

Final Report of the Corporate and Customer Overview and Scrutiny Panel into Efficiency Gains



1. EXECUTIVE SUMMARY

At the request of the Overview and Scrutiny Committee the sub-group undertook a scrutiny inquiry into efficiency gains. This was selected as a topic linked to the corporate strategy and the Council's priority of "ensuring that Chorley Council is a performing organization".

Objectives

1. To assess the performance of the council in achieving the efficiency targets set by the government.
2. To ensure that efficiency gains do not adversely affect our customers.
3. To identify the council's future plans to tackle the efficiency agenda.

Desired Outcomes

1. To identify potential areas for efficiency not already being considered.
2. To identify any lessons learned so far and to assess how these can be applied to the future efficiency agenda.
3. To ensure that a robust and effective process is in place to identify, gather, calculate, report and monitor efficiency gains.
4. To ensure suitable arrangements are in place to enable action if required.

Sub-Group membership

Councillor Stella Walsh (Chair)

Councillor Henry Counce

Councillor Mike Devaney

Councillor Keith Iddon

Councillor Thomas McGowan

Councillor Geoff Russell

Councillor Mick Davies

Councillor David Dickinson

Councillor Kevin Joyce

Councillor June Molyneaux

Officer Support

James Douglas

Ruth Hawes

Sarah Dobson

Business Improvement Manager (Lead Officer)

Assistant Democratic Services Officer

Performance Advisor - Corporate and Customer

Contribution of Evidence

The Panel would like to thank all those who have provided evidence and contributed to the Inquiry, including Chorley Council Directors, External Auditor, Corporate Procurement Officer and Partnerships Manager and Customer Access Officer.

Conclusion

Achieving efficiency gains is not just about money it's about improving the service provision to our customers. Council budgets are public money and we ought to be challenging how the money is spent.

The sub-group have found that the council's approach has been strategic and successful, achieving the efficiency targets set by the government a year in advance whilst performance figures have improved. The Audit Commission have scored Chorley the maximum of four for the Use Of Resources Assessment in 2007. This confirmed the council's continuing excellent performance.

This external assessment together with the internal review carried out enable the sub-group to conclude with confidence that the steps taken so far in the drive to improve efficiency have provided a firm foundation to meet the challenges set by the government for the forthcoming 3 year period.

If authorities can prove they have been prudent, have had good scores from Audit Commission, have good performance indicator statistics and have good customer satisfaction scores it can be questioned what further could be done.

Recommendations

The sub-group, after taking account of all the evidence have made recommendations in the following areas:

Objective One - To assess the performance of the council in achieving the efficiency targets set by the government.

The sub-group found that the council has achieved the targets set by the government a year in advance and therefore have made no recommendations in this area.

Objective Two - To ensure that efficiency gains do not adversely affect our customers.

1. To ensure that cost reduction/efficiency gains do not adversely affect front line services robust service performance monitoring arrangements identified continue to be strictly followed, including the retention of a number of performance indicators as set out in the report.

Objective Three - To identify the council's future plans to tackle the efficiency agenda.

2. A strategy be prepared setting out how the Council intends to met the challenging target to reduce the operating costs of the Contact Centre by 25% by 2011.

3. A corporate plan setting out our strategic approach be prepared by officers, indicating how the gains demanded through Comprehensive Spending Review 07 will be delivered.
4. A strategic approach be taken to service procurement through partnership, collaboration and shared services.
5. The programme of business process re-engineering (commenced through integration of waste management public contact and the Customer Relationship Management) be continued, to maximise efficiency gains.
6. To continue to develop the transactional functionality of the Council's website as part of channel optimisation.
7. To increase the information relating to efficiency gains presented to the Executive Cabinet.
8. To recognize the drive to thin client technology and focus on new ways of working (for example reducing inkjet printers by encouraging two sided copying).
9. To add the transformation agenda to the remit of the member development steering group.
10. To implement a sustainable procurement policy and action plan to ensure the council's commitment to the environment, equality and diversity issues.
11. To suggest a future scrutiny inquiry topic of the provision of information and communication technology for members and staff.
12. To investigate the inclusion of members in the health and well-being initiatives provided for council staff.

Financial Implications

There are no financial implications to the recommendations other than officer time. This will be more than returned over time.

