

PRINCIPAL SCRUTINY COMMITTEE

26 March 2007

SCRUTINY REVIEW – GERSHON EFFICIENCY SAVINGS

REPORT OF GERSHON EFFICIENCIES INFORMAL SCRUTINY GROUP

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RECENT REFERENCES:

PS 264: Scrutiny Review – Efficiency Savings (Principal Scrutiny Committee 15 January 2007)

EXECUTIVE SUMMARY:

The final report of the Informal Scrutiny Group investigating the Council's approach to making efficiency savings is attached as an Appendix to this report.

An interim report covering the first stage of the review was brought to this Committee in January 2007. This looked at how well the Council is achieving Government targets for efficiency savings and concluded that, while the overall target was likely to be achieved, more focus should be given to more efficient working in addition to 'cashable' cost savings.

The second stage of the review has focused on the whether the culture of the organisation supports a drive for efficient working. The Group has recognised the current changes being made to improve efficient delivery of services and supports that proposal to set up an officer 'change team' to drive this process. It has identified a number of proposals to help develop and strengthen this process, which are set out in the recommendations below.

RECOMMENDATIONS:

1. That the Principal Scrutiny Committee keeps an overview of Council work on efficiencies and progress made to achieve target efficiency savings;
2. The Group recommends to Cabinet that:
 - 2.1 Responsibility for driving forwards the efficiency programme be transferred from the Portfolio Holder for Finance and Resources to the Portfolio Holder with responsibility for performance, to ensure that attention is given to 'value for money' rather than being focused primarily on financial targets;
 - 2.2 Both Cabinet and Corporate Management Team continue to give strong leadership in support of more efficient working, with an increased emphasis on better working practices (removing duplication and streamlining processes), in addition to the current emphasis on direct cost savings;

- 2.3 Formalised project plans are drawn up, using the Council's project management system, for implementing all elements of the 2010 programme, with these to be in place no later than end July 2007;
- As part of the project plan relating to the efficiencies element of the 2010 programme, particular attention is given to identifying any investment required to achieve sustainable efficiency savings;
 - As part of the project plan relating to the current round of organisational development, the outcomes from the changes are clearly identified, with monitoring systems in place to check that they are delivered;
- 2.4 The proposed 'change team' looking at efficiencies is given a remit that goes beyond achievement of efficiency savings required to meet Gershon targets to enable it to also identify areas where more fundamental change to services is required. As part of its remit, this team also be asked to;
- Put in place a delivery plan to implement the agreed Efficiency Strategy as soon as possible;
 - Look at the possibility of introducing 'value for money' assessments on the lines used by Fareham Borough Council;
 - Put in place an incentive scheme, possibly linked to the 'Alfie' awards, to encourage staff to identify and implement more efficient working practices.
- 2.5 That all service reviews are selected to help drive efficiency and include consideration of value for money being achieved by the service or area under review.
- 2.6 Wherever possible, performance monitoring reports to include relevant benchmark information and information on unit costs and how they compare to 'industry standards'.
- 2.7 Progress with improving interfaces between key Council IT systems, in particular in the Customer Service Centre, be kept under review to ensure that current double entry of data is stopped as soon as possible.

Relevance to the Corporate Strategy

Creating an efficient, effective working environment is one of the key aims of the 2006 – 2009 Corporate Strategy.

The draft 2007 – 2012 Corporate Strategy also identifies an 'Efficient and Effective Council' as one of its key aims.

Resources

There are no resource requirements identified in this report.

Background Documents

Notes of meetings of the Informal Scrutiny Group and papers circulated to the Group as held by the City Secretary and Solicitor.

