Notice of meeting of
Scrutiny Management Committee (Calling In)

To: Councillors Healey (Chair), Funnell (Vice-Chair), Orrell, Scott, Simpson-Laing, Taylor, R Watson and Waudby

Date: Monday, 13 July 2009

Time: 5.00 pm

Venue: Guildhall, York

A G E N D A

1. **Declarations of Interest**
   At this point Members are asked to declare any personal or prejudicial interests they may have in the business on this agenda.

2. **Exclusion of Press and Public**
   To consider excluding the public and press from the meeting during consideration of part of Annex B to agenda item 5 (Called In Item: Effective Organisation Programme – Efficiency Review), on the grounds that it contains information relating to the financial or business affairs of a particular person. This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by the Local Government (Access to information) (Variation) Order 2006).

3. **Minutes** (Pages 3 - 4)
   To approve and sign the minutes of the last meeting of the Scrutiny Management Committee (Calling In), held on 15 June 2009.

4. Public Participation

At this point in the meeting, members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the Committee's remit can do so. The deadline for registering is **5:00 pm on Friday, 10 July 2009.**

5. Called-in Item: Effective Organisation (Pages 5 - 62)
Programme – Efficiency Review

To consider the decisions taken by the Executive on 7 July 2009 with regard to the Effective Organisation Programme – Efficiency Review, which have been called in by Cllrs Scott, Gunnell and Simpson-Laing in accordance with the provisions of the Council's Constitution. A cover report is attached setting out the reasons for the call-in and the remit and powers of the Scrutiny Management Committee (Calling In) in relation to the call-in procedure, together with the original report to and decisions of the Executive.

6. Called-in Item: The Annual Risk (Pages 63 - 98)
Management Report 2009

To consider the decisions taken by the Executive on 7 July 2009 with regard to the Annual Risk Management Report, which have been called in by Cllrs Scott, Gunnell and Simpson-Laing in accordance with the provisions of the Council's Constitution. A cover report is attached setting out the reasons for the call-in and the remit and powers of the Scrutiny Management Committee (Calling In) in relation to the call-in procedure, together with the original report to and decisions of the Executive.

7. Any other business which the Chair considers
urgent under the Local Government Act 1972

Democracy Officer:

Name: Fiona Young
Contact details:
- Telephone – (01904) 551027
- E-mail – fiona.young@york.gov.uk

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting Fiona Young

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

This page is intentionally left blank

Agenda Annex

About City of York Council Meetings

Would you like to speak at this meeting?
If you would, you will need to:
- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than** 5.00 pm on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

A leaflet on public participation is available on the Council's website or from Democratic Services by telephoning York (01904) 551088

Further information about what's being discussed at this meeting
All the reports which Members will be considering are available for viewing online on the Council's website. Alternatively, copies of individual reports or the full agenda are available from Democratic Services. Contact the Democracy Officer whose name and contact details are given on the agenda for the meeting. **Please note a small charge may be made for full copies of the agenda requested to cover administration costs.**

Access Arrangements
We will make every effort to make the meeting accessible to you. The meeting will usually be held in a wheelchair accessible venue with an induction hearing loop. We can provide the agenda or reports in large print, electronically (computer disk or by email), in Braille or on audio tape. Some formats will take longer than others so please give as much notice as possible (at least 48 hours for Braille or audio tape).

If you have any further access requirements such as parking close-by or a sign language interpreter then please let us know. Contact the Democracy Officer whose name and contact details are given on the order of business for the meeting.

Every effort will also be made to make information available in another language, either by providing translated information or an interpreter providing sufficient advance notice is given. Telephone York (01904) 551550 for this service.

যদি যথেষ্ট আগে থেকে জানানো হয় তাহলে অন্য কোন ভাষাতে তথ্য জানানোর জন্য সব ধরণের চেষ্টা করা হবে, এর জন্য দরকার হলে তথ্য অনুবাদ করে দেয়া হবে অথবা একজন দোভাষী সরবরাহ করা হবে। টেলিফোন নম্বর (01904) 551 550।

Yeteri kadar önceden haber verilmesi koşuluyla, bilgilerin terümesini hazırlatmak ya da bir tercüman bulmak için mümkün olan herşey yapılacaktır. Tel: (01904) 551 550

我們竭力使提供的資訊備有不同語言版本，在有充足時間提前通知的情況下會安排筆譯或口譯服務。電話 (01904) 551 550。

اگر مناسب وقت سے اطلاع دی جاتی ہے تو ہم معلومات کا ترجمہ مہیا کرنے کی پوری کوشش کریں گے ۔ ٹیلی فون 550 551 (01904)

Informacja może być dostępna w tłumaczeniu, jeśli dostaniemy zapotrzebowanie z wystarczającym wyprzedzeniem. Tel: (01904) 551 550

Holding the Executive to Account

The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Decision Session) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

Scrutiny Committees

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

Who Gets Agenda and Reports for our Meetings?

