



### **Finance and Corporate Services Scrutiny Board (1)**

---

**Time and Date**

10.00 am on Monday, 13th January, 2014

**Place**

Committee Rooms 2 and 3 - Council House

---

**Public Business**

1. **Apologies and Substitutions**
2. **Declarations of Interest**
3. **Minutes**
  - (a) To agree the minutes of the meeting held on 25 November 2013 (Pages 3 - 4)
  - (b) Matters Arising
4. **Agency Workers and Interim Managers - 6 Month Performance Report** (Pages 5 - 18)

Report of the Executive Director, Resources
5. **Customer Journey**

The Executive Director, Resources, will report at the meeting
6. **Transformation Programme Progress Report** (Pages 19 - 28)

Report of the Executive Director, Resources
7. **Work Programme 2013-14** (Pages 29 - 32)

Report of the Scrutiny Co-ordinator
8. **Outstanding Issues Report**

Outstanding issues have been picked up in the Work Programme
9. **Any other items of Public Business**

Any other items of public business which the Chair decides to take as matters of urgency because of the special circumstances involved
10. **Meeting Evaluation**

**Private Business**

Nil

Thursday, 2 January 2014

Notes:1)The person to contact about the agenda and documents for this meeting is Su Symonds, Governance Services, Council House, Coventry, alternatively information about this meeting can be obtained from the following web link:  
<http://moderngov.coventry.gov.uk>

2) Council Members who are not able to attend the meeting should notify Su Symonds as soon as possible and no later than 9am on the day of the meeting giving their reasons for absence and the name of the Council Member (if any) who will be attending the meeting as their substitute.

3) Scrutiny Board Members who have an interest in any report referred to this meeting, but who are not Members of this Scrutiny Board, have been invited to notify the Chair by 12 noon on the day before the meeting that they wish to speak on a particular item. The Member must indicate to the Chair their reason for wishing to speak and the issue(s) they wish to raise.

Membership: Councillors N Akhtar, K Foster, D Gannon (By Invitation), R Lakha, C Mijs, R Sandy (Chair), T Sawdon, H S Sehmi, T Skipper, H Sweet (By Invitation) and S Thomas

Please note: a hearing loop is available in the committee rooms

If you require a British Sign Language interpreter for this meeting  
OR if you would like this information in another format or  
language please contact us.

**Su Symonds**

**Telephone: (024) 7683 3069**

**e-mail: [su.symonds@coventry.gov.uk](mailto:su.symonds@coventry.gov.uk)**

# Agenda Item 3a

## Coventry City Council

### Minutes of the Meeting of Finance and Corporate Services Scrutiny Board (1) held at 10.00 am on Monday, 25 November 2013

Present:

Members: Councillor R Sandy (Chair)  
Councillor J Clifford (Substitute for Councillor Akhtar)  
Councillor R Lakha  
Councillor J Mutton (Substitute for Councillor Sehmi)  
Councillor T Sawdon  
Councillor T Skipper

Employees:

R Nawaz, Chief Executive's Directorate  
S Symonds, Resources Directorate  
J Venn, Chief Executive's Directorate  
L Welton, Resources Directorate  
A West, Resources Directorate

Apologies: Councillors N Akhtar, K Foster and H S Sehmi

#### **Public Business**

#### **29. Declarations of Interest**

There were no declarations of interest

#### **30. Minutes**

The minutes of the meeting held on 7 October 2013 were signed as a true record.

There were no matters arising.

#### **31. Procurement Strategy**

The Scrutiny Board received a report of the Executive Director, Resources, which was a summary of progress against the strategy and made suggestions for further development of the strategy. The document had been approved by Cabinet Member (Strategic Finance and Resources) in June 2010. The same strategy had also been adopted by Solihull and Warwickshire Councils with a view to working as a shared procurement service with the resultant benefits of reduction in duplication of effort, economies of scale and increased purchasing power.

The Board questioned officers on a range of issues, including:

- how savings targets are set and monitored, including savings targets which are allocated directly against the Commissioning and Procurement FSR and other savings targets to which procurement activity contributes;
- the effectiveness of governance arrangements and the extent of compliance;
- how we can ensure procurement activity supports local jobs and companies within the legislative framework, including when subcontracting is involved;

- how equality and diversity can be addressed in procurement activity and how the Social Value Policy will support this; and
- how cost and quality considerations are balanced in decision-making

**RESOLVED that the Scrutiny Coordinator would provide a briefing note which outlined the issues discussed to accompany the report to Cabinet Member (Strategic Finance and Resources) at his meeting on 2 December 2013**

**32. Social Value Act - Consultation**

The Board considered a briefing note from the Chief Executive's Directorate which gave an overview of Coventry's approach to social value. In order to comply with the Public Services (Social Value) Act 2012, the Council had developed a draft Social Value Policy, which set out how it would deliver social value through its commissioning and procurement activities, and set out priorities in relation to social value.

Consultation on the draft policy had commenced on 28 October 2013 and was scheduled to finish on 20 December 2013. The Board questioned officers about managing the links between the Social Value Policy and the Procurement Strategy, particularly in relation to ensuring equity and equality in holding contractors to account. They also asked for clarification on the status of the Value for Money Policy in the context of the abc Programme.

**RESOLVED that officers would circulate a briefing note to the Board which updated the wording around equality and diversity to ensure clarity of purpose, and to confirm the status of the Value for Money Policy within the context of the abc Programme.**

**33. Outstanding Issues Report**

Outstanding issues had been picked up in the Work Programme.

**34. Work Programme 2013-14**

The work programme was noted.

**35. Any other items of Public Business**

There were no additional items of business.

**36. Meeting Evaluation**

The Board evaluated the meeting.

(Meeting closed at 11.40 am)



---

Cabinet Member (Strategic Finance and Resources)  
Finance and Corporate Services Scrutiny Board

2 December 2013  
13 January 2014

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

All

**Title:**

Agency Workers and Interim Managers – Performance Management Report Q2 (1 July to 30 September 2013).

---

**Is this a key decision?**

No. Although the matter within the Report can affect all wards in the City, it is not anticipated that the impact will be significant and it is therefore not deemed to be a key decision.

---

**Executive Summary:**

To provide the Cabinet Member with performance information on the use of agency workers procured through the Master Vendor Contract for the Q2 period 1 July to 30 September 2013; to compare Q1 2013/14 with Q2 2013/14 expenditure. Finally to consider Interim Manager spends for the same periods.

