

APPENDIX 12

SOUTHAMPTON CITY COUNCIL

EFFICIENCY PROGRAMME STRATEGY 2010 - 2012

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Author:	Sarah Dennis
Owner:	Carolyn Williamson
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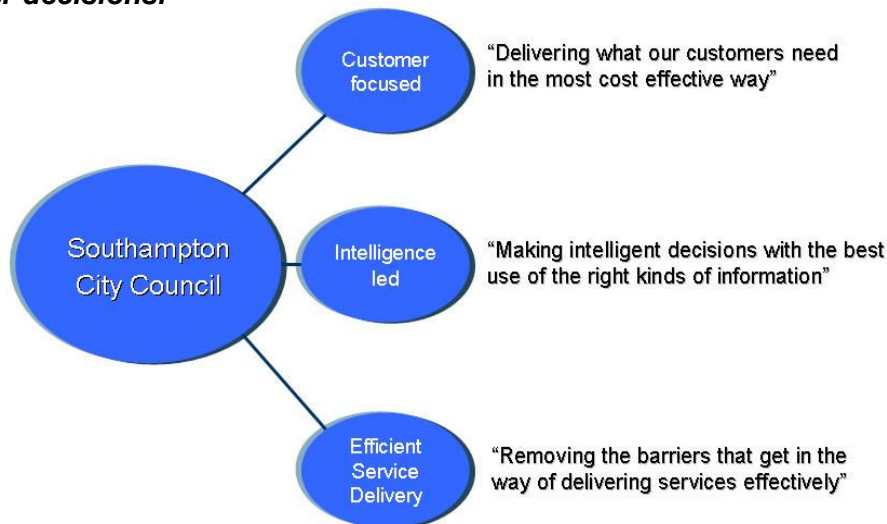
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1. EXECUTIVE SUMMARY

1.1. Aim of the Efficiency Programme

The aim of this Efficiency Programme is to deliver fundamental changes in the ways the Council works, supporting its vision to become more customer focused by delivering services more efficiently using high quality data to make better decisions.



1.2. To be successful in these aspirations the Efficiency Programme needs:

- Clear and strong leadership of change and ownership of challenges by members and senior management;
- Commitment to delivering defined and realistic outcomes by all stakeholders including employees, involving citizens and suppliers where relevant;
- To redesign services based on an understanding of value from the customers' perspective;
- To operate within a programme management framework where project interdependencies are clearly recognised and managed and projects are prioritised and coordinated appropriately;
- A structured, evidence based and 'fit for purpose' business case approach;
- Sufficient resource capacity for change and implementation;
- Recognition that to change, the Council needs to empower employees, challenge unnecessary bureaucracy and tradition and accept measured risks;
- A mechanism to monitor, evaluate and review progress in the programme's delivery.

1.3. Purpose

The purpose of this strategy is to set out a shared view for a coordinated approach to the efficiency programme.

The primary objectives of the programme will be to reduce complexity and costs through focus on customer outcomes, simplification and standardisation.

The strategy supports the systematic organisational review of functions, systems and processes. In doing so it also supports the Council's "Value for Money" assessment in the Use of Resources element of the Corporate Area Assessment, ensuring key efficiency requirements are firmly built into management and governance processes.

2. OUR CURRENT POSITION

2.1. Efficiency challenges

The Council faces unprecedented financial pressures against increasing demand for services, service quality and value for money, which will impact ability to deliver corporate priorities through existing service delivery models and operational infrastructure. The next Comprehensive Spending Review is likely to result in further significant reductions in Council funding, commanding challenging financial savings over a sustained period.

The Council needs a strategic approach to efficiency which aims for long-term sustainable gains and service improvements. The approach must support the Council's wider objectives and cut waste throughout the delivery chain. It must be capable of taking an holistic view of the Council's planned outcomes, whilst seeking integration and efficiency opportunities across the organisation, going beyond traditional departmental boundaries, structures and service delivery models.

2.2. Delivery to date

A range of service-based procurement and efficiency savings have been delivered since 2007/08 under the joint Transformation Programme within the framework of the Strategic Services Partnership with Capita. In accordance with the partnership agreement, the leadership role for this programme passed back to the Council in September 2009, releasing Capita from the transformation approach and establishing the Efficiency Programme.