- Councillors get copies of all agenda and reports for the committees to which they are appointed by the Council;
- Relevant Council Officers get copies of relevant agenda and reports for the committees which they report to;
- Public libraries get copies of **all** public agenda/reports.

Agenda Item 3

City of York Council	Committee Minutes

MEETING	SCRUTINY MANAGEMENT COMMITTEE (CALLING IN)
DATE	15 JUNE 2009
PRESENT	COUNCILLORS HEALEY (CHAIR), FUNNELL (VICE-CHAIR), ORRELL, SCOTT, SIMPSON-LAING, TAYLOR, R WATSON AND HYMAN (SUBSTITUTE)
APOLOGIES	COUNCILLOR WAUDBY

1.   DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda. No interests were declared.

2.   PUBLIC PARTICIPATION

It was reported that there had been two registrations to speak at the meeting under the Council's Public Participation Scheme, both in relation to agenda item 4 (Called-In Item: Petitions for 20 mph Speed Limits on Residential Roads).

Anna Semelyn spoke in support of the petition for a city-wide 20 mph speed limit, stating that a city-wide limit would result in safer, quieter, less polluted and more sociable streets and that evidence from other cities indicated it was more effective than 'pockets' of speed restriction in specific areas.

Catherine Heinemeyer also spoke in support of a city-wide 20 mph speed limit, stating that it would be a valuable step in improving street safety, thus supporting York's ambition to be a 'cycling city' and helping to encourage children to start cycling and to gain more freedom.

3.   MINUTES

RESOLVED: That the minutes of the Scrutiny Management Committee (Calling In) meeting held on 18 May 2009 be approved and signed by the Chair as a correct record.

4.   CALLED-IN ITEM: PETITIONS FOR 20 MPH SPEED LIMITS ON RESIDENTIAL ROADS

Members received a report which asked them to consider the decisions made by the Executive Member for City Strategy, at a Decision Session held on 2 June 2009, regarding the receipt of two petitions calling for the introduction of 20 mph speed limits on residential roads in the City.

Details of the Executive Member's decisions were attached as Annex 1 to the report. The original report to the Decision Session was attached as Annex 2. The decisions had been called in by Cllrs Potter, Merrett and Simpson-Laing for the following reasons:

"The decision is flawed because although some pilot zones have been agreed, they in no way model an authority-wide default of 20 mph. Therefore no meaningful extrapolation may be made from the local area to the city-wide level."

Members were invited to decide whether to confirm the decisions of the Executive Member (Option A) or to refer them back to the Executive Member for reconsideration and / or amendment (Option B).

Cllrs Merrett and Potter addressed the meeting on behalf of the Calling-In Members. They welcomed the Executive Member's decision to extend the pilot scheme to the South Bank area but stressed that to achieve the full benefits of a reduced speed limit a comprehensive approach was needed, as had proved successful in places such as Portsmouth. The issue was one of culture change and winning 'hearts and minds' rather than one of enforcement. In response to the points raised by the Calling-In Members and public participants, Officers confirmed their advice that more evidence was needed from trials currently being carried out in York and elsewhere before a final decision could be taken on the introduction of a city-wide limit.

After a full debate, Cllr Scott moved, and Cllr Simpson-Laing seconded, that Option B be approved and the decisions referred back to the Executive Member for reconsideration and amendment. 4 Members voted for and 4 against this motion. The Chair then exercised his casting vote against the motion, which was consequently declared LOST.

Cllr Hyman then moved, and Cllr Watson seconded, that Option A be approved and the decisions of the Executive Member be confirmed. 4 Members voted for and 4 against this motion. The Chair then exercised his casting vote in favour of the motion and it was

RESOLVED: That the decisions made by the Executive Member for City Strategy on 2 June 2009 be confirmed.

REASON: In accordance with the Constitutional procedures for called-in decisions and the reasons recorded in the minutes of the Decision Session on 2 June 2009.

P Healey, Chair
[The meeting started at 5.15 pm and finished at 6.10 pm].

CITY OF YORK COUNCIL

Scrutiny Management Committee   **13 July 2009**
(Calling – In)

Report of the Head of Civic, Democratic and Legal Services

Called-in Item: Effective Organisation Programme –
Efficiency Review

Summary

1. This report sets out the reasons for the call-in of the decisions made by the Executive on 7 July 2009 in relation to a report setting out the findings of a review undertaken by the Council's efficiency partners, Northgate Kendrick Ash, together with proposals for a programme of work to ensure the delivery of efficient and effective Council services. The report also explains the powers and role of the Scrutiny Management Committee in relation to dealing with the call-in.

