

“SEARCHING FOR BEST VALUE”

EXE 170608
Item 10

EXECUTIVE MEMBER: Cllr Elaine Woodburn, Leader
LEAD OFFICER: Liam Murphy, Chief Executive
REPORT AUTHOR: Liam Murphy, Chief Executive

Summary and Recommendation:

Executive is asked to agree the development of an improvement and efficiency policy to be approved at Full Council for the purposes of addressing the Council's further need to find Best Value in public service and public service delivery.

1. INTRODUCTION

- 1.1 The Council's record in efficiency savings over the last number of years has been consistent and exceeded expectations. (See 'Annual Efficiency Statement' elsewhere on this agenda.) In addition to Gershon savings, however, there are now a number of other requirements in place that are going to drive the Council's efficiency agenda further and harder.
- 1.2 This report explains what these requirements are and how the Council may seek to address them and realise the improvements that will go with them.

2. REQUIRMENTS FOR FURTHER EFFICIENCY AND IMPROVEMENT

- 2.1 Beyond Gershon Savings, the Executive is aware of the following implications for efficiency and improvement:
 - Use of Resources Auditor Judgements;
 - Council's Medium Term Financial Strategy;
 - Business Architecture Analysis; and
 - Cumbria Improvement & Efficiency Agenda.
- 2.2 In summary, these programmes require the Executive to consider how to achieve best value through (a) further efficiency savings, (b) process improvements, (c) market testing, and (d) sharing of services. Any one (or combination of) these options would bring significant changes to the nature of service delivery by the Council and consequently may require a revised view of how the Council should do its business. In order to ensure that any proposals to change the business model of the Council are considered properly, it is recommended that a policy governing how such

programmes should be undertaken is developed through the Executive for approval at Full Council.

3. USE OF RESOURCE AUDITOR JUDGEMENTS

- 3.1 The Council is currently scored 2 (out of a maximum of 4) for 'value for money' by the District Auditor. The judgement makes specific reference to the need to:

“develop clearer information to evaluate the quality and accessibility of services”; and

evaluate “the impact on users within business plans and option appraisal for spending decisions”

Use of Resources Auditor Judgements 2006

- 3.2 The District Auditor has been particularly critical of the Council's failure to properly benchmark its costs of services and processes. In other words, the Council should be required to have a comparative understanding of what similar councils are paying for equivalent services and processes.
- 3.3 The Resource Planning Working Group has set up a task & finish sub-group to specifically look at cost benchmarking called the “Finance Forum”.

4. MEDIUM TERM FINANCIAL STRATEGY

- 4.1 The Council's medium-term financial strategy was approved on 26th February 2008 and incorporates the (a) revenue strategy, (b) capital strategy, (c) treasury management strategy, and (d) reserves strategy. The aim of the financial strategy is to ensure that the Council achieves its vision through *“priority-based financial planning and budgeting ...within the total resources available to it.”*
- 4.2 The management of the strategy is the budget prioritisation process whereby all proposed changes, whether growth or savings, are considered within the knowledge of the total resources available to the Council so that an informed decision can be made regarding the alignment of resources to meet the overall vision, objectives, and priorities whilst taking account of any significant business risk.
- 4.3 The current financial strategy maintains the Council's budget on a sustainable level for the next 3 financial years from 2008/09 under-written by the strength of the Council's reserves to mitigate anticipated and business risk expenditure. There is a potential risk, however, that the current generosity of the Government's settlements may not continue

beyond this period and this may result in the requirement to make cost savings of at least 8%. This is more than a significant driver for the need to make better and more substantial efficiency and improvement changes.

5. BUSINESS ARCHITECTURE ANALYSIS

- 5.1 Along with all other Cumbrian local authorities, the Council is currently researching the potential for developing a shared services strategy. At the present time this is purely an 'in principle' agreement subject to more analysis and assessment. The first major analysis of this programme is the Business Architecture project.
- 5.2 'Business Architecture' is a project whereby all of the Council's processes are audited and then modelled using computer software. The software considers the data inputted concerning a full range of Council processes and structures the findings according to how much resource goes into (a) producing strategies about the process, (b) managing the process, and (c) executing (i.e. doing) the process. This form of data allows the individual authority (in our case Copeland) to consider whether or not the allocation of resource across a, b, or c, for a particular process is what is expected. In addition, the data can be compared for benchmarking purposes with another authority.
- 5.3 For the purposes of the Business Architecture project, Copeland is to be benchmarked with Carlisle City Council in order to see if the resource allocation on individual processes is similar or different. The results of this analysis would inform future efficiency and improvement in individual processes. At the present time, CLASB anticipates that the comprehensive results and conclusions of the Business Architecture project may help inform a shared services strategy for Cumbria.
- 5.4 A shared services strategy could potentially be high risk if not properly managed. For best results, it is likely that a particular service would need to improve and be highly efficient prior to sharing in order to achieve real savings.

6. CUMBRIA IMPROVEMENT AND EFFICIENCY AGENDA

- 6.1 The Government has recently moved local authority improvement and efficiency up its own agenda through the creation of a national improvement and efficiency programme. The programme is to be managed by regional partnerships, in turn overseeing a set of sub-regional partnerships. The Council is part of the Cumbria Improvement and Efficiency Partnership that is being formed from the merger of ACE

(Achieving Cumbrian Excellence) and CCP (Connected Cumbria Partnership).

6.2 In the first business plan for the partnership it has focused upon procurement, revenue savings, harmonisation of processes, contracts benchmarking, and letting shared contracts. The specific themes for these approaches are to be:

- Transformational government and the citizen;
- Efficiency;
- Economic development; and
- Community empowerment and neighbourhood delivery.

6.3 The Cumbrian I&EP features all the local authorities of Cumbria and has initial funding for 3 years for a 5 year programme.

7. BRINGING A POLICY TOGETHER

7.1 On the basis of these programmes and initiatives it becomes important that the Council has in place a policy framework to steer the next phase in the 'search for best value' so that the right decisions are taken for the right reasons, when they need to be taken.

7.2 A proposed policy framework would allow the Council to establish its position in relation to (a) efficiency savings, (b) process improvement, (c) market testing, and (d) shared services, in order to fulfil its current obligations under the Corporate Plan and financial strategy.

8. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

Considerable, once a future policy is delivered.

9. IMPACT ON CORPORATE PLAN

The proposals seek to ensure that the Corporate Plan is delivered and that its outcomes are sustainable.

List of Background Documents: None.

List of Consultees:

Executive
Corporate Team

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

| | |
|---|---|
| Impact on Crime and Disorder | Yes – in terms of the Corporate Plan. |
| Impact on Sustainability | Yes – to ensure that the Council's programmes are sustainable in the long-term. |
| Impact on Rural Proofing | No – there is no specific implication for rural issues, along potentially they may be affected. |
| Health and Safety Implications | None |
| Impact on Equality and Diversity Issues | Yes – the proposals see improved equality and diversity capacity as a targeted improvement. |
| Children and Young Persons Implications | Yes – in terms of the Corporate Plan. |
| Human Rights Act Implications | None |
| Section 151 Officer Comments | See section 8. |
| Monitoring Officer Comments | No specific comments. |