Appendix: Gershon Efficiencies Savings Review – Final Report



Winchester
City Council

**PRINCIPAL SCRUTINY COMMITTEE
REPORT**

**Gershon Efficiency
Savings Review**

March 2007

SCRUTINY REVIEW – GERSHON EFFICIENCY SAVINGS

REPORT OF THE GERSHON EFFICIENCIES INFORMAL SCRUTINY GROUP

1. Introduction

- 1.1 At its meeting on 5 June 2006, the Principal Scrutiny Committee agreed to establish an Informal Scrutiny Group to have an overview of the Council's obligations to achieve 'Gershon' and other efficiency savings.
- 1.2 Councillors Cook, Hiscock, Learney and Mather were appointed to the Group, with Councillor Hiscock acting as its Chair.

2. Scope of the Review

- 2.1 The scope of the review was agreed as follows:
- *To examine the extent to which the savings identified in the 2006/07 Annual Efficiency Statement are being met;*
 - *To test whether the Council's Efficiency Strategy is 'fit for purpose';*
 - *To review whether the Council's culture helps drive and deliver more efficient working.*
- 2.2 The Group has met on eight occasions. Its initial work focused on the progress being made against the Annual Efficiency Statement, with particular regard to the introduction of the Customer Service Centre and implementation of a review of publications. It interviewed six senior officers involved in these projects.
- 2.3 In the second phase of the review, the Group considered how well the culture of the Council helps to drive and deliver more efficient working. During this phase of the review it interviewed the Chief Executive, reviewed the Council's Efficiency Strategy and looked at the recommendations arising from a 'peer' review of the Council's work on efficiency, carried out by the Improvement and Development Agency (IDeA) in July 2006. It also sought examples of 'best practice' from other neighbouring Councils and noted the work being done across Hampshire for more collaboration across authorities to improve efficient delivery of services.

3. Background

- 3.1 In July 2004, Sir Peter Gershon published his independent review of public sector efficiency. This identified a number of ways in which the public sector could work more efficiently without impacting on the quality of the outcomes it delivers to the community, allowing resources to be released for reinvestment in front line services. The Chancellor took account of this work in his 2004 spending review and set all local authorities (as well as other public sector organisations) a target to find year on year savings of 2.5% over the next three years (2005/06, 2006/07 and 2007/08). Early indications are that the next spending review, due later in 2007, will continue to put emphasis on efficiency savings.
- 3.2 In response to this, all authorities were asked to produce an Annual Efficiency Statement, with a forward look setting out where savings would be made and a backward look identifying savings achieved that had not adversely affected the quality of services to customers. Savings included could either be 'cashable' – releasing money that could be reinvested by the authority – or 'non-cashable' – for example freeing up staff time.

3.3 In 2005/06, the City Council achieved the 2.5% efficiency target set for it (allowing for efficiency savings made in the previous year). For 2006/07, Winchester's target is a further £529,000 efficiency savings of which at least £265,000 must be 'cashable' and the Council is set to achieve this. Cashable savings were taken into account in setting the 2006/07 budget.

3.4 The Cabinet agreed an 'Efficiency Strategy' in July 2006, setting out the principals it would adopt to achieve better value for money. It also invited the Improvement and Development Agency (IDeA) to carry out a peer review looking at how it was addressing the efficiency agenda and making recommendations on to help the Council take this process forwards.

4. Findings and Conclusions – Delivery of Efficiency Savings

4.1 **General Progress against the Annual Efficiency Statement**

4.1.1 As the first phase of its work, the Informal Scrutiny Group focussed on progress being made to deliver efficiency savings identified in the 2006/07 Annual Efficiency Statement. The Group looked in particular at the introduction of the Customer Service Centre and a review of publications, which were both identified as areas for efficiency savings.

4.1.2 The Group noted that while the City Council was on track to meet its efficiency savings in 2006/07 there was a strong bias towards 'cashable' savings – achieved by working to reduce costs, and a lack of 'non-cashable' savings – achieved by working better (see Appendix 1). It was agreed that Cabinet's attention should be drawn to this point.

4.1.3 Arising from this, the Group identified a need for more awareness training amongst senior and middle managers to help them identify and seize opportunities to make efficiency gains.

