

<b>Committee:</b>	<b>Date:</b>
Efficiency and Performance Sub Committee	05 March 2014
<b>Subject:</b> Transformation and Efficiency Boards - update	<b>Public</b>
<b>Report of:</b> Chamberlain and Deputy Town Clerk	<b>For Information</b>
<b>Summary</b>	
<p>Since the report to the last Sub Committee, the Transformation Board and the Efficiency Board have each met once.</p> <p>The Transformation Board has discussed the future work of the Board, by bringing together a portfolio of key transformation projects across the organisation, and reviewed progress on a number of the specific issues considered by the Board during 2013. The Board also received a presentation on the Department for Communities &amp; Local Government (DCLG) Local Digital Campaign, 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 3 to this report. The Board has also discussed the service-based review process, reports published recently by the Audit Commission and Grant Thornton, and how it can continue to support the work of this Sub Committee.</p> <p><b>Recommendation</b></p> <p>Members are asked to receive this update</p>	

## Main Report

### **Background**

1. At its 23<sup>rd</sup> 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. **Updates on Strategic Reviews** The Board received updates on the key strategic projects. Issues highlighted recently include:
- a. **IS phase 3 – alternative sourcing options**: The three-month transition of operational services was completed on time at the end of November. The key focus has been on getting the basics right, with an early success being the transfer of Service Desk agents to an integrated and larger base in Barking. The Strategic Partnership is developing well, with IS staff working closely with Agilisys on a number of strategic projects, and a series of service and process improvement projects will continue to run throughout 2014.
  - b. **CLPS**: Service Delivery within CLPS has continued to improve against key corporate measures (e.g. 30 day payment term invoices; % calls answered). Departmental compliance continues to be monitored and escalated where necessary. An active campaign has been initiated to engage with departments on training needs to address compliance and improve process efficiency. Reverse transition (to replace Accenture resources with City Corporation employees) is still in progress. Results to date have been mixed, but more active recruiting campaigns have been commenced where appointments have not been able to be made. In other areas, extensions for Accenture resources have been agreed to mitigate risk.
  - c. **Strategic Finance Review**: Events to formally launch the money dashboard, business partnering handbooks, and training took place in October and December with a further event taking place on 17<sup>th</sup> January. As a result over 140 budget managers have attended an event. Budget Manager eLearning modules are in development, incorporating business partnering initiatives. The first concerning financial management at the City will be launched by the end of January and a second on budget management will be available in the spring. Further modules on strategic finance, project finance and financial reporting will be developed in due course. Work is ongoing on the quality of financial information in CBIS alongside the Oracle R12 project.
  - d. **HR**: The HR structure has been reviewed in the light of senior management vacancies. Interim arrangements are in place which will be reviewed in March, taking this year's business plan and other significant issues into account. Reviews of HR policies; iTrent functionality; and pay and conditions, starting with allowances and market forces supplements, are underway.
  - e. **Accommodation** All construction works and moves were completed within the overall £600k approved budget. Guildhall Yard East has been vacated, with the exception of the Contact Centre, which is due for relocation to a temporary home in March/April 2014.
4. **Demand Management** As reported to this Sub Committee in November 2013, the Board discussed, in September, a report outlining proposals relating to the effective management and procurement of professional and cost

effective legal services for the City Corporation. The recommendations of the report included the drafting of a protocol to set broad principles for engagement with service departments, which was to be reported back to the Board. In February, the Board received a draft Professional Service Protocol, the purpose of which is to ensure that legal resources are deployed in the most efficiency and cost effective manner possible and to effectively manage demand. The draft protocol includes sections on client care standards, indicative timescales for major areas of work, the roles and responsibilities of the Comptroller and City Solicitor's Department and client departments, charging, performance monitoring, and the storage of papers and documents.

