

HERTFORDSHIRE COUNTY COUNCIL

**CABINET
MONDAY 19 MAY 2003 AT 2.00 P.M.**

Agenda Item No.

4

EFFICIENCIES PROGRAMME

Report of the Director of Adult Care Services

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Executive Member:- Alan Searing

1. Purpose of report

To agree starting points and initial programme for the Efficiencies Programme. To set up a cross-party member panel.

2. Summary

The objective of the Efficiencies Programme is to realise £5m in cashable savings in each of the coming three financial years. This report outlines the initial programme to do this, including starting points: the areas that officers suggest are most promising in the search for such efficiencies.

3. Conclusion

Cabinet is invited to agree the timetable for the efficiencies programme, to set up a cross-party panel and to support starting points in the search for efficiencies.

4. Background

In order to avoid cuts to services and / or very high council tax increases in future years, the County Council needs to embark on a programme to identify and achieve cashable efficiency savings of £5 million per year from 2004/5 onwards.

The Simplifying Administrative Processes strand of Herts Connect: *simply done* has demonstrated that there are significant efficiencies to be made within the organisation.

The annual budget round with its "salami slicing" approach to efficiency savings is unlikely to deliver the very significant efficiency savings that will

need to be made in future years. We need to take a different approach. This paper sets out how we can deliver the efficiencies programme.

Starting points for the programme

The Efficiencies Team is now in place and a cross departmental Champions Group has been formed (see Appendix 1). Links have been made with the Sharp and DTZ projects, the simplifying administrative processes strand of Simply Done, and the promised savings from previous Best Value reviews are being followed up. A two day workshop with the Champions group has identified a number of starting points in the search for efficiency savings. These are set out below.

People and jobs: "Our resources are traditional but the tasks have changed."

We can reduce costs by re-examining the ways in which we employ and manage people, leading to us employing the right numbers of people in the right places with the appropriate skills. Savings will arise from:

- Use of fewer, highly skilled (and hard to recruit) staff (possibly better rewarded) combined with better equipped support and 'para-professional' staff, leading to higher productivity on direct service provision.
- More systematically growing our own professionals and managers and ensuring that we do not carry unproductive management overheads.
- Reducing sickness levels.
- Increasing retention of staff within first year following appointment.

Opportunities created by Project SHARP: SHARP (*Simplifying Hertfordshire's Accounting and Resource Processes*) gives us an opportunity to design appropriate business processes, support functions (personnel, finance, property, procurement) and information to managers. Savings will arise from:

- Rationalising support services
- Providing better information, including internal benchmarking, to budget managers. Incentives for underspend and budget reductions
- Improved procurement
- Reduced invoicing costs and settlement discounts.
- Reduction of checking costs.

Opportunities created by property rationalisation: Consultants from DtZ are currently working with Hertfordshire Property on the detailed feasibility of a major rationalisation of office stock. The Champions and Efficiencies Team will assess the other changes that will be needed to realise savings in support and other costs if such a project is approved.

Top 20 most expensive processes: Identify these and process re-engineer them. These are likely to include processes involving the CSC, including assessment and care management processes in CSF and ACS.

Re-visit spending and procurement Challenge 'sacred cows' and big spends. The team will systematically examine large spend areas to ensure that we are getting best value and to seek opportunities to reduce spend or to get more for our money. As well as questioning the need to spend, we will ask:

- Do we use our buying power sufficiently?
- Can we tie more contracts and procurement to cost reduction and innovation?
- Do we seek ideas on efficiencies from our contractors?

Microscopic examination: The team will examine 'typical' parts of the organisation in detail, identifying working practices and business processes and making both internal and external comparisons. We will seek learning about more efficient working that can be applied more widely and question everything not directly related to service delivery. This may lead to other starting points which can in turn be examined further.

Income: we will consider whether the new freedoms and flexibilities create opportunities to maximise income to some services, for example through trading across local authority boundaries.

Implementing Best Value Reviews: Savings identified in BV reviews have not all been realised. We will re-examine these to identify how they can be.

