

Committee(s):	Date(s):
Efficiency and Performance Sub (Finance) Committee	18 September 2012
Subject: Transformation and Efficiency Boards	Public
Report of: Deputy Town Clerk and Chamberlain	For Decision
<p><u>Summary</u></p> <p>Since the last sub-Committee meeting, the Transformation Board has met twice and the Efficiency Board once. In addition a joint meeting of the Boards was held to identify potential future areas for reviewing efficiency.</p> <p>The Transformation Board received a presentation on the second round of PP2P ChangeTracking results, discussed the latest information from the London Collaborative Efficiency Network, and considered the output from the joint meeting of the two Boards, along with the regular updates from all of the strategic reviews.</p> <p>The Efficiency Board continues to monitor the achievement of efficiency savings and budget reductions, and the latest position is reported in Appendix 1 to this report. The Board has also considered the future work programme of this sub-Committee, the “triggers” for departmental reporting, and a Local Government Association report on shared services.</p> <p>Recommendations</p> <ul style="list-style-type: none"> i That Members receive this update ii That Members note the proposed future work programme for this sub-Committee (appendix 2) iii That Members approve the “triggers” for departmental reporting (paragraphs 14-21) 	

Main Report

Background

1. At its 23rd May 2011 meeting, this sub-Committee received a report describing the establishment of two officer boards - the Transformation Board (concentrating on change management) and the Efficiency Board (concentrating on the achievement of savings and efficiencies). It was agreed that an update on the work of each Board would be provided at each meeting of this sub-Committee.

Transformation Board

2. The following issues have been discussed at the Transformation Board, chaired by Susan Attard, since the last sub-Committee meeting.
3. **PP2P ChangeTracking results** The Board received a presentation on the second phase (of three) of the PP2P (Procurement and Procure to Pay) ChangeTracking survey. This survey measures the extent to which the objectives of the change programme have been achieved, the impact on business performance while change takes place and the strength of critical change drivers, by surveying staff across the organisation. For this phase, 755 staff across all departments, including the City of London Police, were invited to participate, with a response rate of 64%.
4. The questions asked in the survey are grouped into twelve key “clusters”, such as “Management Commitment”, “Communication”, “Involvement” and “Passion and Drive”. The results show that improvements have taken place since the previous phase (six months previously) with an 8-17% improvement in nearly all of the key clusters, although most are still below the norm derived from surveys conducted in other organisations undergoing change.
5. The summary report for the City Corporation notes: “Support provided from Chief Officers, as well as the understanding of the PP2P vision for the future have increased. Roles and responsibilities, however, are unclear in relation to PP2P. As a result, people are feeling uninvolved in relation to PP2P. There is also lack of accountability for achieving objectives. The focus needs to be in increasing Involvement, Passion and Drive, and Accountability.”
6. Results are also provided at departmental level, and each department is required to produce an action plan in response to their results and to identify actions that have resulted in improved responses. These action plans will be reported to the Transformation Board and reviewed in the run up to the final survey. The Board noted the important role of the departmental change partners and the need to focus on the middle management communications

cascade and clearly explaining to staff the full range of tangible benefits anticipated from the PP2P programme.

7. **London Collaborative Efficiency Network** The Board received an update on the issues discussed by the LCEN, a meeting of officers representing the various sub-regional improvement and efficiency networks within London. The City has taken an active role by agreeing to host the meetings, which take place every two months and are attended representatives from the networks covering West, North, South and East London, from London Councils/Capital Ambition as well as City officers. These meetings provide a valuable insight into the collaborative projects taking place elsewhere in London, and provide an opportunity to discuss the risks and barriers to greater sharing as well as the opportunities and benefits. Information gained is fed back to officers involved in the specific service areas discussed as well as to the Transformation Board.
8. The most common collaborative projects are in the areas of procurement, adults' social care services and children's services. At the City, these areas are being addressed through the PP2P project and the Department of Community and Children's Services Commissioning Strategy. The most recent network meeting also discussed environmental services (e.g. waste collection, highways maintenance) where it was noted that despite the existence of sub-regional networks, many authorities are still operating individual contracts. The meeting also discussed apprenticeships and City officers were able to pass on details of the City's successful scheme, run by the Adult Learning Section in the Department of Community and Children's Services. There was also agreement that the Network should consider ways of promoting and communicating the efficiency and improvement projects and programmes being delivered in London.
9. **Strategic Opportunities Workshop** As noted at the last meeting, a joint meeting of the Transformation and Efficiency Boards was held in July to identify further areas or operations where detailed review would potentially be able to generate performance and behavioural improvements. Whilst acknowledging the significant improvements made by the City Corporation in rationalising back office services, restructuring and amalgamating departments, modernising HR practices, and improving corporate and individual performance management, it was concluded that opportunities existed for further developments in areas such as income generation and ways of working. Individual work areas were identified and lead officers agreed to develop outline project briefs. These were reviewed by the Transformation Board and further work requested in preparation for a discussion with the new Town Clerk.

