

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Council : 27 August 2008

Subject: Budget 2008/09 – Additional Departmental Savings

1. Purpose

1.1 This report provides an update on developments to address the budget decision to identify a further 1% efficiency savings by April 2009.

2. Background

2.1 The budget agreed by Council on 14th February 2008 included a requirement to “reduce departmental annual revenue expenditure by 1% by April 2009”, (paragraph 33).

2.2 At its meeting on 26th March 2008, Council considered a report which outlined the current activity on the issue and the further developments required to address the Council budget decision. It was agreed that the Council should develop a strategic approach to identifying efficiencies. It was further agreed that updates on this issue should be submitted to Council on a monthly basis.

2.3 At its meeting on 30th April 2008, Council agreed a strategic approach which will be monitored by the structures which have been established to deliver the Best Value Improvement Plan. The Efficient Government workstream has been given specific responsibility for taking this forward. Three main levels of activity were proposed as part of this approach:

- The identification of ‘quick wins’ – most likely based on experience and evidence from developments in other local authority areas
- The continued development of current activity, (most particularly the nationally co-ordinated ‘Diagnostics’ work, which has the scope to identify potential for savings at a number of operational levels). Nevertheless it is recognised that most of this work will not show significant benefits until 2009/10 and beyond
- The development of a more strategic approach to identifying future opportunities

The development of the process will be reviewed by Elected Members both at meetings of the Improvement & Efficiency Executive, and in the monthly update to Council. At a later stage, in the case of the strategic level, developments are also likely to involve exploring options with Community Planning Partners, particularly focussing on the priorities established in the Single Outcome Agreement.

- 2.4** At its meeting on 28th May 2008, Council noted that the Corporate Management Team (CMT), would be taking part in a facilitated session to consider options in both the 'quick win' category, and a more strategic approach. This took place on 4th June 2008. The outcomes were reported to Council on 25th June 2008. In particular, it was noted that:
- many of the potential 'transactional' opportunities, (such as efficiencies in procurement, processing payments and customer contact arrangements), are currently being assessed by the Diagnostics team, with a report on options due later this year. It was noted this may be followed by an option appraisal around the issue of centralised or decentralised support services in departments. Linked to this are more general opportunities for 'back office' reconfiguration
 - options for further investigation in the short to medium term include:
 - the review of 'out of hours' services
 - opportunities to make wider use of the contact centre
 - opportunities to rationalise software platforms (based on an audit of ICT systems)
 - developing the current asset management approach
 - opportunities arising from more efficient use of buildings

2.5 Additionally, it was noted that opportunities generated by a longer term strategic approach were most likely to result in significant sustained savings. However these are more likely to involve new methods of delivering services. Examples include schools regeneration, care homes and asset disposal. It was suggested that discussion of this type of issue should involve members at an early stage.

3. Main Issues

Diagnostics Activity

3.1 This work is aimed at maximising efficiencies by identifying opportunities for more efficient use of resources within current service structures, and, at a later stage, the possibility of shared service arrangements, both within the Council and with other partners. A team of five seconded Council officers from all Council departments has been in place since February 2008 to develop this. The first phase of the work involved a major data collection exercise of mechanisms for delivery of 30 core processes across the Council, (e.g. initial customer contact, financial management, stores & distribution etc). This involved a programme of 88 interviews with managers across all Council functions. This first phase is currently being followed by a detailed 'gap analysis', initially at local level, to identify the best opportunities to deliver services in a different way. PricewaterhouseCoopers have been engaged to act as consultants for the project, providing assistance for feedback sessions with departmental management teams and also a series of cross-cutting themed workshop events. The next stage will be the preparation of business cases for the key opportunities arising from the project. The project will then focus on the development and implementation of these opportunities. Where it is identified that a shared service solution may be appropriate, the Improvement Service can help facilitate this process. Further details will be

reported to Members when the potential opportunities have been identified. It should also be noted that a national seminar will take place in mid August to share knowledge from this process.

Review of 'out of hours' services

- 3.2** The review of out of hours services is seen as having scope to contribute to the identification of savings, however this is more challenging in the context of the current review of terms and conditions. It is suggested that this area will be reconsidered once terms and conditions have been finalised.