Many more ideas emerged from the workshop in addition to the above strands, and these are being assessed to see in what ways they could be pursued.

Work on the efficiencies programme

Initial work on researching and scoping the starting points that emerged from the Champions Workshop will be completed by the end of May. Hypotheses are currently being developed for each of the starting points with detailed project plans for testing together with an estimate of the savings that can be achieved. During the same period, areas of the organisation that are potential candidates for the microscoping exercises will be identified in consultation with the Champions Group, and initial work will be completed on setting up the exercises. The exercises themselves are planned for one week in early June but the actual timing will depend on specific practicalities for the services concerned.

Work on the major strands of the efficiencies programme will involve a departmental lead officer supported by a member of the Efficiencies Team, with appropriate staff seconded onto the project on a part or full time basis as

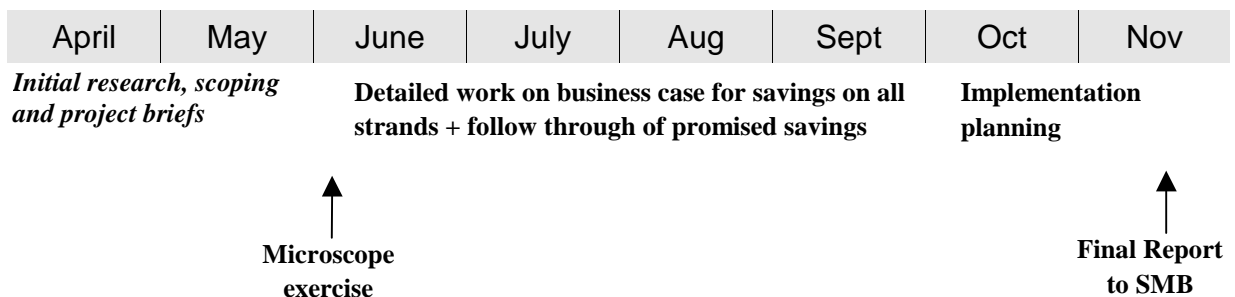
required. Any additional expertise or resource that is needed will be brought in on a commissioned basis.

Another strand of work will be to keep a record of efficiency gains that have already been promised and not yet delivered, as in Best Value Reviews. In addition, there will be a role for the Efficiencies Team and the Champions Group to stimulate ideas and proposals on efficient practices wherever there is an opportunity. This will require them to be flexible and opportunistic about what they get involved in, and aim their resources wherever there is scope for maximum efficiency gains.

The team will also tap into other resources, such as CIPFA or management trainees, to undertake specific work on promising areas .

Recommendations for savings in 2004/05 will be delivered in November 2003. These will identify implementation costs, cash flows and cashable savings. Where there are other benefits and noncashable savings these will be clearly shown as such.

Summary project plan



Financial implications

The initial work to develop business cases and to set up implementation will be funded by the existing best value review budget (£373k). The opportunity costs of senior staff time should be contained within existing budgets.

Member involvement

Cabinet should consider the membership of a small Cabinet Panel to act (as with best value reviews) as an early sounding board for the proposals coming out of the Efficiencies Programme and to help maintain focus and momentum to the programme.

The Efficiencies programme will also be scrutinised by Resources Scrutiny Committee at its June meeting.

Appendix 1

The Champions Group

<i>Names</i>	<i>Department</i>
Paul Clark (chair)	CSF
Diana Searle	CSF
Lynsey Martin	CSF
Cathy Kerr	ACS
Mark Jordan	ACS
Mike Collier	Env
Rob Smith	Env
Paul Jackson	CI
Guy Pratt	CI
John Mills	Fire
Chris Strickland	Fire
Clare Kaye	Corp
Andy Nightingale	Corp (Finance)
Tony Comer	Corp (Property)

The Efficiencies Team

Lead Chief Officer: Caroline Tapster

Team:

Ian Bailey

Jo Aspin

Ahmed Farooqui