
Cabinet	10 th July 2012
Scrutiny Co-ordination Committee	11 th July 2012

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:

Assistant Chief Executive

Ward(s) affected:

Not applicable

Title:

Transformation Programme - Partnership Progress Report 2012

Is this a key decision?

No

Executive Summary:

The Transformation Programme was launched in June 2009, and its progress is reported annually to Cabinet (and more regularly to Scrutiny Co-ordination Committee). The purpose of this report is to set out what has been achieved in the last twelve months, what is planned as the Council moves into year four of the Transformation Programme, and how the Programme is contributing to the significant challenges facing the City Council.

Recommendations:

The Cabinet is recommended to:

- a) note the progress that has been made in delivering specific reviews in the Transformation Programme,
- b) affirm its commitment to the continuation of the Programme, and its contribution to the service improvement and cost reduction challenge, and
- c) note that the programme of review work for 2012-13 is being developed as described in section 8, and support its continued development.

Scrutiny Co-ordination Committee is recommended to:

- a) note the progress that has been made in delivering specific reviews in the Transformation Programme.

List of Appendices included:

Appendix 1 – Completed abc reviews
Appendix 2 – abc reviews in progress

Other useful background papers:

None.

Has it or will it be considered by Scrutiny?

Yes

Scrutiny Co-ordination Committee on 11th July 2012

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 - Partnership Progress Report 2012

1 Context (or background)

- 1.1 In 2007 the Cabinet approved the creation of a Value for Money Partnership (VfM) with PricewaterhouseCoopers, to help the Council deliver service improvement and cost reduction, and meet the policy and financial challenges being faced by the City Council, in common with many other local authorities. Since that time, the Cabinet has received annual progress reports, and the Cabinet Member (Strategic Finance and Procurement) and the Scrutiny Co-ordination Committee have received regular progress reports.
- 1.2 The purpose of the Value for Money Partnership was to achieve the following outcomes for the Council:
- deliver specific service improvements to meet the changing needs of its customers, and the future demand for its services,
 - achieve 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.
- 1.3 In June 2009, building on its Value for Money Partnership, the Council launched its Transformation Programme, in recognition that new approaches to the way the Council works were required to continue to improve services and reduce costs. Since that time, the Council has undertaken a range of service reviews designed to improve services to customers and reduce costs.
- 1.4 The General Fund Budget report for 2012-13 reported “2012-13 is the second year of four covered by the current Spending Review which sets out the Government’s spending plans incorporating significant reductions in the real level of resources available to local government. The City Council faces financial pressures of an unprecedented level over the next few years and the final settlement for 2012-13 has confirmed a further reduction in Formula Grant of £12m.”
- 1.5 “In addition, the Chancellor’s 2011 Autumn Statement made it clear that public sector cuts will be expected beyond the medium term planning horizon. Forecasts for economic growth are now less optimistic than previously and the prospects of very challenging conditions for a sustained period are looking increasingly likely.” The Transformation Programme remains a key element of the Council’s response to the difficult financial challenge.

2 Options considered and recommended proposal

- 2.1 As this is a progress report, there are no options for consideration. The information set out below summarises the progress made in delivering the annual programmes of reviews to improve council services and reduce costs, and the way that the Transformation Programme should be developed over the medium term.

- 2.2 The abc Programme - A Better Council for A Bolder Coventry – was launched in June 2009, and is affecting all the services the Council delivers. The Programme has recognised that, to meet the challenges being faced, the Council has to be more flexible, and responsive to the opportunities to make changes in its delivery of services. It anticipated that in future the Council would operate with a smaller workforce, based in fewer locations, and harness the power of technology to work more flexibly and efficiently.
- 2.3 The overall objectives of the Transformation Programme are:
- a) to achieve better value for money, measured by reductions in the costs of delivering services
 - b) to provide better and consistent customer services, measured by a reduction in avoidable contacts
 - c) to develop and deliver real culture change across every level of the organisation, to equip the Council for the challenges ahead, and
 - d) to invest in new technologies where appropriate to support service delivery.
- 2.4 To support the delivery of the Programme's objectives, a methodology for fundamental service reviews was developed, and a five year programme of such reviews set in motion. The methodology is designed to deliver service improvement and cost reduction, and in so doing ask fundamental questions about a service's purpose, objectives, current performance and design.
- 2.5 The first three years of the abc Programme, from 2009, have focused on improving the Council's services and reducing costs – “a better council”. There is no doubt, as the progress and savings set out in this report, and previous progress reports demonstrate, that the Programme so far has put the council in a good place. To meet the twin challenges going forward, the council needs to continue to secure the right outcomes for its customers but within the new financial position – see section 8 below. Work is in hand to develop the year 4 Programme of abc reviews, which can respond to the twin challenges of the crisis in public sector finance, and the government's vision of the purpose, organisation and delivery of public services. An updated Comprehensive Spending Review is expected in 2013, and our financial projections expect formula grant to fall to around £112m by 2016-17, a reduction of 37% since 2010-11.

