

# FINANCE CABINET MEMBER MEETING

## Agenda Item 35

Brighton & Hove City Council

<b>Subject:</b>	<b>Value for Money: Phase 2 Update</b>		
<b>Date of Meeting:</b>	<b>18 January 2010</b>		
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Nigel Manvell</b>	<b>Tel:</b> 29-3104
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<b>Key Decision:</b>	No	Forward Plan No: N/A	
<b>Wards Affected:</b>	All		

### FOR GENERAL RELEASE

#### 1 SUMMARY AND POLICY CONTEXT:

- 1.1 This report provides an update on the council's phase 2 programme for ensuring value for money (VFM) across all of its services.

#### 2 RECOMMENDATIONS:

- 2.1 That the continued progress of the Value for Money Programme into phase two be noted.

#### 3 RELEVANT BACKGROUND INFORMATION

- 3.1 The council undertook a value for money programme between September 2007 and November 2008 which saw its Use of Resources score increase and which supported an uprating to 'excellent' against the Audit Commission's Comprehensive Performance Assessment framework. Use of Resources performance has been maintained under the new harder test contained within the new Comprehensive Area Assessment.
- 3.2 The council continues to deliver actions arising from the first programme but has also refreshed its approach and developed a High Level Business Case for a larger scale, second phase of work that:
- builds on the successes and learning points from the first phase;
  - takes into account the changes in the national and local financial contexts; and
  - provides renewed impetus to drive improvements in value for money across key service areas.

### 3.3 Financial Context

3.3.1 For the period 2007/08 to 2009/10 the council's Medium Term Financial Strategy identified the need to generate approximately £10 million savings per annum. As previously reported to the Cabinet Member, projections about future grant settlements combined with recent upward trends in service pressures and costs have significantly increased the estimated savings requirements over the next four years.

3.3.2 The latest update of key financial assumptions is as follows:

	2010/11	2011/12	2012/13	2013/14
Formula Grant increase	1.5%	0%	0%	0%
Council Tax increase	2.5%	2.5%	2.5%	2.5%
Total cost pressures	£16.3m	£20.7m	£18.4m	£17.1m
Estimated Savings required	(£13.6m)	(£16.2m)	(£14.6m)	(£14.0m)

3.3.3 This clearly shows a step increase in the savings required per annum from the scale delivered over the last three years. Clearly every year the cumulative impact of delivering savings becomes increasingly challenging and this means a fundamental look at our approach is required. Although most savings for 2010/11 have now been identified, savings in later years, amounting to approximately £45 million, will be much harder to achieve without a change of approach.

### 3.4 High Level Business Case (HLBC)

3.4.1 As reported in October, in response to the challenging medium term budget forecast, phase 2 of the VFM Programme includes the development of a high-level business case. This has now been completed and has identified opportunities available to the council to deliver savings through improving value for money. However, any savings opportunities within the business case are still subject to the council's normal decision making processes before implementation.

3.4.2 The business case will therefore support the council's budget setting process and Medium Term Financial Planning but will also be supplemented by member decisions on service priorities, levels and desired outcomes.

3.4.3 Following a prioritisation exercise, which took into account the scale of spend, areas of high cost and experience from other authorities, a list of service areas for more detailed analysis was identified. These are:

- Workstyles (i.e. how and where staff work)
- ICT

- Procurement
- Adult Services:
  - i) Learning Disabilities (LD)
  - ii) Physical Disabilities (PD)
  - iii) Older People (OP)
- CYPT
- Sustainable Transport & Fleet Management

3.4.4 For these priority areas, the HLBC has identified potential value for money gains of between £19 and £35 million deliverable over a 4 year period. This will not fully meet the council's savings targets over the next few years and therefore directorates will still be required to develop other value for money or savings proposals over the coming years. The main areas of focus within each priority area are detailed at Appendix 1. The actions required to implement these and HLBC areas will be fed into the directorate business planning process at the appropriate time. Ultimately, the level of value for money gains achieved will be dependent on the resources, decisions and capacity of the council to implement each priority area.

3.4.5 The areas recommended within the HLBC represent broader and more complex transformational change than the previous VFM approach. This implies a new way of working for the council, with clear accountability and monitoring, and a more centralised approach to delivering the priority areas of the phase 2 VFM programme to ensure delivery.