**Recommendations:**

The Cabinet Member is asked to:

1. Approve monitoring processes to continue for both Agency workers and Interim Managers
2. Endorse compliance with the corporate policy on the recruitment of Temporary Agency Workers through the Master Vendor, Reed Recruitment and Interim managers through the Preferred Suppliers List
3. Instruct officers to continue to work towards reducing expenditure on the use of agency workers.
4. Approve that future orders are not accepted if no reason is given for the need for the agency worker

5. Endorse the changeover of contract following a tendering process from Reed Recruitment to Pertemps UK on the 2 December 2013

Finance and Corporate Services Scrutiny Board (1) is asked to:

1. Review the six-month performance report and make recommendations arising to the Cabinet Member (Strategic Finance and Resources

**List of Appendices included:**

The information attached in Appendix I shows the total expenditure on agency workers by Directorates for Q2 2013/14 for spends with Reed.

The information attached in Appendix II shows the justification of new orders placed by Directorates for agency workers during Q2 2013/14 for spends with Reed.

The information attached in Appendix III shows in more detail, for Q2, what type of workers are being employed through agencies, the reasons and Directorates' actions in trying to reduce the spend.

Appendix IV shows a diversity breakdown of agency workers under the contract with Reed Recruitment for Q2.

**Other useful background papers:**

None

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

Yes. Finance and Corporate Services Scrutiny Board (1) 13 January 2014

**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:

Agency Workers and Interim Managers – Performance Mgt Report Q2 (1 July to 30 September) and Interim Managers spends for.

### 1. Context (or background)

The Master Vendor contract requires all agency workers to be ordered through Reed Recruitment and came into force on the 2 May 2011. Reed will supply all suitable agency workers through their own agency or through a 2<sup>nd</sup> tier arrangement with other agencies on behalf of the Council using rates of pay based on an agreed pay policy and a negotiated mark up rate with Reed. The information supplied by Reed on the agency spends gives detailed information on agency worker usage and spends.

### 2. Options considered and recommended proposal

The table in 2.1 below shows a comparison for Q1 for 2013/14 with Q2 2013/14 and indicates if there has been an increase or a decrease in spend. The Master Vendor Contract covers all agency workers with the exception of interim managers for HAY Graded posts and schools.

#### 2.1 Table for comparison with Q1 2013/14 and Q2 2013/14 Agency Spend.

Directorate	Spend Q1 2013/14	Spend Q2 2013/14	Increase/decrease
Children Learning & Young People	£247,624	£396,453	Increase
City Services & Development	£217,847*	£226,763*	Increase
Community Services	£190,129	£205,835	Increase
Customer & Workforce Services	£260,999	£227,415	Decrease
Chief Executives	£7,067	£0	Decrease
Finance & Legal Services	£172,221	£167,693	Decrease
<b>TOTAL</b>	<b>£1,095,887</b>	<b>£1,224,159</b>	<b>Increase</b>

*\*please note the spend shown in the appendices will differ due to the off contract spends being added in*

#### Directorate Commentary on increased Agency worker Spend for Q1 2013/14

##### Children Learning & Young People

Expenditure on Agency Workers increased by £148,811 in quarter 2 compared to quarter 1. This increase comprises a requirement for Social Workers. It has taken place within the Referral and Assessment Service and in Children's Social Care due to the unprecedented rates of contacts at the moment. In addition to the on-going recruitment and development strategies the Service is planning to set up a permanent additional cluster within RAS in the next 2 months when a review of workload will take place in an effort to reduce Agency Workers.

## **Community Services**

Overall in the service areas for people with Learning Disabilities and Mental Health the agency usage has reduced.

Promoting Independent Living Service (PILS) is the only exception.

The increase is due to complex needs of individuals who required additional 1:1 support; this is in agreement with health and we are expecting a refund from health after panel decisions for 100% continuing health care funding.

Promoting Independent Living Service also had a number of staffing issues which have led to staff not being available for work. Promoting Independent Living Service offers 24/7 social care to people in tenancies and any absences have to be backfilled to ensure peoples' safety and wellbeing.

The manager is in the process of recruiting additional relief staff to avoid the usage of agency in the future. As Promoting Independent Living Service previously had reduced agency usage to very low levels, we did not look to increase numbers of relief staff, but are now actively progressing this

## **City Services and Development**

The total spend on agency workers within Place directorate during Quarter 2 of 2013/14 was £226,763 (including off contract spend). This is an increase of £8,916 over the expenditure in quarter 1 of 2013/14. The off contract spend has been due to the current contract provider, Reed, being unable to sufficient numbers and individuals with the correct skills and experience to cover posts within Waste & Fleet Management, Vehicle Technicians and Refuse Collectors.

The main reasons for the increase in spend has been due to sickness cover, additional workloads and recruitment difficulties.

The directorate continues to have a number of used strategies in place to ensure the use and expenditure on Agency Workers is monitored and steps are taken to reduce their use. For example:

- Before going down either route we would look at the opportunity for internal secondment of an existing employee.
- Managers are required to consider if the use of agency staff or a short term contract is justified in terms of providing value for money against the alternative of recruitment. Recruitment remains the normal way in which the vast majority of posts are filled.
- Assistant Directors monitor the use and expenditure on Agency Workers



## Interim Management Spend for Q1 2013/14 and Q2 2013/14

Table 2.3 shows a summary of spend for Interim Management in Q1 2013/14 and Q2 2013/14. This relates to cover for Senior Hay graded jobs over £50,000 pa. The Interim Manager Contract started in January 2009.

Directorate	Number of Managers Q1	Total Spend Q1	Number of Managers Q2	Total Spend Q2
Community Services	0	£0	2	£20,604
Finance & Legal Services	0	£0	0	0
Children Learning & Young People	0	£0	0	0
City Services and Development	1	£24,696	1	£24,696
<b>TOTAL</b>	<b>1</b>	<b>£24,696</b>	<b>1</b>	<b>£45,300</b>

### Community Services

Two Interims were required to cover key senior management vacancies; one at AD and one at Head of Service level. Recruitment processes for both vacant posts have now been completed and offers of employment made.

### Rebate

The cost of agency workers is made up of the pay rate for the work plus working time directive payments, national insurance payments and a margin or mark up to the agency. As part of the Master Vendor contract, fixed pay rates have been set corporately for each job category. Given that national insurance payments and the working time directive are fixed legislative requirements, Reed's procurement of agency workers is based on reducing agency mark ups in order to generate cashable savings.

