

meeting COUNTY COUNCIL

date 25 February 2010

agenda item number **10**

REPORT OF THE DEPUTY LEADER OF THE COUNCIL

ONE COUNCIL-ONE BUSINESS-ONE PLAN: IMPROVEMENT PROGRAMME

1 Introduction

- 1.1 The purpose of this report is to seek approval for the proposed Council wide Improvement Programme, its governance arrangements and estimated financial investment. The report also seeks authority for the Chief Executive to implement the Programme, subject to financial regulations and normal approval processes.

PART A: EXECUTIVE SUMMARY

2 The Case for Change

- 2.1 Like every council in the country, Nottinghamshire County Council faces ongoing, significant and unavoidable increases in demand for key services. At the same time, it faces an unprecedented and long-term reduction in the resources available to it. Current fiscal forecasts suggest that the medium to long term financial position will continue to be exceptionally challenging.
- 2.2 In broad terms, present forecasts are that the Council must reduce its current expenditure by at least £88m, or 18% of its revenue budget, over the next three financial years (April 2010 to March 2013). Most of this reduction will be used to fund increased demand in other service areas. £30m of reductions have already been identified for 2010/11, leaving a further £58m to be found in 2011/12 and 2012/13.
- 2.3 This presents the Council with a challenge beyond the norm. In the past, reductions have been achieved through a process of allocating savings targets across departments. However, such is the scale of the financial challenge now faced, it is acknowledged that further

incremental reductions would have a disproportionate and detrimental impact on many service users.

- 2.4 For future years, there is a stark choice: continue to make incremental cuts across all services; or adopt a strategic approach that achieves reductions in a structured and consistent way.

3 Proposed Approach

3.1 This report proposes a strategic and more radical approach, through the establishment of a comprehensive Improvement Programme that is designed to drive out inefficiency, target resources, minimise the impact on service delivery and create an organisation that is fit for purpose and financially sustainable in the longer term.

3.2 This approach demands fundamental change in how the Council runs its business. The change will completely reposition the way the Council operates. As such, it will have a direct impact on the majority of people that currently work for the Council, to an extent not previously experienced, and will lead to a significant reduction in post numbers across the organisation.

3.3 It is recognised that this level of change cannot be delivered without additional investment. To be successful, efficient and sustainable, the Council must totally overhaul its business systems, management structures and operational processes. The returns that are expected for an estimated additional investment of around £21m over five years are:

- i) total aggregated savings of over £200m for the five year period
- ii) cumulative annual savings of £57m per annum by 2012/13 (against a cumulative budget target of £58m per annum)
- iii) resources targeted to front-line service delivery
- iv) modern business systems and processes that are fit for purpose
- v) better services that are consistent for our customers

3.4 The investment and financial return profile is summarised in the following table:

	10/11	11/12	12/13	13/14	14/15	TOTAL
	£000	£000	£000	£000	£000	£000
Anticipated funding requirement	10,300	7,200	2,600	600	600	21,300
Anticipated cumulative contribution	2,500	33,500	56,500	57,500	57,500	207,500
Against a cumulative budget target of:		36,000	58,000	81,000		

4 Programme Content

- 4.1 To achieve this level of return, the Improvement Programme will need to deliver comprehensive change within a very compressed timescale, including:
- i) A complete overhaul of the Council's approach to procurement, with the implementation of a single Procurement Centre, a revised policy framework, category management, and updated systems and processes
 - ii) Implementation of an integrated Business Management System and associated changes in processes
 - iii) Rationalisation of the Council's property portfolio, supported by the introduction of flexible ways of working and associated investment in ICT that maximise the use of office space and reduce reliance on paper-based office resources
 - iv) A fundamental review of all services, followed by a comprehensive programme of organisational redesign and business process reengineering
 - v) Departmental Improvement Programmes that deliver service-specific developments, including Putting People First and Building Schools for the Future
 - vi) The Chief Executive's programme to deliver improvements in partnership and locality working, communications and organisational development

5 Governance Arrangements

- 5.1 The Chief Executive will lead the strategic development and implementation of the Programme. A Member Reference Group will be established and the Chief Executive will chair a Programme Board consisting of all members of the Corporate Leadership Team, along with other appropriate officers. An Improvement Programme Office, led by an Improvement Programme Director, will be established to support implementation.
- 5.2 The remainder of this report sets out more detailed information on the rationale, governance arrangements and scope of the Programme.

