

Committee(s):	Date(s):
Efficiency and Performance Sub (Finance) Committee	12 th July 2012
Subject: Transformation and Efficiency Boards	Public
Report of: Chamberlain and Deputy Town Clerk	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 on the Accommodation Review, and a presentation from the new Chief Information Officer regarding his experiences of sharing IS services. It also considered a recent report on “Leading Communication”, 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 support for the future work programme of this sub-Committee, following the report agreed at your last meeting; the evidence requested by external audit for their value for money conclusion on the City Fund accounts; a recent report from the PwC Public Sector Research Centre exploring how councils have coped with central government funding cuts, and the latest performance benchmarking information from London Councils (LAPS).</p> <p>Recommendation</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. **Guildhall Accommodation Review** The Board received a presentation on the Guildhall Accommodation Review, setting out the aims and core principles of the project, along with the latest position. The project aims to maximise the use of office accommodation in Guildhall North Wing and Walbrook Wharf with the aim of releasing Guildhall Yard East (GYE), promoting the opportunity for occupation of GYE by the City Police. Targets have been set for the amount of space per workstation; ratio of workstations to staff (full time equivalent) and linear metres of storage, which are stricter than current levels.
4. The proposals have been approved by the Policy and Resources Committee and the Projects sub-Committee and detailed design and programming discussions are taking place. The Deputy Town Clerk praised the City Surveyor's staff for the extensive consultation that had already taken place. It was noted that the moves would take place between September 2012 and summer 2013.
5. The City Surveyor noted that although this project was driven by the rationalisation of property, accommodation changes in future would need to be part of a holistic approach to "ways of working" which had clear links to HR policies, IT infrastructure and productivity issues. He also noted his intention to provide Chief Officers and managers with better and more timely information regarding property occupation and costs.
6. The next stages of the Accommodation Review will be a project to explore ways of working, including flexible working arrangements. The project board for this review will be led by the Deputy Town Clerk.
7. **Chief Information Officer** The Board received a presentation from the new Chief Information Officer (CIO) regarding his experiences of overseeing a complete upgrade of the IT estate at the London Borough of Waltham Forest as part of a wider transformation programme which included a new Customer Relationship Management system, a new website and changes to flexible working arrangements. He outlined the benefits and lessons learned from a partnership with Havering and Newham to deliver a "One Contact" programme. These included greatly reduced costs and risk; the need for strong programme management, and the need to accept that sharing services may

require some relinquishing of sovereignty by the participants. The City Corporation now has the opportunity to contribute to, and benefit from, future developments.

8. He also spoke about a separate shared service agreement with Haringey, based on an acceptance that the two authorities ran very similar processes. He identified strong leadership from the Chief Executives, combined with strong programme management as essential pre-requisites. During discussions with Board members, it was noted that the key emerging themes to successful shared services were clarifying issues of sovereignty, being able to compromise, and take a pragmatic approach.
9. When discussing IS service at the City, the CIO emphasised that IS will be driven by the requirements of the business following consultation to define requirements and develop service level agreements. He would also seek to apply corporate strategy across all activities, with appropriate governance and structure.
10. **“Leading Communication: How Leadership Can Help Overcome Uncertainty during Massive Change”** The Board discussed a summary of this report, produced jointly by The Municipal Journal and SOLACE Enterprises. The report aims to provide managers in local government with advice on how to communicate and manage change during a period of budget reductions and rising demand for services. Central to the recommendations are that in periods of uncertainty, leaders need to provide *certainty* and *inspire* colleagues. This contributes to an environment where an organisation can survive and thrive. Whether or not change is successful will depend on how leaders behave and communicate.
11. The report stresses the need for communication to be based on robust evidence (not assumptions); to avoid anxiety for staff not impacted by the change; to recognise the impact on individuals; and to be honest. Managers are encouraged to be visible during periods of change; self-aware regarding their style of communication; and to demonstrate listening. The Board agreed that this was a report that could usefully be used as part of middle manager training, and shared with the lead officers on change projects and the internal communications group.
12. **Updates on Strategic Reviews** The Board receives updates on the key strategic projects at each meeting. Issues highlighted recently include:
 - i. **IS**: A draft Service Level Agreement is being developed with Culture, Heritage and Libraries as a template for other departments – the target is to have these agreed by August 2012. Recruitment to vacant posts created

as part of phase II (unification) will take place in June. Union consultation has begun on phase III (alternative sourcing options).

