

Cabinet  
Scrutiny Co-ordination Committee

21st June 2011  
31st August 2011

**Name of Cabinet Member**

Cabinet Member (Policy, Leadership and Governance) – Councillor J. Mutton  
Cabinet Member (Strategic Finance and Resources) – Councillor Duggins

**Director Approving Submission of the report:**

Director of Finance and Legal Services  
Assistant Chief Executive

**Ward(s) affected:**

All

**Title:**

Transformation Programme – Year Three Reviews

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**Is this a key decision?**

Yes

The proposal has financial implications of over £0.5m in one financial year.

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**Executive Summary:**

This report proposes an abc programme of year three reviews for approval by Cabinet. These reviews will continue the fundamental service reviews already undertaken or in progress, and will be designed to deliver service improvement and cost reduction, to help the Council meet its medium term financial plans.

**Recommendations:**

Cabinet is asked to:

- 1) Approve the year three Programme,
- 2) Note that a separate report to Cabinet will be presented on the financial arrangements for the Children, Learning and Young People's reviews,
- 3) Note that quarterly progress reports on the Transformation Programme will continue to be presented to Cabinet Member (Strategic Finance and Resources) and Scrutiny Co-ordinating Committee, and
- 4) Delegate to the Cabinet Member (Strategic Finance and Resources), in consultation with the Director of Finance and Legal Services and the Assistant Chief Executive, the approval of the financial arrangements for individual reviews, with the exception of the Children, Learning and Young People's reviews – sections 2.4 and 2.5 refer.

**List of Appendices included:**

Summary of Year Three Reviews – outline scope

**Other useful background papers:**

None.

**Has it or will it be considered by Scrutiny?**

Yes – Scrutiny Co-ordination Committee in July 2011.

**Has it, or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

**Report title:**Transformation Programme – Year Three Reviews**1 Context (or background)**

- 1.1 Cabinet will be aware that the Value for Money (VfM) Partnership with PricewaterhouseCoopers (PwC) 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.
- 1.2 The VfM Partnership developed into the Council's Transformation Programme, which was launched in June 2009, responding to the new challenges faced by the whole of the public sector.
- 1.3 Since 2009, a large number of reviews have been undertaken to improve services and reduce costs, including the return and re-design of ICT services, and the creation of the administration and business support service. Officers have considered those services not yet subject to fundamental service review, and propose the programme below for 2010-11.

**2 Options considered and recommended proposal**

- 2.1 The table below sets out the proposed Programme which contains services which have not yet been subject to the fundamental service review methodology. It also provides initial target savings for each review – these will be firmed up as review scope and objectives are established.

**Table 1: Proposed Programme for Year Three**

Year Three Reviews	Sponsor	Initial Target Savings		
		<u>2012-13</u> £m	<u>2013-14</u> £m	<u>2014-15</u> £m
(See Appendix One for details of scope of reviews)				
Statutory/Non-Statutory Services	Martin Reeves	0.1	0.1	0.1
Children's Centres	Colin Green	2.0	3.0	4.0
Fostering and Adoption	Colin Green	see above		
Children's Social Care Casework	Colin Green	see above		
Insurance and Risk Management	Chris West	0.1	0.1	0.1

Year Three Reviews	Sponsor	Initial Target Savings		
		2012-13 £m	2013-14 £m	2014-15 £m
(See Appendix One for details of scope of reviews)				
Sustainability and Low Carbon Economy	Martin Yardley	0.2	0.2	0.2
Strategic Procurement and Commissioning	Jos Parry	0.25	0.25	0.25
Customer management – front office transformation	Bev Messinger	0.25	0.25	0.25
Income Generation	Chris West	0.5	0.5	0.5
Urban Traffic Management and Control	Martin Yardley	tbc	tbc	tbc
Optimal Care and Relationship with NHS	Brian Walsh	3.0	1.5	2.0

- 2.2 The fees to be paid to PwC for the Year Three Programme will be based upon the terms of the Financial Advisory Framework Contract, and will cover leading on the project management of reviews, and also on the delivery of service expertise. The Framework Contract has recently been re-tendered by the Council. PwC performed very strongly during the selection process for the contract and has been reappointed as the Council's transformation partner.
- 2.3 Since the Partnership was established, the Council's approach to the engagement of PwC has changed and developed. Initially most projects followed the practice of incurring PwC fees for the development and delivery of specific projects. As time has passed, and as the Council has developed its own in-house skills to undertake more of the "Review" and "Implementation" of projects, it has sought support from PwC only for specific service or project management expertise. Major cross cutting reviews which have tended to require more PwC input, have increasingly been the subject of risk and reward arrangements, where a percentage of the fees are dependent upon the delivery of benefits.
- 2.4 It is anticipated that the Year Three Programme will either be undertaken by the Council's own staff, with limited PwC support, or will be the subject of risk and reward arrangements. In overall terms, the cost of this new engagement approach will be less than the previous arrangements. It is anticipated that significant support will be required for the Children, Learning and Young People's (CLYP) reviews, and this will be subject to risk and reward arrangements. However, until such time that the Council and PwC have set out the objectives and scope of each review, it is not possible to determine the cost of PwC's engagement.
- 2.5 In the case of the CLYP reviews, it is proposed to report back to Cabinet setting out the scope of the reviews and the financial arrangements once they have been agreed. For the other reviews, Cabinet is asked to agree that the approval of the financial arrangements is delegated to the Cabinet Member (Strategic Finance and Resources) in consultation with the Director of Finance and Legal Services and the Assistant Chief Executive.

