

Committee(s):	Date(s):
Efficiency & Performance Sub (Finance) Committee	14 November 2012
Subject: Transformation and Efficiency Boards	Public
Report of: Deputy Town Clerk and Chamberlain	For Information
<p><u>Summary</u></p> <p>Since the last sub-Committee meeting, the Transformation Board and the Efficiency Board have each met twice.</p> <p>The Transformation Board received a presentation from the Director on the Department of Community and Children’s Services Commissioning Strategy; discussed the development of new strategic projects arising from the Strategic Opportunities workshop, and received the regular updates from the current programme of 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 discussed how it can continue to support this sub-Committee, including by monitored the agreed “triggers” for departmental reporting, and received a series of updates on current projects.</p> <p>Recommendations</p> <p>That Members receive this update</p>	

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. **Department of Community and Children's Services Commissioning Strategy** The Board received a presentation from the Director, who shared her experiences and lessons learnt around moving the Community and Children's Service to a commissioning model and reshaping the service to incorporate healthcare changes from 1st April 2013. She stressed the importance of having a clear business case; support from colleagues, including Members; robust data with which to benchmark; determined leadership; and a commitment to delivering quality services to (at times) highly vulnerable people. She outlined the main barriers experienced to implementing change and how these were overcome.
4. The Board thanked the Director for sharing her experience and generally agreed this was one of the most helpful presentations they had heard, particularly in respect of practical advice for officers managing transformational change projects.
5. **Strategic Opportunities Workshop** The Board considered draft project briefs produced for four work streams that were identified following the Strategic Opportunities Workshop held earlier in the year. Outline approval to progress in developing the reviews has been given by the new Town Clerk, and each review has been allocated a senior or Chief Officer as project sponsor. They will each be supported by a senior manager from the cohort who have received Ashridge management development training. In addition to the project briefs, outline "journey maps" will be produced to show the key phases and milestones of each project, along with the key benefits and resource requirements.
6. The reviews will be monitored through the Project Vision system, currently used for projects within the scope of the Projects sub-Committee, in order to maintain a consistent programme management discipline. At the most recent meeting, the Board approved the outline briefs, and asked for further development of project plans and journey maps, with clearer statements of the desired benefits. These will be reviewed at a special meeting of the Board in December, before being presented to Chief Officers.
7. As part of one of these projects, the Board was updated on proposals for a pilot study on more flexible ways of working being conducted with the IS Division in Guildhall Justice Rooms.
8. The Deputy Town Clerk also reported her attendance at a seminar at which officers from Northamptonshire County Council presented their work on "Understanding and Managing Demand for Public Services". There were a

number of synergies between this presentation and areas within the scope of the new or existing corporate reviews, and a visit is being planned to discuss these in greater detail.

9. **Shared Services** The Board received an update on various shared service initiatives being pursued by the Departments of the Built Environment; Community and Children's Services; Culture, Heritage and Libraries, and Markets and Consumer Protection. These includes examples of the City Corporation providing services for London boroughs; services being outsourced, and services being better joined-up internally. There are also examples where the City Corporation has discussed sharing services with London boroughs, but has failed to reach agreement due to factors outside of its control. A separate report on shared services is presented elsewhere on the agenda for today's meeting.
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, and a report on procurement options is due before the IS sub-Committee on 5th November.
 - ii. **PP2P**: The CLPS (City of London Procurement Service) is on schedule to deliver the three planned waves of work by March 2013. The first phase of CLPS recruitment was completed during August and September, when 22 vacancies were advertised internally, with 18 staff successfully recruited. The third ChangeTracking survey will take place in March/April 2013, in line with the CLPS wave 2 go-live. 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.
 - iii. **Strategic Finance Review**: Training for budget managers has now progressed to mainstream activity. The service protocols for departments have been rolled out and should be finalised by 31st October. Work is continuing on further improving the Financial Management Information system, and amendments have been made to the "budget bursting" reports, following feedback from budget holders.

- 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. Mobilisation of the new contractors: Mitie (building repairs and maintenance) and Apex (lifts) continues.
- vi. Accommodation (vacation of Guildhall Yard East): Approval to Gateway 5 (Authority to start works report) was achieved on 24th September. The final layouts have been agreed and signed off by Chief Officers and contractors are being procured through the City Surveyor's Minor Works Framework. The first move takes place at the beginning of November. The project is being delivered within the budget of £600k – excluding staff costs and fees.