2. METHOD OF INVESTIGATION

Evidence

The sub-group received and considered several reports and documents, these included:

1. Annual efficiency statements – forward and backward looking from 2004 to the present.
2. Efficiency Statements Preparation Process.
3. Use of Resources: Value for Money Self Assessment (October 2006).
4. Achieving Value for Money (Executive Cabinet May and October 2007).
5. Customer Focused Access and Service Design Strategy, August 2005.
6. Corporate Procurement Strategy 2004 – 2009.
7. Property Services outsourcing (Executive Cabinet November 2006).
8. Briefing note on comparisons for 2005/2006 and 2006/2007 with Audit Commission Nearest Neighbours.
9. Performance indicator information for each Directorate to enable any areas where performance has been affected by efficiency gains.
10. Research questions prepared for the Audit Commission case study.

Witnesses

The sub-group interviewed:

1. Assistant Chief Executive (Business Transformation).
2. Corporate Director of Governance.
3. Corporate Director (People).
4. Corporate Director of Human Resources.
5. Corporate Director of Information Communication Technology.
6. Assistant Chief Executive (Policy & Performance) Corporate Director (Business).
7. Corporate Procurement Officer Assistant Chief Executive (Business Transformation).
8. Customer Access Officer.
9. External Auditor.

Panel Meetings: The meeting papers from the sub-group can be found on the Council's website: www.chorley.gov.uk. This includes the inquiry documentation: project outline, information and witness checklist and project plan.

General Information: Information on Chorley Council's overview and scrutiny toolkit, policy and procedures can be found on the Council's website: www.chorley.gov.uk/scrutiny.

3. FINDINGS

Objective/Key Issue 1: To assess the performance of the council in achieving the efficiency targets set by the government.

There is considerable documentary evidence relating to the efficiency agenda within the council that shows the approach has been strategic and very successful. The council has surpassed the target of £1.29 million set by the government a year in advance. These have been achieved through reducing the support services structure of the organisation and by investing in technology to e-enable service provision. This has resulted in reduced operating costs alongside a clear 3-year picture of ongoing improvement in the services we provide to the public. The sub-group also found clear evidence that an efficiency culture has been firmly established within the council through the interview process with directors, senior managers and the external auditor. The external auditor complimented the council on both the approach and achievements in delivering and improving value for money.

The government assesses efficiency over a number of strands including procurement, corporate services, transactional and productive time. As indicated above the major efficiency gains area for the council has been reducing support services costs in the back-office. The sub-group noted that by the end of the financial year 2006/7 around £800,00 had been achieved through reductions in that area.

Procurement has been another area of success. The sub-group noted that since the corporate procurement team were formed in 2004 savings made on the procurement strand are £503,00.00, which already exceeds the corporate target set under the procurement strategy of £500,00.00 by 2009. This has been achieved through a combination of framework contracts and major procurements such as insurance services, the property services contract and the golf and leisure service partnership contracts.

The contact centre has also provided major procurement savings. By working in partnership the council will save £300,000 over the 7-year partnership period as opposed to going-it alone. Council officers are also confident there will be more to come through implementation of the Customer Relationship Management system, which will include business process re-engineering of each of the service areas being transferred. The sub-group noted that this programme was well underway and that savings in staff time through re-engineering of processes on the waste service had been identified.

Major non-cashable savings have also been achieved particularly through introduction of the loop and by reducing staff sickness levels. The loop provides easily accessible information so that less staff and member time is wasted searching for information. The council's drive to reduce sickness levels is now also resulting in efficiency gains.

The sub-group also examined the process for gathering, calculating and reporting efficiency gains. Calculating efficiencies is not an exact science however, the council has a robust process in place to ensure that whilst efficiency gains submitted are maximised any gains made can be justified under scrutiny. Identification and monitoring of efficiency gains is now carried out through a corporate process, which involves all directorates and senior management. The key focus is achieving Value For Money.

The sub-group also noted that the council's work on Value For Money, recognised through the top rating in the Use of Resources assessments in 2006 and 2007, was also being recognised through a case study being carried out on Chorley by the Audit Commission looking at their approach to back office efficiency.

In response to Objective 1 the sub-group found that the council has exceeded the efficiency targets set by the government and therefore have made no recommendations in this area.

