
Report to

Scrutiny Co-ordination Committee

8th December 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 1st September 2010.

2 Recommendations

The Scrutiny Co-ordination Committee is asked to:

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

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 Fundamental Service Reviews

- 4.1 Since 2007, a number of VfM reviews have been undertaken and completed, and new fundamental service reviews have been set up. A summary of progress on the current fundamental service reviews is set out below:

YEAR ONE REVIEWS

- 4.2 **VAT:** The purpose of this review was to identify whether there were opportunities for the Council to reclaim overpaid VAT, as a result of re-interpretations of complex VAT legislation. The review was conducted on a no gain/no fee basis. The review is now complete - repayments of £2.309m have been received from Her Majesty's Revenue and Customs. PwC fees on this total amount to £0.358m leaving £1.951m to support the Transformation Programme and the Council's financial position generally. (Since the last progress report, a final repayment has been made by HMRC, which amounted to £364,000, net of PwC fees).
- 4.3 **Customer First:** This review incorporates an ongoing programme of work to "migrate" the front office (customer contact) part of the Council's services to the Contact Centre. The transfer of front office calls from the Registrars service was the latest service to go live in early October. In addition, staff have been testing the new Customer Relationship Management (CRM) system which has now been implemented. Momentum is now gathering pace with the development of the corporate front office for the Council Tax service - the first of a number of high level processes including payment arrangements, final notice and council tax band enquiries have been signed off. In overall terms, the work being undertaken is improving our ability to handle customer calls, which is a key priority for the public – we need to maintain the delivery of improved efficiency in the back office to protect the delivery of front line services.
- 4.4 **Administration and Business Support:** The aim of this review is for the Council to have a professional service, reducing duplication and improving efficiency. It is playing a key part in the changes needed in the Council - our administrative service plays an important role in everything we do and every employee relies on good admin' support. A lot of hard work by the review team and all admin' staff has seen the first two stages completed in the past year and the coming months will see changes for all staff. This review has now entered the detailed design phase, which will involve consultation on the design and its impact as well as the setting up of the new service including the introduction of admin' hubs and specialist teams. Following further discussions with the Trades Unions, it has been agreed to consult on both the structure for Release 1 (office locations within the city centre) and the structure for Release 2 (office locations outside of the city centre) at the same time as opposed to consulting on them separately. The consultation process began on 22nd November and will run for 90 days.
- 4.5 **Grounds Maintenance and Street Cleansing:** An integrated grounds maintenance and street cleansing service has been implemented during the early months of 2010-11. A key element of the new service is the move to multi-skilled, area based teams covering the north east, north west and south of the city. Since the implementation of the new service model, there have been negotiations with Trades Unions about its impact, which are ongoing at the current time. Overall, it is felt that service standards have been maintained, whilst savings have been delivered.
- 4.6 **Operational Property:** 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. The offices we work in are key to an efficient business and an important influence on public confidence and this review is looking at Council offices - from the large central buildings to

the small district offices, to determine the best model for the future. A team from CLYP is moving to a whole new way of working - The Early Years Team is taking part in a pilot project, adopting new flexible working methods as part of the Our Space review. In all 49 employees have moved from Enterprise House on Foleshill Road to a "model office" in CC4, Floor 5 where they are using the latest technology including WiFi to allow them to work 'flexibly', from their office, other Council locations and their own homes. They have no dedicated desks and are sharing desks at a ratio of four workstations to every five employees, with 40 desks for 49 people. There are also 4 'touchdown' desks that colleagues within CLYP are able to utilise if they are in the city centre and away from their suburban offices. The move enables other moves to take place and will result in the Council being able to vacate two suburban buildings.

- 4.7 **Facilities Management:** The review's overall aim is to define and implement a new method of delivering facilities management – building cleaning and building maintenance, which take into account proposals for office workspace which are also part of the Transformation Programme.

For cleaning services, the review has identified that the service is not recovering its costs and costs for office buildings appear high compared to benchmarks, there is a general lack of awareness of cleaning specifications, the quality of cleaning delivered by the service is inconsistent, and there is limited performance management information. Following an analysis of the costs and benefits of a number of options to deliver a new service model, the project team is pursuing a detailed service design for the in house service delivering a new minimum cleaning specification. Desk bins in the Council House have been removed - the number of bins in the Council House has fallen from 414 to 76 - a reduction 82%, and changes to cleaning patterns for the Council House have been piloted.