PART B: DETAILED PROPOSALS

6 Background

- 6.1 At its meeting on 20 January 2010, Cabinet agreed in principle to the broad objectives and scope of the improvement elements of "One Council – One Business – One Plan" and authorised the Chief Executive, in consultation with the Leader of the Council, the Deputy

Leader and the Cabinet Member for Finance and Property, to take the Improvement Programme forward by establishing appropriate management arrangements and deploying the resources that were necessary to develop the Programme in more detail.

- 6.2 Further work on developing the improvement programme has been undertaken since that meeting, using a small number of external experts working alongside senior managers and other employees, with oversight by the Corporate Leadership Team.

7 The Case for Change

- 7.1 Like all councils, the County Council faces ongoing, significant and unavoidable increases in demand for key services. At the same time it faces an unprecedented and long-term squeeze on the resources available to it. The net impact of these circumstances is that, in addition to the £30m savings that have been required for reprioritisation in 2010/11, the Council must also achieve forecast savings of at least £36m in 2011/12 and at least another £22m in 2012/13. This gives a total forecast of at least £88m year on year savings being needed over a three year period, equating to around 18% of the Council's revenue budget by the end of the three years. The nature and detail of this financial challenge is set out in full in the Council's Medium Term Financial Strategy.
- 7.2 Over 45% of the Council's £484m net revenue budget is spent on employee cost. Whilst some savings can be made from non-staffing budgets, it is clear that a significant proportion of the savings will inevitably require reductions in post numbers. As previously reported, initial estimates indicate that this is likely to equate to approximately 1,000 FTE posts over the two years to April 2013. This is in addition to the reduction of around 468 posts already identified for 2010/11.
- 7.3 The challenge and scale of these budget pressures cannot be managed through a 'business as usual' approach. If the Council is to avoid extensive cuts in services, it must take a fundamentally different approach in the future. The Improvement Programme is focused on delivering a fundamental change and drive for efficiencies across the Council as a whole.
- 7.4 The Medium Term Financial Strategy sets aside an indicative amount of £6m over two years to meet the cost of redundancies. Some additional use of County Fund Balances beyond this figure may be required, depending on the scale and cost of redundancies.

8 The Improvement Programme

- 8.1 The priorities and objectives set out in the Council's strategic plan will be delivered through a range of existing management processes and operational arrangements, including departmental business plans, the Local Area Agreement and specific strategies, such as a workforce strategy and a community safety strategy. Together with the strategic plan document itself, these will form the One Plan that provides a clear and coherent focus for the organisation's priorities over the next four years.
- 8.2 The Improvement Programme will be a core component of the One Plan. It will bring together significant or cross-cutting projects and programme activity that is required to deliver the Council's priorities in the context of major budget constraints.
- 8.3 The core purpose of the Improvement Programme is to deliver fundamental changes in how the Council operates, by driving out inefficiencies and prioritising resources through a Council wide, structured and consistent approach. The outcomes will include delivery of agreed objectives whilst ensuring best value in service provision.
- 8.4 It is acknowledged that any programme of this scale, complexity and challenge will not be fully scoped and shaped from day one, particularly if the programme is to start delivering the scale of savings required in the necessary timescale. There are, therefore, elements of the programme that are more advanced in their development than others. The financial estimates are based on known experience from other large councils and the most accurate available assumptions. Further detailed analysis will be presented as the Programme develops.
- 8.5 The level of change and challenge to long-standing and established ways of operating demands a very different approach to previous change programmes the Council has experienced. There needs to be a significant upfront investment to deliver the scale of ongoing financial benefits that must be achieved within the necessary timescales for the organisation to be financially sustainable. This investment is estimated to be in the order of £21m, which will deliver total savings of over £200m over five years.
- 8.6 Many aspects of the Improvement Programme have been the subject of discussion and investigation within the Council for a number of years. Evidence from other councils confirms that the content of the Programme is consistent with most other upper tier councils in the country. However, Nottinghamshire is not as advanced in this work as many others, emphasising the pressure the Council now faces. There have been previous attempts to implement change using existing, internal resources. However, these efforts have often failed to deliver the full benefits for a variety of reasons, including lack of experience

and expertise or lack of robustness and objectivity with internal challenge.

- 8.7 The financial situation now facing the Council demands fundamental change. The Improvement Programme will need to engage all departments, all managers and all employees in delivering the changes that are needed to meet our promises to lead Nottinghamshire, provide good services and be an efficient and financially sustainable Council.