Background

2. An extract from the decision list published after the Executive meeting is attached as Annex A to this report. This sets out the decisions taken by the Executive on the relevant item. The original report to the Executive is attached as Annex B.

3. Following publication of the Executive's decision, Councillors Scott, Gunnell and Simpson-Laing called in the decisions for review by the Scrutiny Management Committee (SMC) (Calling-In), in accordance with the constitutional requirements for post-decision call-in. The reasons given for the call-in are as follows:-

    "The Executive has agreed to the recommendations in paragraphs 58 and 59 against the advice of the Shadow Executive."

Consultation

4. In accordance with the requirements of the Constitution, the calling-in Members have been invited to attend and/or speak at the Call-In meeting, as appropriate.

Options

5. The following options are available to SMC (Calling-In) in relation to dealing with this call-in, in accordance with the constitutional and legal requirements under the Local Government Act 2000:

(a) to confirm the decisions of the Executive, on the grounds that the SMC (Calling-In) does not believe there is any basis for reconsideration. If this option is chosen, the decision takes effect from the date of the SMC (Calling-In) meeting;

(a) to refer the decision back to the Executive, for them to reconsider or amend in part their decision. If this option is chosen, the matter will be re-considered at a meeting of the Executive (Calling-In) to be held on 14 July 2009.

Analysis

6. Members need to consider the reasons for call-in and the basis of the decisions made by the Executive and form a view on whether there is a basis for reconsideration of that decision.

Corporate Priorities

7. An indication of the Corporate Priorities to which the Executive's decisions are expected to contribute is provided in paragraphs 2 to 4 of Annex B to this report.

Implications

8. There are no known financial, HR, Legal, Property, Equalities, or Crime and Disorder implications in relation to the following in terms of dealing with the specific matter before Members; namely, to determine and handle the call-in:

Risk Management

9. There are no risk management implications associated with the call in of this matter.

Recommendations

10. Members are asked to consider the call-in and reasons for it and decide whether they wish to confirm the decisions made by the Executive or refer the matter back to the Executive for re-consideration at the scheduled Executive Calling-In meeting.

Reason:

To enable the called-in matter to be dealt with efficiently and in accordance with the requirements of the Council's Constitution.

Contact details:

Author:	**Chief Officer Responsible for the report:**
Dawn Steel	Quentin Baker
Democratic Services Manager	Head of Civic, Democratic and Legal Services
01904 551030	
email:	
dawn.steel@york.gov.uk	**Report Approved** [√] **Date** *8/7/09*

Specialist Implications Officer(s) None

Wards Affected: **All** [√]

For further information please contact the author of the report

Annexes

Annex A – decisions of the Executive (extract from decision list published 7/7/09)

Annex B – report to Executive meeting held on 7/7/09

This page is intentionally left blank

Annex A

EXECUTIVE

TUESDAY, 7 JULY 2009

DECISIONS *(extract)*

6. **EFFECTIVE ORGANISATION PROGRAMME –
   EFFICIENCY REVIEW**

   RESOLVED: (i)   That approval be given to commence the year 1
   Efficiency projects set out in paragraph 25 of the report.

   (ii)   That the proposed Programme governance
   arrangements set out in Annex 3 be noted.

   (iii)   That authority be delegated to the Director of
   Resources to agreed financial commitments to Northgate
   Kendrick Ash (on the basis of the risk reward model), and
   agree allocations from and to the Efficiency Reserve, to
   enable the delivery of the Efficiency Programme.

   (iv)   That authority be delegated to the Executive Board
   to manage the programme of efficiency projects and to
   develop further detailed proposals for years 2 and 3.

   (v)   That progress on the Efficiency Programme be
   reported at least quarterly to the Executive, and to an all-
   party meeting of Group Leaders.

   REASON: To enable the Council to commence work on delivery of
   the strategic objective to be an Effective Organisation, to
   deliver service improvements and create efficiency
   savings of £15m over the next three years.

Executive	**7ᵗʰ July 2009**

Executive   **7th July 2009**

Report of the Corporate Management Team

Effective Organisation Programme – Efficiency Review

Summary

1. This report sets out the initial findings of the recent review of the Council undertaken by the Council's efficiency partners, Northgate Kendric Ash (NKA), following previous reports to the Executive on this issue. Further to that, it sets out proposals from the Corporate Management Team for a broad-based programme of work to ensure the Council continues to provide efficient and effective services which are focused upon Customer needs, and ensure that York continues to build upon its successful transformation programmes, ensuring the Council is modern and forward looking. The proposals are key in ensuring the achievement of the Effective Organisation theme within the recently approved new Corporate Strategy.

Background

Corporate Objective

2. The eighth theme of the Corporate Strategy commits us to working to become an ever more effective organisation: modern, professional in all that we do, living up to our values and a great place to work.