The Management rebate income forecast for 2013/14 is forecast to be £525k. This forecast is based on a slightly reduced level compared to last year's rebate to take into account the uncertainty around rebate income following the award of the contract to Pertemps. For Q2 we received a rebate of £165,728.

### Strategic Management Board Comment

The Master Vendor contract was a planned strategy to work towards reducing the level of agency spends and to better understand where and how we use agency workers.

There will always be the need to use agency workers. However, it is acknowledged that current usage is still too high because of the need to cover sickness absence, short-term cover, cover whilst Fundamental Service Reviews are taking place with the need for scarce skills and workers required during these reviews and organisational restructures.

In terms of the cost of using agency workers, it is important to note that not all of the cost is in addition to normal staffing spend. Although agency cover associated with sickness absence in front line services is often an additional cost, in the case of agency cover for vacant posts the cost will be funded in part by the relevant staffing budget. Please also note that the figures shown in the main body of the report will differ to those shown in the appendices. This reflects

that there is some additional off contract spends added into the total spends from the Reed contract. This occurs generally where Reed is unable to supply an agency worker so we are forced to go to a supplier not on the Reed contract. However we keep this to a minimum and try to ensure that this is only for short term cover whilst Reed source an agency worker.

Where opportunities exist for bulk recruitment campaigns to front line essential services, the Human Resources Recruitment Team will continue to work with service managers to establish registers of workers, who are available for casual, temporary or permanent work in order to reduce the use of agency workers. The Recruitment Team is currently working with Managers from Catering and Cleaning to undertake a recruitment exercise to build up a bank of cleaners and catering staff available for temporary/ casual or permanent work. The team is working with Job Centre Plus; Remploy and the Council's Job Shop to initially create opportunities for unemployed candidates to apply by holding 'open days' at the Job Shop and Remploy. This is with a view of trying to source our own workers for short term work therefore reducing the need for agency workers and giving opportunity to the unemployed to find employment with the City Council. Temporary and casual work may lead to permanent work in the future for candidates and this will be a way of recruiting workers to a bank rather than advertising individual vacancies as we currently do.

The current contract with our Master Vendor provider is due to end on the 1 December 2013. The contract, which is a joint contract with Warwickshire and Solihull following an extensive tendering process, will transfer to Pertemps UK on the 2 December 2013 and arrangements are currently under way on an implementation plan. The new contract is for a hybrid Master Vendor arrangement which will provide the Council with additional advantages to the existing Master Vendor contract. The next quarter report will be compiled with management information from both Reed and Pertemps.

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

- 3.1 The report sets out the steps the Council is taking to reduce expenditure on agency workers, particularly in those areas where they are used most intensively.
- 3.2 The report is able to identify more accurately spend on agency workers and the reasons for spend.
- 3.3 Officers will continue to bring the monitoring information to the Cabinet Member and steps will continue to be taken to endeavour to reduce the level of expenditure.
- 3.4 Management Information has given the opportunity for the Recruitment Team to target large areas with high usage of agency workers to try and reduce the need for agency workers. This work is ongoing.

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

Not applicable

### **5. Comments from Executive Director, Resources**

#### **5.1 Financial implications**

Quarterly monitoring of expenditure on agency workers will continue throughout the contract. The cost of agency workers for the current reporting period from the Reed system is £1,117,750 which equates to 2.7% of the overall wage bill for this quarter (excluding schools).

Reed operates a live management accounts system which places the cost of agency workers in the period the work took place rather than the period of time in which the Council was billed for or paid the related invoices. Reed's system shows the volume of agency activity/usage in a particular quarter irrespective of when invoices are paid. Therefore this information will be different from that which has gone through the Council's financial systems during Q2.

Reed's system only incorporates timesheets authorised by managers and therefore the costs for a particular quarter will increase throughout the year as more timesheets are authorised. At present Reed are unable to provide us with a figure for the unauthorised timesheets outstanding but we actively work with Reed to keep the number of outstanding timesheets to a minimum. We have now resolved all of the backlog queries.

## **5.2 Legal implications**

There are no specific legal implications associated with this report.

## **6. Other implications**

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

The Agency Worker Contract arrangement provides good value for money in relation to the procurement of agency workers. It also provides firmer controls on the use of agency workers and has in place sound management reporting to see where spend is taking place to target recruitment, maximise resources, and reduce spend on agency workers.

### **6.2 How is risk being managed?**

No risks identified

### **6.3 What is the impact on the organisation?**

Through the rigorous monitoring of the use of agency workers and alternative strategies for resourcing short-term work requirements, the dependency on agency workers should be reduced. The Council's Policy on the use of agency workers states that Agency Workers should only be used when:

- Proper recruitment processes have failed to secure an appointment and staff cover has become crucial to the delivery of services;
- Short-term temporary cover is required until proper recruitment processes have been completed and an appointment is made;
- Unplanned absences require immediate cover to ensure continuity of services;
- Unplanned, short-term or peak workloads occur.

Human Resources are proactively supporting managers to reduce agency spend.

### **6.4 Equalities / EIA**

We are now able to show the Ethnic Monitoring data that has been provided by Reed and is shown in Appendix III. Unfortunately because you Reed cannot force agency workers to fill in their ethnic monitoring details much of the information appears as unknown. However, this information will inform workforce planning, Entry to Employment initiatives and recruitment drives.

No equality impact assessment has been carried out as the recommendations do not constitute a change in service or policy