4.2 **Customer Service Centre**

4.2.1 The Customer Service Centre was introduced to improve the quality of service to customers and work towards resolving 80% of queries at the first point of contact. Initial work on the Annual Efficiency Statement also showed year on year efficiency savings being achieved through more streamlined working once the Customer Service Centre was fully implemented.

4.2.2 From monitoring reports published to date and evidence given by officers, the Informal Scrutiny Group noted that:

- The roll out to encompass more services within the Customer Service Centre was taking place more slowly than originally envisaged;
- There was evidence of good customer satisfaction with the service received from the Customer Service Centre;
- There was evidence that fewer calls were being made to the Council, for services transferred into the Customer Service Centre, compared to data collated prior to the Customer Service Centre introduction;
- There was still considerable double handling of work between the Customer Service Centre and 'back office' staff, primarily because IT interfaces between the CRM (Customer Relationship Management) system, used by the Customer Service Centre, and 'back office' systems were not in place or were not operating correctly. During the

course of the review a new approach to tackle this was identified and software purchased to seek to overcome this problem;

- The potential to increase efficiencies through establishing a 'customer database' had not yet proved possible because information on customers held in different parts of the Council could not be shared due to Data Protection legislation.
- There were opportunities for further efficiencies by seeking to maximise the use of the internet as a 'self service' point for customers.

4.2.3 The Group concluded that there was little evidence of any cashable efficiency savings yet being made from the introduction of the Customer Service Centre, although it was acknowledged that the project was still in a relatively early phase and was providing a good service to customers.

4.2.4 The need to resolve outstanding problems with interfaces between the CRM system and back office systems was noted and referred to the Informal Scrutiny Group looking at E-Government. Since then, new software has been purchased to address this problem. This is being introduced at present and it is too early to assess its effectiveness.

4.3 **Review of Publications**

4.3.1 A review of the Council's expenditure on publications and the Design & Print service took place in 2005/06 and identified the potential for reducing spend on paper publications by giving more thought to alternative means of providing information and checking that the approach used was the most cost effective available.

4.3.2 The Evidence presented regarding the review of publications showed that there had been a reduction in staff numbers within the Design & Print unit, giving efficiency savings to the Council;

4.3.3 New guidelines for publications had been introduced and were being promoted. Officers providing evidence to the Informal Scrutiny Group all showed awareness of these guidelines and were reviewing their approach to providing information to the public.

4.3.4 The Group concluded that the changes agreed following this review were being implemented and were starting to achieve efficiency savings, although the full budget reduction originally identified had still to be delivered.

5. Findings – Engendering a Culture of Efficiency

5.1 **Efficiency Strategy**

5.1.1 The Group noted that the Portfolio Holder for Finance & Resources and Director of Finance were clearly identified in the Efficiency Strategy with overall responsibility for delivering and monitoring the Council's efficiency programme, under the leadership of the Leader of the Council and Chief Executive. It was concerned that this gave too much emphasis to financial savings, rather than more efficient working and suggested that the Portfolio lead should be transferred to the Deputy Leader, who is responsible, amongst other things, for Performance in general. There was support for the proposed introduction of a 'Change Team' focusing on efficiencies in their broad sense.

5.1.2 It noted that there was no 'delivery plan' to accompany the Efficiency Strategy. This contrasted with the approach being taken in some other authorities, with Fareham

Borough Council, in particular, having in place a clear methodology for identifying areas where there appeared to be potential for savings and putting in place service reviews designed to identify and then realise savings. The Group considered that a delivery plan should be drawn up as soon as possible once the new 'Efficiency Change Team' has been established as part of the current changes in the organisation.

