

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation) (Introduced by the Executive Member for Resources)	Executive Cabinet	14 th August, 2008

VALUE FOR MONEY REVIEW – NEIGHBOURHOODS DIRECTORATE

PURPOSE OF REPORT

1. To present members with the findings, conclusions and recommendations arising from the internal value for money review conducted in the council's Neighbourhoods directorate

RECOMMENDATION(S)

2. That the Final Report be noted and approved for publication
3. That the recommendations within the report be approved for implementation
4. That the learning from this initial review be used to improve the methodology for future reviews carried out within the 3-year programme

EXECUTIVE SUMMARY OF REPORT

5. The final report document presents the detailed findings, conclusions and recommendations from the work undertaken by an internal review team to assess how well value for money is being delivered and improved across the services within the Neighbourhoods directorate. This is a large document, which has not been included with the agenda papers. It can be viewed on the loop through the following link.

[http://theloop/upload/public/Files/98/VFM_Report - 6 June 08.doc](http://theloop/upload/public/Files/98/VFM_Report_-_6_June_08.doc)

6. The review objectives were as follows;

- To examine service delivery and back-office support systems within the Neighbourhoods Directorate to ascertain whether value for money is being obtained.
- To produce a report setting out the findings against the prescribed evaluation criteria and with recommendations for any improvement or corrective action, which needs to be taken.
- To incorporate a longer-term action plan focussed on the Council's Business Transformation agenda.

7. Using a methodology developed in-house, the team assessed value for money against 5 criteria

Rationale
Efficiency
Economy
Effectiveness
Impact

Each service within the directorate was then scored against the criteria enabling the review team to assess how well VFM was being achieved.

8. Using the corporate themes adopted to direct and underpin the councils drive to improve value for money and customer satisfaction, the report sets out a broad strategic level summary of the Review Team findings and recommendations of what needs to be done if we are to be successful in meeting government targets for efficiency and our aspirations for Neighbourhood working. These are set out below.

9. **Customer Satisfaction**

Although there was considerable evidence that the directorate put a high priority on customer satisfaction, the review team found an inconsistent approach across the Directorate to assessing customer satisfaction. This has to some extent been addressed during the review but a greater focus is needed on monitoring customer feedback to ensure that customer satisfaction remains the directorate's highest priority. Opportunities for self-service and the opportunity for customer feedback needs to be explored and a more active role at directorate level is required with the ongoing implementation of the CRM system.

Procurement

The review team found good practice on procurement. However, significant improvement opportunities were identified against this theme. The need to robustly challenge expenditure before it is committed, opportunities for consolidated invoicing to reduce costs, alternative service delivery models, were identified as areas, which need to be tackled.

Some positive evidence of sustainable procurement being undertaken was identified however this needs a more strategic directorate wide approach to meet the national requirements set by the Government.

Technology

Improved use of technology is critical to the future success of the directorate and there are major opportunities to improve services and to deliver efficiencies in the processes and system that support service delivery. Clarity around the current and future use of the authority system, the deployment of GIS, the use of mobile/home working technology, using technology to improve scheduling and the implementation of CRM are some of the critical areas where a concerted effort is needed.

Asset Management

A review of Asset Management Arrangements was undertaken as part of the VFM review. The review concluded that there was considerable scope to implement AM arrangements to improve the current arrangements for maintenance, utilisation, security, deployment and replacement of the assets managed within the directorate

Unproductive Time/Managing the Service

The ABC rough cut costing review highlighted substantial apparent costs attributed to travelling and preparatory/closedown time in both street cleansing and grounds maintenance. In grounds maintenance for example the total cost of this non-added value actually was calculated at £165,480, which represents almost 23% of the total cost of the function at £730,720. Small percentile reductions to this cost would make significant savings to the operational cost of these services although this would more likely be non-cashable to increase productive outputs rather than reduce costs

This exercise also identified potential staff cost savings of £182k per annum in specific areas of the directorate.

Performance Management

The review team found a somewhat inconsistent picture on performance management arrangements within the directorate. Good practice was found with an ISO 9001 quality assurance system in place to cover neighbourhood quality and public health, however there was no evidence of its use in other service area. Benchmarking data to compare performance with others was only found in 4 of the 10 service areas. An effective framework for performance management needs to be implemented as part of the neighbourhood working changes including a review of service standards.