3 Progress in undertaking VfM reviews

- 3.1 A number of reviews are in progress, and a summary of progress to date is set out below:
- 3.2 **Customer First and Customer Management:** The ongoing programme of work continues to transfer customer service to the contact centre; the last year has seen Environmental Services and Homelessness enquiries transfer, whilst work has progressed on the Council Tax service. At the same time, the Customer Management review has been paused pending further discussions, to ensure that engagement with our citizens complements and supports the abc Programme going forward. However, work continues including scoping the options for a Customer Services Centre which will be useful background information, planning the continued migration of services and developing both GIS (Geographical Information System) and MDM (Master Data Management).
- 3.3 **Financial Management:** This is a review of the way we manage our finances to make

sure that we have the right financial systems, processes and future investment in place to help us perform the financial management role effectively and efficiently. The review is looking not only at the Financial Management Division, but also all financial activity across the City Council – from the i-procurement system to budget monitoring.

Further development of the financial management system depends to some extent upon the necessary software to handle financial transactions and support new ways of working. The tender for the replacement finance system has now closed and the Project Team are now evaluating the responses received. Implementation is planned to begin later in the year, with a proposed go-live for the new system in August 2013. This will include redesigned processes for financial management which will be developed to work with the new system's capabilities.

- 3.4 **Day Care in Children's Centres:** This review is looking at council run day care services in the Sure Start Children's Centres. The review has provided an opportunity to review the way the Council currently delivers its services, and fulfil its duties to ensure sufficient child care provision in the City. The project team continues to meet with Trade Unions to progress the implementation of the review. As part of the HR process, 1-1 meetings with staff have now taken place. These followed a briefing for all nursery staff and trade union colleagues at the end of March where the full details of the final delivery models were shared and the HR process explained. The review is on target in terms of timing and financial savings.
- 3.5 **Management Restructuring:** A second phase of this review is in progress to continue the creation of a stream-lined management structure, to better meet the needs of the Council going forward. Work is now taking place to deliver further savings, to build on those already delivered.
- 3.6 **CLYP:** This review is developing a new service model which will provide a focus on effective and efficient case work and intervention based on early identification of need and targeted support for families and young people, and will address the challenges of delays in case work and processes, and high cost external placements. It will also put at its heart the needs of children and families, with a commitment to supporting and developing staff to deliver excellent service.

The Detailed Design workshops are completed and the project team is working with CLYP staff to draw up the detailed implementation plans which will be the blue print for implementing the changes to the services. The target reduction in Looked After Children (to 475) has been set over the 3 years, and the savings' target stands at £8.4m.

A weekly 'access to resources' board has been established to focus on making timely service and financial decisions in relation to placements. The board is chaired by the Director of Children, Learning and Young People and membership includes key service staff. Early intervention opportunities are being progressed including access to resources.

- 3.7 **Sustainability and Low Carbon:** A progress report on all three workstreams was taken to Transformation Programme Delivery Board on 5 April. The Board noted the report which set out the dependencies and risks which impact on the review, and approved the work packages proposed for the remainder of the review - work on all of these is scoped and underway.

The action plan from the range of work packages will be reported to Board in July. The identification of savings from the refurbishment of buildings has not yet been completed and potential savings from ICT works are being investigated.

3.8 **Commissioning and Procuring Services:** The Panels established to support the new approach to commissioning and procurement in the Council, (People, Place and Resources panels), continue to meet on a regularly basis and are now reviewing procurement outline documents to strengthen understanding of the opportunities to improve value for money. Category Strategies are now being developed which will help to improve forward planning and decision-making in common areas of activity and spend. The next stage of activity will be to determine how best the council should be organised to take forward the new way of working, and how to streamline and standardise processes which support that new way of working.