3. This theme commits us to continue a programme of transformation for the authority, ensuring we are a modern, agile organisation, through our easy@york programme and the new efficiency partnership. It also focuses on ensuring consistent, high standards of professionalism throughout the council by implementing the Single Improvement Plan and Business Model. In addition there is a further commitment to support staff by offering personal development opportunities, implementing fairness at work policies and a wide range of benefits, and most importantly to proactively communicate with the local community to increase people's understanding of, and access to, our services and those provided with our partners.

4. The Efficiency agenda is crucial to this objective and needs to be co-ordinated with many of the activities that are already happening to ensure that we maximise the benefits and make best use of our investment of time and money.

Efficiency

5. In 2008/09 York had the second lowest Band D equivalent Council Tax of all 46 Unitary Councils, it had the lowest spend per head and received the 7th lowest

Government Grant per head. Therefore York can be considered to be one of the lowest funded authorities in the country.

6. The Audit Commission have given us three stars for Value for Money in the Use of Resources score. CYC have made efficiencies in recent years and have always managed to remain within budget. CYC has already initiated a wide range of service based improvement initiatives and some corporate programmes such as easy@york. These have already been successful in delivering improvements to services.

7. The budget process has regularly delivered 3-5% savings per annum to balance the Council's financial position. However this process has tended to focus upon individual Directorates, and there has generally not been a significant Corporate look across the organisation, to identify areas where, through a Corporate approach or a Council wide initiative, efficiency across all areas would increase. Whilst the target setting approach for individual Directorates has worked well in the past, and delivered the required budgetary savings, it is generally accepted that further across the board savings will become ever more hard to achieve, and there is a need for a "one Council" approach to achieving some of the required efficiency gains. There will also be focused reviews in individual service areas, but these will be targeted towards areas where there appears greatest opportunity for real efficiency, as opposed to a blanket approach to all areas. Continuation of the Directorate targets approach as applied recently is almost certain to result in reductions in services.

8. It is important to stress that the Efficiency Programme has the fundamental principle that savings have to be true efficiency – this means **no deterioration/reduction in the level or quality of service delivered to Customers**. In addition, throughout the process we would be looking to both reduce costs, but at the same time improve service delivery. Taking a corporate approach to efficiency will ensure that the Council maximises its use of resources, and focuses these upon the delivery of high quality customer facing services.

Economic Position

9. The current Medium Term Financial Strategy (MTFS) sets out the need for a minimum £15m of savings to be generated in the next three years, starting with an estimated £3m in 2010/11. This projection was based upon prudent estimates of inflation, known growth pressures and Government settlements.

10. Since the MTFS was written, the global economic crisis has almost certainly made the position worse. Lower interest rates and low inflation combined with increasing unemployment levels will have wide reaching impacts upon our own finances and will change the pattern of customer demand as the credit crunch pushes more people into a vulnerable financial position and increases their need for some council services.

11. The Budget revealed **local government's 3% CSR07 efficiency target has been increased from £4.9bn to £5.5bn, with councils expected to find 4% efficiency savings in 2010-11.** The Government has said that the additional £600m will be retained by councils to reinvest in services. Beyond CSR07, the government will seek additional £9bn per annum efficiency savings across the public sector by 2013-14. It is not clear what local authorities' share of these savings will be but it is reasonable to assume that we will need to increase the level of efficiencies in the coming years. Therefore, whilst the Efficiency programme target at present is to deliver £15m savings

in a three year period, the likelihood is that we will need to achieve more, and therefore the programme will need to be extensive, and consider significant changes in how services are delivered.

Ambition

12. City of York Council (CYC) has some excellent, high performing services. It also has some services which require improvement. Customer expectations continue to increase and Government targets also prompt us to continue our improvement journey. The current financial situation makes this a real challenge.

13. Such challenges are causing councils nationwide to consider their future plans. Some councils are already drawing heavily on reserves to address the gap. The best, most efficient, effective and forward-looking councils are planning now how they intend to meet the financial challenges ahead, how they can identify opportunities for long term efficiency, which both deliver improved customer outcomes, and financial savings.

14. It is in this context that CYC sets out its' **intention to be an excellent, forward thinking Council**. The proposals set out in this report represent best practice in private and public sectors. The Council is looking at step changes in process, cost and collaboration, not because we are a poor performer, or are not effective, but because we **recognise the need to constantly improve customer services**, remove waste, utilise technology, harness the skills of staff, develop sustainable business practices and ensure we are operating as effectively as possible. All successful organisations have this ambition, ensuring they stay ahead of the game, and respond in a planned manner to changes in the environment they operate within.