5. **Update on reports considered during 2013** The Board considered a series of updates on reports considered during 2013, including:
6. WarpIT - internal recycling of stationery and furniture. In the first two weeks of operation, over 70 staff have registered to use the system and over £600 in avoided unnecessary purchase and disposal costs is estimated to have been saved. Six partner charities have also been contacted, for items that are not re-used internally.
7. Yammer – internal collaboration tool. The lessons learned from piloting the use of Yammer, and research into its use in other organisations, have fed into the recent IS Strategy. In particular, the benefits and opportunities that can be achieved through more pro-active deployment of in-house collaboration tools have influenced the Better Working Practices theme of the strategy.
8. My Council Services app – a multi-function, multi-platform app allowing residents, businesses and visitors to make contact with the City Corporation directly from smartphones and tablets. This app is currently being used by a number of local authorities. Meetings are being held with departments to gain approval on content, and a range of forms are being uploaded in advance of a “soft launch” of the app.
9. My City Story - staff tweet about their jobs for a week or two at a time, reflecting the breadth and depth of the City Corporation. The account was launched on 17<sup>th</sup> October, as part of a digital local government event on Twitter called “Our Day”. The account currently has 135 followers and has sent over 300 tweets.
10. Staff Suggestion Scheme. Research amongst staff generally, and the administrators of the existing scheme, identified two key areas of weakness behind the lack of success of the current scheme: governance, and lack of awareness. A revised scheme was proposed that would address these weaknesses, improve staff engagement and encourage innovation. The proposed new scheme includes the introduction of an ideas board, a structured idea review process, a software based ideas management system, seed funding for ideas, a themed approach for idea generation and a high profile re-launch for the scheme. The most important factor in the success of the new scheme will be the commitment of all levels of management to accept and implement approved ideas. Work is currently taking place with the IS Division to investigate technology platforms which would support the processes within the revised scheme.

11. **DCLG Local Digital Campaign** The Board received a presentation by the Head of Access to Services at the City Corporation, who is job-sharing as a Director of the Department for Communities & Local Government (DCLG) Local Digital Campaign. This is a major initiative to support and foster the development of excellent local digital services that the public choose to use, by working with strategic and business managers in local authorities, and with businesses and suppliers. The vision is “to support the delivery of excellent seamless services to users across local and central government, with the key objectives of:
- Amplifying the best of digital innovation and culture change to accelerate public sector collaboration and use of digital to save money; and
  - Creating lasting two-way knowledge and resource sharing between central and local public services.”
12. **Future work of the Board** The Board discussed the future focus of its work, noting that it needed to focus on a portfolio of key change/transformation projects, covering IS projects, HR projects, departmental change initiatives, and reviews arising from the service based review. It agreed that a smaller core group should be formed to more closely monitor and track progress on this portfolio of key change projects, with a larger group meeting less frequently to disseminate the lessons learned, experiences of running change programmes elsewhere and other wider issues. Further work is continuing to assemble the list of key projects.

## **Efficiency Board**

13. The following key issues have been discussed at the Efficiency Board, chaired by Chris Bilsland, since the last Sub Committee meeting.
14. **Efficiency and Performance Sub Committee** At each meeting, the Efficiency Board discusses the support that it provides to this Sub Committee, including reviewing the Sub Committee’s list of outstanding items and the potential departmental triggers. External triggers considered by the Board in February were:
- Tough Times 2013 – annual update by the Audit Commission*
15. This is the Audit Commission’s third and final report assessing the financial health of councils since 2010. It examines how councils have coped in the face of considerable financial challenges, most notably a £6 billion (19.6%) real-terms reduction in government funding from 2010/11 – 2013/14. Despite the challenges, the report finds that England’s councils have demonstrated a high degree of financial resilience over the last three years, with the majority of councils experiencing no serious difficulties in delivering their agreed budgets. But, the Commission says, with uncertainty ahead, councils must carry on adapting in order to fulfil their statutory duties and meet the needs of local people.
16. A survey of auditors appointed by the Commission, found that 89% of councils experienced no significant difficulties in delivering their agreed budget in

2012/13 (compared with 88% in 2011/12). The majority of councils (71%) delivered their budgets without needing to take unplanned actions. The three strategies most widely adopted by councils in response to their financial challenges since 2010/11 were: reducing overall staff numbers; delivering some services more efficiently; and reducing or restructuring the senior management team. From 2010/11 to 2012/13, reduced spending on staff accounted for 48 per cent of councils' total spending reductions. Auditors were less confident about councils' future financial prospects and their ability to deliver their medium-term financial plans; one third of councils are considered to present a future financial risk.

