

AGENDA ITEM

REPORT TO CABINET

19TH February 2009

**REPORT OF
CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

LEAD CABINET MEMBER – COUNCILLOR KEN LUPTON

EFFICIENCY, IMPROVEMENT & TRANSFORMATION PROGRAMME

1. Summary

This report outlines the council's medium term approach to improving services and delivering efficiencies

2. Recommendations

Cabinet is recommended to

- Agree the proposed managed approach to improvement and efficiency over the medium term

3. Reasons for the Recommendations/Decision(s)

In order to manage within the medium term financial plan, the council will need to improve both the efficiency and quality of its services. This report outlines an approach to efficiency and improvement reviews to enable this improvement and efficiency.

Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the

Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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EFFICIENCY, IMPROVEMENT AND TRANSFORMATION PROGRAMME

PURPOSE

This report outlines the council's medium term approach to improving services and delivering efficiencies.

RECOMMENDATIONS

Cabinet is recommended to

- Agree the proposed managed approach to improvement and efficiency over the medium term

BACKGROUND

1. Stockton-on-Tees Borough Council has a strong track record in both financial and performance management. Changes to the national economy and its impact on the borough's Medium Term Financial Plan together with rising resident expectations and demand call for a new approach to driving improvement and efficiency. This new approach will refine current approaches to performance and financial management, placing residents' needs and efficiency at the heart of the council.
2. It is proposed to begin a three year programme of efficiency and improvement reviews across all the Council's activities and this report sets out the proposed approach to these reviews. This review programme will mark the beginning of a development phase for the council. It follows a period where the council has been nationally recognised for its high performance and forward thinking, where resident satisfaction is generally high and where quality of life for local

people has improved. However, even without the financial drivers for improved efficiencies, this programme would be needed in order to maintain high performance, continue to improve satisfaction and enable further improvement across the borough.

3. The objectives of the Efficiency, Improvement and Transformation (EIT) programme, considered by Cabinet at its January meeting are:
 - To improve services while reducing costs enabling the council to manage its Medium Term Financial Plan effectively
 - To improve resident satisfaction
 - To further develop the council's service focus, excellence, improvement and efficiency culture
 - To maximise the potential of partnership working to improve efficiency and delivery to residents and service users
 - To ensure the Council remains high performing and that the borough is seen as high performing in the new Comprehensive Area Assessment.
 - To develop service delivery models which will be effective in meeting the changing needs of our communities e.g. the needs of an aging population

4. The review programme is an opportunity to rethink everything, innovate, be creative and take some calculated risks. There are several principles embedded within the review framework. These are:
 - Member involvement throughout
 - Resident focus
 - Innovation
 - Service focus
 - Efficiency focus
 - Performance focus
 - Doing more, better, for less or maybe not doing it at all
 - Future proofing the council
 - Effective project management

5. The Efficiency and Improvement strands of the programme will be delivered through a whole council review programme. Reviews will be carried out which encompass every function whether delivered directly or through commissioned / contracted services. Some reviews will be of discreet services or groups of services such as a review of youth services; others will be of themes which affect a range of services / areas of the council such as advice and information services.

6. Councillors will be involved in every review. Some reviews or elements of reviews will be carried out by Scrutiny Committees as part of the Scrutiny Work Programme. For reviews not carried out by Scrutiny Committees there will be two ways of involving non-Executive Councillors in the reviews. The first is through allocating a Scrutiny Committee to each efficiency and improvement review. The allocated committee would receive progress reports at its meetings enabling

members to challenge the progress and findings of the review. The second option is for a Scrutiny Committee or a specially formed task and finish group of councillors to be involved in a “gateway” review of the findings of the challenge and procurement modules. This would enable members to test the findings of these two critical stages in the review, challenging their robustness before they are reported to Cabinet. Cabinet members will be involved in all reviews relating to their portfolio.

7. The reviews need to be outcome focussed and minimise process and bureaucracy.
8. A number of the reviews will need to be conducted in partnership with other public agencies such as the PCT, police, fire service, NHS Foundation Trust etc to ensure that wider implications are taken into consideration. Discussions are ongoing about joining up different organisations review processes and review programmes. Development of the review programme will need to also take into consideration a range of large scale programmes already taking place such as Momentum: Pathways to healthcare.

REVIEW FRAMEWORK

9. The review framework has three main stages:
 - Challenge
 - Procurement / commissioning
 - Business Process re-engineering (simplifying the way we do things to make them more efficient)
10. A flow chart outlining the stages of the review framework, how decisions will be made etc is attached at Appendix 1. The following paragraphs outline each stage.

Challenge

11. Reviews will firstly challenge the need for the function / service and then consider how best to provide the service; deliver improved outcomes to local people; and cost reductions / efficiencies. Effectively this develops a specification for each service / function. The outcomes of reviews will contribute to the “Transformation” strand of the programme through remodelling service delivery and wherever possible, future proofing it.
12. The Challenge module focuses on three themes and six key questions with a series of supporting questions which need to be considered when carrying out the review

Theme	Key Questions
	Why is the service / function

Provision and configuration	provided?
	Why is it provided in this way?
Resident focus	Does it meet current resident needs?
	Will it meet future resident needs?
Options Appraisal	How else could it be provided?
	What is the impact of stopping the service?

13. There are three possible outcomes for the challenge module:
- Recommendation to no longer provide the service / function. If this is the outcome then a report which will include an exit strategy and communication plan will be submitted to Cabinet for this decision to be made.
 - Recommendation to continue providing the service / function and a specification as to what the service / function should provide. In this case, a report will be submitted to Cabinet for the decision to be made to continue to provide the service / function, agree the specification and ask the review team to carry out the procurement / commissioning module to consider in detail the potential delivery options.
 - Recommendation to no longer provide some aspects of the service / function but continue with others. In this case Cabinet will receive a report that combines the outputs from the two previous options.

