

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Council : 30 April 2008

Subject: Budget 2008/09 – Additional Departmental Savings

1. Purpose

- 1.1** This report provides further details of the way in which the Chief Executive and the Council's Corporate Management Team, (CMT), propose 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** Following this, Council considered a motion at its meeting on 27th February 2008 and agreed that the Chief Executive should bring forward a report to March Council indicating the effects of this budget agreement on departmental services.
- 2.3** 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. On the basis of this report Council agreed that:
- The Chief Executive should prepare a report to a future meeting of Council giving further detail of the options for the development of a strategic approach to identifying efficiencies
 - These options should include the elements noted in paragraphs 3.10 – 3.15 of the 26th March report, including consideration of the use of external support on a 'spend to save' basis
 - Reports should also be submitted to Council on a monthly basis providing updates on progress made in achieving the 1% savings targets.

3. Main Issues

3.1 Strategic Approach

A strategic approach to identifying efficiencies, and enhanced methods of service delivery will encompass the work already in progress, but will ensure that it is developed within a framework which provides a clear structure. A strategic approach to identifying efficiencies must consider:-

- Priority areas, and criteria for prioritisation
- Management and monitoring structures
- Tools
- Timescales

3.2 Areas of Current Activity

A number of general examples of current activity were provided in the report of 26th March 2008. These included:

- involvement in national shared service approaches (co-ordinated by the National Shared Service Board)
- activity linked to the SOLACE reports on Efficient Government & Competitiveness, (which followed the Best Value Audit)
- the National Shared Service (NSS) Diagnostics project
- service improvements arising from staff initiatives (recognised via the STAR awards scheme)

These opportunities, along with other possibilities, must now be considered in terms of a more strategic approach to identifying where action is most likely to achieve both immediate and longer term goals.

3.3 Identifying Opportunities and Priority Areas

The identification of opportunities could consider any scope for 'quick wins', which may help deliver on the target for efficiency savings in the short term. However a strategic approach will focus more on delivery of sustainable savings in the longer term, by identifying firstly, the Council's longer term goals, which in turn will influence priority services, methods of service provision and workforce & resource planning. Member involvement in the improvement and efficiency structures described in paragraphs 3.7 and 3.8 will have a key role to play, both in identifying opportunities for immediate action, and the longer term direction of the Council

3.4 Criteria for Prioritising Areas to be Investigated or Developed

The identification of areas which may provide efficiencies in the short term will depend on good information about the costs and processes of current service delivery and clear proposals as to how the service might be delivered in an improved way, or at a lower cost, without any adverse affect on the service.

The criteria for consideration should therefore include:

- is there good baseline information on costs?
- are there full details of the processes by which the service is delivered?
- is there evidence of savings or improvements made by other local authorities etc. in the delivery of this service?

Services which have undergone a Best Value review consider these issues and others in a rigorous way, (and should already have taken action as a result), however the identification of 'quick wins', may mean that the standard Best Value review process requires compression. It is suggested that there are opportunities to identify 'quick wins' at both service and corporate level. The corporate approach will also identify those 'spend to save' projects which will require short term expenditure to realise medium to long term savings.

- 3.5** It is recognised that a strategic approach to efficiencies will continue to be an issue beyond 2008/09, and it is therefore proposed that the criteria for prioritising the areas to be investigated should be extended to cover a wider range of issues (in addition to those noted in paragraph 3.4), such as:
- does the issue contribute to, and channel resources towards, the delivery of the outcomes set out in the Single Outcome Agreement, Community Plan, and/or Corporate Plan?
 - does it take account of developing policy contexts – such as shared services?
 - does it provide opportunities for integration of activities, where this will improve flexibility and capacity?
 - does it support the Council's commitment to continuous improvement and Best Value?

- 3.6** A strategic approach will involve a more fundamental change to the way the Council works and will look beyond the short term, to realising efficiencies through large scale change. This approach is about increasing service impact through new ways of working. This would require the Council to identify areas of service delivery where it would be willing to explore changes to the status quo. With this type of change, the criteria for prioritisation would be based more on a view taken by the Council about particular services, rather than through day-to-day operational issues. Typically this change would involve exploring options around partnerships with other Councils / Community Planning Partners or appropriate alliances with the private or voluntary sectors.

3.7 *Structures for Overseeing Efficiency Savings - Including Member / Officer Mechanisms for Development and Monitoring*

The Best Value Improvement Plan has been monitored through a series of member/officer mechanisms. These have been the subject of a recent review, and the new Improvement & Efficiency structure, which was agreed by Council on 27th February 2008, now provides a clearer context for both the Best Value Improvement Plan, and the wider approach to improvement and efficiency. The structure for managing and monitoring this work includes Director responsibility for 5 key workstreams:

- Managing Resources
- Continuous Improvement
- Performance Impact
- Organisational Development
- Efficient Government,

combined with a reporting structure to the Improvement & Efficiency Executive, which is composed of 8 elected members and supported by the Chief Executive. This structure has close links with the work required to progress the efficiency savings.