9 Programme Governance Arrangements

- 9.1 An Improvement Programme Office will be established within the Chief Executive's departmental structure to manage and support the implementation of the Improvement Programme and provide a coordinated approach to reporting and monitoring progress. The team will be led by an Improvement Programme Director, a new post to be established at service director level, reporting directly to the Chief Executive. The team will provide programme management support, benefits realisation management, accountancy support and general project support across the whole programme. Posts will be established on a fixed term basis, initially for a period of three years.
- 9.2 The Improvement Programme Director will be accountable to a Programme Board, chaired by the Chief Executive and comprising members of the Corporate Leadership Team together with the service directors responsible for finance, human resources and communications. The Board will oversee the strategic development and implementation of the Programme.
- 9.3 The Board will approve detailed business cases and project/programme initiation documents for individual sub-programmes, within the broad scope and financial envelope identified in this report. Further approvals will be sought from Elected Members, as required, and in accordance with the Council's financial regulations.
- 9.4 The Improvement Programme Director will be accountable to the Board for delivery of the sub-programmes under their direct control. The Improvement Programme Director will also be responsible for providing quality assurance and coordinating reporting on other sub-programmes.
- 9.5 For each sub-programme, including service department sub-programmes, the relevant Corporate Leadership Team member will take on the role of Senior Responsible Officer, who is accountable for the delivery of the approved sub-programme and is authorised to make implementation decisions within the approved scope and resource allocation for that sub-programme.

- 9.6 Arrangements for resourcing sub-programmes will be dealt with as part of the detailed process for establishing that sub-programme.
- 9.7 An Elected Member Reference Group will be established, comprising the Leader of the Council, the Deputy Leader (the Improvement Programme sponsor) and the Cabinet Member for Finance and Property. Departmental sub-programmes will also be subject to appropriate consultation with the relevant Cabinet Member(s). Monthly progress reports will be provided to the Reference Group by the Chief Executive. Cabinet Members will also receive regular implementation reports.

10 Programme Structure

- 10.1 The Improvement Programme comprises five strands of work:
- i) Delivering Quick Wins
 - ii) Better systems and processes
 - iii) Improving accessibility
 - iv) Improving management and delivery of services
 - v) Relationships and leadership
- 10.2 The first three strands contribute primarily to delivering the promise to be an efficient council. Strands four and five contribute primarily to the promises to provide good services and lead Nottinghamshire.
- 10.3 An indicative timeline for the major Council-wide elements of the Programme is attached as Appendix A.

11 Strand One – Delivering Quick Wins

- 11.1 This strand of work will focus on a range of cross-cutting efficiency projects. The projects primarily relate to achieving efficiencies in support, operations or procurement activity that takes place across the Council.
- 11.2 A number of Quick Win projects have been commissioned and are at varying stages of development and delivery. These are detailed at Appendix B. The 2010/11 budget anticipates a contribution of £1m savings from these projects. Building on staff suggestions, there are several other Quick Win projects being developed that will bring further financial benefits in 2011/12 and beyond. It is anticipated that the Quick Wins will be contributing £2m to £3m per annum to the overall target savings by the end of 2011/12.
- 11.3 This strand of work is being developed using existing resources drawn from all departments, but will require additional project management

support to drive implementation. It is estimated that this will cost approximately £70k per annum for three years.

12 Strand two – Better Systems and Processes

12.1 The second strand of change focuses on systems and processes and includes the following sub-programmes:

Procurement Transformation Programme

12.2 In 2009/10 the County Council's capital and revenue total gross budgeted spend was £1.4 billion. Excluding schools' budgets, approximately £590 million is spent on goods and services. Experience from elsewhere confirms that significant savings can be made through a corporately managed and coordinated approach to procurement.

12.3 Building on the work that has already been done in response to the Deloitte's review of procurement in 2006, it is proposed that the Council now adopts a phased approach to establishing a single Procurement Centre to serve the whole organisation. This will draw together all of the Council's current procurement activity and associated resources, enabling a coordinated strategic approach to procurement. This will be supported by the development of systems and processes to ensure compliance with procurement law and Council policy.

12.4 In accordance with the Deloitte's plan, the Council will apply a category management approach to all purchasing activity – this will involve grouping related products and services, for example ICT, vehicles or stationery, across the council and developing purchasing strategies that secure value for money and maximise local spend in the procurement of each category.

12.5 Partial adoption of the Deloitte's plan has consistently delivered £1m of savings a year over the last three years. It is anticipated that the measures outlined above will deliver significantly more savings, estimated at approximately £4m per annum.