5.2 **Efficiency Peer Review**

5.2.1 The Group noted that Cabinet had yet to be presented with the final report of the peer efficiency review, although it had taken on board a number of recommendations from the initial feedback. The Group examined the recommendations from the review in detail. Its Members generally commended the review's recommendations and drew particular attention to the following, which it considered should be introduced:

- All Committee reports to draw attention to efficiency issues where it is relevant to the subject being discussed, but without requiring a separate section on efficiencies in the format of the reports as suggested by the review;
- An 'Alfie' award to be introduced to highlight and promulgate work on efficiencies;
- Where relevant to their work, managers to be aware of the unit costs of their service and how it compares to others;
- Relevant benchmark data to be included into performance monitoring reports wherever possible;
- The proposed Efficiency Strategy Action plan include an improvement plan drawn up with SERCo;
- An e-procurement system be included in consideration of the proposed replacement of the Council's financial management system;
- Careful consideration be given to the value and usefulness of all new or updated strategies prepared by the Council, with any documentation considered to be of benefit being kept as concise as possible;
- Consideration be given to introducing a common format for Council strategies to help streamline their production.

5.3 **2010 Programme**

5.3.1 The Chief Executive outlined the five key strands of the 2010 programme designed to change the culture of the Council as comprising:

- changing the role of individual Members and officers, with emphasis on a 'can do' attitude;
- better service delivery based on a better understanding of the needs and requirements of local communities and residents;
- a drive for efficiency to release funds to support delivery of new services;
- changing working practices, with more flexible and mobile working making the Council an 'employer of choice'; and
- stronger partnership, co-ordinating the work of agencies towards common aims.

5.3.2 He indicated that, as part of the organisational development proposals he was intending to create a small number of 'change' teams, including one focusing on efficiencies. These would report direct to him.

5.3.3 While welcoming his proposals, the Group noted that detailed project plans were not yet in place for all the elements of the programme and the full amount of the investment to fund the required changes was yet to be identified and approved.

5.3.4 It also drew attention of the importance of having the right people in key posts who were able to take a corporate overview.

6. Recommendations

6.1 That the Principal Scrutiny Committee keeps an overview of Council work on efficiencies and progress made to achieve target efficiency savings;

6.2 The Group recommends to Cabinet that:

6.2.1 Responsibility for driving forwards the efficiency programme be transferred from the Portfolio Holder for Finance and Resources to the Portfolio Holder with responsibility for performance, to ensure that attention is given to 'value for money' rather than being focused primarily on financial targets;

6.2.2 Both Cabinet and Corporate Management Team continue to give strong leadership in support of more efficient working, with an increased emphasis on better working practices (removing duplication and streamlining processes), in addition to the current emphasis on direct cost savings;

6.2.3 Formalised project plans are drawn up, using the Council's project management system, for implementing all elements of the 2010 programme, with these to be in place no later than end July 2007;

- As part of the project plan relating to the efficiencies element of the 2010 programme, particular attention is given to identifying any investment required to achieve sustainable efficiency savings;
- As part of the project plan relating to the current round of organisational development, the outcomes from the changes are clearly identified, with monitoring systems in place to check that they are delivered;

6.2.4 The proposed 'change team' looking at efficiencies is given a remit that goes beyond achievement of efficiency savings required to meet Gershon targets to enable it to also identify areas where more fundamental change to services is required. As part of its remit, this team also be asked to;

- Put in place a delivery plan to implement the agreed Efficiency Strategy as soon as possible;
- Look at the possibility of introducing 'value for money' assessments on the lines used by Fareham Borough Council;

- Put in place an incentive scheme, possibly linked to the 'Alfie' awards, to encourage staff to identify and implement more efficient working practices.

6.2.5 That all service reviews are selected to help drive efficiency and include consideration of value for money being achieved by the service or area under review.

6.2.6 Wherever possible, performance monitoring reports to include relevant benchmark information and information on unit costs and how they compare to 'industry standards'.

6.2.7 Progress with improving interfaces between key Council IT systems, in particular in the Customer Service Centre, be kept under review to ensure that current double entry of data is stopped as soon as possible.