3.8 There are 3 main options for developing and monitoring the work related to efficiency savings:

- Manage and monitor via direct reports to Council
- Establish a new member / officer structure reporting to Council
- Expand the remit of the recently agreed Improvement & Efficiency Structure to include responsibility for managing and monitoring 1% efficiency savings and reporting to Council

It is proposed that the additional departmental savings options should be developed and monitored using the 3rd option, i.e. the structure already agreed for the Best Value Improvement Plan, and that in particular, the Efficient Government workstream is the most appropriate to progress the detail of this activity. This structure would ensure that the work receives the depth of discussion required, (which is not possible at a formal Council meeting), but would also prevent the need for an additional structure of meetings, and would make sure that efficiency savings are developed and monitored in the wider context of improvements to the organisation and its services as a whole.

3.9 External Assistance

The nature of the work involved in identifying opportunities for efficiency savings is such that it benefits from the widest possible perspective, and learning from the experience of others. The scope for savings also means that external assistance can be commissioned on a 'spend to save' basis, and that the Council can therefore benefit from external expertise without incurring a direct cost. External assistance can also help make links where there may be opportunities for shared services or other joint approaches. Any such work would be tendered as appropriate.

3.10 Tools for Identifying Opportunities and Assessing Merits of New Ways of Working

Approaches to identifying efficiencies are supported by a range of 'tools', which allow us to identify opportunities and assess the merits of new ways of working. These tools are chosen in relation to their validity for particular types of assessment, and are used within the wider context of the Improvement and Efficiency structure agreed on 27th February. The Kaizen Blitz model agreed within the budget proposals is one such tool. Again, there could be a role for external assistance in facilitating the use of some of these tools in an objective and independent manner.

3.11 Timescales

The timescale requested by Council was such that an initial 1% efficiency saving was required from all departments by April 2009. Nevertheless, it is suggested that, although the work currently underway has the scope to identify such savings during 2008/09, *realising* these savings in full in the current financial year will depend on a range of issues. It is likely that the greatest scope will be in the identification of opportunities which can be built into the budget discussions which will begin in the Autumn of 2008, and which will come into full effect during 2009/10. For this reason, it is suggested that monthly reports during 2008/09 on progress with efficiency savings would be premature. It is suggested that a fuller report on progress should be made to the 1st Council meeting following the summer recess, and at appropriate intervals thereafter.

4. Personnel Issues

4.1 There are no immediate personnel issues arising from this report.

5. Financial Implications

5.1 The main financial implication would be in relation to any decision to engage external assistance to support the development of a strategic approach, which it is recommended should be on a 'spend to save' basis. Otherwise, there are no immediate financial implications of this report. However the main aim of the activity proposed is to identify opportunities for financial efficiencies of 1% by April 2009, which would equate to a figure of £1.7m.

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 opportunities to reduce departmental revenue expenditure by 1% over the next year are being considered through a number of mechanisms. It is likely that, in the first instance, the NSS Diagnostics Project is best placed to identify the possibilities across all departments. The diagnostic work is taking place during 2008/09, however it is unlikely that this will result in implementation of options in time to generate significant savings in the current financial year

7.2 Members are asked to agree to the strategic approach outlined in paragraphs 3.5 - 3.8 which will involve elected members at the level of the Improvement & Efficiency Executive, in addition to reporting to appropriate Council or committee meetings.

7.3 Although the current Council decision relates to the 2008/09 financial year, it is evident that some time in this initial year will be required to establish and develop structures for member involvement in the management and monitoring of the process. Although the opportunities for 'quick wins' will be investigated, combining this with a more strategic approach will ensure that savings identified in the current financial year can be built into budgets for 2009/10 – and sustained in the longer term as part of a wider Council approach to efficiency savings.

7.4 Proposals for the development of a strategic approach should include an analysis of the value of external support, on a 'spend to save' basis.

8. Recommendations

- 8.1 Council is asked to note that current activity, (particularly the NSS Diagnostics work) should play a major role in identifying the savings without an adverse impact on service. However Council is also asked to note that the full effects of these savings will not be achieved until 2009/10 and beyond. The priority will be to identify approaches which will inform the budget setting process for 2009/10.
- 8.2 Council is asked to agree to the strategic approach to development and monitoring of efficiency savings through the Improvement & Efficiency Executive, as outlined in paragraphs 3.5 - 3.8.
- 8.3 Council is asked to agree the use of external support as required on a 'spend to save' basis.
- 8.4 Council is asked to request a further report on progress should be made to the 1st Council meeting following the summer recess, and at appropriate intervals thereafter.

.....
David McMillan
Chief Executive
Date: 24 April 2008

Person to Contact: Liz Cochrane, Principal Policy Officer – Chief Executive's Department. Garshake HQ, 01389 737271
liz.cochrane@west-dunbarton.gov.uk

Appendices: None

Background Papers: Report to Improvement & Efficiency Steering Group
14.12.07
Report to Improvement & Efficiency Steering Group
1.2.08
Report to Council – Response to Audit Scotland Progress Report – January 2008. Proposed Structure for management of Best Value Improvement Activity –
27.2.08
Minutes of the Employee Survey Actions Working Group
Report to Council 26th March 2008

Wards Affected: All