12.6 The total cost of implementation is estimated at £600k over two financial years. This includes temporary external expertise to fully implement category management and embed the necessary skills and expertise within the organisation, at an estimated maximum cost of £400k over six months. Further investment, estimated at £200k, will be necessary to make short-term improvements to existing systems to provide electronic ordering and invoicing.

12.7 The Deloitte's report is available as a background paper.

Business Management System

- 12.8 The County Council currently has a multitude of information and business management systems that are no longer fit for purpose. They do not provide the modern features needed to run a large and complex organisation and, over the years, these systems have been configured to fit differing departmental needs and demands. This has led to considerable inefficiencies, with labour-intensive, cumbersome, inconsistent and duplicate processes that add little value to the effective management of the Council. There is also a lack of consistent, transparent and timely reporting of service costs and performance information.
- 12.9 Detailed and in-depth option appraisal work has been undertaken regarding a proposal to enter into a shared service arrangement with Leicestershire County Council. Based on that analysis and subsequent investigation, it is proposed that the Council commissions and implements its own integrated business management system.
- 12.10 The key benefits of an integrated business management system are:
- Substantial cost savings**
 - i) Standardised processes across the organisation at considerably lower transactional cost than at present
 - ii) A transition to self-service processes
 - iii) High levels of automated, paperless processes
 - iv) Inter-connected modules that provide for simpler and cheaper upgrades
 - Essential improvements in business management**
 - v) One centralised system for managing key organisational data, roles and authorities, giving “one picture” that allows accurate and standardised reporting resulting in improved confidence in the data
 - vi) Standard, easily accessible, real-time management and performance reports that provide timely information to enable rapid, evidence-based decision-making
- 12.11 Implementation of the system is estimated to require a total investment ranging between £8m and £10m, spread over the next five years.
- 12.12 The outline business case indicates that, based on implementation in October 2011, there will be immediate savings of approximately £1.5m in 2011/12, rising to approximately £4.5m ongoing savings per annum by 2012/13. This estimate is at the lower end of predicted savings. On these assumptions, the initial investment would pay back within three to four years.

- 12.13 The implementation of an integrated solution will inevitably result in significant reductions in the numbers of employees undertaking administrative and business support functions across the Council.
- 12.14 A more detailed business case is outlined at Appendix C.

13 Strand Three – Improving Accessibility

- 13.1 The third strand of change aims to meet the strategic priorities relating to improved customer focus and accessibility to services and to improve the utilisation of our assets.
- 13.2 Customer access is a key principle in the improvement of the design and delivery of the Council's services. Further development and coordination is required to maximise the full potential of the Customer Service Centre, on-line and face to face teams in order to improve service to our customers. This work will be managed within existing budget allocations. Co-location of County Council and partner services is likely to become more important and will be a key component in deciding the Property Strategy for the Council.

Property Rationalisation Programme

- 13.3 The Council has a large estate of some 9,000 buildings, across some 1,400 sites, including schools. The estate is very fragmented and many buildings are in poor condition. Although significant modernisation of offices has taken place in parts of the County, such as with Lawn View House, Meadow House and Sherwood Energy Village this is not the case everywhere. For example, in the West Bridgford area the Council currently occupies 12 buildings. There is a widespread need for modernisation and rationalisation.
- 13.4 A detailed analysis is being undertaken of the strategic requirement for property. This will identify the potential for consequent consolidation and disposal of assets. The work on assessing the strategic requirement and developing the resulting plans will largely be conducted using the in-house property team, but some specialised external support will be required.
- 13.5 A plan is being developed to improve the condition and quality of properties, particularly schools, that are vital in the delivery of services but for which no capital funds for their replacement is available. A building condition analysis has been conducted and work has commenced to assess options.
- 13.6 A major programme is being developed to consider rationalising and modernising office and other property in the West Bridgford area, to reduce asset cost and maximise the effective use of the retained buildings. The programme will introduce flexible 'ways of working' and create a modern office environment that makes better use of the

expensive property assets and rectifies a number of underlying infrastructure problems with the current estate.

- 13.7 This will require significant investment, for which there needs to be a clear cost/benefit analysis. A dedicated team will be required to pull together the property, ICT, HR and working practice changes that will be needed to deliver this successfully. Most of this work can be undertaken with current internal resources, but some external expertise will be required.
- 13.8 Work is under way to develop business cases for each of these sub-programmes and these will be considered through the established process for initiating capital projects.