For maintenance services, the review has identified poor operational performance in maintenance and caretaking services, exemplified by for example, high unit costs – which has been a historical concern, especially to schools, unclear service standards, and lack of understanding about the demand for the service. The review has also identified that some premises support services are provided by separate Directorates - duplicating the resources needed to organise and provide them. The project team is currently reviewing the options to move the service forward.

- 4.8 **Catering:** This review is seeking to identify a long term vision for the catering service, which encompasses all aspects of catering across the Council – schools, corporate, and commercial. The review aims to ensure that the Council receives excellent value with regard to the food and goods it purchases as well as identifying how we can best use resources in order to operate a flexible service. The review has identified a number of issues which need to be addressed, including the scale of the budget deficit (£0.9m in 2009-10), the commercial service not realising its potential, limited customer insight within the service, high management overheads and low productivity. As a consequence, a new service delivery model is being developed. Proposals to achieve full year savings of £1.19m were approved by the Cabinet Member (Education) in June. This saving covers the changes to Primary and Special School Meals; the review team is working with ten primary schools to look at new ways of increasing take-up of school meals in the city. Other areas of the catering service will be reporting soon on opportunities for new ways of working.
- 4.9 **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 recognised that there are a number of weaknesses with the Council's current transport operation, which is fragmented across Directorates, including limited vehicle standardisation, no long term view of transport demand/need, and inadequate management information about vehicle usage, costs and utilisation. Having considered the design of a

new delivery model to enable the service to have a Council wide view of costs, usage, demand and capacity, and to improve buying and sourcing decisions, three work-streams are being pursued to improve services and reduce costs.

- 4.10 **Personalisation:** The purpose of the programme is to fundamentally transform the way adult social care is delivered across the city, enabling every adult to have the opportunity to express their individual choices and aspirations. The programme is aimed at achieving the objectives of 'Putting People First', as outlined by the Department of Health in December 2007, and will result in changes to systems and processes, cultural change for staff and citizens, and efficient, cost-effective services that maximise the use of Council resources.

The Personalisation Programme is made up of five core workstreams and two supporting functions, as follows:

- Financial Modelling workstream
- Developing the Market workstream
- ASPIRE (Assessments, Support Plans, Interventions and Reviews) workstream
- Developing the Workforce workstream
- Business Solutions workstream
- Communication and Stakeholder Engagement function
- Performance Management function

Adult Social Care has been leading initiatives to promote independence for several years. These have laid good foundations for the continuation of the Personalisation Programme. The Programme is now building on these and significantly increasing the level of activity to deliver the transformation required in what is a challenging and uncertain financial environment. Coventry's Promoting Independence Framework (PIF) has been developed and is being implemented to deliver our vision for Adult Social Care.

Plans are being developed to deliver at least £2.7m of efficiencies, (of which £0.54 is included in existing Budget Plans). These plans include –

- reducing the average personal budget allocation (spend per person)
- more cost effective commissioning (including re-tendering)
- reviewing internally provided services and ensuring cost effectiveness
- greater use of universal and targeted services
- greater focus on prevention services and enablement services – short term services to reduce or delay on-going levels of support and dependence
- appropriate joint working with health to deliver efficiencies across the whole social care and health system
- increase contributions (by improving recovery rates and changing the charging policy)

The existing management structure of Adult Social Care has been reviewed, and a proposal to realign Adult Social Care will be briefed to affected staff this month. The realignment aims to build a comprehensive and robust structure that delivers Adult Social Care effectively and without duplication, allowing us to clearly focus on the efficiency agenda and improve citizen outcomes. It is too early to be able to say how jobs will be affected by this review.

- 4.11 **Printing and Paper:** This project is seeking to consolidate 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. The project is being undertaken with internal resources. The review is now moving into the detailed design of the new service delivery model, which involves corporate policy on printing (already implemented), the establishment of a design hub for an in-house graphic design function, and the continuation of the new post rounds introduced in 2009-10. The review has now moved into implementation, and is forecast to deliver £0.6m by 2012-13.

