

Value for Money Phase 4

- 1.1 The council's Value for Money (VfM) programme has been running for over 4 years and, as at the end of 2013/14, had achieved cumulative savings of approximately £56m, which has generated ongoing savings of approximately £24m per annum. A further savings target of £9.917m has been set for 2014/15 which, if achieved, would bring annual savings up to circa £34m. However pressures on Adults and Children's placement budgets mean that only £5.202m is currently forecast to be achieved as at Month 7. Over the years, the programme has targeted savings on specific services, where it has had most success, but it has also included more cross-cutting initiatives which have also achieved substantial savings.
- 1.2 The changing financial situation for local authorities and the significantly increased scale of the anticipated budget gap over coming years has led to a need to reconsider the current programme and the approach to VfM savings. The Medium Term Financial Strategy identifies a budget gap of £102m over a 4 to 5 year period. It is important to ensure that the contribution made to meeting that gap from VfM is maximised where possible, while also ensuring clarity about the size of the remaining budget gap that will need to be filled through more fundamental service prioritisation, re-design and commissioning and de-commissioning decisions.
- 1.3 To help review the VfM position, the council engaged consultants EY to undertake a 6-week, fast-paced review of the current programme to help identify opportunities and define the scope of a next phase of the programme. EY were also asked to develop a high level business case indicating the range of expected financial benefits and the costs of implementing change, as well as provide advice on structuring the programme and its governance to assure success. The outcome of that review was reported to the June 2014 Policy & Resources Committee setting out the potential VfM opportunities and 'enablers' that the council were recommended to pursue.
- 1.4 The general principle that was agreed is that VfM and modernising the council need to go hand-in-hand to maximise savings opportunities. The council's Corporate Plan therefore identifies key activities to support modernisation and the approach in future will be to ensure a much stronger link between the implementation and support for modernisation and the next phase of the VfM programme.

Phase 4 VfM Opportunities and Enablers

- 1.5 The identified areas of focus do not preclude the council from working on many other fronts to achieve savings and efficiencies as evidenced by other savings proposals put forward. However, the VfM programme indicates those areas where investing additional resources and support could have the greatest return on investment and/or assist in managing future demands, particularly across social care. The VfM Phase 4 programme opportunities and 'enablers' are as follows:

VfM programme opportunities:

- Adult Social Care Modernisation
- Children's Services (Demand management) VFM
- Income & debt management
- Third party spend
- Client Transport
- Cultural Services
- Workstyles

Corporate 'enabling' opportunities for Modernising the Council

- Customer Access (Digital Services)
- People Plan & Culture Change
- Information Management & ICT Infrastructure
- Business Process Improvement (BPI)

1.6 All of the above opportunities were explained in detail in the report to the June 2014 Policy & Resources Committee and are summarised below. A further workstream focusing on Good Governance & Leadership has also been developed to support modernisation of the council as detailed in the draft Corporate Plan. The success of each VfM opportunity and each enabler is likely to depend on a combination of the following factors:

- Effectiveness of the leadership and governance of the Modernisation programme at all levels;
- Availability/funding of appropriate resources to support implementation;
- Demographic and other demand changes and trends;
- Interdependencies and impacts of other initiatives and programmes e.g. Better Care Fund, Partnership working;
- Other factors e.g. legislative changes, welfare reform impact, impact of managing the budget gap i.e. other savings decisions.

These are key risks that are identified and will be managed proactively within the governance framework of the Modernisation programme.

Implementing the Phase 4 VfM Programme and Approach

1.7 Lead officers (Senior Responsible Officer's) have been assigned for each of the VfM opportunities and enablers together with project management support to help develop detailed project documents, business cases and project implementation plans. Finance and HR leads have also been assigned to each opportunity. The Programme Management Office, which provides project officer support to the programme, is keeping its services under regular review to ensure effective and flexible support to VfM programmes where it is most needed.

Resourcing the VFM Programme

1.8 The potential resources for supporting the achievement of the programme and associated savings were also set out in the June 2014 report to Policy & Resources Committee. This indicated that substantial resources would be

required if the programme is to be effectively mobilised, supported and driven at pace given the immediacy of the financial challenges facing the authority.