It is widely considered that the opportunities for further service-based reviews still exist; however, these alone will not be sufficient to drive the levels of financial savings required in the future and it is evident that a comprehensive programme of cross-cutting reviews needs to be established.

The Council has commissioned a review by LG Futures, due for completion early 2010, drawing upon national benchmarking and comparative cost and performance data, to identify prioritised options to deliver significant cost savings based on cessation or reduction of services and potential service efficiencies. The outcomes of this review will provide focus for further investigation within the efficiency programme.

2.3. Governance framework

The Council has recently introduced a robust programme and project management methodology, PM Connect, to ensure that all change programmes and investments are properly justified, owned, visible and capable of delivering clearly stated outcomes. PM Connect will define the management framework for the Efficiency Programme and all projects will be governed using this methodology which supports appropriate scaling of effort commensurate with the level of project risk.

3. BUSINESS DRIVERS FOR THE EFFICIENCY PROGRAMME STRATEGY

3.1. National Context

Operational Efficiency Programme (Comprehensive Spending Review 2007) – resulted in challenging year on year budget reductions until 2010-11. The OEP workstream on back office operations and IT claims that the public sector should be able to achieve a reduction in annual back office costs of around 20-25% by the end of 2011-2012. It recommends publication of a set of ‘value for money’ indicators on back office operations which will be reviewed by the Audit Commission under the ‘Use of Resources’ assessment. Further, it recommends that “a systematic review of functions, systems and processes” should be conducted by the end of 2010-11 to drive simplification and standardisation, leading to significantly greater sharing of services and potentially increasing outsourcing. The scale and timeframes for improvement are considerable compared to previous requirements (e.g. Gershon) and therefore a faster, more powerful approach to change is necessary.

Economic Trends – the current state of the economy is creating additional challenges for the Council. Demands for some services are significantly increasing, with businesses and residents needing additional support and intervention, whilst income collection in traditionally profitable areas is being impacted. Services need to develop a better data driven understanding of variation in demand for services, in terms of both volumes and quality, of the capacity required to meet demand and of the relationship between cost and customer value. Without this, services will lack the agility to map scarce resources to demand proactively, therefore being unable to meet shifts in demand with existing or reduced resources.

‘Total Place’ Agenda – is focused on designing services around the needs of individuals. Its aim is to look at how a ‘whole area’ approach to public services can lead to better services at less cost, identifying and avoiding overlap and duplication between organisations, delivering change in both service improvement and efficiency.

Comprehensive Area Assessment (CAA) – “Use of Resources” assessment requires as a minimum that the council actively seeks and evaluates new ways of delivering services to achieve efficiencies, for example using business process re-engineering techniques to improve processes and structures. It also requires the council to set itself and monitor and manage performance against challenging efficiency targets. A council that is performing well will implement innovative ways of delivering services, again using business process re-engineering techniques to change processes and structures, resulting in more efficient and improved services. The Transformation programme was previously used to evidence the Council’s performance in this area.

3.2. Corporate priorities and values

The principal aims of this Efficiency Programme strategy are embedded within the Council’s first corporate priority theme:

Providing good value, high quality services – delivering value for money and efficient services, avoiding excessive taxation, ensuring good City governance, and working with neighbouring authorities, partner agencies and with appropriate strategic partners

And within the fourth organisational value:

Deliver outcomes and strive for continuous improvement - we will manage effectively to ensure business performance and high standards of service. We will monitor and evaluate our activities continuously and strive for improvements in all that we do. We will promote effective working partnerships, internally and externally

3.3. Corporate strategies

The Council's response to central government's Operational Efficiency Programme workstrands is supported by the Corporate Improvement Plan and the following corporate strategies, approved and adopted by Cabinet in 2009:

Customer Services Strategy – delivering services to citizens at a time and in a manner suited to their requirements, ensuring that the vast majority of enquiries are responded to promptly and resolved at first point of contact.

Workforce strategy (local incentives and empowerment) – developing a more flexible, responsive and skilled workforce to deliver services efficiently

Corporate information management strategy (back office / IT) – managing and exploiting information as a valuable asset

Procurement strategy (collaborative procurement) – ensuring best value in procurement through an appropriate balance of quality and price and making effective use of frameworks and collaborative buying where possible

Corporate Property Strategy (asset management / sales and property) - owning and managing a property portfolio of the right size and quality to support the corporate priorities and be responsive to the service needs of modern local government

Accommodation Strategy (asset management / sales and property) – rationalising civic property portfolio and implementing flexible working arrangements that optimise the use of space in a structured way.