**6.5 Implications for (or impact on) the environment**

None

**6.6 Implications for partner organisations?**

None

**Report author(s):****Name and job title:**

Jane Crawley, Recruitment Manager

**Directorate:**

Resources Directorate

**Tel and email contact:**Telephone 024 76 83 2145 [jane.crawley@coventry.gov.uk](mailto:jane.crawley@coventry.gov.uk)

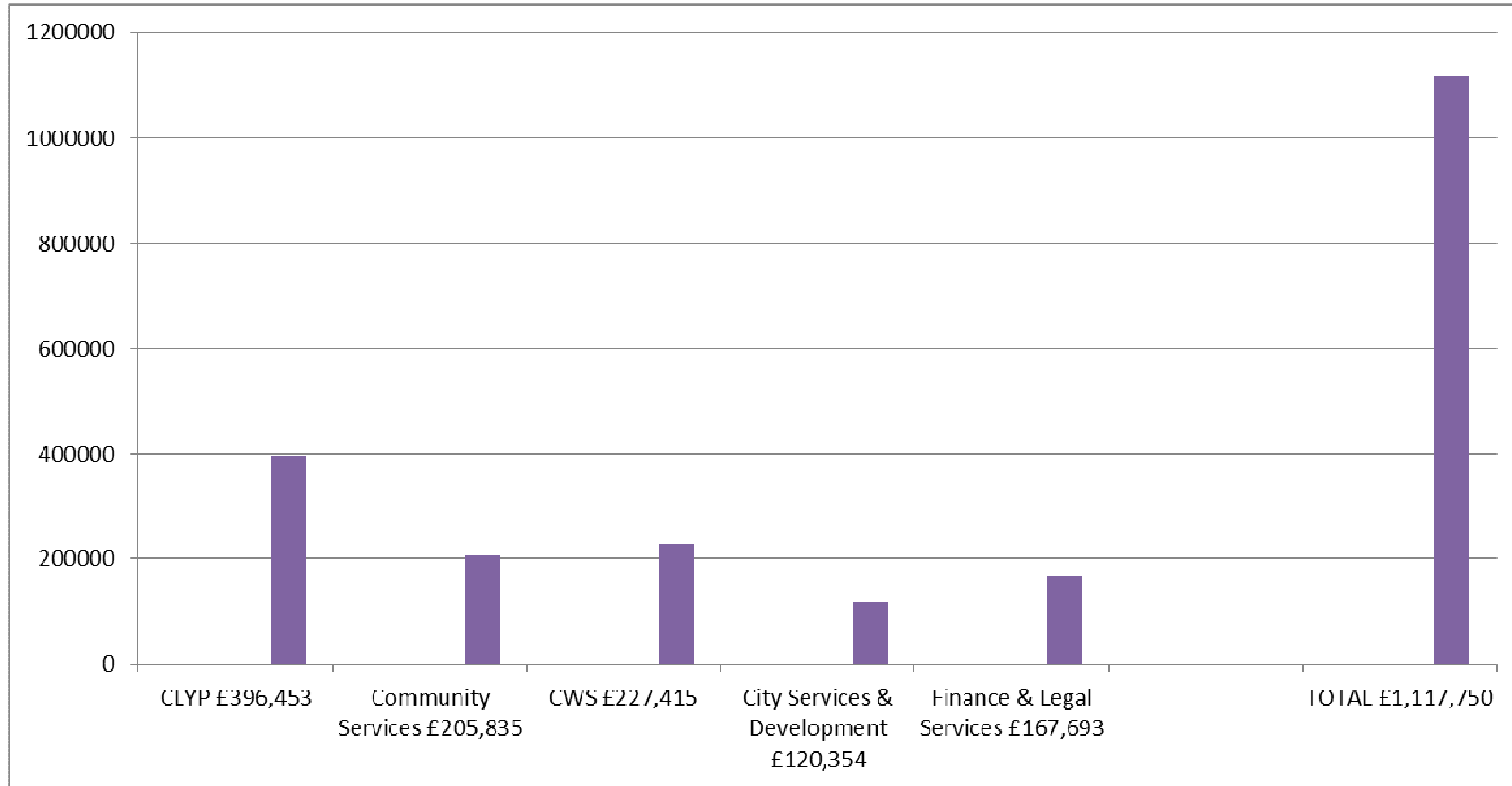
Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Jonathan Guy	Strategic Category Lead – Resources	Resources	06/11/13	07/11/13
Su Symonds	Governance Services Officer	Resources	06/11/13	12/11/13
Other members				
<b>Names of approvers: (officers and members)</b>				
Finance: Aimee Proctor	Lead Accountant	Resources	06/11/13	07/11/13
Legal: Clarissa Evans	Commercial Team Manager	Resources	06/11/13	06/11/13
Director: Chris West	Executive Director	Resources	13/11/13	13/11/13
Member: Councillor Gannon	Cabinet Member		13/11/13	18/11/13

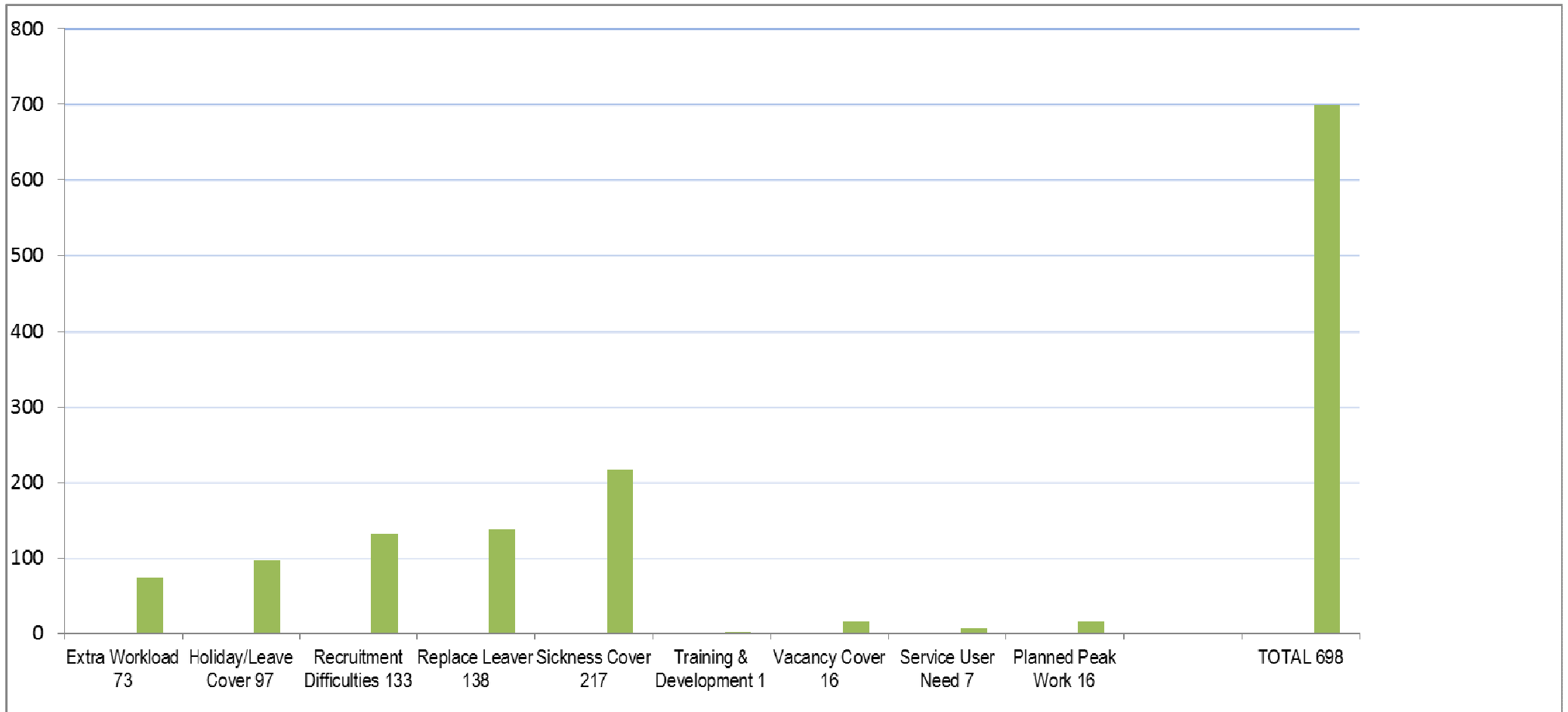
This report is published on the Council's website:

[www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)

**APPENDIX I - AGENCY SPEND BY DIRECTORATE - JULY - SEPTEMBER 2013**



## APPENDIX II - ORDER JUSTIFICATION QUARTER 2 2013 - JULY TO SEPTEMBER 2013



### APPENDIX III - DIVERSITY BREAKDOWN OF AGENCY WORKERS JULY - SEPT 2013

Ethnic Origin	Headcount	%
African	21	11.11%
Any Other Black Background	1	0.53%
Any Other White Background	2	1.06%
British	14	7.41%
Caribbean	2	1.06%
Indian	5	2.65%
None Stated	143	75.66%
White (European)	1	0.53%
<b>TOTAL</b>	<b>189</b>	<b>100%</b>

Age	Headcount	%
16-19	4	2.12%
20-30	27	14.29%
31-40	55	29.10%
41-50	71	37.57%
51+	32	16.93%
None Stated	0	0.00%
<b>TOTAL</b>	<b>189</b>	<b>100%</b>

Gender	Headcount	%
Female	91	48.15%
Male	98	51.85%
<b>TOTAL</b>	<b>189</b>	<b>100%</b>



**APPENDIX IV SUMMARY OF USE OF AGENCY WORKERS BY DIRECTORATE AND STRATEGIES IN PLACE FOR REDUCING DEPENDENCY ON AGENCY WORKERS**  
**Q2 July to September 2013**

<b>Directorate</b>	<b>Q1 April to June 2013 Expenditure by Service Area</b>	<b>Q2 July to Sept 2013 Expenditure by Service Area</b>	<b>Justification of new Orders placed in Q2</b>	<b>State Usage of Agency Workers in Q2</b>	<b>What Strategies are in place for Reducing Dependency on Agency Workers</b>
Chief Executive	£7,067				
Children, Learning and Young People	<b>Total Expenditure Q 1</b> <b><u>£247,624</u></b>	<b>Total Expenditure Q 2</b> <b><u>£396,453</u></b>	Extra Workload: 3 Service User Need: 1 Vacancy Cover:3 Planned peak work:3 Replace Leaver: 10 Rec Difficulty: 13 Sickness cover: 0 <b>Total: 33</b>	<b>The increase in spend on Agency Workers is £148,829. It relates to the requirement for Social Workers particularly in the Referral and Assessment Service (RAS) and Childrens Social Care.</b>	<b>In addition to existing recruitment and development strategies the Service hopes to set up a permanent additional cluster within RAS during the next 2 months and review workloads at that point in an effort to reduce agency workers.</b>
City Services & Development	<b>Total Expenditure Q 1</b> <b><u>£217,847</u></b>	<b>Total Expenditure Q 2</b> <b><u>£120,354</u></b>	Recruit Difficulties: 37 Extra Workload: 11 Sickness Cover: 40 Leave/Hol Cover: 5 Vacancy Cover: 4 Planned Peak Work:4 Service User need: 0 Replace leaver: 4 Training: 1  <b>Total: 106</b>	<b>There has been a reduction in agency spend since Q1</b>	<b>There has been a reduction in agency spend since Q1</b>
Community Services	<b>Total Expenditure Q 1</b> <b><u>£190,129</u></b>	<b>Total Expenditure Q 2</b> <b><u>£205,835</u></b>	Replace Leaver: 118 Extra Workload: 45 Sickkness Cover: 175 Hol Cover: 91 Service User need: 2	<b>Overall spend in service areas for Learning Disabilities and Mental Health has reduced. Promoting Independent</b>	<b>Managers are in the process of recruiting additional relief staff to avoid the usage of agency in the future. As PILS had</b>

Page 18			Training & Dev: 0 Vacancy Cover: 2 Planned Peak Work 0: Recruit Difficulties: 80  <b>Total: 513</b>	<b>Living Service (PILS) is the only exception. The increase is due to needs of individuals who require 1-1 support, staffing issues and absences having to be backfilled to ensure peoples safety and well-being.</b>	<b>previously reduced agency usage to very low levels, we did not look to increase numbers of relief staff, but are now actively progressing this.</b>
Customer & Workforce Services	<b>Total Expenditure Q1</b> <b>£260,999</b>	<b>Total Expenditure Q2</b> <b>£227,415</b>	Recruit Difficulties: 3 Extra Workload: 8 Vacancy cover: 3 Sickness: 1 Service User Need:1 Planned Peak Work:5 Replace leaver: 3 Holiday Cover: 1 <b>Total: 25</b>	<b>There has been an REDUCTION in Agency spend since Q1</b>	<b>There has been a REDUCTION in Agency spend since Q1</b>
Finance & Legal Services	<b>Total Expenditure Q1:</b> <b>£172,221</b>	<b>Total Expenditure Q2:</b> <u><b>£167,693</b></u>	Replace Leaver: 3 Extra Workload: 6 Sick: 1 Leave: 0 Planned peak work:4 Service User Need: 3 Vacancy Cover: 4  <b>Total: 21</b>	<b>There has been an REDUCTION in Agency spend since Q4</b>	<b>There has been an REDUCTION in Agency spend since Q4</b>
OVERALL TOTALS	<b>Q1 £1,095,887</b>	<b>Q2 £1,117,750</b>	<b>Q2 Orders placed: 698</b>		



## Public report

---

Finance and Corporate Services Scrutiny Board (1)

13 January 2014

Cabinet Member (Strategic Finance and Resources)

20 January 2014

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) - Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

Not applicable

**Title:**

Transformation Programme Progress Report

---

**Is this a key decision?**

No

---

**Executive Summary:**

The Transformation Programme was launched in June 2009, and its progress is reported to Cabinet and Scrutiny Co-ordination Committee. The purpose of this report is to set out what has been achieved in 2013/14 to date, and how the Programme is contributing to the significant challenges facing the City Council.