1.9 The committee agreed that together with £0.350m already approved for 2014/15, the following resources would be committed to support Modernisation and VFM through 2014/15 and 2015/16:

- the early drawdown of the 2015/16 Modernisation Fund (£0.700m) to support the programme in 2014/15;
- the set aside of £0.400m of the 2013/14 revenue budget underspend to support the programme in 2014/15, and;
- to set aside the remaining £1.624m resources from 2013/14 to support the programme in 2015/16.

There are also related capital and revenue investments for the Workstyles VFM programme and the ICT Investment Strategy that have been approved elsewhere, both of which are critical to modernisation of the council and achieving greater efficiencies in the medium term.

Programme Delivery

1.10 The Corporate Modernisation Delivery Board, chaired by the Chief Executive, will oversee delivery and performance monitoring of modernisation and VfM activities. Achievement against savings targets will also be reported in Targeted Budget Management (TBM) reports to Policy & Resources Committee as before. There will also be member oversight of the VFM programme through the cross-party 'Budget Review Group' which will include an extended membership.

1.11 A brief summary of the VfM programme is provided in the tables below together with proposed savings targets and initial resource requirements. It should be noted that these savings appear under various headings in the main savings proposals set out in Appendices 2 and 3.

| VfM Phase 4 Opportunity | High Level Benefits | 2015/16 Target £m | Initial Investment Required (Modernisation Funds) 2015/16 |
|---|---|-------------------|---|
| Adult Social Care | | | |
| <p>Across Older People, Learning Disability and Mental Health services, measures in this VfM programme include:</p> <ul style="list-style-type: none"> • Reviewing high cost city placements and expensive out of city placements; • Considering alternative models of care, including supported living; • Rigorously ensuring care is provided from the appropriate funding stream e.g. Continuing Care, Specialist Placements; • Improving joint commissioning opportunities for transitions; • Continued progression of the personalisation agenda and increased use of Direct Payments via a Support Broker service. • Review of housing options including links to Better Care (esp. for OP Nursing Home care) and potential sources of funding. • Delivering savings through implementing the Resource Allocation System across all care groups. | <ul style="list-style-type: none"> • Reduction in the number of residential and long term placements. • Reduction in the cost of care placements and acute care costs. • Reductions in emergency admissions to hospital and delayed transfers of care. • Alongside the Better Care programme, improved management of future demands on the health and social care system i.e. reduced requirement for service pressure funding. | 2.030 | £0.5m (Adult Social Care Modernisation Fund) (previously approved by Council) |
| Children's Services | | | |
| This is also a large service and budget area and VfM phase 4 will continue to build | <ul style="list-style-type: none"> • Reduced pressure on care costs and care placements through Early | - | Project management support and specialist support is |

| VfM Phase 4 Opportunity | High Level Benefits | 2015/16 Target £m | Initial Investment Required (Modernisation Funds) 2015/16 |
|---|--|-------------------|---|
| <p>on the work to date to manage demand through improved prevention and collaboration across agencies but with more explicit links to the Early Help Strategy and the multi-agency safeguarding approach (MASH). The programme will also review Special Educational Needs and Disability services. The service is under severe pressure at present and therefore this programme is concerned with demand management and reducing potential future pressures.</p> | <p>Help interventions.</p> <ul style="list-style-type: none"> • Improved care planning and data sharing protocols across agencies. • Improved workforce programme including identifying skills gaps for early help services. • Improved response to safeguarding concerns through MASH development. • Improved commissioning and outcomes for Special Education Needs (SEN)/Disability services. • Improved management of future demands on the social care system i.e. reduced requirement for service pressure funding. | | <p>expected to be funded from existing Children's Services and Stronger Families, Stronger Communities funding.</p> |
| Third Party Spend | | | |
| <p>The council spends very substantial sums with third party suppliers and providers. An opportunity has been identified to further increase value for money from third party suppliers through the following approaches:</p> <ul style="list-style-type: none"> • Contract Optimisation – i.e. ensuring contracts are managed well and that the council receives and pays for what it has contracted; • Category Management – for larger | <ul style="list-style-type: none"> • Overall reduction of circa 3% in the cost of buying goods and services. • Reduction in duplication, waste and 'off-framework' spend and better co-ordination of multi-functional purchasing projects. • Longer-term, greater control over procurement/suppliers leading to better market shaping. • Reduced risk of fraud and/or non- | 2.721 | <p>£0.300m recurrent funding approved by June 2014 Policy & Resources Committee</p> |