Objective/Key Issue 2: To ensure that efficiency gains do not adversely affect our customers.

Chorley has been well ahead of the game with using technology to make efficiency savings and work smarter; this has reduced the number of support services staff required, without impacting on front line services. This is evidenced through performance indicators with 74% of having improved over the last three years. This is above the average for district councils.

The sub group noted that the way our costs are directed and allocated carefully reflects the council's strategic objectives and priorities. The following table shows how this has been done:

	Total Savings	Growth Diverted to Priorities			
		Customers	Capacity	Greener, Cleaner, Safer	Total
2004/05	708	158	30	61	249
2005/06	283	0	27	166	193

		Prosperity	People	Place	Performance	Total
2006/07	558	55	59	107	24	245
2007/08	1,265	135	15	66	30	246
	2,814	348	304		281	933

33% of savings made over the period have been directed from non-priorities into investment in the Council's current priorities, whilst at the same time minimising the impact on Council Tax levels.

Furthermore the council's long-term performance has shown marked improvements from 2003/4, coupled with reducing costs, offering increased value for money and quality services for those the council serves. 70% (47 out of 68) of the total basket of national best value indicators have shown improved performance from 2003/4 to 2006/7 (where a comparison can be drawn). This drive for further improvement has been carried forward into 2007/8 where strengthened performance management arrangements and driving down of costs continues to realise benefits for residents and customers.

Plans are in place to deliver a proactive service through customer profiling. Work is underway on tracking service failure (this is built in to the new waste contract) to reduce the number of calls received from customers on service failure. The sub-group noted that reducing avoidable contact was one of the new national indicators and that as part of the VFM Review of Neighbourhoods costs of failure demand were being calculated on the waste service. Significant efficiency gains are anticipated through a reduction of avoidable contact in both Customer Services and the Waste service back office.

There will a change in the reporting mechanism for performance as the current Best Value Performance Indicators are being phased out. There are 200 indicators currently out for consultation as part of the Local Area Agreements. The sub-group discussed the full list of indicators.

An exercise was undertaken to establish which of the best value performance indicators from the current performance reporting regime would remain important in terms of measuring service quality as a measure of efficiency in 2008/09 and beyond. A number of the more useful indicators in determining quality of service delivery will be retained in the National Indicator Set or in the Value for Money indicator set to be adopted by the Council.

The list below details those indicators felt to be important going forward which do not meet either of these two criteria particularly given the inclusion of a value for money indicator in the National Indicator Set which will assess the Council's delivery of net, ongoing cash-releasing value for money gains that have impacted since the start of the financial year

BV3: Overall satisfaction with the Council,
BV2a: The equality standard for local government in England,
Ombudsman: average number of days to respond to complaints,
BV4: Percentage of user satisfaction with complaints handling,
BV8: Percentage of invoices paid by agreed date or within 30 days,
BV9: Percentage of Council Tax collected: Adjusted for deprivation,
BV10: Percentage of NNDR collected,
BV12: Average number of days lost to sickness absence,
BV111: Satisfaction of applicants with planning service (CPA indicator E3),
BV86: Cost of waste collection per household,
BV90a: Satisfaction with waste collection (CPA indicator E8A),
BV90b: Satisfaction with recycling adjusted for deprivation (CPA indicator E8B),
BV89: Satisfaction with cleanliness of public space - adjusted for deprivation (CPA indicator E38),
BV64: Number of non-LA-owned vacant dwellings returned to occupation or demolished during the year as a direct result of action by the authority (CPA indicator H23),
BV183a: Average length of stay in B&B accommodation (in weeks) (CPA indicator H14),
BV183b: Average length of stay in hostel accommodation (in weeks) (CPA indicator H15),
BV203: Percentage change in the number of households in temporary accommodation at 31 March (CPA indicator H22),
HIP Percentage of homelessness acceptances that are repeat applications,
BV119a: Satisfaction with sports and leisure facilities (CPA indicator C5),
BV119e: Satisfaction with parks and open spaces (CPA indicator C9),

BV175: Percentage of racial incidents reported to the council that resulted in further action (CPA indicator H19).