- ii. PP2P: Mobilisation meetings have been held with the successful bidder for the Highways Repairs and Maintenance contract to ensure services can commence on 1st July on the expiry of the current contract. The preferred suppliers for the Building Repairs and Maintenance have moved on site and are progressing mobilisation activities. The launch of the City of London Procurement Service is targeted for November 2012, and detailed process workshops are underway with departmental local process experts to document how things are done currently and to determine the new processes to be implemented.
- iii. Strategic Finance Review: New style monthly budget monitoring reports are to be sent directly to responsible budget managers from June. A training module is being developed along with a delivery plan to support the roll out and supplemented by other financial management models. A pilot financial processes mapping exercise has been completed with further processes to be reviewed and improvements considered. Departmental views of the current finance service have been provided and an action plan for specific improvements is being developed for consideration by the Strategic Finance Review Board.
- iv. HR: The HR review has now completed the professional consultation stage. Several meetings have been held with staff to discuss the proposed model. This takes on board all the feedback from staff and departments, and focuses services into independent units - away from the mixed model of departmental and specialist units. This was always the intention of phase II of the review following on from phase I which brought departmental services together but retained the corporate specialist units. The new structure creates further efficiencies taking an additional £150K per annum out of the budget. The Director is currently considering the feedback from professional consultation and anticipates sending out final proposals by the end of June. Personal consultation will follow and the new structure is anticipated to go live in November 2012.
- v. Property Facilities Management: The interim restructure for the City Surveyor's Department has been completed and the transition to the new Facilities Management operating model is in progress. The Court of Common Council approved on 19th April the new Building Repairs and Maintenance contracts to start on 2nd July 2012. Awareness training has been held for staff. The minor works and construction work supplier frameworks are currently being tendered.

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** The Efficiency Board discussed the headline areas reported to your last meeting as the initial areas to be scrutinised as themed/cross-cutting reviews. Initial efforts will concentrate on the key expenditure areas of supplies and services, third party payments, premises costs and central risk. Detailed ('line-by-line') analyses will initially be carried out on third party payments, central risk grants and supplies and services. These will then be reconciled with areas already within the scope of PP2P to avoid duplication of effort. Further consideration will then be given to the findings by the Efficiency Board, in conjunction with the Finance Leadership Group. The results will be reported to this sub-Committee.
15. Other areas discussed are subject to separate review, particularly energy expenditure, and insurance and the Efficiency Board has requested updates on these areas. A joint meeting of the Transformation and Efficiency Boards has been arranged for 16th July, with external facilitators, to identify further areas or operations where detailed review would potentially be able to generate efficiency savings and produce a prioritised plan of action.
16. **Value for Money Conclusion** For the financial year 2011/12, the external auditors are required to give their statutory VFM conclusion based on the following two criteria specified by the Audit Commission:
 1. The organisation has proper arrangements in place for securing financial resilience. The focus is on whether the organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
 2. The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness. The focus is on whether the organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions, and improving efficiency and productivity.
17. In support of their work, the external auditors have requested, and been sent, information on areas including the work of this sub-Committee; PP2P; the accommodation review; the Commissioning Strategy of the Department of Community and Children's Services; engagement with staff in respect of the 12½% budget reductions; shared services; the impact analysis presented to Members supporting the 12½% budget reductions; evidence of the use of units

costs and benchmarking; and member engagement in the drafting of the Corporate Plan. The auditors have also met with the City Corporation's Head of Corporate Performance and Development, and the City Police's Director of Corporate Services.