**Recommendations:**

**Cabinet Member is recommended to:**

- a) endorse the progress that has been made in delivering specific reviews in the Transformation Programme
- b) affirm commitment to the continuation of the Programme, and its contribution to the service improvement and cost reduction challenge, and

**Finance and Corporate Services Scrutiny Board is recommended to:**

- a) note the progress that has been made in delivering specific reviews in the Transformation Programme
- b) identify any issues for inclusion in the scrutiny work programme.

**List of Appendices included:**

Appendix 1 – recently completed and Ongoing Reviews

**Other useful background papers:**

None

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

Yes

Finance and Corporate Services Scrutiny Board (1) 13 January 2014

**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 Progress Report

**1. Context (or background)**

- 1.1 The Council's **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's overall objectives are to achieve better value for money by reducing the costs of delivering services including looking at new ways to deliver services, provide better and consistent customer services, develop and deliver real culture change across every level of the organisation, to rationalise the Council's property estate and to invest in new technologies where appropriate to support service delivery.
- 1.2 As set out in the Council's Medium Term Financial Strategy the Government's June Spending Round announcement confirmed continuing large cuts to local government resources. Therefore, the fundamental factor shaping the City Council's MTFS continues to be one of unprecedented financial pressure leading to significant reductions in spending levels that are likely to continue in the period up to 2020 and possibly beyond. The delivery of the Transformation Programme remains a key element of the Council's response to these challenges and the savings it produces will be essential to the Council continuing to achieve a balanced budget.
- 1.3 In support of these aims, the City Council's strategic approach to the demands that it faces includes:
- Continued implementation of the **abc** transformation review programme, reshaping services and making very significant savings. The emphasis of **abc** (A Bolder Coventry) will move towards challenging the things the Council needs to consider stopping doing or doing in partnership with others, in particular in high spend areas. Central to this will be the need to actively manage the demand for services to enable the Council to focus its services increasingly on the most vulnerable. This means changing the relationship between the Council and its citizens and encouraging those who are able to, to do more for themselves. This is likely to include relooking at areas that have already been reviewed as we strive to make further savings and improvements;
  - Kickstarting the Friargate business district adjacent to Coventry railway station by rationalising and relocating the Council's office estate into the first office building as an anchor to the scheme. This regeneration project is critical for delivery of jobs and business rate growth for the City, to attract new businesses, boost confidence, to increase city centre footfall, improve the prospects for the City Centre South development and to generate economic prosperity for the City. In doing so, the Council will also generate savings directly through rationalisation of its office estate. The project will provide a platform for modernising many of the ways that the Council works and be a springboard for Council members and officers to operate in far more streamlined and cost effective ways, improving services to Coventry citizens. It is one of the ways the Council is using its assets and powers to best effect locally in order to deliver the aims of the corporate plan.
- 1.4 In the light of the short-term financial challenges that face the City Council, the implementation of its existing **abc** programme is fundamental to balancing its budget up to the end of 2014/15. Target savings from approved **abc** reviews over 2013/14 to 2015/16 rise to £44m across a number of areas, most significantly in terms of scale, in the People Directorate, who will deliver a consolidated transformation programme plan

across the new Directorate by April 2014. The MTFS includes budgeted **abc** savings of £36m during 2013/14 rising to £54m in 2014/15 and £72m by 2015/16.

- 1.5 In the medium term, development of the next stage of transformation will become the next most significant factor to enable the Council to achieve its new financial targets namely the pre- Budget report gap of up to £50million by 2016/7. As part of this and given the magnitude of the savings required, **abc** will need to focus on addressing questions of whether the Council needs to continue to undertake services itself, to do so in partnership with others or to invite others to deliver them on the city's behalf.
- 1.6 Perhaps the most critical element of transformation will involve the need to change the relationship between the Council and those who use its services. This change will be critical to the achievement of savings going forward, requiring many citizens to do more for themselves such that the Council will, overwhelmingly, provide face to face and dedicated support only to those who are most vulnerable in an improved single city centre based Customer Services Centre. However this also offers the opportunity to make accessing our services more convenient for customers through use of the internet and maximising the efficiency and effectiveness of our telephone contacts.

## 2. **Options considered and recommended proposal**

As this is a progress report, there are no options for consideration. This report summarises the progress made in delivering the programme of reviews to improve Council services and reduce costs as well as future action planned. Details on each project within the programme are being separately considered by Scrutiny and by Cabinet as policy decisions are brought forward.

## 3. **Progress in undertaking abc Reviews**

- 3.1 **Appendix 1** shows the forecast and budgeted savings for recently completed and live reviews and provides an explanation for variances. Where reviews have underachieved against targets, actions are in place to ensure that these are met in future years. Over the next six months, the programme needs to focus on putting in place plans to achieve the 2014/15 and 2015/16 targets. Additionally, the Council will need to develop plans for delivering the additional savings identified in the pre-Budget report.

## 4. **On-going Management and Governance of the Programme**

- 4.1 Arrangements are in place to ensure effective programme and project governance. The programme is overseen by the Strategic Management Board supported by project boards for individual projects including the kickstart programme. Following the creation of the People, Place and Resources Directorates, revised arrangements are being developed for the monitoring and shaping of the programme at a senior management level, linking closely with the kickstart programme. This will aim to simplify project documentation and improve the way the Council links all of its activities to make changes and reduce cost.
- 4.2 Progress and key decisions are presented to Cabinet or Cabinet Members as appropriate. Progress is reported regularly to Scrutiny, who also consider reviews as they develop and at the evaluation stage. A Cabinet Member Advisory Panel is in place for the kickstart programme. Update reports are provided upon request to the Audit Committee.

4.3 A transformation programme office, which now sits within the Resources Directorate, supports the development, management and co-ordination of the **abc** and kickstart programmes and provides project management and support resource to projects. The Council intends to reduce its reliance on external advisors and grow internal transformation capability through the transformation programme office. This is supplemented by project and service support expertise from across the Council. The Council will carefully evaluate the scale and scope of external consultancy input to the programme over the coming year, focussing any external input on skills or experience that directly lead to savings and where the Council does not have the internal capability.