### **3 Results of consultation undertaken**

- 3.1 The concept of consultation during reviews, with customers and employees, and ongoing feedback from customers about the services being delivered, is an important component of the review methodology being used by the Council. The reviews in the year three Programme will follow this methodology.

### **4 Timetable for implementing this decision**

- 4.1 The reviews proposed in this report will each be subject to project management disciplines and will follow project plans, which will determine the timetables for completing reviews, and seeking Member approvals.

### **5 Comments from Director of Finance and Legal Services**

#### Financial Implications

- 5.1 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 are being delivered, and will be available to contribute to balancing the Council's budget.
- 5.2 Section 2 above sets down the initial target savings for the Year Three reviews and explains how the cost of PwC engagement is proposed to be managed. The cost will be met from the abc Programme budget.

#### Legal Implications

- 5.3 There are no legal implications arising from this report.

### **6 Other Implications**

- 6.1 The programme of review work has, and will have implications for many or most aspects of the Council's services and activities. Business cases are drawn up for each review which address all relevant implications.
- 6.2 **How will this contribute to the achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Corporate Sustainable Community Strategy)?**

The Transformation Programme is crucial to the improvement of services to customers and the reduction of costs which will enable the Council to manage its medium term financial position.

- 6.3 **How is risk being managed?**

The Programme in total, and specific projects within the Programme, are subject to a number of key risks, which need to be managed. Risk management arrangements have been put in place, and are regularly monitored.

#### 6.4 What is the impact on the organisation?

Full consultation will take place with employees and trades unions about any service change and redesign issues, and the Security of Employment Agreement will apply where appropriate.

#### 6.5 Equalities / EIA

The implications will be considered on a project by project basis.

#### 6.6 Implications for (or impact on) the environment

The implications will be considered on a project by project basis, and the specific project on Sustainability and Low Carbon Economy will consider our approach across the whole Council.

#### 6.7 Implications for partner organisations

The implications will be considered on a project by project basis.

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## **Summary of Year Three Reviews – outline scope**

### Statutory/Non-Statutory Services:

This review will draw together, on a consistent basis, an understanding of the statutory basis for all of its services, to inform decision making about which areas should be prioritised for future reviews and the allocation of resources.

### Children's Centres, Fostering and Adoption, and Children's Social Care Casework:

This review has identified three inter-related priority areas of focus in the Children's Social Care services to bring under control the current financial overspending on placement and related costs for Looked After Children. It will seek to understand the most efficient use of resources to keep children safe, the maximisation of appropriate permanency placements, and the amount and service mix of preventative, early intervention and intensive services.

### Insurance and Risk Management

This review will enable the Council to take stock on the way risk management is undertaken in the Council.

### Sustainability and Low Carbon Economy

The City Council has a clear leadership role in encouraging all sectors of the city to use resources more efficiently and to reduce their carbon emissions. This review will cut across all Council Directorates to identify opportunities for improvements, for cost reduction, and for the avoidance of potential tax liabilities.

### Strategic Procurement and Commissioning

Commissioning and procurement of goods and services are considered to be essential to drive better quality and value. This review will look at the Council's commissioning and purchasing functions to ensure consistent best practice, transparency and control, and to share information about need across services and organisations.

### Customer management – front office transformation

The continuation of the Council's review of all services to ensure that those front office services which need to be located in the Contact Centre are migrated, building on the findings of the Customer Management review, a year two review which is defining a future model for the Council's interaction with its customers.

### Income Generation

The purpose of this review is to look across the whole Council to identify where there is scope to generate further income to maximise our income generating potential.

### Urban Traffic Management and Control

This review will look at the whole Urban Traffic Management and Control service, including its links with the City and potentially the sub-region, to enable the Council as highway authority to better meet its statutory duties, and help to facilitate future growth and sustainable development of the city.

## Optimal Care and Relationship with NHS

This review will consider how extend the work previously undertaken on the strategic case for changing approaches to falls and mental health transitions by considering two further care/health pathways for the frail elderly. The optimal care model involves clinicians and other service practitioners working to identify better ways of managing older people with a particular focus on: early identification, prevention and re-ablement services; and the avoidance of high cost interventions such as acute hospital and residential care.