Efficiency review

15. The scale of the challenge facing local authorities in coming years should not be understated. These challenges include increased expectations for service delivery, the economic position and reduced public spending, and demographic and social changes. As described above, tackling these effectively requires a robust, and substantial Efficiency Programme. Delivering this will require substantial resource, which will be almost impossible to find solely from within our existing staffing resources. As a result, in December 2008 CYC appointed Northgate Kendric Ash (NKA) as our Efficiency Partner, and commissioned a 12-week review to look at the potential to deliver £15m of savings (net of fees) from the operation of the entire Council. The partnership was based on a 100% risk reward model, whereby NKA will place all their fees at risk if genuine efficiencies are not made. The basis of the partnership was that NKA would bring with them experience and additional capacity to support CYC in delivering the programme. This is not something that has been done to the Council, nor is it a comprehensive performance review. **It concentrates on areas where improvement is possible.**

16. The Summary of this review is attached as Annex 1. This is supported by 21 detailed reports which set out the initial business case for each stream of work.

17. The principal finding of the review was that **NKA are extremely confident that the £15m target (net of fees or investment) can be achieved** within the three-year target. It is also their view that further savings are possible in the future if CYC is willing to embrace a truly transformational approach to service delivery (the "horizontal efficiencies" set out in the summary report).

18. The report is the result of just 12 weeks intensive review work and as such all detailed figures within the reports are still being refined, and the reports are very much work in progress. Since the beginning of April NKA have been working with Directorate management teams to validate each business case and to blueprint the future service, envisioning what the service will look like in the future and identifying what actions need to take place to realise the benefits. The full business case is **a work in progress** however NKA are extremely confident that the overall savings position is a robust one.

19. NKA believe that the Council has already started well with the work done on easy@york and any future efficiency programme should be built around the Programme office already established (indeed many NKA proposals are already being developed as part of easy@york phase 2). However NKA also believe that the easy programme has not been able to achieve its full potential nor has it had a broad enough scope to deliver the wide reaching efficiency gains that are needed.

20. NKA state the need for high-level commitment from Members and from CMT to enable any future work to succeed. This involves developing capacity and capability to move quickly and purposefully forward.

21. Because of the risk/reward model that has been developed, NKA need to entirely confident that the programme that is agreed can definitely be delivered. **It is not in their interests to inflate potential savings.**

Corporate Management Team Proposal

22. Corporate Management Team are championing the development of a broad programme of change to deliver the Effective Organisation theme set out in the Corporate Strategy theme.

23. The change programme will incorporate

   - A series of efficiency projects set out below
   - The easy@york programme
   - The Improvement Plan
   - Workforce Development Plan
   - Delivery of the Customer Strategy and Engagement Strategy

24. This programme includes the commissioning of a series of efficiency projects which will be undertaken with support from NKA. Ten of these offer early deliverables and quick wins and represent the first year of the efficiency partnership and include work that will deliver savings and improvements in 2010/11. Other projects and the strands of cross cutting efficiency identified in the NKA review will be worked up and proposed for years 2 and 3 of the programme. The ten Year 1 projects are: -

   1. Neighbourhood Services
   2. Housing
   3. Adult Social Care
   4. Customer Services
   5. Procurement

6. ICT

7. Income Collection/Debt Management

8. HR Transactional processes

9. Property Services

10. Review of Senior Management structures

25. Set out below is a summary of each project. At this stage the areas of activity give an outline of the broad scope of reviews, which clearly will need to be subject to more detailed work and option analysis.

1. Neighbourhood Services	Potential Budget Saving:- £1,240,000
Activity will include: -	

1. Consider move to area based delivery to improve accountability and allow residents to shape services
2. Remove service based structure and allow staff to work flexibly on any type of work that needs doing
3. Adoption of mobile working to make street based services more responsive
4. Review potential changes in the waste collection staff's work patterns.
5. Optimise work schedules to create capacity to deal with areas/times of greater need
6. Review of kerbside recycling – encourage improved levels of recycling
7. Integration / rationalisation of highways inspection to enable us to repair roads more quickly
8. Improve levels of equipment to improve utilisation and reduce the need for replacement
9. Market testing to prove best value
10. Review of commercial activity to ensure it is cost effective

2. Housing	Potential HRA Saving: - £1,600,000
Activity will include: -	

1. Remove the client/contractor split and, in so doing, ensure that service delivery sits in the one area – the service deliverer.
2. Simplification of new business process, reducing duplication of effort and unnecessary checking and monitoring
3. Adopt one system for the operations and arrange for that one system to pass data to other systems
4. Accelerate implementation of mobile working technology to speed up the repair process
5. Consider the future options for Landlord Services in light of the pending HRA Review.
6. Market test the service

3. Adult Social Care	Potential Budget Saving: - £3,000,000

Activity will include: -

1. Accelerate implementation of Personal Care Plans
2. Increase customer independence within their own homes through greater use of warden call / telecare services.
3. Review of the use of Elderly Person's Homes to increase utilisation and look at shared provision with PCT
4. Review the provision of domiciliary care to improve client contact time to a target of 70% by 2009/10, create greater overall capacity to meet the challenge of the older persons demographic profile within York up to 2015
5. More effective contract management of domiciliary care to improve safeguarding
6. Review of procurement of out of area placements and bring back in to local services individuals who have been place out of area to deliver better value and improve quality and develop vibrant market of care delivery