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 Executive Director, Resources**

Financial Implications

7.1 The over-riding financial principle for the Transformation Programme is that its costs, including external fees and the internal Programme office, will be funded in the due course of time from the efficiency savings which it achieves.

7.2 One off costs to support the completed and existing **abc** reviews to date total £8.4m. The total of budgeted on going savings from these **abc** reviews (which are already factored into the Medium Term Financial Strategy) are £36m during 2013/14 rising to £54m in 2014/15 and £72m by 2015/16. The 2013/2014 budget report recognised that to deliver future additional savings a degree of external support will be required and a sum of £500k for 2013/2014 rising to £1m in 2014/2015 has been included.

7.3 The progress achieved against the budgeted targets is set out in **Appendix 1**.

8. **Other Implications**

8.1 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 addresses all relevant implications.

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

9.1 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.

10. **How is risk being managed?**

10.1 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 at project and programme level.

11. **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.

12. **Equalities/EIA**

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

13. **Implications for (or impact on) the environment**

13.1 The methodology questions the impact of current activity and options being considered on the environment and the specific project on Sustainability and Low Carbon Economy is implementing a range of measures across the Council.

14. **Implications for partner organisations?**

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

**Report author(s):**

Lisa Commane

**Name and job title:**

Assistant Director Major Projects and Transformation

**Directorate:**

Resources

**Tel and email contact:**

024 7683 3990 lisa.commane@coventry.gov.uk

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Neil Chamberlain	Finance Manager	Resources	11/12/13	12/12/13
Nigel Clews	Assistant Director	Place	11/12/13	
Pete Fahy	Assistant Director	People	11/12/13	12/12/13
Su Symonds	Governance Services Officer	Democratic Services	11/12/13	12/12/13
Joy McLanaghan	Project Support Officer - Transformation	Resources	11/12/13	12/12/13



<b>Names of approvers:</b> (officers and members)				
Cllr Gannon	Cabinet Member (Strategic Finance and Resources)		12/12/13	12/12/13
Chris West	Executive Director	Resources	11/12/13	12/12/13

This report is published on the Council's website:

[www.coventry.gov.uk/councilmeetings](http://www.coventry.gov.uk/councilmeetings)

## Completed and Ongoing Reviews

Reviews Completed (Target remains Partially Unachieved)

Review	Savings Targets (£000)					Explanation of Variance
	2013/2014			2014/2015	2015/2016	
	Target	Forecast	Variance	Target	Target	
<b>A14 Commercial Waste</b>	-420	-200	-220	-420	-420	Unlikely to achieve this stretch target as £200k net income equates to an additional turnover of around £2m and the market is still extremely competitive. However, the management of the service has recently changed and endeavours are being made to identify opportunities to optimise the financial position moving forward
<b>A17 Corporate Transport</b>	-400	-300	-100	-400	-400	The target savings increased in 2012/13 from £300k to £400k. One off cost reductions and income generation initiatives have enabled the target to be delivered on a short term basis. The review still needs to identify ongoing savings to achieve the targets permanently.
<b>A47 Sustainability and Low carbon</b>	-298	-225	-73	-298	-298	2013/14 savings are slightly below target but will be offset by one off cost reductions. Full year savings achieved in full from 2014/15
<b>TOTAL</b>	<b>-1,118</b>	<b>-725</b>	<b>-393</b>	<b>-1,118</b>	<b>-1,118</b>	

Ongoing Reviews (new reviews or targets increase from 2013/14)

Review	Savings Targets (£000)					Explanation of Variance
	2013/2014			2014/2015	2015/2016	
	Target	Forecast	Variance	Target	Target	
<b>A09 Admin and Business Support</b>	-2,600	-2,600	0	-2,600	-2,600	
<b>A13 Money Matters</b>	-2,370	-2,370	0	-3,075	-3,075	
<b>A18 Catering</b>	-1,259	-1,259	0	-1,259	-1,259	
<b>A24 i-Cov</b>	-5,000	-5,000	0	-5,000	-5,000	
<b>A31 Daycare Services</b>	-1,000	-1,000	0	-1,000	-1,000	

<b>A35 Management Restructure</b>	-2,000	-2,000	0	-2,000	-2,000	
<b>A40 Commissioning Services (inc Vol Sector)</b>	-2,450	-2,450	0	-5,450	-8,450	
<b>A45 CLYP Programme</b>	-2,000	1,300	-3,300	-4,000	-5,200	The recommendations of the Fundamental Service Review (FSR) have been fully delivered. The target activity changes, however, have not been achieved. Numbers of Looked After Children (LAC) have increased since the FSR, and are showing no signs of reducing, and numbers of externally purchased fostering placements continue to be higher than target as a result of increased LAC, and a lower than planned number of internal fostering placements. There is a net overspend of £3.3m, which is a combination of non-delivery of the savings target and additional activity pressures. This is being reported through the budgetary control process. Action continues to be taken to address the financial challenges and the forecast will be reviewed and refined throughout the financial year.
<b>A46 CCTV</b>	-250	-230	-20	-250	-250	Slightly below target for 2013/14 due to delays in implementing the new structure. For 2014/15 onwards the target will be met.
<b>A50 Transforming Public Health</b>	-500	-513	13	-1,000	-1,000	
<b>A53 Cultural Trusts</b>	-392	-392	0	-665	-665	
<b>A54 Strategic Review of Community Services</b>	-3,000	-3,267	267	-8,000	-15,000	
<b>A55 Review of SEN/Disability</b>	-500	-500	0	-1,000	-1,000	
<b>A56 CLYP Statutory Functions Review</b>	-500	-500	0	-1,000	-1,500	
<b>A58 Strategic Regeneration and Business Growth</b>	0	0	0	-2,000	-3,000	
<b>A60 Strategic Asset and Property</b>	-500	-500	0	-1,000	-3,000	
<b>A61 Commercialisation/Income Maximisation</b>	-550	-870	320	-2,050	-3,050	
<b>A63 Future Shape of the Council</b>	0	0	0	-500	-500	
<b>A64 Reduce Demand for Council Services</b>	-500	0	-500	-1,000	-3,000	No robust plan in place as yet to deliver 2013/14 savings target