Organisational agility, change, efficiency, collaboration and innovation are key themes within these strategies.

These strategies have many interdependencies and therefore the Council needs to ensure through its programme management and by application of a 'whole system' approach to decision making, that overall value takes precedence over locally optimal solutions should a conflict occur. The Efficiency Programme Strategy will therefore 'underpin' these strategic themes, supporting their coordination and delivery.

3.4. Corporate business plans

Business Planning and EFQM - the annual process identifies core service outcomes, service levels and resource requirements, supporting identification of areas where the overall capability and efficiency of services can be optimised, so providing focus for efficiency programme reviews.

Portfolio Spending Reviews - quantify management's targets for delivering service-based efficiency savings.

4. STRATEGIC PLAN

4.1. Developing an Efficiency Programme Plan

The key themes identified within this document will be the driving force for the Efficiency Programme Strategy. The fundamental purpose of which must be to move the Council towards a culture of ongoing continuous improvement and efficiency.

The Council needs to be able to demonstrate it has adopted a structured and systematic approach to its review of functions, systems and processes. As such, the strategy will be implemented through the determination and delivery of a rolling

Efficiency Programme Plan, developed in consultation with senior management and based on the outcomes of the LG Futures Review, Business Planning and EFQM process and Portfolio Spending Reviews.

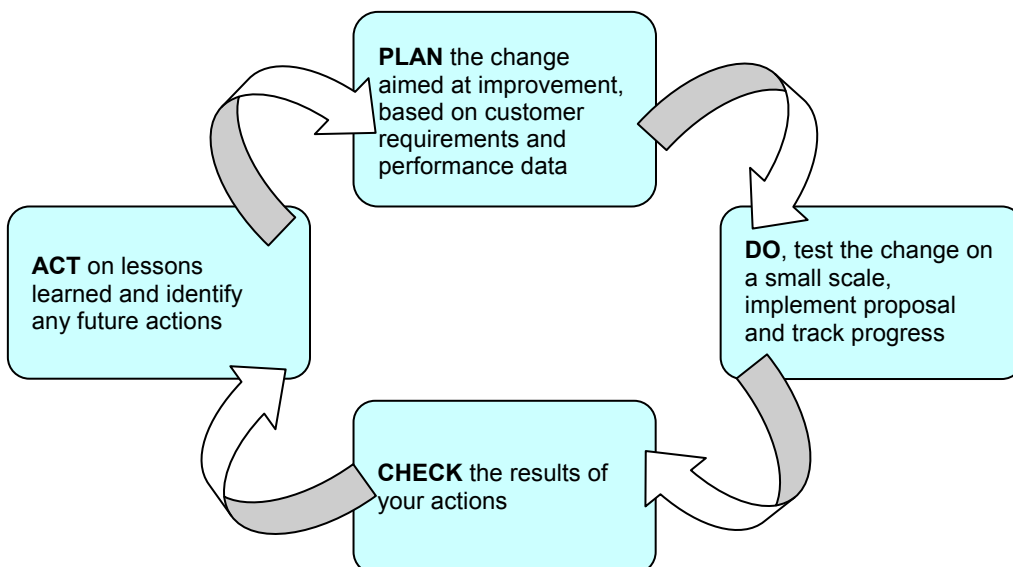
The plan will be subject to ongoing review and annual adjustment, to ensure it remains aligned with the Council’s key objectives and changing priorities.

4.2. Plan delivery

The Efficiency Programme Plan will identify a programme of prioritised strategic assessments. Progress of the reviews from this assessment to full efficiency project implementation and conclusion will follow the PM Connect approval route. Using the PM Connect Project Evaluation Tool, the reviews will be categorised and supported as follows:

Project category	Project support	Typical review type
Gold	<ul style="list-style-type: none"> Project sponsored by nominated Executive Director. High level of project leadership/ support or project delivery from Efficiency Team. 	<ul style="list-style-type: none"> Expected to lead to significant efficiency savings Involves a high level of complexity to implement (for example, cross-cutting reviews) High risk or high profile (for example, reviews involving customer facing services)
Silver	<ul style="list-style-type: none"> Project sponsored by relevant Executive Director. Directorate led with project guidance/ assurance from Efficiency Team. 	<ul style="list-style-type: none"> Expected to lead to some efficiency savings Involves a medium level of complexity or risk to implement Not expected to attract significant attention (for example, a review involving support services)
Bronze	<ul style="list-style-type: none"> Project sponsored by relevant Head of Service/ Level 1 Project led and managed by Level 2 within service area under review 	<ul style="list-style-type: none"> Not expected to contribute significantly to efficiency savings Implementation is expected to be straight forward and low risk Low profile review

Reviews will broadly follow the **PDCA (plan-do-check-act)** iterative four-step improvement process [see also Project Overview template in Appendix two]:



4.3. Gateway 1 – strategic assessment

An in-house review team, comprising representatives from the Efficiency Programme team, Finance, Corporate Policy and Performance and the directorate/service under review, will be responsible for delivering the strategic assessment to the nominated Project Sponsor.

Each strategic assessment will involve a thorough data-driven analysis of the service position based on customer outcomes. The assessment will be delivered within a 4 week timescale and will:

Define the scope and intended outcomes of the project for confirmation with the Project Sponsor.

Measure the current process value stream and performance and efficiency indicators to understand customer outcome requirements and to ensure appropriate focus of the service efficiency design.

Explore options for future service delivery targets, focused on customer outcome requirements and undertake a gap analysis between the current ('as is') situation and the customer outcome requirements ('to be') to provide a high level solution design.

The design will be documented in an **Outline Project Proposal**, identifying a series of workstreams, which will include "quick wins" and some medium to longer term implementation projects, together with estimated timescales and costs for delivery of the workstreams.

4.4. Gateway 2 – business justification

This stage will require **development** of a **Project Business Case** for each project workstream within an 8 week timescale, providing a detailed and prioritised solution design for each of the recommended option(s). The business case will consider:

Service levels – consideration of whether the services could be stopped; reduced to a defined statutory minimum or to "statutory minimum plus"

Service efficiencies - delivering the service in a more efficient way, using 'lean' principles (i.e. reviewing how services function or organise their work and removing or significantly reducing "waste") underpinned by a customer outcome focused approach to include:

- Process – 'doing the right work', removing work that does not deliver "customer value" and utilising existing technologies more effectively to streamline the process;
- People – 'doing the work right', ensuring staff are properly trained, resourced, utilised and empowered to deliver the service;
- Organisation – 'managing the right way', supporting the people who operate the process with the right organisational structure, technology, measurements and delivery channel. This may include review of options for integrated service delivery, shared services, commissioning or outsourcing.

Service charges - options for developing the service strategy on fees and charges

A 'challenge group' will be established for each review, chaired by the nominated Project Sponsor. The purpose of the group will be to ensure the business case(s)

have been robustly prepared and that all efficiency options have been appropriately explored and appraised.

To ensure business case recommendations are effective and sustainable they must:

- focus on delivering customer value;
- be appropriate to the scale and scope of the area under review;
- focus on sustainable outcomes, with success evaluated by agreed measures of performance including cashable benefits and release of productive time;
- support realisation of benefits that extend beyond the review itself and “future proof” the review area as far as possible; and
- ensure clear accountability for the delivery of the project benefits.

4.5. Gateway 3 – project initiation

Project initiation may include **implementation** of a pilot project to test the recommended solution(s). Any lessons learned or conclusion from the pilot will be fed back into the solution design.

A clear **Project initiation document** will be developed, aligning planned outcomes and milestones with resource utilisation proposals. All parties involved in the project must be clear on the project’s intended outcomes and their responsibilities in delivering those outcomes.

The Project Sponsor must ensure there is genuine commitment to the project. Any concerns around commitment and its impact on delivery, that cannot be easily resolved must be escalated through the reporting process to the Efficiency Programme Board.

4.6. Gateway 4 – implementation

Full project **implementation** will be the responsibility of the nominated new process or service owner.

Support will be provided to the projects from the Efficiency Programme Team in accordance with the project categorisation.

Highlight reports will be made throughout the duration of the project to the Project Sponsor and to the Efficiency Programme Board at key project delivery milestones.

4.7. Gateway 5 – project closure

The business cases will define the expected outcomes from the efficiency projects and success in delivering project outcomes will be **checked** against this.