14 Strand Four – Improving Management and Delivery of Services

- 14.1 The fourth strand of work is focussed on the management and delivery of services. This strand also brings together improvement work that relates to specific service departments.

Service Review and Redesign

- 14.2 Whilst the corporate improvement activities identified in the first three strands of the Improvement Programme will deliver considerable financial benefit in due course, the reality is that the bulk of the £58m savings that must be found over the next two years will have to be realised through service departments' budgets.
- 14.3 It is proposed that the County Council embarks on a fundamental evaluation of all its services, to enable it to close the budget gap as far as possible through targeted actions that achieve savings in a structured and consistent way. This is by far the most complex, wide-ranging and challenging element of the Improvement Programme. However, it is critical that this work is started immediately, in order to influence budget preparation for the 2011/12 financial year.
- 14.4 The first stage of the process will be to undertake a diagnostic review, using a common methodology to assess all services. It is proposed that this stage be undertaken with external support, using an established methodology that is endorsed and part-funded by the Regional Improvement and Efficiency Partnership. This process will take approximately 12 weeks to complete and will cost approximately £100k, of which £80k will be funded by the Regional Improvement and Efficiency Partnership.

- 14.5 This diagnostic review will provide a comprehensive and objective review of each service area within the organisation. It will also provide a clear picture of expenditure on activities that are common to all services, such as administration, learning and development and customer service, and identify where there is replication or duplication across the organisation.
- 14.6 The outcome of the diagnostic review will be a set of options and proposals including:
- i) Redesigning/repositioning the service
 - ii) Opportunities for alternative provision (eg outsourcing or partnership arrangements)
 - iii) Decommissioning all or part of a service
- 14.7 Where the preferred option is to redesign the service, this stage of the process will consider two aspects: organisational design, including management structure and job roles; together with business process reengineering, which requires a critical appraisal of every aspect of a process to strip out unnecessary steps and leave only those elements that add value.
- 14.8 The redesign process will be undertaken within the framework of an overall common target operating model (a description of how the service should function in the future) and a set of agreed principles on the number of management layers and span of control. However, the process will be customised to some extent to deliver the agreed target operating model for each service.
- 14.9 Experience and evidence from many other local authorities is that they have generated savings of between 7% and 15% of employee-related costs through this approach. For Nottinghamshire, this could translate as savings of between £16m and £33m per annum.
- 14.10 There are a number of options for implementing the redesign process. These range from a largely internal approach, which would cost around £2m over four years, to a largely external approach, which would cost around £5m over three years. Financial estimates within this report are based on the largely external approach. However, further work is required to determine the most appropriate option, based on a full appraisal of cost, expected benefits, timescale and risks.
- 14.11 Service Review and Redesign will be undertaken as a staged process, with clear decision points and prioritisation built into the process. There is clear overlap and risk of duplication between this work and the redesign work associated with the implementation of an integrated business management system and with work that is being undertaken within service departments. There will be a need for strong planning, prioritisation and coordination of activity, both to avoid the risk of duplicated effort and to ensure that all service redesign work is

undertaken in accordance with the agreed principles and target operating model.

14.12 Further detail on the Service Review and Redesign process is given at Appendix D.

14.13 The following sections outline each service department's improvement programme. These form an integral part of the overall Improvement Programme and will be managed in accordance with the same governance arrangements as other sub-programmes. There will be close links built across all sub-programmes to ensure effective coordination of activity and sharing of learning.

14.14 An additional funding allocation of £1.7m has been identified within the overall programme budget specifically for delivery of the service department programmes. This is in addition to the £5m allocated to Service Review and Redesign, which will support departments in reshaping services, as set out in their programmes.

Adult Social Care and Health Improvement Programme

14.15 Adult Social Care nationally and locally is currently in the process of major transformation. Putting People First is a programme of developing Universal Services, support in the community, prevention services and Choice and Control, which includes the development of personal budgets for service users. This is not just about creating new services but a widespread transformation of the Council's existing services. These changes will be made in the context of providing value for money, whilst meeting the increasing demand upon social care due to demographic changes.

14.16 The Improvement Programme has been developed to allow both the transformation required under Putting People First, but also to address the requirement of providing cost effective services and contributing £9.5m to the 2010/11 budget pressures that the County Council faces.