<b>Early Intervention Grant</b>	-2,500	-1,800	<b>-700</b>	-2,500	-2,500	The Directorate planned to deliver £1.6m in 2013/14 towards the grant reduction £2.5.m with the remainder to be managed on a one off basis from within the bottom line. There are currently plans in place to deliver a total of £2.0m in 2014/15. Delivery of the remaining will form part of the budget setting discussions and process.
<b>Headcount Reduction Strategy</b>	-500	-500	<b>0</b>	-1,000	-1,000	
<b>A65 Neighbourhood Services</b>	-700	-759	<b>59</b>	-1,000	-1,000	
<b>TOTAL</b>	<b>-29,071</b>	<b>-25,210</b>	<b>-3,861</b>	<b>-47,349</b>	<b>-65,049</b>	
<b>Total Budget Reductions</b>	<b>-36,052</b>	<b>-31,798</b>	<b>-4,254</b>	<b>-54,330</b>	<b>-72,030</b>	
<u>Plus</u> Non Budgeted Savings	-2,121			-2,990	-3,225	CLYP Review has FSR savings to reduce service overspends <u>and</u> budget reductions
<b>TOTAL Target Savings</b>	<b>-38,173</b>	<b>-31,798</b>	<b>-6,375</b>	<b>-57,320</b>	<b>-75,255</b>	

## Finance Corporate and Services Scrutiny Board (1) Work Programme 2013/14

### 29 July 2013

abc Transformation Programme Progress Report  
Income Generation Policy

### 2 September 2013

Money Matters  
CLYP ABC Review

### 7 October 2013

Strategic Property Review and Council move to Friargate  
Medium Term Financial Strategy

### 25 November 2013

Procurement Strategy  
Social Value Policy

### 13 January 2014

Customer Journey  
abc Transformation Programme Progress Report  
Half yearly reports on agency workers/sickness absence

### 3 March 2014

Strategic Property Review and Council move to Friargate

### 14 April 2014

TBC

### Dates to be confirmed

ACL  
Pension Fund  
Electoral Registration  
Business Services Review – progress report  
Review of Bailiffs Guidelines  
Progress update on Services to Schools  
Legal Services Costs and Income  
Half yearly reports on agency workers/sickness absence  
Half yearly report on Benefits Service Performance  
Half yearly report on Revenues Service performance

Finance and Corporate Services Scrutiny Board (1) Work Programme 2013/14

Page 30

Meeting	Work programme item	Lead officer	Brief Summary of the issue
29 July 2013	abc Transformation Programme Progress Report	Adrian West	To scrutinise progress on the abc Transformation Programme during 2012/13.
	Income Generation Policy		
2 September 2013	Money Matters	Barrie Hastie	To scrutinise the Money Matters review including the implementation of the new financial system.
	CLYP ABC Review	Andy Pepper/ Isabel Merrifield	To look at the review process, why delays have been made in making savings and whether lessons can be learnt from this review, regarding the methodology.
7 October 2013	Strategic Property Review and Council move to Friargate	Nigel Clews, Lisa Commane	The Strategic Property review and Council relocation to the Friargate development have significant implications for the Council's transformation journey and use of resources.
	Medium Term Financial Strategy	Paul Jennings	For the Scrutiny Board to comment on, and make recommendations about, the MTFs before it goes to Cabinet.
25 November 2013	Procurement Strategy	Liz Welton	To scrutinise the development and progress of the procurement strategy.
	Social Value Policy	Jenni Venn	To participate in the consultation on the Council's proposed Social Value Policy, which is due to go to Cabinet Member in January 2014.
13 January 2014	Customer Journey	Lisa Commane/ Chris West/ Belinda Black	To review vision and plans for Customer Journey programme under Kickstart.
	abc Transformation Programme Progress Report	Lisa Commane	To scrutinise progress on the abc Transformation Programme since the last report in July.
	Half yearly reports on agency workers/sickness absence	Jane Crawley	A regular update on progress on reducing staff sickness and use of agency staff across the Council
3 March 2014	Strategic Property Review and Council move to Friargate	Nigel Clews, Lisa Commane	To review progress on the Strategic Property Review and Council relocation to the Friargate development following discussion at the 7 <sup>th</sup> October Board meeting.
14 April 2014	TBC		

Finance and Corporate Services Scrutiny Board (1) Work Programme 2013/14

Meeting	Work programme item	Lead officer	Brief Summary of the issue
<b>Dates to be confirmed</b>	ACL	Chris West	Item to be scheduled at an appropriate time, following the judicial review.
	Pension Fund	Chris West	To scrutinise, at an appropriate time, changes to the pension fund.
	Electoral Registration	Liz Reed	To look at the number of registered voters for the 2014 elections and to consider the planned changes from 2015 when the Electoral Registration process is being changed from household registration to individual electoral registration in 2015. To also consider the sale of details from the electoral register.
	Business Services Review – progress report	Doran Pierce	SCRUCO looked at the evaluation report on 20th February 2013. This set out a series of recommendations which aimed to build the foundations of the future shape the service and assist in securing additional savings. It's recommended that scrutiny review progress is 6 months (August 2013).
	Review of Bailiffs Guidelines	Helen Harding	A review of the policy which provides guidelines to how Council appointed bailiffs deal with vulnerable people, and how the Council monitor how the guidelines are adhered.
	Progress update on Services to Schools	David Haley	An update on progress on how services are becoming more commercial in marketing themselves to schools and also progress on full-cost recovering where this hasn't already happened. Report expected June/July 2013
	Legal Services Costs and Income	Christine Forde	To review opportunities to reduce external legal spend and increase income generation opportunities from the service.
<b>Update reports – to be circulated with agendas for information only</b>			
Date to be confirmed	Half yearly reports on agency workers/sickness absence	Sue Iannantuoni	A regular update on progress on reducing staff sickness and use of agency staff across the Council <i>NB Half yearly report on sickness absence considered by the Cabinet Member Strategic Finance and Resources 2<sup>nd</sup> December 2013 – Chair of Finance and Corporate Services Scrutiny Board reviewed and decided not to bring report to Board.</i>

Meeting	Work programme item	Lead officer	Brief Summary of the issue
	Half yearly report on Benefits Service Performance	Tim Savill	A regular update on progress on performance in the benefits service. <i>NB Half yearly report considered by the Cabinet Member Strategic Finance and Resources 2<sup>nd</sup> December 2013 – Scrutiny Co-ordination Committee considered key issues as part of their 11<sup>th</sup> December meeting on Welfare Reform.</i>
	Half yearly report on Revenues Service performance	Jan Evans	A regular update on progress on performance in the revenues service. <i>NB Half yearly report considered by the Cabinet Member Strategic Finance and Resources 2<sup>nd</sup> December 2013 – Chair of Finance and Corporate Services Scrutiny Board reviewed and decided not to bring report to Board.</i>