There will be an expectation that any cashable efficiencies identified will be delivered in accordance with the agreed project implementation timescale and integrated into the budget process. The cashable efficiencies will normally be attributed to the service delivering the efficiencies. Where efficiencies result from a cross-cutting review, the efficiencies will be attributed on a fair and equitable basis.

Any variation to project outcomes, be they level, timescale or scope of project delivery, must be agreed by the Efficiency Programme Board on a timely basis and would normally be expected to have been identified prior to project closure.

Project closure will include the identification of any future actions and identification of lessons learned and any other benefits realised.

5. EFFICIENCY STRATEGY DELIVERY – ROLES AND RESPONSIBILITIES

5.1. Members

The Cabinet will review and approve any significant amendments to the Efficiency Programme Strategy as part of the annual budget setting process.

5.2. Efficiency Programme Board

An 'Efficiency Programme Board', comprising the Cabinet Member for Resources, Chief Executive, Assistant Chief Executive (Strategy), Executive Director for Resources, and the Solicitor to the Council will:

- select and prioritise efficiency reviews, creating an Efficiency Programme;
- meet on a quarterly basis to oversee and challenge delivery of the programme;
- bring timely resolution to any issues blocking programme delivery;
- meeting "virtually" on an ad hoc basis to resolve any significant corporate issues affecting the balance of the programme should the needs arise.

The Head of the Efficiency Programme will report to the Board but will not be a board member.

5.3. Chief Officers and Heads of Service

Chief Officers and Heads of Service will:

- actively and consistently sponsor the efficiency programme reviews;
- ensure the efficiency agenda and delivery targets (including financial targets) are incorporated into the EFQM business planning process and portfolio spending reviews;
- take ownership and responsibility for delivery of Efficiency Programme reviews;
- make progress reports on key milestone delivery and outcomes to the Efficiency Programme Team;
- attend the Efficiency Programme Board on request to report on progress; and
- commit appropriate resources in terms of project support and professional/technical expertise to ensure the efficiency programme can be delivered in a relevant and timely manner.

5.4. Efficiency Programme Team

The Efficiency Programme team, led by a Head of Efficiency Programme, will operate as 'programme office' to coordinate the planning and realisation of outcomes in relation to the Council's efficiency agenda. In particular the team will:

- lead on the development of the Council's Efficiency Programme Strategy;

- coordinate a systematic programme of reviews of all functions, systems and processes over a five year period, to drive simplification and standardisation and to ensure they are fit for purpose and deliver value for money;
- review progress against delivery plans on a regular basis, ensuring outcomes are clearly focused on efficiency savings and service improvements;
- work across the Council regarding any efficiency programme implications for corporate policies and complex and cross-cutting reviews;
- provide an independent and objective challenge to Directorate-led efficiency reviews, assisting project leaders in focusing on the core service delivery value chain and removing or streamlining activities that do not add value to the service user;
- lead on cross-cutting efficiency reviews as appropriate;
- manage the allocation and prioritisation of funding for “invest to save” programmes and initiatives;
- ensure the Council can demonstrate a systematic review of functions, systems and processes to drive leaner operational management, simplification and standardisation in support of the central government operational efficiency programme;
- advise on the proper management and delivery of efficiency projects and programmes in accordance with the principles set out under the Council’s P.M. Connect Methodology;
- work alongside the Organisational Development team to ensure that appropriate skills and capability are developed and maintained within the authority to support the efficiency programme;
- act as ‘coordinator’ for benchmarking activity and recruitment and selection of external support/ expertise for the efficiency programme; and
- work alongside external support/ expertise to ensure adopted review processes are capable of delivering required outcomes and behaviours and skills are transferred to the in-house team where appropriate.

Staff for the Efficiency Programme Team will be drawn from four areas:

- the Efficiency Programme service;
- using secondees into the Efficiency Programme Service from across the Council;
- from service areas managing change directly; and
- from limited use of specialist resource from external resources.

The programme will have access to the Efficiency Fund for enabling and invest to save projects.