10. **Updates on Strategic Reviews** The Board receives updates on the key strategic projects at each meeting. Issues highlighted recently include:
- i. **IS**: An Information Management Governance Board has been established and draft terms of reference agreed with the Chairman (Philip Everett). The Information Management Strategy will be reviewed by December 2012. Soft market testing for phase II of the IS review (alternative sourcing options) is taking place between August and October 2012.
 - ii. **PP2P**: A full update on PP2P is provided later on the agenda for today's meeting.
 - iii. **Strategic Finance Review**: Departmental views of the current service have been considered by the Finance leadership Group and an action plan has been agreed. Service protocols for two pilot departments have been completed, and will be rolled out to other departments for 2012/13.
 - iv. **HR**: The HR review has completed the professional consultation stage and several meetings have been held with staff to discuss the proposed model. The new structure creates further efficiencies with an additional £150K per annum taken out of the HR budget with effect from 1st April 2012. The final proposals will be followed by personal consultation and the new structure is anticipated to go live in November 2012.
 - v. **Property Facilities Management**: The proposed final FM restructure will be discussed with Chief Officers in the autumn, with all staff consultations and the end state restructure completed by March 2013.

Efficiency Board

11. The following key issues have been discussed at the Efficiency Board, chaired by Chris Bilsland, since the last sub-Committee meeting.
12. **Efficiency and Performance sub-Committee** The Efficiency Board has continued to discuss the items to be presented to future meetings of this sub-Committee, in accordance with the decision to focus on wider cross-organisational issues (i.e. 'thematic' reporting). The Board has discussed a forward plan for future reporting, which is included at Appendix 2. Members will note that this Transformation and Efficiency Boards update and the outstanding items schedule appear as standing items at each meeting.
13. The Board has also considered a draft report from the Efficiency Scrutiny Team (led by Internal Audit with assistance from the Heads of Finance and the Corporate Performance and Development Team) presenting the initial results

of an analysis of expenditure coded to Third Party Payments. This concluded that the significant areas of Third Party Payment spend were already under active consideration by existing reviews (e.g. PP2P; Department of Community and Children's Services Commissioning Strategy). The Board requested that further work be carried out before the report is presented to Chief Officers and to this sub-Committee in November.

14. **Triggers for Departmental Reporting** When this sub-Committee agreed to suspend departmental reporting and focus on wider cross-organisational issues, you reserved the right to review individual departments as and when particular issues of concern arose. The experience of the sub-Committee and its reporting officers has been that it can be difficult to filter through large amounts of data and find the exceptions and thresholds that are needed to inform the sub-Committee on service performance issues of concern which, in turn, the sub-Committee needs to meet its performance monitoring remit.
15. It was therefore agreed at your last meeting that a process of exception reporting would be implemented, requiring the definition of threshold points. It is proposed that these thresholds will be based on key indicators and alerts ("triggers") which notify that exceptional conditions of a critical nature have occurred.
16. The indicators and alerts are proposed as follows:
 - Indicators highlighted by the Local Area Performance Solution (LAPS);
 - Indicators highlighted from benchmarking studies;
 - Issues highlighted from external audit or inspections;
 - Issues highlighted in committee reports (e.g. quarterly performance and budget monitoring reports);
 - Issues highlighted in national studies, particularly the National Audit Office programme of reviews; and
 - Issues of public concern (i.e. with, or likely to have high media profile).
17. The above list is not meant to be exhaustive but does cover the main sources for comparative information relating to service performance.
18. Members will be aware that the Efficiency and Transformation Boards monitor performance across the whole organisation and therefore any indicators or issues highlighted will, in the first instance, generate a request for the department to report its actions to the appropriate officer board. This report will typically include the reasons for the concern and the corrective action proposed or implemented by the department. The board will then determine the necessity for escalating the concern to the sub-Committee for Member consideration, based on its evaluation of the processes in place, the robustness

of the corrective action and whether the triggered issues are repeated or on-going.