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 support that it provides to this sub-Committee. The Board agreed that the schedule of outstanding actions for the sub-Committee would be reviewed and updated at every meeting of the Board. The Board noted the triggers for departmental reporting agreed by the sub-Committee at the last meeting and agreed that the triggers would be reviewed at each Board meeting. In support of this, the Board will involve the Chamberlain's Heads of Finance and the Town Clerk's Policy Officers.
- 13. In respect of the triggers, the Board noted that no issues had arisen from most recent budgetary monitoring reports or from the LAPS quarter 1 report (reported below). It was also noted that the National Audit Office was due to issue its next national local government study, on Financial Stability, before Christmas. This will be followed by reviews of Local Transport, and of Police Procurement. The City Corporation is participating in four CIPFA benchmarking clubs, and data collection has commenced. The Board noted that an overspend had been identified for the GSMD, relating to a delay in

implementing new contracts for some staff, but that this overspend would be reduced before the end of the financial year.

14. **Corporate efficiency/savings programme** The Board has received a series of updates on elements of the efficiency/savings programme, as follows:

- **Income Maximisation**: The Board discussed progress on the review of income maximisation, previously reported to this sub-Committee. It was acknowledged that certain areas of the City Corporation already display expertise in marketing and a commercial approach to income generation. The focus of the review should therefore be on learning from this experience and focusing attention selectively on those areas where there was less commercial thinking and a targeted intervention could result in significant benefit. Best practice would then be spread across the organisation by showcasing these successful interventions. The Board noted that the wide range of services provided by the City Corporation meant that what was successful in one area would not necessarily be successful in another.
- **Third Party Payments**: An interim report on the detailed analysis of all payments coded as “third party payments” during 2011/12 was considered by the Board, who requested that further detailed work be carried out. Total payments of some £105m over the three years 2009/10 to 2011/12 were examined. This will include identifying which contracts are outside of the immediate scope of the PP2P project and where there may be opportunities for detailed review to identify savings.
- **Supplies and Services**: The Board noted that a detailed “line by line” review of supplies and services expenditure for 2011/12 had commenced, covering payments with an budgeted value of some £111m. In view of the similarities with the review of Third Party Payments, the Board requested that a single report be prepared, covering both areas.
- **Departmental savings 2013/14 and 2014/15**: The Board noted that Chief Officers are in the process of developing their savings proposals for 2013/14 and 2014/15, in line with the agreed Budget Policy, and agreed to review progress towards the overall target savings.
- **Grants**: An analysis of all grants from City Fund and City’s Cash, excluding the Museum of London and London Symphony Orchestra is also being prepared. This will be analysed to determine whether there are opportunities for savings that can be proposed to Members.

15. **HMIC (Her Majesty's Inspectorate of Constabulary)** The Board considered two recent publications by HMIC. The first was a national report on police authorities' budget preparations for 2013/14 and the development of governance and accountability models under the new Police and Crime Commissioners. Although this regime does not apply in the City of London, the report was considered in order to ensure that the governance of the City of London Police by the City Corporation in its role as Police Authority reflects the best and most up-to-date practice elsewhere in the country, and financial arrangements are being specifically considered in this context
16. HMIC have also published draft Value for Money Profiles for 2012, comparing the City Police with other territorial forces in England and Wales. These will be the subject of a detailed report to the Police Performance and Resource Management sub-Committee at its first meeting of 2013. The initial analysis reported to the Efficiency Board noted that the City of London Police generally emerged as the force with the highest costs and lowest crime rates in the country. It was noted, however, that the data related to the position before the implementation of the City First programme, which responds to the significant reduction in government grant support for the City Police.
17. **Local Area Performance Solution (LAPS)** The Efficiency Board considered the final quarter one dashboard (1st April – 30th June 2012) for LAPS, the benchmarking tool comparing service performance data from London Boroughs. Of the 20 indicators applicable to the City Corporation, performance was in the top quartile for 12 indicators, and above average for a further 5, when compared with the other authorities who submitted data. The City Corporation was in the bottom quartile for only one indicator, LIS 22.
18. London Councils have delayed publication of the LAPS dashboard whilst further consultation takes place with Borough Leaders and Chief Executives. A further announcement is expected in early November. Your officers will ensure that an appropriate narrative is available on the City's website to put indicators into context where relevant.

LIS 22: % of council tax collected

19. The City Corporation value is 27.7%, below the group average of 31.2%. However, this is within 0.1% of the figure for quarter one of 2011/12, and follows the normal pattern of being below the London average at this time of year. By the end of the year, the City is consistently amongst the best performers nationally on this indicator and therefore this is not a cause for concern.

20. **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*

Appendix:

1. Savings Schedule (as at 12th October 2012)
2. LAPS dashboard for Q1 of 2012/13

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