

Report to

Scrutiny Co-ordination Committee
Cabinet Member (Finance and Value for Money)

17th February 2010

17th March 2010

Report of

Assistant Chief Executive

Transformation Partnership Progress Report

1 Purpose of the Report

- 1.1 This report provides a further update for Members on the progress made in delivering the Council's abc Transformation Programme. The last report to you was presented on 25th November 2009.

2 Recommendations

The Scrutiny Co-ordination Committee is asked to:

- a) note the progress that has been made since the last report in November,
- b) consider whether there are any issues which it wants to refer to the Cabinet Member (Finance and Value for Money).

The Cabinet Member (Finance and Value for Money) is asked to:

- a) consider any issues raised by the Scrutiny Co-ordination Committee

3 Background

- 3.1 The Cabinet Member and Members of Scrutiny Co-ordination Committee will be aware that the VfM Partnership with PricewaterhouseCoopers was established in October 2007, to achieve the following outcomes for the Council:
- specific service improvements to meet the changing needs of its customers, and the future demand for its services,
 - sustainable efficiencies and cost reductions to meet the financial challenges it faces,
 - ensure members and officers benefit from external challenge and experience from outside the authority, and

- give staff the opportunity to learn new skills.

3.2 Members are also aware that the Council's Transformation Programme was launched in June 2009, responding to the new challenges faced by the whole of the public sector, and building on the former VfM Partnership Programme launched in October 2007.

4 Progress in undertaking VfM reviews

4.1 A summary of progress on the current fundamental service reviews, and other earlier VfM reviews is set out below for completeness.

4.2 **Services for Young People:** This review was designed to establish clarity over the resourcing available to the Council from mainstream and external project funding for services for young people, and how best this might be configured to deliver the Council's key outcomes for young people. The review is now well advanced towards implementation, following the completion of the consultation period with youth workers, and an expectation that the commissioning contract will commence in May 2010. Savings have already been deducted from the CLYP budget.

4.3 **Procurement:** The objective of this review was to help to reduce, avoid or better control the Council's spending with external providers/suppliers. Corporate Management Board received a report in September 2009 outlining a Plan and Methodology for the delivery of joint procurement savings (Coventry and Solihull) based upon a new approach to strategic procurement, and their delivery is being monitored by the newly formed Procurement Board.

4.4 **Debt Management and Income Collection:** The purpose of this review was to assess how well the Council's debt collection is managed, making comparison with best practice models, and identifying options for service improvement. Following the work done on debt management, the project team has considered alternative methods of cash collection, aligned to the Council's vision of moving towards increasing the use of electronic transactions. Changes in opening hours are being advertised this month, and information on direct debit arrangements are being sent to current cheque payers.

4.5 **VAT:** The purpose of this review is to identify whether there are opportunities for the Council to reclaim overpaid VAT, as a result of re-interpretations of complex VAT legislation. This review is being conducted on a no gain/no fee basis, and repayments of £1.671m have been received from Her Majesty's Revenue and Customs. PwC fees on this total amount to £0.257m leaving £1.414m to support the Transformation Programme and the Council's financial position generally. This has been a very successful outcome for the City Council, and there is the possibility of further repayments of up to £0.3m from this current project. In addition, PwC has identified a further possible workstream to take advantage of the Council's unique tax status in relation to third party transactions which is being explored at the current time.

4.6 **Children's Transport:** This review is taking forward the recommendations of an internal VfM review already undertaken on transport for looked after children and children with special educational needs. Its purpose is to implement technical and operational changes to improve the economy and efficiency of the service. The Transport bureau has now transferred to CLYP, and e-tendering completed for six schools. A further meeting with Scrutiny Board is arranged for 24th February to discuss policy options going forward – legal opinion has been received for these policy options, and only two are considered to be viable propositions – travel training, and asking parent / guardian to transport and ask what if any support they may need to do this.