19. So far as defining thresholds is concerned, officers will report on any unresolved items which are thought to be business critical to the Corporation and therefore material. However Members will be well aware that, given the nature of materiality, professional judgment is required when making an assessment. Materiality cannot be looked at only from a quantitative standpoint, it is important to also consider qualitative factors – for example the reputational impact – which could turn a quantitatively small issue into a material issue.
20. Rather than setting a figure for materiality, a rules-based approach will be followed in determining whether an issue is material and should be reported to the sub-Committee. An issue will be deemed to be material if it:
 - reflects a failure to meet expectations;
 - has a significant impact on service performance and/or operating results; or
 - affects compliance with regulatory requirements.
21. Members are asked to comment on, and approve these proposals for triggering departmental reports.
22. **LGA report on Shared Services** The Board considered a report produced for the LGA (Local Government Association) analysing the financial and non-financial benefits of local authority shared services: “*Services shared: costs spared?*”. The report was produced by consultants Drummond MacFarlane, who met with the Deputy Town Clerk during their fieldwork. The help provided by the City Corporation is acknowledged in the report. The report examines in detail five examples which have achieved savings from reducing staff (removing duplication and management posts), better integrating IT, using property more effectively and improving procurement.
23. The research found that set-up and integration costs have been recouped by savings in less than two years in all cases, and that once the joint functions had been established, they could be expanded to provide services for other parts of the public sector, generating income and ensuring efficiencies through greater economies of scale. In many cases the shared services had also succeeded in providing the same or better levels of performance at less cost. In making recommendations to other councils, the report concluded that baseline financial and performance information is “essential” to make the case for change, and also to track the efficiency benefits.

24. The Board concluded that the report provided a useful summary of the key high-level issues relating to sharing services between authorities. It also provided reassurance that the City Corporation is taking the correct strategic approach and supported the methodology used for reviews such as PP2P. The report also contains an evaluation toolkit, which the Board felt would be useful when developing business cases for future shared services initiatives.
25. A report on the progress of proposals for shared services between the City Corporation and the City Police is presented separately on the agenda for this meeting, and an update on the wider shared services initiatives being pursued by City Corporation departments will be reported to the next meeting of this sub-Committee.
26. **Local Area Performance Solution (LAPS)** London Councils was due to release the quarter one (1st April – 30th June 2012) dashboard for LAPS, the benchmarking tool comparing service performance data from London Boroughs on 12th September. An interim version has been received which showed that of the 20 indicators applicable to the City Corporation, performance in 12 was in the top quartile and above average for a further 4, when compared with the other authorities who submitted data. A full report will be presented to your next meeting. This will include comments on the indicators where the City's performance is in the lowest quartile.
27. London Councils have announced that the LAPS dashboard and time series will be published in September 2012. Your officers will review which indicators are provided and ensure appropriate narrative is available on the City's website to put indicators into context where relevant.

LIS 14: % of carers receiving needs assessment or review

28. At your last meeting, a query was raised regarding this indicator where the City's performance was in the lowest quartile for the final quarter of 2011/12. At that time, the City was reporting that it had 57 registered carers for 192 clients receiving a community based service in the year. Of these carers, 20 received a carer assessment. The Director of Community and Children's Services has provided the following comments on the Department's plans to address this issue.
29. The Department of Community and Children's Services is in the process of commissioning a new, carer-focused outreach, support and early intervention service to deliver high quality outcomes for carers in the city. Part of this service will be information, advice, training and support for identified carers; as well as seeking to identify potential 'hidden carers' requiring support. The new provider will be identified in mid-October.

30. The Carers Strategy Action Plan for 2012/13 includes:

- Ensuring there is a reassessment of all known carers;
- Offering all eligible Carers an Individual Budget by March 2013;
- Ensuring all carers have an annual review by March 2013;
- Linking with providers to support identification and referrals for all new carers; and
- Refreshing and updating website information for carers and potential carers.

31. Internal quality assurance also includes auditing all incoming work into Adult Social Care to check whether a Carer has been identified within the assessment and if a review date has been set.

32. **Savings from strategic reviews and other initiatives** Appendix 1 shows the latest position in respect of the savings generated by the current programme of strategic and other reviews, as monitored by the Efficiency Board. Table 1 shows the reviews that have already generated savings during the current financial year (2012/13), along with the anticipated full year savings. Table 2 shows the same reviews, with the savings generated for the City Fund only. Members will recall that a savings target of £5 million per annum was set for the City Fund and this table allows for reconciliation against that target. Table 3 shows the impact of the departmental budget reductions implemented in 2011/12. These are reported separately as they are additional to the £5 million target.

Background Papers:

- *Report of the Chamberlain and Deputy Town Clerk to the Efficiency and Performance sub-Committee of the Finance Committee on 23rd May 2011: Transformation and Efficiency Boards*

Appendices:

1. Savings Schedule (as at 15th August 2012)
2. Draft work programme for the sub-Committee

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