Opportunities to make wider use of the contact centre

- 3.3** The wider use of the resources available through the Contact Centre is under discussion. Opportunities being investigated include:

- Corporate complaints process
- ICT helpdesk calls
- Freedom of Information enquiries
- Debtors' enquiries
- Licensing services
- Waste services
- Election services

In addition, the use of the Contact Centre as a Repairs Centre is a bigger issue, but could also generate greater savings if it proved to be a viable option.

Opportunities to rationalise software platforms

- 3.4** The ICT Service is implementing new server technology, with the aim of reducing the number of servers needed to run Council systems. (Following the review and evaluation of this initial phase, additional funding may be required to extend this technology change.) Additional improvements are also being implemented to improve system resilience by reducing single points of failure.

Developing the current asset management approach

- 3.5** It has been noted that the current approach to asset management requires some review in the context of the current national and international economic position, ('credit crunch'). The outlook for the UK economy has deteriorated, and the Bank of England has indicated that monetary policy will err on the side of caution, at least for the foreseeable future. In particular, the down turn in the housing market has a significant impact on the Council's ability to generate receipts to support the capital programme. (Further detail is available on the report on the Council's Capital Plan, which appears elsewhere on this agenda.) The Council's CMT will continue to monitor this position, and will report to Council on relevant developments.

Opportunities arising from more efficient use of buildings

- 3.6** It has been noted that there is scope to rationalise the use of Council buildings, and possibly work in partnership with other agencies to maximise the use of premises. The CMT will continue to investigate these opportunities. In addition, Members are asked to make specific comment on the opportunities which may be presented by a review of their own

accommodation. In particular, the provision of office space in both Dumbarton and Clydebank may provide scope for some savings. It is suggested that Members may wish to agree a review of the current arrangements.

Other Measures

- 3.7 In addition to the specific issues noted by the CMT for short / medium term investigation, a number of additional measures have been, or are being, put in place. These include the general spending restrictions on non essential items and the recruitment freeze. It is also envisaged that a series of measures which have been put in place to improve workforce planning and to maximise attendance will support additional savings. These include improved Occupational Health support, the Stress Steering Group, review of the Maximising Attendance policy and the implementation of a computerised HR system to improve information gathering and analysis.

Strategic Issues

- 3.8 The report to June Council noted a number of areas where a longer term, strategic approach is needed, (current examples include, schools regeneration, care homes, meeting the outcomes of the Standard Delivery Plan for the Council's housing, and asset disposal), and suggested that Members should be involved in these discussions at an early stage. It is proposed that the CMT should consider the best mechanism in each case and include proposals in the update report to September Council.

4. Personnel Issues

- 4.1 There are no immediate Personnel issues arising from this report.

5. Financial Implications

- 5.1 There are no financial implications at this stage.

6. Risk Analysis

- 6.1 There is a risk that if we do not take a strategic approach to identifying opportunities for efficiencies, we will be unable to demonstrate continuous improvement, and will not meet the aspirations of the people of West Dunbartonshire. This would also impact on the reputation of the Council.

7. Conclusions

- 7.1 The first phase of the Diagnostics work is now complete. Analysis of data is currently underway, and a fuller report will be available for the September update to Council.
- 7.2 A number of opportunities to reduce departmental revenue in the short and medium term opportunities have been identified and these will be investigated, (see paragraphs 3.2 – 3.6). Members are specifically asked to make comment on the proposal to review their own office accommodation, as outlined in paragraph 3.6.

7.3 With regard to longer term strategic developments, it is suggested that Members should be involved in these discussions at an early stage. It is proposed that the CMT should consider the best mechanism in each case and include proposals in the update report to September Council.

8. Recommendations

8.1 Council is asked to consider and make comment on the current activity,

8.2 Members are asked to decide on the proposal to review their own office accommodation, as outlined in paragraph 3.6.

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Date: 12 August 2008

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Appendices: None

Background Papers: Report to Council 26.3.08
Report to Council 30.4.08
Report to Council 28.5.08
Report to Council 25.6.08

Wards Affected: All