- 4.12 **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, and has moved quickly into implementation. Good progress is being made as i-Cov reaches a key milestone; as part of a phased approach to the transfer of responsibility for ICT service delivery to the Council, 14 Serco staff transferred on 4 October, and they will be followed by 25 Serco colleagues in December. These transfers will be followed by consultation for all staff affected (Serco, our ICT department and a handful of CLYP staff) as the new ICT organisation is implemented. In addition, recruitment activity is nearing an end for appointments to the Head and Senior Manager posts within ICT.
- 4.13 **Culture Change:** When the abc Programme was launched, it was recognised that a culture change programme would be required, which would underline fundamental service reviews and create an organisation which was resilient in the face of change and would support long term sustainability of organisational transformation. Since the PID was signed off in April, progress has been made in the following areas;
- The Coventry Manager framework has been launched
 - A new organisation-wide competency framework has been developed, which embeds the Coventry Manager framework, and sets out the behaviours all employees should display in the workplace
 - The PDR process has been re-viewed and redesigned and a new appraisal process has been developed which will enable performance against objectives and behaviours to be assessed and scored
 - The Hay pay review process has been re-designed to ensure it's fit with the Coventry Manager, and has been simplified
 - The recruitment process for senior management posts has been reviewed and is being re-designed to enable the organisation to recruit against the Coventry Manager behaviours
 - A new approach to communication, using customer insight, has been piloted within the Personalisation programme
 - An employee panel has been launched, which will enable employees to get involved in the decision-making process around culture change. The panel will also provide senior managers with a feedback loop on organisational developments and 'temperature'
 - Bespoke culture change work has been completed within the context of individual FSRs
 - Meeting the Challenge briefings, opportunities for managers to understand about the need to support staff through the current difficult period, and the importance of holding honest conversations with colleagues about the obstacles we face, have been held. These have been well attended and more are planned.

YEAR TWO REVIEWS

- 4.14 **Culture, Leisure, Sport and Libraries:** This review covers: libraries and information service; parks and open spaces; sports; arts and heritage; and the adult education service, so there is a wealth of information that needs to be gathered and checked by the project team. The review has had a busy first few weeks with the focus on gathering information - collecting a wide range of data on finance, performance and partnerships to see where the services stand and give a baseline for the future work. The next stages will see proposals drawn up for how the service could look in the future and the team will also look to identify and implement any "quick wins" to help efficiencies and save money as the review goes along.

4.15 **Waste:** This review is looking at the domestic waste service. It is considering the current operational and financial position of the service, and is focussed on five key areas:

- Residual waste collection
- Dry recycling waste collections
- Garden waste collections
- The provision and servicing of recycling bring sites
- Domestic bulk collections.

The base-lining work has begun and will be completed by mid November. Feedback about the current service is being collected and this will be used along with the data being collected to give a clear picture of the current services provision. Customer insight work is being undertaken internally and with partners, and monthly briefings with local union reps, based at Whitley depot, have also been set up.

4.16 **Daycare in Children's Centres:** An abc review is underway looking at council run day care services, including Centres in Middle Ride, The Barley Lea, Canley, Tile Hill, Radford, Foleshill, Hillfields, Stoke Heath, Moat House and Bell Green. The review is an opportunity to review the way we deliver our services, fulfil our duties to ensure sufficient child care provision in the City – in the current economic climate and challenges the whole Council faces – and save money. The team is currently gathering information and data to understand how the service is currently delivered and the costs of delivery, which will help to shape thinking about how the service might be delivered in the future.

4.17 **Housing Services:** This review has a broad remit and is focusing on the five main areas of Private Sector Housing, Housing Strategy, Housing Options, Asylum Seekers Support and Business Support. The Review Team is looking to understand the work and challenges facing the housing service which consists of just over 70 staff. This will then provide an opportunity to explore options for increasing efficiency and effectiveness. An online questionnaire has been launched as the first stage of the process and face-to-face sessions with employees are planned in the future. The initial stage is to gather information about the services in order to baseline the level and types of services and how they are delivered before trying to come up with any suggestions of how we could do things better/differently in the future.

4.18 **Public Safety:** The Community Safety and Public Protection services are being reviewed to identify what level and type of activities should be delivered by the Council, and what opportunities there are to meet customer needs and reduce duplication and cost. More than 66 per cent of Public Safety staff took the opportunity to give their views about the service and teams they work in as part of an online questionnaire. The views and comments are currently being collated and analysed and will feed into the review as it moves forward as well as form the basis of staff workshops that are planned for early November.