14.17 The programme is broken down into five individual improvement programmes:

- i) Day Services Review
- ii) ICT
- iii) Aiming for Excellence
- iv) Putting People First
- v) Savings and Efficiencies

14.18 The key risks associated with the programme are:

- i) Any delays in resourcing the programme with the required skilled staff may impact on the achievement of savings targets
- ii) If there is a need to offset transitional costs against the saving, the 2010/11 target will not be met

Children and Young People's Services Improvement Programme

14.19 Children and Young People's Services is adopting a whole department approach to the Improvement Programme, with the 2010/11 departmental business plan focussed on its implementation. Each programme, led by a service director, will establish a cost savings target and report to the departmental performance board. There are two overarching themes within the department's programme:

i) **Making services better**

Each of the programmes within this theme will form the business plan for a division in the department. The programmes (each with projects led by heads of service) are:

- Inclusion
- Keeping children safe
- Integrated youth support
- Attainment and achievement

ii) **Making our infrastructure work**

These are cross-cutting programmes, also project managed by a service director:

- Efficiency and effectiveness (including ICT and business support services)
- Workforce and culture
- Integrated capital strategy (incorporating Building Schools for the Future)
- Early intervention

14.20 Investment so far includes £750k for the safeguarding improvement programme and £200k from departmental under-spends to undertake initial phases of the business support services review.

14.21 Significant funding will be required for a review of the departmental ICT needs, whether for a root and branch review of 'framework' or the European Tender of the department's specialist software.

Communities Improvement Programme

14.22 There are four themes to the improvement programme for the Communities department:

- i) **Trading Services Review** – this programme involves a cross departmental review of trading services. This includes a structured and consistent review of catering, cleaning, landscape maintenance, building design and maintenance, highways

design and maintenance, vehicle maintenance, county supplies, design & print, meals on wheels service, supported employment services and solutions 4 data.

- ii) **Transportation** – this will be a cross departmental review and will cover fleet, community transport and specialised transport
- iii) **Infrastructure** – this will cover a review of departmental working groups, back office processes and the business support model and will dovetail with the Business Management System programme
- iv) **Efficiency savings** – this will oversee the realisation of the department's 2010/11 efficiency savings targets

14.23 The programme elements concerned with infrastructure changes and efficiency will be delivered within existing resources and therefore will not require additional investment.

14.24 The transportation project will require an additional investment of £200k per annum to cover the costs of additional equipment/software. It is proposed that this cost is offset by the savings which are generated.

15 Strand five – Relationships and Leadership

15.1 The fifth strand of change relates to the development of effective relationships and provision of leadership, both within the Council and in our partnership and locality working. This strand will be led by the Chief Executive.

Partnership and Locality Working

15.2 There are many successful joint working approaches, particularly those that relate to our customers. Established Partnership Boards and arrangements with a focus on Children and Young People, Health, Economy and Environment etc are in good shape, as is the overarching Nottinghamshire Partnership, which the Council leads.

15.3 Community Safety remains a core challenge for Nottinghamshire and its key partners. However, improvement planning is under way to meet the CAA red flag challenge and the expectations of the people of Nottinghamshire.

15.4 It is appropriate that all partnerships and governance arrangements are reviewed to drive out inefficiencies and duplication. More importantly, the role of local elected members and their 'connection' to our partnerships and localities demands review, particularly if we are to deliver on the challenges set out for local government to act as a strong community leader and respond effectively to the Total Place agenda.

Communications

15.5 Consistent and professional communications are critical to both external and internal audiences. As part of the Improvement

Programme the Council's overall approach, investment and policy for communications is being reviewed. This involves providing a stronger and more coordinated approach to ensure consistency and improved targeting of effort.

- 15.6 The opportunity for removing duplication in publications, marketing, campaigns and advertising will be addressed through the appointment of the Service Director for Communications, who will have overall responsibility for driving improvements and making efficiencies in this area. It is anticipated that significant on-going savings will be realised in both staffing and resource cost through providing a coordinated and managed approach to communications as a whole.

Organisational Development

- 15.7 The organisation has yet to fully acknowledge and recognise the scale of change involved in implementing the Improvement Programme and its impact across the organisation. All employees will be affected in some way by change. In particular, it will create new and difficult demands for managers, to whom employees will be looking for strong leadership and confidence. At the same time many managers will be facing an unprecedented level of uncertainty about their own future and role.
- 15.8 Lessons from other organisations confirm that for the Improvement Programme to succeed, it is essential that investment is made in Organisational Development to provide leadership development and the ongoing support that is needed for managers and employees alike. This work will be developed as part of the emerging Workforce Strategy and it is proposed that £750k be initially set aside within the Improvement Programme funds for this purpose.

