

# WEST DUNBARTONSHIRE COUNCIL

## Report by the Chief Executive

Council: Wednesday 26 March 2008

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**Subject: Budget 2008/09 – Additional Departmental Savings**

### **1. Purpose**

- 1.1** This report provides 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, and describes the impact of this activity.

### **2. Background**

- 2.1** The budget agreed by Council on 14 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 27 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.

### **3. Main Issues**

- 3.1** The Chief Executive and the CMT have a responsibility to ensure the 'continuous improvement' of the Council. A major feature of this role is a regular analysis and assessment of opportunities to deliver services in more economic, efficient and effective ways. Any financial savings identified in this process are then available for Council's consideration of how they might best be used to improve or extend provision for the people of West Dunbartonshire. The emphasis is on finding better ways of delivering, as opposed to making cuts in services. This approach is supported by the terms of the Concordat agreed in November 2007 between local government and the Scottish Government, which confirms that "local authorities will be able to retain .... all their efficiency savings to redeploy against ongoing pressures."

#### Current Activity

- 3.2** Although the Council budget decision has charged the CMT with a particular responsibility over the coming year, significant work has been underway for some time now which will help deliver on this objective. This covers a wide range of activity, much of it focussing on identifying new ways of delivering services. Developments include:
- 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 Diagnostics project,
- service improvements arising from staff initiatives (recognised via the STAR awards scheme)

**3.3** National Arrangements - Much of the shared service agenda is dictated by developments at a national level. The National Shared Services Board, led by the Improvement Service, has been meeting since 2006 to co-ordinate work in this area. The majority of activity has been taking place around ICT, Procurement and Workforce Planning, and in the development of Pathfinder projects. West Dunbartonshire has been involved in a number of the initiatives co-ordinated by the National Board. These include:

- Scotland eXcel – Establishment of a Centre for Procurement Excellence
- e-planning – Integrated e-planning solution for Scotland, streamlining the applications, casework management, appeals and consultation processes

**3.4** Regional Level - At a Regional level, West Dunbartonshire is involved in a number of initiatives such as:

- Clyde Valley Learning & Development Consortium
- Criminal Justice Partnership

**3.5** Local Activity - A significant number of shared service arrangements have been put in place at a local level, many of these are small scale, but provide foundations for further development. A full list of local arrangements is available but includes:

- West of Scotland Social Work Standby Service
- Learning Disability Services, Addiction Services, Mental Health Services, Community Older People's Services with the Community Health Partnership (CHP)
- Police funded Local Authority Liaison Officer (LALO)
- Joint funded Health Improvement Officer with CHP
- Joint funded Biodiversity Officer with East Dunbartonshire Council (EDC) & Scottish Natural Heritage (SNH)
- Investigation of shared service options with Inverclyde and Renfrewshire Councils

**3.6** SOLACE Reports - Following the Best Value Audit, SOLACE Enterprises was commissioned to carry out a review of the Council's approach to Efficient Government and Competitiveness. The recommendations included the development of a more strategic approach. The development of these recommendations is now part of the remit of the working groups which are part of the Improvement & Efficiency structure agreed by Council on 27 February 2008.

- 3.7** National Shared Service (NSS) Diagnostics Project - This is perhaps the area of work which offers the greatest potential to support the CMT in the identification of 1% efficiency savings by April 2009. In October 2007, the Scottish Government, through the Improvement Service, offered £150k to each local authority in Scotland to develop the findings of some pathfinder work which had taken place in Glasgow and Edinburgh. A team of seconded Council officers, (with posts backfilled from the monies available), is now in place and is developing this work in West Dunbartonshire Council. The first phase of the work involves a major data collection exercise of mechanisms for delivery of 30 core services across the Council, (e.g. initial customer contact, financial management, stores & distribution etc). This is with a view to 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. The first stage of the Diagnostics Project, which will run until August 2008, focuses on the collection of detailed data on the way services are currently provided. This will be followed by an analysis - initially at local level - of where there might be the best opportunities to deliver services in a different way. This may involve looking at shared service opportunities, but is also likely to include looking at better ways of using existing resources at an 'in house' level. The second phase of 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.
- 3.8** Staff involvement in identifying improvements - The CMT recognises that staff throughout the organisation have a key role to play in identifying areas where services can be provided more economically, effectively and efficiently. This is encouraged in a variety of ways, and is a particular focus of the Internal Communications Strategy. The annual STAR Awards are one very visible way of recognising these contributions. The development of the Internal Communications Strategy is overseen by the member/officer Employee Survey Actions Working Group.
- 3.9** These approaches 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 27 February. The Kaisen Blitz model agreed within the budget proposals is one such tool.

*Developments Required to Address Council Budget Decision*

- 3.10** Although much work is underway, the Council decision, and the associated motion have highlighted the importance of reviewing the current structures to ensure a clear strategic approach, and one which involves elected members at the appropriate levels.

- 3.11** It is proposed that Council should request the development of a strategic approach to identifying efficiencies, and enhanced methods of service delivery. This 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
  - Workstreams and management structures
  - Timescales
  - Monitoring arrangements
- 3.12** The 'Diagnostic' approach currently being developed for 30 key processes within the organisation would appear to provide a strong basis for a wider strategic approach. The initial 'diagnostic' stage will always be crucial. This can be done in house, (and there are distinct advantages to this in terms of increasing the general knowledge base within the organisation), but it can also be externally supported, which can provide a degree of independence and objectivity which may be more difficult to achieve internally.
- 3.13** Diagnosis then requires to be followed by analysis and implementation. Again there is scope for both internal work and external support. In all cases, any use of external support should be on a 'spend to save' basis.
- 3.14** It is proposed that the structure for managing and monitoring this work should include Director responsibility for key workstreams, combined with a reporting structure to a group composed of elected members and supported by the Chief Executive. This mirrors the structure already agreed for the management of the Improvement & Efficiency activity, and it is suggested that the opportunities for linking these approaches is investigated.
- 3.15** It is recognised that a strategic approach to efficiencies will continue to be an issue beyond 2008/09, and it is therefore proposed that a strategic approach includes timescales and criteria for prioritising the areas to be investigated.

#### **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, however, this would be part of the spend to save initiative. 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.

## **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. This work is already taking place during 2008/09.
- 7.2** To develop this further, it will be necessary to agree a strategic approach which will involve elected members at the appropriate level. It is proposed that officers should investigate and report back on options, paying particular attention to the links with Improvement and Efficiency structures.
- 7.3** Although the current Council decision relates to the 2008/09 financial year, this is work which will continue. The strategic approach should therefore include timescales, and a mechanism for prioritising the work both within and beyond this period
- 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 1% savings requested – without an impact on service.
- 8.2** Council is asked to agree that the Chief Executive prepares a report to a future meeting of the Council giving further detail of options for the development of a strategic approach to identifying efficiencies
- 8.3** Council is asked to agree that these options should include the elements noted in paragraph 3.10 – 3.15, including consideration of the use of external support on a 'spend to save' basis.

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**David McMillan**  
**Chief Executive**  
**Date: 18 March 2008**

**Person to Contact:** Liz Cochrane, Principal Policy Officer – Chief Executive’s Department. Garshake HQ, 01389 737271  
[liz.cochrane@west-dunbarton.gov.uk](mailto:liz.cochrane@west-dunbarton.gov.uk)

**Appendices:** None

**Background Papers:** Report to Improvement & Efficiency Steering Group 14.12.07 (Including list of local shared service arrangements)  
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

**Wards Affected:** All