6. RISKS AND MITIGATION

Risk	Probability	Impact	Mitigation
Efficiency programme does not deliver anticipated benefits	Medium	High	Programme owned and sponsored at Executive Director level with regular reporting and accountability for delivery to the Efficiency Programme Board.
Working culture does not support delivery of benefits through rapid and significant behaviour change.	Medium	High	Behaviour change supported by Management Academy work programmes. Change programme will be properly and appropriately communicated to staff.
Programme complexity will result in lack of certainty over costs and efficiency savings.	High	Medium	Robust programme and project management and governance will ensure visibility of costs and efficiency savings. Estimated efficiency savings will focus on removal of the root causes of waste and will be based on best available financial data. Decisions to proceed will be based on an evaluation of pessimistic, realistic and optimistic costs and savings.

APPENDIX ONE – ACTION PLAN

REF	OUTCOME		ACTIONS	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12	
1.	Clear strategic direction and governance arrangements for Efficiency Programme.	1.1	Develop and implement a comprehensive efficiency programme strategy that ensures roles and responsibilities for delivery are clearly understood.														
		1.2	Initiate quarterly Efficiency Programme Board meetings and ensure Board members are apprised of their roles and responsibilities.														
		1.3	Establish programme management structure and reporting arrangements														
2	A rolling schedule of reviews to be conducted within a three-year period, to deliver a systematic review of all functions, systems and processes every five years.	2.1	Desk top review of LG Futures review recommendations, Business Planning and EFQM exercises and Portfolio Spending Reviews to develop Efficiency Programme in consultation with senior management.														
		2.2	Obtain Board approval for the Efficiency Programme Plan.														

REF	OUTCOME		ACTIONS	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12
3	Outline Project Proposals that identify projects workstreams based around service levels, efficiencies and charges.	3.1	Commence service 'health check' reviews.													
4	Business case for each review that details recommended option(s), cashable benefits, performance measures and planned outcomes.	4.1	Establish challenge groups.													
		4.2	Develop business cases for each project workstream or set of workstreams.													
5	In-house capability and skills to support the efficiency programme	5.1	Develop and roll-out management academy "Win, win, win" workshop module that supports the efficiency programme strategy delivery.													

APPENDIX TWO: EFFICIENCY PROGRAMME PROJECT OVERVIEW

<p>Team leader</p>		<p>Pilot</p>
<p>Team members</p>		<p>Implement a pilot – did the solution work? Feedback any lessons learned/ conclusions into solution design. Retest. Transfer ownership of the project to the process/ service owner.</p> <p>PM Connect Product: Project Initiation document – Gateway 3 (Project initiation)</p>
<p>Project outline</p> <p>Define the case for change in terms of reasons for action or a problem statement. What are the project scope and intended outcomes? What will change as a result?</p>		<p>Completion</p> <p>Implement the new service/ processes. Track progress.</p> <p>Do</p> <p>PM Connect Product: Highlight Reports – Gateway 4 (Implementation)</p>
<p>Current state ‘as is’</p> <p>Measure the current state in terms of the process value stream and performance or efficiency indicators to provide a baseline. Use existing data wherever possible that can later ‘prove the case’. Measures should be relevant to customer outcome requirements, e.g. turnaround time, cost, process complexity, approvals or handoffs, service levels and charges. Present graphically where appropriate.</p> <p>Plan</p>		<p>Confirmed state ‘as is’</p> <p>Check that the target state has been achieved using measures identified in the Target state box. Have we achieved and closed the gap?</p> <p>Check</p> <p>PM Connect Product: Project End Report – Gateway 5 (Project closure)</p>
<p>Target state ‘to be’</p> <p>Explore required target service delivery focusing on customer outcome requirements (voice of the customer) Explain target situation using measures identified above. Present graphically where appropriate. Analyse data measures to identify sources of delays, waste and poor quality. Undertake a gap analysis between the current situation (‘as is’) and customer outcome requirements (‘to be’) to provide a high level solution design.</p> <p>Act</p> <p>Identify any future actions</p> <p>Act</p> <p>PM Connect Product: Outline Project Proposal – Gateway 1 (strategic assessment)</p>		
<p>Solution requirements</p> <p>Develop detailed solution design to solve the problems causing the gaps. Consider: service levels, service efficiencies, service charges. Prioritise solution requirements through evaluation of impact and risk.</p> <p>PM Connect Product: Project Business case – Gateway 2 (Business justification)</p>		<p>Reflect</p> <p>Lessons learned? What other benefits have been realised?</p>