Workforce Development

The current workforce is based on specific service delivery areas, which creates a lack of flexibility and ‘pigeon-holes’ staff to carrying out a limited range of activities.

There are also high levels of sickness absence in the manual workforce. It is expected these will be higher than white-collar staff however benchmarking shows that we are also considerably higher than our nearest neighbour family group.

SCORING THE SERVICES

10. The scores allocated by the Review Team are shown in the table below and it is felt that they present an overall favourable picture of the directorate. To put the scores in context for members the VFM level bandings are also set out below.

	Waste	Public Health	N/Hood Quality	Service Improvement	CCTV	Community Safety	Parking	Street Cleansing & Residual Highways	Transport	Parks and open Spaces
Rationale	3	3	3	2	3	3	3	2.5	2.5	2.5
Efficiency	3	3	2.5	2	3	3	2.5	2.5	2.5	2
Economy	3	3	3	2	2	2	3	2.5	2.5	2
Effectiveness	3	3	3	2	3	3	2.5	3	3	2
Impact	3.5	3	3	2	3	2.5	3	2.5	2.5	2
Total	15.5	15	14.5	10	14	14	13.5	13	13	10.5

SCORE	JUDGEMENT
6-10	The service is offering limited value for money. There is the potential to improve the service by considering alternative methods of service delivery Options should be explored.
11-15	The service is generally offering value for money. There is the potential to improve efficiency and performance through exploring alternative methods of service delivery, examples of best practice should be explored and alternative methods of service delivery considered where appropriate.
16-20	The service is performing well and offering clear value for money, there is currently no identified need to explore alternative methods of service delivery and potential for increased efficiency or performance is low.

11. Although the results overall are positive there are clearly areas which need to be improved. The final report sets out detailed recommendations both at crosscutting directorate level and against specific service areas to address the issues of concern.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

12. To present members with the final report on the VFM assessment of the Neighbourhoods directorate.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

13. No alternative options considered

CORPORATE PRIORITIES

14. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	X
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	X

BACKGROUND

15. Whilst noting the Council's Strategic Framework for the delivery of value for money, the audit commission use of Resources Assessment for 2006 signposted the need for the Council to undertake a programme of VFM reviews.
16. VFM is a term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timelines, and convenience to judge whether or not, together, they constitute good value.

17. VFM is high when there is an optimum balance between efficiency, economy and effectiveness, known as the three 'e's – relatively low whole-life costs, high productivity and successful outcomes to meet the customer requirements.
18. To this end a detailed programme of Directorate reviews was developed and approved by Executive Cabinet in May 2007. The Neighbourhoods Directorate was scheduled as the first review to be undertaken with a scheduled completion date of April 2008.
19. Careful thought has been given to how the review outcomes should be documented and presented. The review constituted a major piece of work, which embraced both a study of whether value for money was being achieved and improved within the directorate and also created a business transformation programme to drive forward future change.
20. A substantial number of documents were prepared during the course of the review. These are an important part of the work carried out however for presentation purposes and to avoid too much detail in the main report these are referenced as Key Reference Documents (KRD's) and can be made available to any reader of the final report who requires this level of detail.
21. The work on the review was completed to the timescales set for it.

THE REVIEW TEAM AND STEERING GROUP

22. The Review was project managed by my Business Improvement Manager with input from key colleagues in the Neighbourhoods, People, Finance, ICT, HR and Policy and Performance directorates. This team reported to a Steering Group that included the Executive Member (Neighbourhoods).
23. To inform the review process 4 key supplementary exercises were undertaken by the Review Team.

Rough-Cut Activity Based Costing

Rough-cut ABC is a variant of ABC costing developed specifically for the Local Government Market. The exercise involved establishing the salary and associated costs across the directorate. By carrying out interviews with all directorate staff to establish the activities and processes their jobs involved and feeding this information into the model we were able to cost staff activity across the directorate. Activities were then analysed and a judgement made on whether the activities added value in terms of either customer requirements or meeting the needs of the organisation.

Procurement Review

The directorate is the council's largest operational directorate with a substantial spend on goods and services. It was felt important to undertake an analysis of spend within the directorate as part of the review and this task was assigned to the Corporate Procurement Team to establish if proper procurement procedures are being followed.