- 4.7 **Customer First:** This review is actually a combination of two pieces of work – the Consolidation review to make the Contact Centre fit for purpose, which is completed, having gone live on 7th September, and the Migration of front line services (called Customer First), which is in progress. A programme of service migrations is in place, and engagement with the "Blue Badge Team" has begun, and initial meetings with managers from Registrars, Parks, Trees, Gullies and Council Tax are being scheduled over the coming weeks. Visits to the Coventry Direct Contact Centre are also being offered as part of the introduction to the project for each service area.
- 4.8 **Administration and Business Support:** The purpose of this review, building on the work already done in the review of Operational/Support Services (now completed), is to examine business support and administration across the Council in order to develop new ways of working which will deliver efficiency and effectiveness improvements in all Directorates. A series of briefings and workshops were held in January as the review moved into the detailed design stage to update administrative, clerical and secretarial staff. In addition, workshops are being held to develop the detail on the new ways of working, with interested staff members volunteering for a number of workshops, covering areas such as Personal Support; Specialist Administration; Meeting Management; and Document Design.
- 4.9 **Grounds Maintenance and Street Cleansing:** An integrated grounds maintenance and street cleansing service will be implemented from April 2010. A key element of the new service will be a move to multi-skilled, area based teams covering the north east, north west and south of the city. A consultation process with staff is underway to explain how the changes to the service will be delivered, and their impact. Two new satellite depots are being identified and new vehicles and plant ordered for the new service. In addition, a partnership steering group is being established to manage the relationship between customer Directorates and the service provider, and monitor service performance – the group will report to Members on an ongoing basis.
- 4.10 **Operational Property and Facilities Management:** The "Our Space" project is reviewing the Council's use of office workspace to identify how to improve customer access, optimise service delivery and generate revenue and capital benefits from the rationalisation of the current office portfolio. At the same time, the review will seek to define and implement a new method of delivering facilities management, determined in part by the proposals for office workspace. The first stage of the Our Space Review - the baseline analysis – has been completed and has found that our office space was largely not fit for current purposes, (although we do have some very good office space), and that overall the City Council is occupying too many buildings and too much space when compared to other private and public organisations. The next stage is to draw up a number of options to improve both the use of space and ultimately reduce the number of buildings that we occupy. On the Facilities Management side of the review, the work so far has highlighted that, despite having a large maintenance backlog, the Council is underspending on maintenance, whilst our cleaning costs are higher than similar public and private sector organisations. The review has also identified that some premises support services are provided by separate Directorates - duplicating the resources needed to organise and provide them.
- 4.11 **Catering:** The review team has been gathering baseline information about how the service is currently provided. This has now been completed, and a report considered by the Project Board on 12 January. The report has identified a number of areas requiring further analysis, including the cost of school meals, the purchase of provisions and options for income generation.
- 4.12 **Corporate Transport:** This review is looking across the whole of the Council's transport and plant requirements to assess the opportunities for more efficient and effective working.

The review has now completed its baseline work – so we now have a much clearer view on the way the service works, the costs of the service and the challenges we need to tackle over the next few months.

- 4.13 **Printing and Paper:** This project will involve looking at consolidating the Council's two print facilities, reviewing the way we provide postal deliveries and collections across the Council, exploring how we can improve the procurement of print across the organisation and provide a more efficient and effective solution to our print and design work. It has recently commenced, and plans to complete by April 2010. The project is being undertaken with internal resources.
- 4.14 **ICT:** The primary purposes of this review are to position ICT as an enabler of the Transformation Programme, reducing costs and improving performance and customer satisfaction. It has now completed its baseline work – so there is now a much clearer view on the way the service works, its costs and the challenges that need to be tackled over the next few months. The next stage of work will see a review of ICT systems and projects, planning how the service should look in the future and getting on with implementing some quick improvements.
- 4.15 **Personalisation:** This project is seeking to give social care customers greater choice and control, and supporting them to maintain their maximum level of independence. Governance arrangements are now in place and the programme plan and workstream briefs have been completed.
- 4.16 The costs incurred or committed on these projects and the savings included in the 2009 -10 and 2010-11 Budgets are set out in the table in section 5 below.
- 4.17 The fundamental service reviews and the Migration project mentioned above are the first tranche of projects being delivered by the Transformation Programme. In addition, the Council is undertaking many other service reviews and service change projects, both corporately and at individual Directorate level. These include Commercial Waste; the Optimal Care project; and Revenues and Benefits.