| VfM Phase 4 Opportunity | High Level Benefits | 2015/16 Target £m | Initial Investment Required (Modernisation Funds) 2015/16 |
|--|--|-------------------|---|
| <p>areas, ensuring that suppliers are managed holistically across the council rather than by individual services who may not be aware of poor performance elsewhere or other similar contracts provided by the same supplier within the council;</p> <ul style="list-style-type: none"> Commercial Excellence – ensuring that procurement processes are supported by appropriate commercial expertise and developing this more widely. | <p>performance of contracts.</p> <ul style="list-style-type: none"> Improved compliance with Contract Standing Orders and procurement regulations. Improved links with commissioning strategies. Improved procurement and contract management skills and optimal use made of those. | | |
| Income & Debt Management | | | |
| <p>Delivering long-term financial benefits through different approaches to managing income and collection as follows:</p> <ul style="list-style-type: none"> Income Optimisation – pursuing opportunities to grow income e.g. business rates, fees and charges, etc. Debt Collection – improving income collection wherever possible, in particular, through financial inclusion initiatives to help people avoid getting into arrears in the first instance; Fraud reduction – looking at potential approaches to fraud risk to identify areas where targeted intervention may produce financial benefits. | <ul style="list-style-type: none"> Increased income (circa 1% per annum) as a proportion of General Fund gross expenditure. Improved 'ultimate' collection rates across all income areas including reduced debt write off and bad debt provisions across all areas. Reduced cost of collection and recovery across all areas. Greater Financial Inclusion for personal debtors evidenced through reduced arrears cases. Improved mapping and understanding of potential fraud risks. Increased detection rates for fraud | 3.190 | £0.150m |

| VfM Phase 4 Opportunity | High Level Benefits | 2015/16 Target £m | Initial Investment Required (Modernisation Funds) 2015/16 |
|--|---|--|---|
| | and corruption. | | |
| Client Transport & Fleet | | | |
| <p>The aim is to develop a holistic approach to client transport including effective management of demand and improved organisation, deployment and procurement of fleet. An Integrated Transport Unit will be set up to improve route planning/sharing, reduce fleet size and make associated economies.</p> | <ul style="list-style-type: none"> • Improved commissioning and planning of client transport operations leading to improved demand management. • Reduction in the cost of fleet procurement and management. • Reduced operating costs of fleet. • Reduced Home to School transport costs and journeys through alternative transport options • Increased income from commercialisation of vehicle repair and MOT testing. | 0.360 | £0.1m |
| Cultural Services | | | |
| <p>Cultural services are vital to the City and are of significant public and Member interest. There could be opportunities to deliver services differently to reduce costs while maintaining or improving service quality including the work underway on the future model for the Royal Pavilion and Museums and associated lottery fund bid. This area will also look at options for community hubs and how and where they could be operated.</p> | <ul style="list-style-type: none"> • Help to protect the City's nationally and internationally significant cultural heritage assets by ensuring the resilience and viability of services. • Boost the Royal Pavilion estate's capacity to deliver BHCC's Economic, Tourism and Cultural Strategies, securing the impact and contribution of the sector on the local economy. | Not quantified at this stage – subject to detailed business case | To be confirmed |

| VfM Phase 4 Opportunity | High Level Benefits | 2015/16 Target £m | Initial Investment Required (Modernisation Funds) 2015/16 |
|--|---|----------------------|--|
| | <ul style="list-style-type: none"> • Improve access to council services at low cost. | | |
| Workstyles | | | |
| Continuation of the approach to Workstyles which supports greater opportunities for flexible working while also ensuring the council can maximise the value for money of its office accommodation and reduce footprint and accommodation costs where possible. | <ul style="list-style-type: none"> • Reduction in the council's office accommodation footprint. • Reduced carbon emissions. • Improved flexible working choices contributing to staff welfare and business process changes. • Facilitates improved partnership working. | 0.170 | Resources are provided for in each phase of the Workstyles business cases. |
| Total VfM Phase 4 Target | | 8.471 | |