3.9 **Voluntary Sector:** Work is now progressing on the understanding of the baseline for this review. This review is being subsumed within the Commissioning Services review.

3.10 **CCTV:** The purpose of this review is to look across the Council at all services within the Council's responsibility for CCTV – urban traffic management and control, Coventry communications centre, and the CCTV operations previously managed by CVOne. The review is exploring opportunities to reduce duplication and cost, efficient and effective service delivery, and is looking at partnership working, rationalising accommodation, infrastructure and resource costs, and capitalising on Coventry's metropolitan area network, and maximising the commercial opportunities for the provision of CCTV services. The project has completed a high level design of a new way of working, which included a new vision and target operating model for the service, based on feedback from staff through an insight project, process mapping and a vision workshop.

The next stage of the review work will look at a redesign of staffing, continued work on the relocation of the New Union Street Control Room to Jackson Road and the consolidation of CCTV systems onto one platform.

3.11 **Statutory/Non Statutory Services:** Analysis of the statutory and non-statutory elements of current service provision and opportunities for change will be an integral part of the programme of reviews for next year.

3.12 **Public Health:** The Public Health team have now moved into the second floor of the Council House. The team will be getting out and about across the City Council to get insights into how the council does business and to spot opportunities to embed public health across the organisation. Proposals to organise public health around four key areas of work – Healthy People, Healthy Places, Protecting People and a team which will help promote public health evidence and intelligence across the City Council and provide analytic support to the NHS have been agreed and work is now going on to develop these areas of work in more detail.

3.13 **Cultural Trusts:** The Cultural Trusts review is now in progress. In partnership with the Trusts, the City Council is looking to achieve sustainable benefits which will identify significant savings and retain (and seek to enhance) the depth and breadth of the city's cultural offer. The baseline for the current service provision, including an assessment of future opportunities, has been completed and further work is now being done to deliver financial savings and continue to deliver the City's cultural offer. It is anticipated that the case for change and business model will maximise efficiencies with the aim of reducing the Council's financial contribution to each Trust, including the rationalising and sharing operational functions including services such as marketing; maximising fundraising and revenue and identifying potential future funding opportunities.

4. Overview of 2011-12

4.1 2011-12 is the first year of the abc Programme in which significant savings were expected. In overall terms, we are on target to deliver £31 millions in a full year, of which over £12 millions have been delivered in 2011-12. The year has also seen significant implementation of new ways of working, and progress in developing important services for future implementations. During the year:

- ICT service in-sourced and new service model went “live”
- New Business Services centres opened to mark the implementation of a corporate business and support service
- Schools Catering service re-designed and meals take-up increased
- Major service re-design of Children’s social work services progressed

4.2 PwC Commentary on progress to date

PricewaterhouseCoopers LLP (PwC, we) continue to be very proud to be working with Coventry City Council (the Council). We’ve built strong relationships, developed an approach with you that works and one which now sees the Council delivering much of the change. The Council should be very proud of its abc programme – it compares very favourably with transformation programmes other authorities have, or claim to have. It has delivered both transformation and significant savings that have avoided cuts to front line services often delivered to the most vulnerable members of society.

We believe that, together with the Council, we have delivered great value, as evidenced by the 3.7:1 ratio of (largely on-going) benefits to (one-off) costs delivered or forecast to date.

We continue to work with the Council to transfer skills, build capacity and invest in what is important to the Council:

- Attendance at and support to development events and meeting at no cost, working in joint teams, developing plans for the next phase of the programme
- We have run internship programmes for Coventry students
- Developing the first phase of the Council’s Cultural Services review
- Delivery and skills transfer around LEAN techniques in CLYP
- We have supported MIPM for 2 years and are looking to support the Council in its wider regeneration ambitions
- We delivered a seminar for officers on pensions developments / changes
- We have worked with your audit committee – and would like to do more where we can to support Members
- We have supported the development of the Coventry and Warwickshire Story
- Further supporting the Council in its thinking about what comes next – how does it address the very significant Government imposed spending cuts?

We are now working in partnership with iMPower as our sub-contractor and believe that this partnership brings additional value to the Council combining the strengths of both organisations for the benefit of the Council.