5 Costs and Savings of Partnership Projects – Current Position

5.1 Financial Summary of Partnership Projects 2007-2009

<u>Project</u>	<u>Total Fees Committed</u>	<u>Fees Paid to date</u>	<u>Comments</u>
Services for Young People	67	67	<ul style="list-style-type: none"> Savings deducted from 2009-10 budget - £360,000
Procurement	56	56	<ul style="list-style-type: none"> Savings deducted from 2009-10 budget - £327,000; Savings deducted from 2010-11 budget - £500,000. Further savings are anticipated in future years.
Fees and Charges	20	20	<ul style="list-style-type: none"> Savings deducted from 2009-10 budget - £1,028,000; (£1,118,000 in a full year)
Operational/Support Services – the initial study	248	248	<ul style="list-style-type: none"> Savings deducted from 2009-10 budget - £545,000; (£682,000 in a full year)
Debt Management and Income Collection	105	105	<ul style="list-style-type: none"> Savings deducted from 2009-10 budget - £160,000
Value Added Tax	257	257	<ul style="list-style-type: none"> subject to no win/no fee arrangement £1.671m repaid to Council
Children's Transport	88	88	
Consolidation projects (Contact Centre)	199	199	
Administration and Business Support Services – which is closely aligned to, and a follow up to the Operational/Support Services review (above)	149	149	<ul style="list-style-type: none"> Initial work has been completed and paid for. The implementation of this project is being undertaken on a "Risk and Reward" commercial basis by PwC, details of which are being finalised. Savings deducted from 2010-11 budget - £250,000. Further savings expected from later stages of the review.

<u>Project</u>	<u>Total Fees Committed</u>	<u>Fees Paid to date</u>	<u>Comments</u>
Grounds Maintenance and Street Cleansing – fundamental service review	300	9	<ul style="list-style-type: none"> This project is being undertaken on a "Risk and Reward" commercial basis by PwC. Milestone payments have been agreed at £90,000, and any further fees are subject to the delivery of benefits. Savings deducted from 2010-11 Budget - £350,000.
Operational Property and Facilities Management – fundamental service review	82	0	<ul style="list-style-type: none"> This project is being undertaken on a "Risk and Reward" commercial basis by PwC. An initial milestone payment has been agreed at £82,000. Risk and Reward arrangements are being finalised. Savings deducted from 2010-11 budget - £290,000. Further savings are expected for future years.
Building Control – fundamental service review	12	12	<ul style="list-style-type: none"> Milestone payments of £12,000 have been paid and the Council is now implementing without further PwC involvement.
Catering – fundamental service review	29	0	<ul style="list-style-type: none"> This project is being undertaken on a "Risk and Reward" commercial basis by PwC. An initial milestone payment has been agreed at £29,000. Risk and Reward arrangements are being finalised.
Corporate Transport – fundamental service review	36	0	<ul style="list-style-type: none"> This project is being undertaken on a "Risk and Reward" commercial basis by PwC. An initial milestone payment has been agreed at £36,000. Risk and Reward arrangements are being finalised.
Personalisation	25	25	<ul style="list-style-type: none"> PwC has provided initial support in establishing the project
ICT – fundamental service review	103	0	<ul style="list-style-type: none"> This project is being undertaken on a "Risk and Reward" commercial basis by PwC. An initial milestone payment has been agreed at £103,000. Risk and Reward arrangements are being finalised.
Migration (of front office services to the Contact Centre)	262	0	
TOTAL	2,038	1,235	