4. Customer Services	Potential Budget Saving: - £1,000,000

Activity will include: -

1. Rationalisation of the number of reception points in to a single service centre in 2012 with the early formation of a single Customer Service Unit prior to 2012 to provide one view of the customer – a One stop approach for all customer enquiries/requests.
2. Adoption of standard working processes across all services enabling the removal of non added value activities leading to a reduction in avoidable contact and consistent quality customer experience
3. Performance improvement within the contact centre targeting upper quartile performance with significant improvement in the customer experience, faster service delivery, improved feedback to customers about the progress of their request, all leading to increased customer satisfaction.

5. Procurement	Potential Budget Saving: - £3,200,000

Activity will include: -

1. Establish a broad range of corporate contracts to cover the majority of Council spend ensuring better value for money & aggregate spend across the Authority e.g. bulk paper, food and catering, facilities management etc.
2. All high value contracts re-tendered within the next three years to deliver cost savings
3. Creation of a single corporate procurement function to maximise aggregation of spend and ensure compliance with standard terms and conditions.
4. The financial system will be reconfigured early in the transformation

programme to support E trading
5. Adoption of a variety of different purchasing methods including Procurement cards, market place, etc to reduce transactional costs
6. Creation of a up to date contract register to ensure timely re- procurement
7. Adoption of standard terms and conditions across all directorates to minimise risk associated with Health and Safety, sustainability and ethical frameworks by adoption of more robust T + C's

6. I.C.T.	**Potential Budget Saving: - £1,350,000**

Activity will include: -

1. Managed Print - source all printing via competitive tender, rationalise the number of photocopiers, specialist and standard printers. With new high spec printers through out the Authority
2. Computer operations room, the tendering for a managed service which will host all servers to provide an ongoing technical refresh of the server estate negating the need to purchase new assets on a ad-hoc basis, and Increase the level of robustness of Disaster Recovery Plans
3. Centralise IT resource in to one management structure & rationalise support activity to ensure consistent application of policy and remove duplication
4. Desktop review, acceleration of the move to thin client and the reduction in the overall number of units through better utilisation of laptops and the adoption of flexible working. This will reduce the space requirement in the new HQ

7. Income Collection	**Potential Budget Saving: - £1,800,000**

Activity will include: -

1. Development of a single performance framework and adoption of common working practices, re-engineering of core processes, implementation of the new Income Collection Strategy leading to increased collection rates and reduced bad debt provision.
2. Introduction of a managed service for collecting housing benefits over payments
3. Implementation of E benefits for processing new Benefits claims giving faster claims resolution.
4. Standardise working practises and greater adherence to Authority policies

8. Human Resource	**Potential Budget Saving: - £1,600,000**

Activity will include: -

1. Establishment of an HR business support centre which will reduce administration and duplication of effort and lead to faster appointment of staff
2. Business process re-engineering of key transactional processes

focussed on improving effectiveness and efficiencies

3. Development of a flexible resource strategy which will deliver financial benefits by adopting different methods of employing fixed contracts and temporary workers
4. Adoption of standard working practices throughout the Authority to ensure consistent applications of processes and policies across HR
5. Improve control of the establishment to tie together employment status, network access and financial controls
6. Develop the capacity within the HR service to deliver the transformational change programme

9. Property	Potential Budget Saving: - £700,000

Activity will include: -

1. Develop strategic capability across the whole organisation to refocus resources on becoming a commissioning function rather than a provider of the full range of services (Facilities Management, Corporate Estate Management, Management of the investment property portfolio, Valuations, Repairs & Maintenance, Design and Energy Specialists)
2. Creation of enlarged Facilities Management service incorporating building repair and maintenance, security/caretaking, cleaning,. Couriers, window cleaning etc..
3. Market test the service incorporating a flexible contractual approach with an awareness of the future requirements (especially with regard to FM and Corporate Estate Management) as a result of the pending move to the new civic building

10. Review of Senior Management Structures	Potential Budget Saving: - £1.2m - £1.6m

Activity will include: -

1. Review the senior management structures of the Council to ensure that the Directorate structures are fit for purpose to deliver services in the future
2. Review potential centralisation of support services such as Finance prior to the move to the new HQ.
3. Rationalise the levels of management to give clearer focus to each service area and reduce the cost of management across the council.

26. The Potential Budget savings identified above represent an estimate of the full year savings which can potentially achieved in these areas by the end of the programme., totalling over £17.1m. They are not therefore the totals that can be achieved in year one and do not align to the annual figures for the whole programme set out in the table in para 38.