18. **"The (local) state we're in"** The Board considered this PricewaterhouseCoopers (PwC) survey on local government's financial challenge for 2012. The survey confirms that local authorities have successfully delivered against an ambitious programme of financial savings over the last year, without any marked reduction in the quality of frontline provision: *"Much of the focus has remained, and will continue to remain, on squeezing further savings and efficiencies through the way that councils operate internally and through tightening arrangements around their third party spend. Much of the internal focus remains on improving back office operations and transforming processes."*
19. The survey also highlights a notable nervousness within the sector of further financial pressures beyond the current Spending Review period and Parliament. It identifies the single largest challenge as the seemingly inexorable growth in demand for services, in particular social care: *"For these reason, councils are increasingly focusing on how to secure significant savings, and desired outcomes through effective demand management."*
20. It notes that while councils may be seeking increasingly to reduce or divert demand, they will need to be sensitive to a changing public attitude that will likely be more hostile towards perceptions of reduction than it has been so far. The survey shows that there is much more councils can and should be doing to engage local communities and individuals about the difficult choices they are facing: *"If demand management is to succeed, local councils will need to find more effective means of engaging communities and individuals than they have to date."*
21. The Board felt that the report provided a useful summary of efficiency areas that councils are tackling. These correspond largely with the areas already being worked on or considered by the City Corporation, thus providing reassurance and reinforcement that the Board is scrutinising the correct areas.
22. **Local Area Performance Solution (LAPS)** London Councils has recently released the quarter four (1st January – 31st March 2012), dashboard for LAPS, the benchmarking tool comparing service performance data from London Boroughs. This is attached at Appendix 2. Thirty indicators are reported, split into five themed groups. The City Corporation's performance data is in the column headed 'value' and shown by the ♦ in the diagram of relative performance, which is divided into quartiles, with the best performance to the

right. Green squares represent performance which is quite or significantly above average; red circles represent performance which is quite or significantly below average.

23. Of the 26 indicators applicable to the City Corporation, performance in 18 was in the top quartile and above average for a further three, when compared with the other authorities who submitted data. The City is no longer submitting returns for the following indicators as the raw data is fewer than 10 cases:- child protection cases reviewed; children having a 2nd or subsequent child protection plan; and care leavers in employment, education or training.

24. For all areas where the City’s performance fell below the London average the relevant department was required to provide an explanation and further comment to the Efficiency Board. There are three indicators where the City’s performance is in the lowest quartile, as follows:

LIS 14: % of carers receiving needs assessment or review

25. The City had 57 registered carers for 192 clients receiving a community based service in the year. Of these carers, 20 received a carer assessment. The indicator is calculated by dividing the number of carer assessments by the number of clients. This indicator has been cancelled and is not part of the new Adult Social Care Outcomes Framework.

LIS 25a: Determination of minor planning applications, and
 LIS 25b: Determination of other planning applications

26. As noted in the last update, performance on these indicators has been reviewed by Internal Audit and the Director of the Built Environment has responded that recent changes would result in an improvement in these indicators, and that these indicators are now part of the department’s routine business plan monitoring. Performance has now improved, as follows:

	Third quarter	Fourth quarter
LIS 25a – minor applications	52%	73%
LIS 25b – other applications	56%	72%

27. London Councils have announced that the LAPS dashboard and time series will be published in September 2012. The publishing strategy will be circulated to borough performance officers shortly for comment. 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.

28. **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.
29. Since the last report, the reported savings figures for Security Contract, and Cleaning and Window Cleaning Contract have been reduced because savings for the Barbican Centre and GSMD have not proved to be realisable.

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
2. Local Area Performance Solution (LAPS) Q4 dashboard

Contact:

Neil Davies, Head of Corporate Performance and Development
020 7332 3327
performance@cityoflondon.gov.uk