

## CABINET MEETING – 10<sup>th</sup> March 2010

### EXECUTIVE SUMMARY SHEET – PART I

**Title of Report:**

Supporting the Efficiency Agenda - through the implementation of further key projects

**Author(s):**

Chief Executive

**Purpose of Report:**

The purpose of this report is to:

- to outline work undertaken to date to deliver the council's efficiency agenda and to recommend options to approve expenditure to further develop and improve value for money. This work is within the context of changing customer expectations and the need to deliver, with increased scale and pace, efficiency and effectiveness.
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**Description of Decision:**

Cabinet is recommended to:

- approve the expenditure of up to £2,000,000 from the Revenue Budget Contingency provision for Strategic Priorities for the Invest to Save Improvement Programme budget to enable the implementation of a number of efficiency projects;
- authorise the Chief Executive to undertake all necessary procurement and contractual arrangements in consultation with the Leader and Resources Portfolio Holder.
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**Is the decision consistent with the Budget/Policy Framework? \*Yes/No**

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

This approach:

- Provides a pragmatic solution to supporting the changing context in which local government is now operating – combining the best of what the council already has and enabling further efficiency and improvement with additional flexibility, pace and challenge.
- Proposes the use of resources to invest in detailed projects in order to deliver both efficiency savings and improved customer services.

Will ensure best value is achieved by seeking tenders or by the extension of existing contracts as appropriate.

**Alternative options to be considered and recommended to be rejected:**

- Do nothing – although the council remains high performing and delivers a range of good individual front-line services, the changing context of local government finance, coupled with the changing expectations of our customers, means that doing nothing is not an option as this would neither improve services nor deliver efficiency savings.
- Continue to deliver the efficiency programme without the significant increase in scale and challenge as set out in this report. This is not an option as the uncertainty in public service spending requires an increase in pace and investment.

<b>Is this a “Key Decision” as defined in the Constitution?</b> Yes	<b>Relevant Scrutiny Committee:</b> Management
<b>Is it included in the Forward Plan?</b> Yes	

**Report of the Chief Executive**

**Supporting the Efficiency Agenda - through the implementation of further key projects**

**1.0 Purpose of the report**

1.1 The purpose of this report is to outline work undertaken to date to deliver the council's efficiency agenda and to recommend options to approve expenditure to further develop and improve value for money. This work is within the context of changing customer expectations and the need to deliver, with increased scale and pace, efficiency and effectiveness.

**2.0 Description of Decision**

2.1 Cabinet is recommended to:

- approve the expenditure of up to £2,000,000 from the Revenue Budget Contingency provision for Strategic Priorities for the Invest to Save Improvement Programme budget to enable the implementation of a number of efficiency projects;
- authorise the Chief Executive to undertake all necessary procurement and contractual arrangements in consultation with the Leader and Resources Portfolio Holder.

**3.0 Background**

3.1 The council has a track record of both high individual service performance and continually delivering substantial efficiency savings. This is set within the context of the lowest council tax in Tyne and Wear and in the face of high levels of deprivation within parts of the city.

3.2 The environment within which local authorities operate is constantly changing and reflects the increasing expectations placed upon councils by both customers and central government. The efficiency agenda is an essential part of our response to increasing expectation, whilst, importantly acknowledging the emerging era of a reduction in public spending.

3.3 Cabinet agreed the Efficiency Strategy 2009/2010 to 2013/2014 in October 2009. This set out the Strategy by which the council aims to satisfy the Government's latest expectations for achieving efficiency within the public sector and recognised the need for longer term planning for efficiency savings to maximise the savings that can be generated in order

to address the future reductions in public spending which will impact on local authorities. It also reinforced the need for the council wide Efficiency Programme.

- 3.4 The council has continued to meet all of the requirements which have been placed upon it to date in respect of efficiencies whilst still delivering good individual services. The approach outlined in this report is about continuing the good practice that already exists within the council, whilst providing additional pace, scale and challenge to ensure the council addresses the reduction in public spending in a managed way.

#### **4.0 Context**

- 4.1 Given the anticipated significant long term pressure on public finances and the certain reduction in resources that are to be made available to local government over the medium to long term, it is vitally important for the council to continue to identify and maximise efficiency gains and savings, principally to seek to position the council as well as possible to improve and develop services whilst achieving significant reductions in cost. Accordingly the Medium Term Financial Strategy agreed by Cabinet in February 2010 includes stretching targets for future efficiency savings:

<b>Year</b>	<b>%</b>
2010/2011	4
2011/2012	5
2012/2013	6
2013/2014	6

- 4.2 It is clear that the position in relation to the economy remains uncertain, as does the extent and period of the constraints applied to public sector spending. The above targets are therefore subject to review as future government spending plans are announced.
- 4.3 The Medium Term Financial Strategy reported to Cabinet in February 2010 as part of the Revenue Budget 2010/2011 indicated that it will be necessary to secure significant efficiency and other savings over the period to 2013/2014.
- 4.4 The council's efficiency programme will play a key role in contributing to the achievement of these targets, though other Directorate based improvement programmes, modernisation strategies and efficiency measures will need to contribute to maximise the efficiency savings available.