| VfM Phase 4 - Enabling Workstreams | Benefits | Investment Required (Resources) |
|--|--|---------------------------------|
| People Plan & Culture Change | | |
| <p>Modernising the council must be supported by a relevant and appropriately trained and developed workforce. The People Plan will focus on embedding the council's values and supporting cultural change through the Living Our Values development programme. There will be 5 key workstreams:</p> <ul style="list-style-type: none"> • Job Design & Accountability • Workforce Planning • Service Redesign • People & Performance Management • Culture Change | <ul style="list-style-type: none"> • Job Design & Accountability is about implementing a job structure that: <ul style="list-style-type: none"> ○ develops a clearer organisational structure and career pathways; ○ supports workforce planning and analysis; ○ rewards by what is known not what is managed, and; ○ integrates organisational competencies. • Workforce Planning will mean producing organisational tools to develop good links to business planning, to gather and analyse workforce intelligence and information and to identify opportunities through integrated working. A pilot will be conducted. • The People & Performance Management and Culture Change approach is designed to improve performance management across the organisation through targeted organisational development e.g. the Living our Values development programme. • Service Redesign will provide the organisation with effective advice and toolkits to undertake effective and expedient service redesign linked to | £0.3m |

| VfM Phase 4 - Enabling Workstreams | Benefits | Investment Required (Resources) |
|---|---|--|
| | Business Process Improvement where necessary. | |
| Information Management & ICT Infrastructure | | |
| <p>A service-led and requirements-based approach to ICT investment should reduce the cost of service provision, create a clearer investment case and improve the council's operations and customer experience.</p> <p>The purpose of this workstream is to deliver the 'Control' section of the council's ICT Strategy. This includes the alignment of ICT operating principles and organisational design principles, the design and implementation of a new financial model and the continual improvement of ICT governance.</p> | <ul style="list-style-type: none"> • Improved governance and control over ICT investment across the council. • Improved business decisions and service design leading to improved customer service. • Maximising the use of ICT Investment Plan resources and investments to improve ICT infrastructure. | <p>£2m ICT Fund (capital) and £1.160m revenue funding (including (£0.360m one-off funding) provided to support the ICT Investment Plan.</p> <p>This VfM project will identify and prioritise further ICT investment requirements for future years.</p> |
| Business Process Improvement (BPI) | | |
| <p>Many of the changes arising from Customer Access, Workstyles, ICT investment and other changes will need processes to be reviewed and re-engineered to make the most of these investments. There will also be many areas where service redesign will be required to improve value for money and BPI can be used to help implement this. BPI's primary focus is on improving processes and services from the customer's perspective.</p> | <ul style="list-style-type: none"> • Where BPI support is prioritised, to identify opportunities for cashable and non-cashable savings through reduced processing costs and improved 'customer journeys'. • Generally, to increase awareness and use of BPI methodology across all services through provision of corporate toolkits and advice. • Improved approach to continuous improvement from a customer perspective. | <p>£0.2m BPI resources. Currently provided with existing Modernisation Funds until March 2015. BPI resources may be up-scaled subject to demands and inter-dependencies with other programmes (e.g. Customer Access).</p> |

| VfM Phase 4 - Enabling Workstreams | Benefits | Investment Required (Resources) |
|--|---|--|
| Customer Access (Digital Services) | | |
| <p>Building on the existing Digital Customer Experience programme with further targeted investment to accelerate this initiative and bring more services on-line within a shorter timeframe.</p> | <ul style="list-style-type: none"> • Increased opportunities for shared delivery with partners. • Enhanced proactive services available to vulnerable households. • Providing 'Assisted Digital' services to ensure that those who lack the skills, confidence or access to the internet are not disadvantaged in accessing services. • Improved customer satisfaction through quicker turnaround times, reduced failures and improved information. • Overall reduced costs of supporting customer access through a 'channel shift' to digital services. | <p>Not quantified at this stage – subject to detailed business case/s.</p> |