27. Annex 2 contains a draft plan of the year 1 efficiency projects indicating which projects will run when. Each of these projects have been through an initial validation of the business case during April and May. They are however still based on some working

assumptions which will be more closely reviewed before commencement and it is extremely likely that some activities will change as we go through further detailed definition.

28. It will always be CYC's intention to select the best models of delivery for all the services it provides. It will embrace and be tested against the core values of the moreforyork programme. This may include continuing to deliver a service 'in house', it may mean contracting with the private sector to deliver all or part of a service and it might also mean working collaboratively with other public, private or voluntary sector organisations. The key principles will be to ensure that the organisation provides quality services for its customers, in the most appropriate manner, and one which provides true value for money. When considering all options it is the duty of the authority to ensure that it consults regularly with external providers to understand all the available models of delivery in the market, to understand the relative costs of those models and to see where best practice can be established and adopted. This approach can be termed as soft market testing. In every instance, all opportunities to drive out inefficiencies before a service is tested against and potentially outsourced to the open market, must be taken. Finally where service improvements and efficiency gains have been made, it is the good practice to demonstrate value for money by testing those services against external providers via a competitive process - i.e. full market testing.

Principles

29. A set of principles will be applied to all these projects to ensure they deliver consistent outcomes: -

    1. Customers will see service improvements

    2. There will be a single view of the customer

    3. Customer facing business processes will be simple – minimal intervention

    4. Flexible Working

    5. Services will be delivered by those best placed to deliver them

    6. CYC will collaborate effectively with partners

    7. No internal client contractor relationships

    8. Internal processes will be fast and efficient

    9. Services will be shaped by customer need not by the structure of the Council

    10. Workforce will be skilled and flexible to address needs in the future

How will this programme improve services to customers?

30. Some of the projects are about changes to customer facing services and some of the projects will change internal support services. All of the projects will have a positive impact upon the experiences of our customers. We will: -

- Give a single view of the customer across a range of services and enable us to satisfy customer requirements through simplified contact and understand the specific needs of individual customers

- Make services to customers faster through reducing the steps in the process, mobilising the workforce and proactively managing the delivery of every transaction

- Customers will be able to access services using a variety of contact methods over extended hours

- Local service delivery will give customers more say over the services that are delivered in their area - how they are delivered and what priority they are given.

- Improve the feedback to customers on the progress of their service request

- Removal of the remnants of the client contractor spilt in some services will reduce multiple handling, duplicated inspections and internal delay.

- To the customers the authority will feel modern and responsive and meet their expectations

Delivering a Programme of change

31.	The programme will be delivered in partnership - we will be committing a lot of internal resource to drive forward change and NKA will provide capability and capacity in both change management and in service management whilst the changes are being made. They will provide necessary challenge and impetus to accelerate progress, ensure robust change processes are in place to achieve all the benefits of the programme.

32.	The proposed programme of change is extensive and there needs to be a major commitment from across the organisation to co-ordinate and prioritise activity to deliver the benefits of the programme.

33.	Decision making in the programme will be delivered in line with the Council's constitution. Quarterly progress reports will be made to the Executive to track delivery of benefits and to seek approval for decision, the levels of which are set out in the constitution. If these decisions require significant changes to the Council's policy or budgetary framework they will be put to full Council.

34.	There are a range of early actions that need to be undertaken to provide a firm launch pad for the change. These include: -

- Consider centralisation of some support services ahead of the move to the new HQ – specifically HR, Finance, IT, and Procurement.

- Development of our internal capability and capacity in HR, Procurement and Performance Management

- Development of staff who will be instrumental in the Programme

- Establishment of Governance arrangements and rationalisation of a multitude of existing project boards and groups. – The draft Governance structure is attached as Annex 3

- Adoption of a common project management approach as set out in the Single Improvement Plan

- Development of a comprehensive Communications Strategy to engage and communicate with Customers, staff, unions, members and partners

Financial Implications

35. The Medium Term Financial Strategy (MTFS) presented as part of the Budget Report to Council on 26th February identified a cumulative 3-year target of £15m net real efficiency gains (2010/11 £3.25m, 2011/12 £5.15m, 2012/13 £7.15m). These targets were considered necessary in order to ensure the Council could meet forecast future financial pressures without the need for cuts or reductions in services.

36. In order to provide assurance on the delivery of the MTFS, proposals for significant changes to the Council's annual budget planning process are currently being developed. These changes will include recognition of the need for robust and effective validation of efficiency proposals in order to ensure that savings targets are realistic and achievable.

37. The Council approved an allocation of £1m towards efficiency in 2008, and this was subsequently supplemented by a further £125k of one off budget as a result of the NKA review replacing planned and funded reviews of Commercial Property Portfolio, Property Services and services that the Council should strategically procure or 'share'.