4.19 **Management Restructuring:** The aim of the review is to create an improved management structure, in order to meet the needs of the Council going forward. Reducing the layers of management in the Council will improve efficiency and communication across the organisation, while delivering significant savings. To this end, we will be looking at all management and supervisory posts at all grades and levels in the organisation. The project team has now completed its first phase of data gathering, benchmarking and analysis, and directors and their management teams have been briefed about the implications of the work done so far. Directors and Assistant Directors are now working on new management structures which meet these principles for the specific needs of their services.

5 Costs and Savings of Current Partnership Projects

<u>Projects in Progress</u>	<u>Fees Committed</u>	<u>Ongoing Savings Target</u>	<u>Comments</u>
	£000	£000	
Customer First	461	N/A	This project is developing the front office so that back office savings can be delivered in Directorates
Admin and Business Support	618	2,300	Business case anticipates full year savings by 2012-13
Grounds Maintenance and Street Cleansing	309	470	On target to achieve full year savings in 2011-12
Operational Property	326	200	Saving deducted from 2010-11 budget; further savings dependent on future office accommodation changes
Facilities Management	179	490	Revised business case anticipates full year savings by 2012-13
Catering	201	1,350	Target saving not yet fully determined – savings from primary, secondary and special school meals forecast to deliver by 2013-14
Corporate Transport	207	300	Revised business case anticipates full year saving by 2011-12
Printing and Paper	14	660	Business case identifies savings by 2012-13
ICT	2,423	5,000	Forecast savings to be delivered by 2013-14
Personalisation	25	2,700	Initial savings deducted from 2010-11 budget – further savings anticipated in by 2011-12
Financial Management	169	3,840	Further costs to be funded by initial savings; and eventual forecast savings to be delivered by 2013-14
Neighbourhood Management	N/A	500	Forecast savings to be delivered by 2011-12
Highways	N/A		Savings yet to be determined
Commercial Waste	N/A	418	Forecast savings by 2011-12
Waste Collection and Recycling	N/A	450	Review at baseline stage
Public Safety	N/A	300	Review at baseline stage
Day Care in Children's Services	N/A	1,000	Review at baseline stage
Housing	N/A	400	Review at baseline stage
Culture, Leisure, Sports and Libraries	N/A	600	Review at baseline stage

<u>Projects in Progress</u>	<u>Fees Committed</u>	<u>Ongoing Savings Target</u>	<u>Comments</u>
Management Restructuring	33	1,000	Review at baseline stage
TOTAL	4,965	21,978	

NOTE:

Fees paid to PwC are currently based upon the terms of the Financial Advisory Framework Contract, and are paid for leading on the project management of reviews, and also on the delivery of service expertise. The Council's approach to the engagement of PwC is changing. Not included in the table above are PwC fees to support our Programme needs going forward. Rather than follow the previous practice of incurring PwC fees for the development and delivery of specific projects, fees will only be incurred as days are called on to support the Council in developing and/or implementing projects. This is recognition of the changing nature of the relationship with PwC, as the Council is now able to undertake more of the "Review" and "Implementation" of projects with its own staff, and seek support from PwC only for specific service or project management expertise. The cost of this new engagement approach is much less than the previous arrangements, (it is estimated to be £0.5m from October 2010 to March 2011, and will depend entirely on the call down of PwC support that the Council requests. The arrangement will be reviewed at 31st March.

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 Strategic Partnership with PwC is that its costs are funded in the due course of time from the efficiency savings which it achieves. As most of the savings delivered are proving to be ongoing, whereas the fees paid to PwC are once-off, in the medium term, savings will be available to contribute to balancing the Council's budget. 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 2010-11 budget, and into the Council's medium term financial plans. These financial plans anticipate 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.

- 6.4 Section 5 above identifies actual costs and commitments of £5.4m. These costs are being funded from the VAT repayments, a contribution of £175,000 from Improvement and Efficiency West Midlands, and savings being delivered, capital programme funding for the i-Cov review, together with an ongoing provision of £1m built in the Council's Budget to support the Programme from 2010-11. (It should be noted that the VAT repayments has enabled the Council to fund its entire Programme in 2008-09 and 2009-10 without additional cost).

Best Value

- 6.5 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

- 6.6 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

- 6.7 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

- 6.8 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)	Scrutiny Co-ordination Committee on 8th December	
Council Consideration (if yes, date of Council meeting)		No

List of background papers

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Papers open to Public Inspection

Description of paper

Location

NIL