- Borrowing



Particular challenges for Sefton

- Children's social care
- Health and Social Care integration (Better Care Fund)
- Council wide understanding of the size of reductions to be addressed
- Understanding implications of decisions already made.
- Engaging frontline specialists in financial management



Across the Council:

- Responsibility and accountability for use of resources with Heads of Services
- Changes in end to end processes to reduce administration and clearly align accountability
- Risk based approach to financial planning



Questions?