6 Other specific implications

6.1

	Implications (See below)	No Implications
Neighbourhood Management		✓
Best Value	✓	
Children and Young People		✓
Comparable Benchmark Data		✓
Corporate Parenting		✓
Coventry Sustainable Community Strategy		✓
Crime and Disorder		✓
Equal Opportunities		✓
Finance	✓	
Health and Safety		✓
Human Resources		✓
Human Rights Act		✓
Impact on Partner Organisations		✓
Information and Communications Technology		✓
Legal Implications		✓
Property Implications		✓
Race Equality Scheme		✓
Risk Management	✓	
Sustainable Development		✓
Trade Union Consultation	✓	
Voluntary Sector – The Coventry Compact		✓

Financial Implications

- 6.2 Members will be aware that the over-riding financial principle for the Value for Money Partnership was that its costs would be funded in the due course of time from the efficiency savings which it achieved. As most of the savings delivered would be ongoing, whereas the fees paid to PwC are once-off, in the medium term, savings would be available to contribute to the Council's financial position. A sum of £0.7m was initially made available from corporate reserves to pump prime the Programme.
- 6.3 As the financial table in paragraph 5 above demonstrates, savings have been built into the Council's 2009-10 and 2010-11 budgets, and there is an expectation that significant further savings will be delivered by the Transformation Programme over the next few years, which will both pay for all

the costs incurred and make a significant contribution to delivering a balanced budget, as the table below, reproduced from the 2010-11 Budget Report demonstrates:

	2011-12 £m.	2012-13 £m.
2010-11 Base Budget position	269	269
Future Identified Pressures	13	25
Less:		
Savings – additional year 2/3 savings	(5)	(7)
- future abc/transformation savings	(8)	(20)
Resources – projected formula grant and Council Tax at assumed 2.5% increase	(269)	(267)
Anticipated Budget Position	0	0

- 6.4 The table in section 5 identifies commitments made of £2.038m of which payments of £1.235m, have been made. These costs are being funded from the combination of underspendings, VAT sums reclaimed, and a contribution of £175,000 from Improvement and Efficiency West Midlands. From 2010-11, an ongoing provision of £1m has been made in the Council's Budget to support the Programme, and the fundamental service reviews will be delivering savings on an ongoing basis.
- 6.5 As the Transformation Programme is ongoing, and both the current fundamental service reviews and further reviews in the future will incur risk and reward payments, the Council will need to maintain strong financial management of the Programme, and manage the short term financial impact of PwC fees, until savings are realised.

Best Value

- 6.6 The City Council is committed to delivering value for money through the improvement of the economy, efficiency and effectiveness of its services. The proposal to appoint a Partner increased the Council's capacity to undertake service reviews in ways which are consistent with the Council's Value for Money Strategy, and which are delivering service improvement and cost reduction. The Transformation Programme is a major step forward in the Council's ambition to improve customer access, improve service delivery and reduce costs.

Human Resources

- 6.7 Full consultation will take place with employees about any service change issues and the Security of Employment Agreement will apply where appropriate.

Trade Union Consultation

- 6.8 Full consultation will take place with trade unions about any service change issues and the Security of Employment Agreement will apply where appropriate.

Risk Management

- 6.9 The Programme in total, and specific projects within the Programme, are subject to a number of key risks, which are being managed. Risk management arrangements are in place, and risks are regularly monitored.

7 Timescale and expected outcomes

	Yes	No
Key Decision		No
Scrutiny Consideration (if yes, which Scrutiny meeting and date)	17th February 2010	
Council Consideration (if yes, date of Council meeting)		No

List of background papers

Proper officer: Dr. Jocelyn Parry, Assistant Chief Executive

Author: Mike Coult –Transformation Programme Office, Chief Executive's Directorate

(Any enquiries should be directed to the above)

Telephone 024 7683 2879

Other contributors:

Chris West, Director of Finance and Legal Services

Colin Green, Director of Children, Learning and Young People

Bev Messinger, Director of Customer and Workforce Services

Martin Yardley, Director of City Services and Development

Brian Walsh, Director of Community Services

Fran Collingham, Communications and Media Relations Manager

Papers open to Public Inspection

Description of paper

Location

None