Benchmarking

Benchmarking can be a useful tool to highlight performance and cost in one council against a number of similar size councils often referred to as the family group. The biggest issue on benchmarking is nearly always that it is difficult to be certain that when doing comparisons on services you are comparing 'like for like' and this can become a very complex issue particularly when on-costs and recharges are introduced into the picture. Our approach has therefore been to seek out within Neighbourhoods any benchmarking data which exists and utilise that information to determine areas where there appear to be issues for further investigation. The benchmarking data has therefore served as a pointer to further investigation rather than being seen as providing a definitive picture and has been combined

with the activity based costing exercise to establish the activity cost rather than purely comparative costs of activity.

The main source of benchmarking data for the Neighbourhoods directorate is the APSE Performance Networks service and is used for 4 of the 10 services operated by the directorate.

The data on these services has been incorporated into the service analysis in Section 4 of the final report and we have also reported on any other useful performance/comparison data found as part of the review process.

Customer Satisfaction/Performance Management

An important part of the review was the work done around customer satisfaction. A working group was formed of corporate and departmental representatives who met to determine the best way forward and what level of attention is needed in each of the service areas.

The group concluded that the transport and service improvement service should be excluded from the review, as they were primarily internal services. It was also decided to exclude CCTV and Community Safety from this exercise as these services are partnership services and much work is already done around feelings of safety in the Borough.

The Council's Customer Access Officer led the project and the detailed outcomes from the assessment are set out in KRD8 and have been fed into the service-by-service analysis in section 4 of the report.

Performance Management was also considered an important consideration for the review team, and we examined what information was available both at national level in the form of Best Value PI's and at directorate level through Quality Assurance systems and contractor management systems. The findings and recommendations are set out against the individual service areas and additionally there is a strategic recommendation on Performance Management in the Directorate wide recommendations table in 4.3 of the final report.

BUSINESS TRANSFORMATION

24. Towards the conclusion of the review, thematic groups were formed following the principles agreed corporately for business transformation. These were as follows;

- Neighbourhood Working
- Technology and Information Management
- Performance Management and Customer Satisfaction
- Unproductive Time
- Strategic Procurement
- Workforce Development
- Asset Management

25. The outputs from these thematic groups were brought together at a workshop held in March this year and this enabled the formulation of a detailed transformation plan for the Neighbourhoods directorate (Appendix1), which also incorporates the recommendations from the review.

26. This will be a substantial programme of work spanning the forthcoming 18 months, however it will provide an essential platform for what we want to achieve as an organisation

27. Governance arrangements for the programme have been established and the proposed organisation structure is set out within the final report

It is suggested that Strategy group act as the sponsoring group with the Neighbourhoods Director and Assistant Chief Executive (Business Transformation) taking on the role of Senior Responsible Owners.

This is suggested to reflect the directorate focus alongside the corporate transformation drive led by the Assistant Chief Executive.

DIRECTORATE RESTRUCTURE

28. The Neighbourhoods director has been involved with the Review Team since joining the council and the review recommendations, including opportunities for staff cost savings, have been considered as part of her Restructure proposals, which are included as a separate item on this agenda.

CONCLUSIONS

29. This review is an important starting point on the 3-year programme of VFM reviews agreed by Executive Cabinet in 2007. The outcomes and learning from the review will benefit future work on the programme and this will support the continuing drive for efficiency savings through the CSR07 review period.

Outcomes from the review have been critical to informing and directing the restructure of the Neighbourhoods directorate. This will deliver significant efficiency savings for the council, which are detailed in the director's report.

IMPLICATIONS OF REPORT

30. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Customer Services	X	Human Resources	X
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COMMENTS OF THE CORPORATE DIRECTOR OF PEOPLE

31. There are numerous actions arising from the recommendations that require input from Customer Services. These have been factored into our work programme.

COMMENTS OF THE CORPORATE DIRECTOR OF HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

32 The employee implications following the Value for Money Review are contained within the Restructuring report for the Neighbourhood Directorates, and consequently the comments of the Corporate Director of Human Resources are contained there.

GARY HALL

ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

Background Papers			
Document	Date	File	Place of Inspection
Key reference documents (KRD's) produced in support of the final report Value for Money Review of Neighbourhoods Directorate Report	various	***	Business Improvement Office, Union St

Report Author	Ext	Date	Doc ID
James Douglas	5203	24 th July 2008	VFM Review-Neighbourhoods