We have demonstrated how we can help you tackle the more difficult problems and at the same time drive out big savings – demonstrated through the iCov review last year and

more recently with the CLYP project which has projected target benefits of over £8m. It is critical that this review delivers not only its efficiency targets but more importantly that it contributes to reducing the number of looked after children and improves the lives of those in care.

We congratulate the Council on its recently received Improvement and Efficiency Award – reflecting the excellent contribution the abc programme has made. We are also pleased to see that the Council's work on SEN transport has been recognised as great practice by the Management Consulting Association (MCA)

We are very pleased with the level of engagement we enjoy with the Council's Corporate Management Board and officers engaged in the Programme. We very much look forward to opportunities to engage with Members as the Programme moves forward. This engagement is critical to our understanding of your agenda and maximising the effectiveness of our contribution.

So, to summarise, we see the Partnership as having had a successful fourth year. The cashable benefits identified far exceed the costs and we are seeking to make this ratio even greater. Together we have achieved great progress on this commonly supported and valued transformation programme.

Based on what we see in local government, Coventry's abc programme remains one of the most innovative, ambitious and successful transformation programmes underway anywhere in the UK.

5. Results of consultation undertaken

5.1 As this is a progress report there has been no consultation undertaken.

6. Timetable for implementing this decision

6.1 As this is a progress report there is no decision to be implemented.

7. Comments from Director of Finance and Legal Services

Financial Implications

7.1 The over-riding financial principle for the Value for Money Partnership is that its costs, including PwC fees and the internal Programme office, will be funded in the due course of time from the efficiency savings which it achieves. As most of the savings delivered are ongoing, whereas the fees paid to PwC are once-off, savings have already contributed to the Council's financial position, and in the medium term will continue to contribute.

7.2 Appendix one identifies the abc reviews which have been completed. They are forecast to deliver ongoing savings of £15.2m for a one-off investment of £5.1m. Whilst the full savings have not yet been delivered for all these projects, the achievement of planned savings to date is very positive, and these have been included in the Council's medium term financial plans.

7.3 Appendix two contains an analysis of projects in progress. Ongoing savings of £16.0m in a full year are expected, for a one-off investment of £3.3m. These savings, too, have already been incorporated in the Council's medium term financial plans. Taken together, for a one-off investment of £8.4m the Council is expecting ongoing savings totalling £31.2m.

7.4 The table below, summarised from the 2012-13 General Fund Budget report, sets out the current understanding of the medium term financial position, and the savings forecast from the Programme.

	2013-14	2014-15
	£m	£m
Initial Budget Gap	20.2	33.9
Additional Spending Pressures	1.2	1.2
Technical Pressures and Savings	-2.3	-0.3
Revised Budget Gap	19.1	34.8
Net Indicative Transformation Programme Savings	-4.7	-7.5
Latest Forecast of Budget Gap	14.4	27.3

8 The next stage of the Transformation Programme

- 8.1 The Council faces the twin challenges of the crisis in public sector finance, and the coalition government’s vision of the purpose, organisation and delivery of public services. As the table in paragraph 7.4 above demonstrates, the need for further savings is great, and is likely to grow when we see the impact of the next Comprehensive Spending Review (CSR). The Council’s response must be to continue to deliver the challenging targets we have already set for reviews in progress, e.g. CLYP, and Financial Management, and develop a year 4 (and beyond) Programme which will meet the scale of these challenging times. To date reviews have broadly sought to deliver “a better council”, reducing costs by making efficiencies in the way that services are delivered and improving service delivery to customers. A continuation of this approach is unlikely to deliver the scale of financial change needed to balance the council’s budget, suffering a formula grant reduction of the order of 37% since 2010-11. The Transformation Programme always anticipated that part way through the five year period, there would be a need to develop a strategy to deliver “the bolder city” aspect of the Programme objective, as well as continuing to create “a better council”,
- 8.2 It is now time to consider the next phase of abc projects for year four and beyond. Given the scale of grant reduction the Council will have to shrink in size between now and 2016-17 (the end of the next CSR). This re-sizing of the Council may need to take the form of:
- More compact and focused policy and governance, which is better connected across the public sector;
 - Less service delivery, with a greater focus on statutory roles, and with alternative service delivery models in place; and
 - A greater role working across the public sector to influence how better outcomes for the city and its citizens can be achieved.
- 8.3 The Corporate Management Board is considering how best to meet the twin challenges facing the Council, considering services against the following descriptors:

- **Externally focused projects**, which will have, as their main driver, the reduction of customer demand leading to increased savings and avoided costs. This will include for example behaviour change, demand management, and community initiatives.
- **Internally focused projects**, which will have, as their main driver, the reduction of costs through the transformation of the way services and operational functions are delivered. This will include, for example, cessation or reductions in service levels, procurement, systems reviews, and headcount reductions.
- **Enabling projects**, which will not, in themselves, drive out major savings but will be vital to the development of a sustainable council going forward. This will include for example IT and technology platforms, redesigning internal roles and responsibilities, commissioning, and partnership working.

8.4 It has always been the abc Programme's intention to reduce the support received from PwC/iMPOWER over time. Realistically, however, the need for additional capability to meet the scale of challenge dictates that some external support will still be needed as the Council moves forward. It will continue to be essential that such external support delivers challenge, skills transfer and major ongoing savings (relative to the once off financial cost). Your officers will ensure that such support is limited to what is essential to achieve programme outcomes.

9. Other implications

9.1 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.

9.2 **How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?**

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.

9.3 **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

9.4 **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.

9.5 **Equalities / EIA**

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

9.6 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.

9.7 Implications for partner organisations?

The involvement of partner organisations is important to the Programme and the implications will be considered on a project by project basis.

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abc Reviews - Completed

<u>Projects Completed</u>	<u>Once off Actual Fees Paid</u>	<u>Ongoing Full Year Savings Forecasts</u>	<u>Comments</u>
	£000	£000	
VAT	358	N/A	Overall one off repayments of £2.3m have been received.
Business Services	689	2,600	Full year savings are expected by 2013-14
Grounds Maintenance and Street Cleansing	310	470	Full year savings delivered by 2011-12
Building Control	13	N/A	The review re-designed service and reduced costs to meet income targets
Operational Property	326	290	Further future savings dependent on opportunities to save office space
Facilities Management	143	400	Full year building cleaning savings to be delivered by 2012-13
Corporate Transport	207	400	Target saving forecast to deliver by 2012-13
Catering	230	1,051	Full year savings from primary and special school meals, and from corporate and commercial catering forecast to be delivered by 2013-14
ICT	2,463	5,000	Full year savings to be delivered by 2013-14
Personalisation	25	2,700	Full year savings delivered by 2011-12
Printing and Paper	N/A	660	Full year savings to be delivered by 2012-13
Commercial Waste	N/A	420	Full year savings to be delivered by 2012-13
Public Safety	N/A	300	Full year saving to be delivered by 2012-13
Private Sector and Strategic Housing	N/A	400	Full year saving to be delivered by 2012-13
Insurance and Risk Management	N/A	100	Full year saving to be delivered by 2012-13
Income Generation	N/A	443	Full year saving to be delivered by 2013-14
Core Team support to Council	329	N/A	PwC providing programme management support
TOTAL	5,093	15,234	

abc Reviews – in Progress

<u>Projects in progress</u>	<u>Once off Actual Fees Paid or Committed</u>	<u>Ongoing Full Year Savings Forecasts</u>	<u>Comments</u>
	£000	£000	
Customer First	422	N/A	This project is developing the front office so that back office savings can be delivered in Directorates
Financial Management	778	3,175	Full year savings to be delivered by 2014-15
Day Care	N/A	1,000	Full year saving to be delivered by 2013-14
Management Restructure	33	2,000	Being delivered in two phases - full year savings to be delivered by 2013-14
CLYP	1,399	8,400	Full year savings to be delivered by 2015-16
Sustainability and Low Carbon	N/A	298	Full year saving to be delivered by 2012-13
Commissioning Services	101	250	Full year saving to be delivered by 2012-13
Customer Management	57	100	Full year saving to be delivered by 2012-13
Voluntary Sector	N/A	200	Full year saving to be delivered by 2013-14
CCTV	N/A	250	Full year saving to be delivered by 2013-14
Statutory/Non Statutory Services	N/A	100	Full year saving to be delivered by 2012-13
Cultural Trusts	99	200	Full year saving to be delivered by 2012-13
Core team support to Council	420	N/A	PwC providing programme management support
TOTAL	3,309	15,973	