Procurement / Commissioning

14. Where the Cabinet decision at the end of the Challenge module is to continue to provide some or all of a service / function and a specification has been agreed, Cabinet will also have identified which delivery options should be further explored through the procurement / commissioning module. This module focuses on comprehensive and rigorous options appraisal. It will assess whether each option can improve investment, modernise services, enhance organisational capacity, achieve efficiencies and achieve regeneration benefits. It must also determine the extent to which options can implement core policies and provide answers to:
- Which groups of people, organisations or other stakeholders are the intended beneficiaries of the service?
 - What type of benefits are planned – quality of life, physical environment, social, economic, education, employment and skills?
 - What will be the impact on the local or regional economy?
 - Who may be adversely affected and can this impact be eliminated or mitigated?
 - What mechanisms will be used to maximise the intended benefits?
 - Are the options sustainable?

15. At the end of the procurement / commissioning module a report will be taken to Cabinet with a recommendation on the best way to deliver the service to achieve improvement and efficiency. The report will include an implementation plan, communications plan, expected performance and cost implications etc.

Business process re-engineering

16. A key part of efficiency and improvement is to simplify the way we do things. This service reconfiguration or “business process re-engineering” or BPR can happen at any time and we will be encouraging all employees to think about how what they do could be simplified. A range of tools is available to help do this and all areas that have been reviewed will be expected to apply BPR techniques to drive further efficiencies.

REVIEW PROGRAMME AND SCOPING OF REVIEWS

17. Every aspect of the council’s work will need to be covered by the review programme. Work is underway to consider how best to divide up everything the Council does into a deliverable programme. There will be two review programmes – one for reviews to be carried out by Scrutiny Committees and one for reviews to be carried out by officers with scrutiny committee involvement.
18. The Scrutiny review programme for 2009/10 will be developed as normal through the identification of potential review areas, assessment against the PICK (Public interest, Impact on the social, economic and environmental well-being of the area, Council performance and efficiency, Keep in context) criteria, discussion of priorities at the Scrutiny Liaison Forum and decision by Executive Scrutiny together with allocation of each review to an appropriate Scrutiny Committee. Greater weighting will be applied to reviews with an efficiency focus in the PICK criteria.
19. The programme of efficiency and improvement reviews to be carried out by officers will be developed over the coming weeks and brought to Cabinet in March alongside the Council Plan and Service Improvement Plans for approval. This programme will then be used by Executive Scrutiny Committee to decide which option for scrutiny involvement to apply to each review (see para 6). The review programme will be firm for the first year (2009/10) and indicative for the following two years.
20. Progress in delivering the Scrutiny work programme will be monitored as normal by Executive Scrutiny. Progress in delivering the officer review programme will be monitored by a “programme board” of senior officers and reported to Cabinet and Executive Scrutiny on a quarterly basis. Progress with the reviews will also be outlined at the regular “policy update” members seminars. This regular reporting and

monitoring should ensure that the programme is delivered on schedule and that all members know what is happening within the review programme.

21. Each review will be carefully scoped and linkages to other reviews identified. Where a service / function under review is delivered in partnership with another agency such as the PCT we will endeavour to work closely with the other agency to ensure that links are made to any other review and that there is a joining up of processes and outcomes. Programming of reviews will need to take the following into consideration:

- The scale of the review and the capacity to deliver it at a particular time (e.g. factoring in the number of reviews in a particular service / service grouping at any one time)
- The length of time it may take to implement the review outcomes and then deliver the resulting cost reductions
- The lifespan of current contracts and timing of opportunities to re-look at commissioned / procured services
- The likely amount of cost reductions / performance improvement that could be delivered from the review
- Whether the proposed review would be better completed as part of another
- Links to partner organisations and their review programmes
- Potential impact of each phase of the programme on specific groups and geographies
- The need to ensure we cover 1/3 of our spend / activity each year

CONCLUSION

22. The introduction of the Efficiency, Improvement and Transformation Programme and its delivery over the next three years will be fundamental to ensuring that we continue to meet resident needs and manage within our resources. It represents a significant opportunity to shape the future of service provision, ensuring that the Council is as efficient and effective as possible. It fits well with the Council's successful approach historically to managing change, medium term financial and service planning and performance improvement

FINANCIAL IMPLICATIONS

The review programme will be delivered through existing revenue resources. The success of the review programme will impact on the Council's ability to manage within its medium term financial plan.

LEGAL IMPLICATIONS

The efficiency and improvement reviews will consider the legal implications of any proposed changes to service delivery

RISK ASSESSMENT

The successful delivery of the review programme to meet its objectives is medium risk. Effective project and programme management will ensure effective delivery of the programme and sufficient checks and balances have been included in the review processes to try to ensure the objectives are met. However, until the first few reviews are complete it will not be clear whether the review methodology will be effective. This will be closely monitored and amendments made as necessary.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

The Efficiency, Improvement and Transformation Programme cuts across all Community Strategy themes

EQUALITIES IMPACT ASSESSMENT

Equality issues are embedded within the review process and the results of each review will be subject to an individual equality impact assessment.

CORPORATE PARENTING

Efficiency and Improvement reviews will take into consideration the council's role as a corporate parent as appropriate

CONSULTATION INCLUDING WARD/COUNCILLORS

The approach to efficiency and improvement reviews has been included in the Council Plan and budget members seminar and discussion sessions.

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Background Papers

Ward(s) and Ward Councillors:

Property