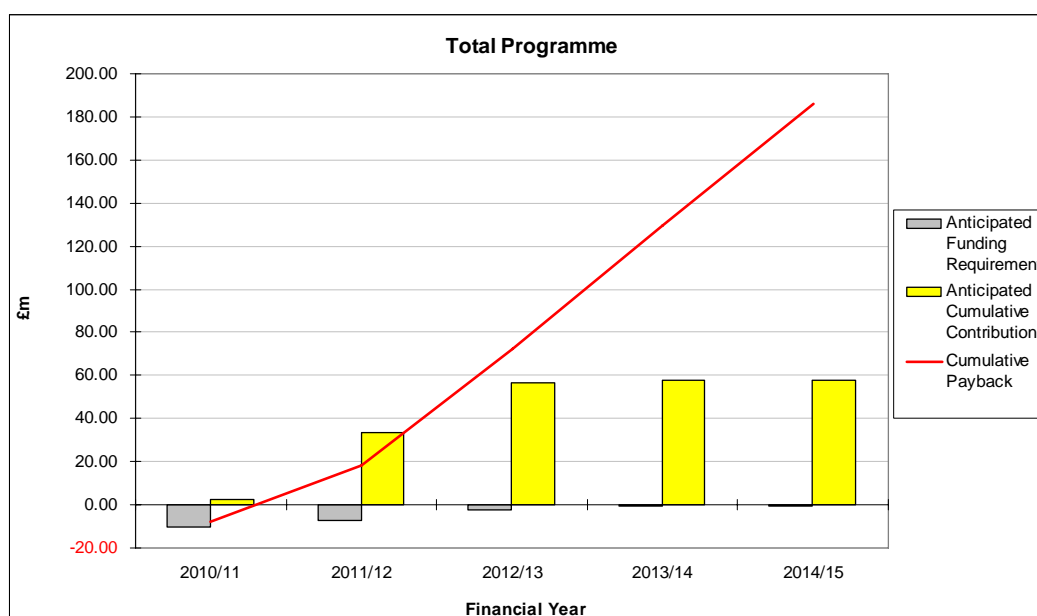
16 Invest To Save - Summary of Funding Requirements and Benefits

- 16.1 It is important to note that the investment in the Improvement Programme is a 'one off' financial allocation. Implementation of the Improvement Programme will deliver 'year on year' savings that provide longer term financial sustainability for the Council.
- 16.2 A summary of the estimated funding requirements and projected savings associated with the Programme is set out in the table below. In broad terms, the funding requirement will be used as follows:
- i) Implementation of new systems: £8.5m
 - ii) Temporary internal staff costs: £7.5m
 - iii) Consultants/technical advisors: £5m
- 16.3 It should be noted that, at this stage, these are estimates and may change as a result of the development of more detailed implementation plans. Actual expenditure levels will be subject to the final decisions

that are made on the various implementation models, which will be subject to rigorous cost/benefit analysis.

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Anticipated funding requirement	10,300	7,200	2,600	600	600	21,300
Anticipated cumulative contribution	2,500	33,500	56,500	57,500	57,500	207,500
Against a cumulative budget target of:		36,000	58,000	81,000		

16.4 This is represented in graph form below:



16.5 At its meeting on 3 February 2010, Cabinet approved the establishment of an Improvement Programme reserve and the allocation of £8.3m to that reserve. The 2010/11 budget report sets out the proposed arrangements for funding the remaining investment requirement.

17 **Benefits Realisation**

17.1 There is great danger of the programme failing to achieve its ultimate objectives, unless there is an agreed corporate approach to realising the benefits expected from the programme. Benefits realisation will ensure forecast savings are actually retrieved from across the organisation.

- 17.2 In the case of the County Council's Improvement Programme, the principle benefits will be to achieve the necessary cost savings required to meet the budget requirements over the next three years. The risks are that expected benefits are overstated, or that action is not taken to realise the saving and extract the cost from budget codes. With the scale and complexity of this programme, there is also the risk of double counting potential savings and not understanding the dependencies between different parts of the programme so that each can deliver against its target.
- 17.3 To mitigate this, a Benefits Realisation Strategy provides a governance framework for ensuring that all programmes and projects within the overall Improvement Programme are properly baselined and assessed at the start to be able to measure the effects of the ensuing improvements.
- 17.4 Key components of the strategy will be:
- i) a standard approvals process to baseline expected programme benefits
 - ii) agreement on how benefits will be quantified, measured and reported
 - iii) departmental ownership of the benefits realisation process
 - iv) support from the Improvement Programme Office
 - v) regular monitoring reports to the Programme Board.