3.4.6 Expert advisers, Impower, who have wide experience of helping councils with VFM programmes and who have been helping the council to develop its HLBC, have been clear that to achieve this level of change and the associated value for money gains will require a significant investment of targeted staffing and resources. The council will therefore ensure appropriate governance of the phase 2 programme so that progress is effectively monitored and that appropriate resources are allocated to the achievement of the programme. The VFM Programme Board will oversee progress.

3.4.7 The phase 2 VFM Programme is now progressing and over the next 3 months resources will be identified and the programme structure and governance will be finalised. A VFM Programme Director has been appointed through an internal secondment for 18 months to oversee effective implementation.

### **3.5 Other elements to Phase 2 of the VFM Programme**

- 3.5.1 In addition to the high level business case other workstreams are continuing within phase 2 of the VFM programme and there is a wide range of related activity across the organisation.
- 3.5.2 The “Improving the Customer Experience” workstream is considering how, why and where residents access council services and identifying ways in which we can both increase satisfaction with our services and reduce cost. An example might be further web-enabling a particular service because we know that this access channel is cost-effective and for some groups of customers, their preferred way of engaging with the council.
- 3.5.3 A “Show Me” project has been completed in the Housing Management service, also supported by iMPower, which was designed to:
- improve the customer experience and outcomes through optimising the access and service model;
  - identify how costs could be reduced; and
  - increase productivity.

An implementation plan, including appropriate consultation, is now being developed.

- 3.5.4 A programme of training in Systems Thinking (or “Lean”) reviews has now been provided to all directorates, delivered by Vanguard. A number of services are now embarking on Systems Thinking reviews, as detailed in the draft 2010/11 budget strategies. These include:
- Revenues & Benefits
  - Finance
  - Development Control (Planning)
  - Financial Assessment Services (Adult Social Care)
  - Culture & Enterprise

Other services are also expected to undertake Systems Thinking reviews over the next few years. Essentially, these reviews provide a better analysis of the way in which things are done and help to identify where there are blockages or where processes don't work well. The aim is to redesign the system of working so that a very high percentage of services are provided 'right first time'. This can both improve the customer experience but also reduces the cost of dealing with customer enquiries, complaints, or having to re-do work.

### **3.6 Communications**

3.6.1 A detailed communications plan will be drawn up for the phase 2 VFM programme and separate communication campaigns will be drawn up for each of the HLBC priority areas. The key messages for all stakeholders are:

- better services
- value for money gains
- better customer experience
- large scale cultural and organisational change

The communication strategy needs to support a shift in the organisation to both lead and work in a different way in the future to ensure it can continue to improve services within the new national and local financial context.

## **4 CONSULTATION**

4.1 The detailed communications plan for the programme includes all key stakeholders. As proposals to make changes to any services emerge the council's normal decision making and consultation processes will apply.

## **5 FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

5.1 The VFM programme supports the council's medium term financial strategy and other budget setting processes. The costs associated with the delivery of the programme are paid for partly by the council's VFM Transformation Fund and additional one-off resources in the 2010/11 budget proposals and/or through individual business cases. Some elements of the programme are also supported by grant funding, for example Social Care Reform Grant in Adult Social Care. The resources required to support the programme are also identified in the Medium Term Financial Strategy which will continue to be revised for future years depending on resourcing requirements.

*Finance Officer Consulted: Nigel Manvell*

*Date: 06/01/2010*

### Legal Implications:

5.2 As the contents are for noting only, there are no immediate legal implications arising from this report. At the time that any specific actions are considered, in accordance with the council's normal decision making process, specific legal implications will be covered in individual reports.

*Lawyer Consulted: Oliver Dixon*

*Date: 06/01/2010*

Equalities Implications:

- 5.3 As implications to services become known, equality impact assessments will be carried out to establish equalities considerations. Services will be evaluated as the programme goes forward.

Sustainability Implications:

- 5.4 These will be evaluated as the programme goes forward.

Crime & Disorder Implications:

- 5.5 None directly identified.

Risk and Opportunity Management Implications:

- 5.6 The programme seeks to address risks identified in maintaining current expenditure levels and service demands. Risk are assessed by the VFM Programme Board and the council as the programme advances and will be fully mapped and monitored in accordance with the council's Risk and Opportunity Management framework as service changes are known.

Corporate / Citywide Implications:

- 5.7 None directly identified.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. High Level Business Case – Priority Areas