*"2016 tipping point? Challenging the current": Summary findings from third year of financial health checks of English local authorities – report by Grant Thornton*

17. This report assesses the resilience of local government to the financial, economic, demographic, policy and other challenges that the sector is facing, and looks at how effectively the sector delivered the first year of the front loaded 2010 spending review. The report is based on a national programme of financial health check reviews that were conducted initially during 2011 and 2012, and repeated during 2013.
18. Grant Thornton's survey found that the sector has shown great resilience and focus, and carried on with the delivery of local services since cuts began in 2010/11. Some local authority types are more financially resilient than others; county and district councils fare well, but metropolitan authorities less well. However, funding reductions will start to bite harder and deeper, and the report predicts that local government finances face a 'tipping point' in 2015/16. This 'tipping point' might come in several guises, including an inability to make essential decisions, delivery statutory responsibilities or set a balanced budget.
19. The report notes that as government grant continues to fall, authorities will need to have a relentless focus on generating additional sources of revenue income, and the trend towards increased use of alternative delivery models with public, private and third sector partners (including shared services and strategic partnering arrangements) will also need to accelerate. However, it also concludes that for many authorities; "some form of reorganisation, statutory or otherwise, will be a necessity".
20. **Service-Based Reviews** The Board discussed a number of aspects of the service based review process, including the outcomes from the Resource Allocation Sub Committee meeting in December 2013 and the joint meeting of this Sub Committee with the Resource Allocation Sub Committee and Committee Chairmen in January 2014. The Board also discussed the future impact on its work, and on the role of this Sub Committee, particularly in the period after the long-list of options and possible savings has been considered by Members in the summer.
21. **Performance Dashboard 2013-14 Q1 and Q2** The Board noted the latest City of London performance dashboards, compiled quarterly by London Councils. These are attached at Appendices 1 and 2. On the dashboards, the City's performance is shown in the column headed 'value', and by the black

diamond (◆) in the column headed 'better performance →'. The 'group average' is calculated from those boroughs that submitted data. The number of boroughs submitting data for each indicator is shown in the 'group average' column.

22. The table below summarises the City's performance for the two quarters reported:

Number of performance indicators	Top quartile	2 <sup>nd</sup> quartile	3 <sup>rd</sup> quartile	Bottom quartile	n/a*	Total
Q1 2013-14	12	6	0	1	17	36
Q2 2013-14	9	7	1	1	18	36
Change in numbers	-3 (2 to 2 <sup>nd</sup> quartile; one to n/a)	+1 (2 from top quartile; one to 3 <sup>rd</sup> quartile)	+1 (from 2 <sup>nd</sup> quartile)	--	+1 (from top quartile)	--

\*We do not submit returns where the raw data value is <10.

23. The City continues to perform well against the revised London Dashboard, with minor fluctuations from quarter to quarter. The two indicators for which below average performance was recorded in these quarters are:
- **DB 35:** Percentage of minor planning applications determined within 8 weeks – third quartile in Q2. Performance in Q2 was 71%, marginally below the London average of 71.1%; and
  - **DB 36:** Percentage of 'other' planning applications determined within 8 weeks – bottom quartile in both quarters.
24. As reported previously to this Sub Committee, performance on these indicators continues to be monitored by the Departmental Management Team; analysis showing that the delay is mainly due to the impact of negotiations with applicants to secure approval of the application, which is the department's key aim. Results for quarter three show that performance on minor applications has fallen slightly to 69%, whilst performance on 'other' applications has improved to 80%, which is likely to lift this indicator out of the bottom quartile when the overall Q3 results are made available in early March.
25. **Savings from strategic reviews and other initiatives** Appendix 3 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. Following discussions at the last meeting, the appendix has been revised, to show:
- **Table 1** – savings from the Service Based Review. Currently, those savings agreed by the Resource Allocation Sub Committee in December 2013. Further savings will be added as they are agreed by the Resource Allocation Sub Committee, from June onwards.
  - **Table 2** – full year impact of savings achieved from pre-2011/12 reviews and budget reductions (including PP2P)

- Table 3 – full year impact of the 2011/12 budget reductions (including 12½% budget reductions)
- Table 4 – full year impact of the 2013/14 and 2014/15 2% agreed budget reductions

## **Appendices**

- Appendix 1 – LAPS Dashboard (Q1 of 2013/14)
- Appendix 2 – LAPS Dashboard (Q2 of 2013/14)
- Appendix 3 - Savings Schedule (as at 13<sup>th</sup> February 2014)

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