In response to Objective 2 “To ensure that efficiency gains do not adversely affect our customers” the Sub-Group made the following recommendations:

Recommendations

1. To ensure that cost reduction/efficiency gains do not adversely affect front line services robust service performance monitoring arrangements identified continue to be strictly followed, including the retention of a number of performance indicators as set out in the report.

Objective/Key Issue 3: To identify the council's future plans to tackle the efficiency agenda.

The Government's efficiency gain objectives, set out in the Local Government White Paper of 2006, are now clearly reflected in the Comprehensive Spending Review of 2007. An overall target of 3% per annum has been set for local government. The sub-group noted the consistent comments from officers that this was indeed a challenging target. The external auditor also franked this view. However, the findings of the sub-group suggest that Chorley is very well placed to take up this challenge, although the future focus needs to be around efficiencies gained through smarter procurement, shared services and collaborative and partnership working have set out areas of potential gains for the future.

The sub-group found that central to the council's drive for excellence was the lead role its officers had played nationally on the Department for Communities and Local Government business process architecture project. This was a major, government funded project which concluded that local authorities need to have a wholesale rethink on what customers need and to realign work activities so that they focus resources where they best add value. Following on from this initiative, the Chief Executive has now put a more customer focused management structure in place which also strengthens our corporate commitment to the well established Value For Money principles.

Further projects are ongoing on customer profiling and need and the sub-group also noted that a Business Transformation Plan has now been approved and will be spearheaded by the Assistant Chief Executive (Business Transformation and Improvement). This innovative approach to business transformation establishes customer service excellence and value for money as the twin drivers of business transformation, with improvement plans across a number of thematic workstreams, led by Directors and reporting to the Strategy Group. The sub-group noted that this methodology is already being employed on the Value For Money review of the Neighbourhoods directorate which will be used as a pilot for rollout corporately.

The sub-group also found that our strategic approach to procurement makes the council well placed to take on the challenges set by the Comprehensive Spending Review 07. Whole life costing has been firmly established across the council through training of officers involved in the procurement process.

As part of the strategic approach to Value For Money service reviews will be undertaken during 2007/8 as part of a 3-year programme. These will involve the study of activities and processes undertaken within directorates with a focus on driving out waste and inefficiency and further enhancing the customer experience. Additionally the recently approved Partnerships Framework will also strengthen governance arrangements and ensure effective delivery of objectives through partnerships. Partnership working is increasingly the preferred method of delivering service and

the sub-group was pleased to note the corporate focus on ensuring that we maximise benefits and opportunities through those currently in operation and that we now have a robust procedure for ensuring the success of those partnerships we may enter in the future.

Training and awareness will be provided to all levels of the organisation on the efficiency agenda as part of a drive to embed a Value For Money culture at the Council. The revamped Business Improvement Planning process will be effectively integrated to the Council's overall financial and performance management cycle and with a real focus on migration of customers to cheaper access channels following the new website which was launched in April 2007.

The sub-group concluded in their agreement that the Comprehensive Spending Review 07 targets provide a challenging target for the council but that we were well placed to take this challenge on and continue to deliver on the efficiency agenda

In response to Objective 3 "To identify the council's future plans to tackle the efficiency agenda" the Sub-Group have made the following recommendations:

Recommendations

2. A strategy be prepared setting out how the Council intends to met the challenging target to reduce the operating costs of the Contact Centre by 25% by 2011.
3. A corporate plan setting out our strategic approach be prepared by officers, indicating how the gains demanded through Comprehensive Spending Review 07 will be delivered.
4. A strategic approach be taken to service procurement through partnership, collaboration and shared services.
5. The programme of business process re-engineering (commenced through integration of waste management public contact and the Customer Relationship Management) be continued, to maximise efficiency gains.
6. To continue to develop the transactional functionality of the Council's website as part of channel optimisation.
7. To increase the information relating to efficiency gains presented to the Executive Cabinet.
8. To recognize the drive to thin client technology and focus on new ways of working (for example reducing inkjet printers by encouraging two sided copying).
9. To add the transformation agenda to the remit of the member development steering group.
10. To implement a sustainable procurement policy and action plan to ensure the council's commitment to the environment, equality and diversity issues.
11. To suggest a future scrutiny inquiry topic of the provision of information and communication technology for members and staff.
12. To investigate the inclusion of members in the health and well-being initiatives provided for council staff.