18 Communications Plan

- 18.1 A comprehensive communications strategy and plan are being developed to provide an integrated approach to communication on "One Council – One Business – One Plan". The aim of the strategy is to raise awareness of the new strategic plan, the context in which we are working, our key priorities and values and how employees can play a part in delivering One Plan.
- 18.2 The strategy will be delivered through the full range of existing channels, including line managers, team meetings, website updates, InContact and chief executive's bulletins. There will also be an ongoing series of manager and employee conferences, an employee guide and use of social networking technology.

19 Risks and Issues

- 19.1 The risks and issues associated with the delivery of the Programme will be managed in accordance with established project management methodology. This includes the use of an issues log and a risk register that will be reviewed regularly by the Programme Board to ensure that all appropriate action is being taken to mitigate risk.

19.2 Many of the risks and issues associated with elements of the Programme have been highlighted in the body of this report. Key programme level risks are that:

- i) Delays in decision-making or deployment of resources will prevent delivery in time to meet the 2011/12 budget timetable;
- ii) The level of change and resources involved in delivering the Programme will disrupt service delivery, particularly in key business support services;
- iii) The impact of uncertainty on motivation and morale leads to a significant reduction in employee engagement and productivity; and
- iv) Insufficient rigour and scrutiny in the development of detailed business cases and benefits realisation plans leads to savings not being achieved at the expected level or in the required timescale.

20 Statutory and policy implications

20.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, Crime and Disorder, Human Rights and those using the relevant service.

21 Recommendations

21.1 That County Council:

- i) notes the report;
- ii) approves the scope of the Improvement Programme and budget envelope as set out in the report;
- iii) authorises the Chief Executive to take all necessary actions to implement the Improvement Programme; and
- iv) approves the Improvement Programme governance arrangements.

Cllr Martin Suthers
Deputy Leader of the Council

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Financial Services' comments

The indicative costs of £10.3m in 2010/11 have been included in the 2010/11 annual budget and will be met from a combination of budget pressure funding, contingency and reserves, and the use of some County Fund Balances. Details are included in paragraphs 5.5 to 5.16 on the budget report. The projected savings in future years will contribute towards the anticipated budget reductions required within the Medium Term Financial Strategy. [AS 12.02.10]

Legal Services' comments

The County Council has the authority to agree the recommendations. Any new posts, whether temporary for more than three months or permanent, must be established by the Chief Executive or his nominees under delegated powers and appointments made in accordance with the Employment procedure rules. All goods and services procured as part of the programme must be procured within the Authority's financial regulations and the public procurement rules. [JF-W 15.02.10]

Personnel comments

The report outlines the significant scale and nature of the challenge and change required across the County Council to deliver service improvements and create an organisation that is fit for purpose and financially sustainable in the longer term. It is inevitable that this will directly impact on the number of staff employed, their roles and responsibilities and ways of working in order to deliver services in the future.

The detailed impact of the programmes of work and specific projects will be developed over time and will be the subject of discussions with staff potentially impacted and the recognised trades unions in line with the agreed employee relations framework and processes for consultation.

It is recognised that there will be a great deal of anxiety and uncertainty for staff as the Improvement Programme develops and is implemented across the Authority. The report acknowledges the need for effective communication with staff in order to ensure that they are kept informed, engaged in developing and implementing the necessary changes and consulted with as appropriate. This will include trades union colleagues as part of the ongoing communications plan.

Any additional internal staffing resources required to deliver the Improvement Programme will be established in line with the County Council's Employment Procedure Rules and Staffing Standing Orders and scheme of delegation therein.

Recruitment to any additional fixed term posts which are established will involve consideration of whether the required knowledge, skills and experience are available within the existing staff group before external appointments are made. For example, by consideration of secondment opportunities. Recruitment to posts will be in line with established County Council policies and procedures.

Any potential reductions in the numbers of staff will be the subject of formal consultation with staff and the recognised trades unions in line with legislative, constitutional and policy requirements. [MT 12.02.10]

Background papers available for inspection

Cabinet Report – 20 January 2010

Deloitte's Professionalising Procurement Business Plan 2006

Electoral division(s) affected

All