- 4.5 It is clear the council needs to act now to take all reasonable steps to avoid reductions to front line services. This involves increasing the scale and pace of the efficiency agenda and ensuring the councils' future mode of operation is fit for purpose to enable it to continue to deliver efficiency savings within this changing context and financial environment. The council has an opportunity to invest to save in this current period before the significant and real term reductions in government grant settlements from 2011/12 onwards. The efficiency programme is bold but achievable and is based on a prudent review of our current way of working including an analysis of current roles and responsibilities compared with that required in the future.
- 4.6 As part of the council's ongoing considerations and preparations to assist our ability to work in new ways in the future the council has developed a range of efficiency work that has provided invaluable insight and understanding to how the organisation can move forward within this changing context. This work has been reported to Cabinet previously, and Cabinet has supported the development of programmes and projects that deliver the overall efficiency programme including projects such as e-procurement, fleet management, car leasing, print rationalisation.

## **5.0 Proposed Investment Portfolio**

- 5.1 It is proposed to continue the work that is already underway within key projects that have identified efficiency gains and builds on good practice already developed within the council and wider. It is therefore recommended that the council takes a pragmatic approach to delivering the changes required and so combines working on the development of new streamlined processes and procedures that deliver efficiency savings whilst continuing to practically deliver existing efficiency projects on the ground e.g. smarter working project agreed at Cabinet on 13<sup>th</sup> January 2010.
- 5.2 As part of the council's approach, supported by KPMG, the scope of activity required to transform the organisation to the emergent operating model has started to define a range of new projects that will provide both the continued improvement in value for money and deliver significant efficiency savings whilst ensuring improved service improvement.
- 5.3 To ensure that these projects deliver the efficiencies required and to act now to take all reasonable steps to avoid reductions in frontline services it is recommended to use the Invest to Save Improvement Programme Contingency as outlined to Cabinet on 10<sup>th</sup> February 2010.

5.4 This resource will invest in essential infrastructure, for example to provide greater transactional internet facilities; service re-design and re-engineering, staffing development, support and transitional costs including backfilling posts to increase capacity and capability; and to secure additional specialist skills. The aim being to both enable the improvement and development of services, whilst achieving the significant and necessary efficiencies.

## **6.0 Reason for decision**

6.1 This approach:

- Provides a pragmatic solution to supporting the changing context in which local government is now operating – combining the best of what the council already has and enabling further efficiency and improvement with additional flexibility, pace and challenge.
- Proposes the use of resources to invest in detailed projects in order to deliver both efficiency savings and improved customer services.
- Will ensure best value is achieved by seeking tenders or by the extension of existing contracts as appropriate.

## **7.0 Options**

- 7.1 Do nothing – although the council remains high performing and delivers a range of good individual front-line services, the changing context of local government finance, coupled with the changing expectations of our customers, means that doing nothing is not an option as this would neither improve services nor deliver efficiency savings.
- 7.2 Continue to deliver the efficiency programme without the significant increase in scale and challenge as set out in this report. This is not an option as the uncertainty in public service spending requires an increase in pace and investment.

## **8.0 Financial Implications**

- 8.1 Based on the requirements outlined above it is recommended to Cabinet to approve the expenditure of up to £2,000,000 from the Revenue Budget Contingency for Strategic Priorities for the Invest to Save Improvement Programme.

- 8.2 Subject to further development of the detailed business cases for each project it is anticipated, based on the outline business cases this investment will achieve £7.7m in 2010/11 and £15m by end of financial year 2011/12, allowing the council additional savings beyond the predicted target and providing greater flexibility to react to the current uncertainty within public spending and/or an opportunity to invest in priority actions.

## **9.0 Timescales**

- 9.1 All the projects have completed an outline business case with detailed project initiation projects and business cases being developed including a detailed risk assessment. Each project has a resource and project plan that will be further developed as business cases are finalised.

## **10.0 Reporting**

- 10.1 It is recommended that progress is reported to Cabinet on a quarterly basis outlining the efficiencies achieved.

## **11.0 Relevant Considerations**

- 11.1 As all projects within the council being managed within the council's standard project management methodology, all management products will be developed in consultation with a range of stakeholders on a project by project basis.

## **12.0 Background Papers**

Cabinet Report - June 2009

Cabinet Report - October 2009

Cabinet report – January 2010

Cabinet Report - February 2010

Sunderland Way of Working Risk Register