38. At the heart of this programme is the principle of risk and reward. In simple terms all of NKA's fees are subject to the achievement of savings being identified. If the required savings are not identified there is 100% rebate of fees.

39. However, clearly there will be a need for payments in advance of full efficiency savings coming through. This in essence is about cashflow, with us being required to cover NKA fees as the programme is in operation, with those fees subsequently being met from savings generated. This is similar in many ways to how the easy@york programme is financed. At times the fees and savings may well be in the same financial year, but in many cases this may not be the case. The table below projects the broad anticipated flows of fees to savings.

COMMERCIAL MODEL					
	Year 0 2009/10 (£'000)	Year 1 2010/11 (£'000)	Year 2 2011/12 (£'000)	Year 3 2012/13 (£'000)	Total (£'000)
SAVINGS FROM REVENUE (GENERAL FUND)					
Savings (Incremental)	1,200	4,900	8,200	9,000	23,300
Savings (Cumulative)	1,200	6,100	14,300	23,300	44,900

SAVINGS FROM NON GENERAL FUND & ONE OFFS					
Savings (Incremental)	70	300	600	1,800	**2,770**
Savings (Cumulative)	70	370	970	2,770	**4,180**
Total Cumulative Savings	**1,270**	**6,470**	**15,270**	**26,070**	**49,080**
CONTRACTED SAVINGS TARGET (as per York MTFS)					
Incremental	0	3,250	5,150	7,150	15,550
Cumulative	0	3,250	8,400	15,550	27,200

40. The top section of the table ("Savings from General Fund" and "Savings from non General Fund") sets out the maximum potential gross savings that can be generated. The "Contracted Savings target" sets out the minimum guaranteed General fund savings underwritten by the NKA risk model. These figures are net of all transformation costs and fees and are ongoing.

41. NKA fees will pay for a range of specialist skills and resources that NKA will deploy within CYC over the next 4 years in order to create the efficiencies and assist with the transformation of the Council. This will include business process reengineering, direct service management, procurement support and organisational change. Without this support it is unlikely that CYC would be able to realise such a large programme of change. The fee structure is set out in confidential Annex 4.

42. Other costs may also need to be incurred as a result of the Efficiency Programme, including potential redundancy, IT, and investment in training.

43. It is recommended that the Executive delegate approval to meet NKA fees, and any other costs associated with the Programme, to the Director of Resources, these being financed from the Efficiency Reserve. At all times, the Director of Resources would be responsible for the determination of savings achieved, the required budget adjustments, and the allocation of such savings. He would be responsible for ensuring that there is a robust financial control in place that ensures all fees are met from savings, and that the Efficiency Reserve remains in an overall healthy position with payments out of the reserve (fees/other costs) being subsequently reimbursed through savings credited to the reserve. It may also be necessary at times to allocate to the reserve a greater amount of "saving" than that which simply covers the fees related to the achievement of that saving, for example where it is known that further costs may be incurred in the future. The fundamental principle however is that all costs associated with the programme are fully met from savings, and that the net savings over a three year period will be a minimum of £15m.

44. The Financial Strategy 2009-2012 is predicated on the achievement of the savings that will be delivered by this programme. Off the back of making these efficiencies we would no longer have specific Directorate targets for savings, however there is still likely to be a need for Directorates to manage growth/budget pressures wherever possible from within their existing allocated budgets. Without the Efficiency programme we will need to revert to the Directorate targets for savings which will almost inevitably mean service cuts. For the year 2010/11, we will need to review the success of the efficiency projects in October 09 to establish confidence that they will yield the £3.2m required for next year.

45.   The level of savings to be incorporated into the budget each year will be based upon validated and accurate assumptions of savings and not on the headline figures contained in this report. Further work is needed to work up proposals and validate information before accurate projections can be agreed.

HR Implications

46.   This programme has huge implications for the HR service and for staff. For the HR service, there is a need to: -

- Amend HR procedures to enable change to happen faster.

- Run an efficiency project to deliver better quality faster and more consistent HR transactional services.

- Develop staff, improve the management of staff and provide staff with a better package of welfare benefits

- Plan the future needs of the Council and develop its workforce to meet these needs

- Support the organisation through a period of cultural change where working lives will look very different to how they look now.

47.   For staff there will also be implications

- Some staff will be asked to change working practices, manage information in different ways, work across service boundaries, utilise technology, work flexibly

- Staff will be able to establish better work life balance with family friendly working practices and flexibility as part of their terms and conditions.

- It is extremely likely that there will be a reduction in the number of employee posts. Changes to business processes, removing unnecessary steps will inevitably reduce the need for so many people. Given that the majority of the Council's budget is spent on salaries, if savings of £15m are to be made then this inevitably means a reduction in post numbers. It is better that this is done through improving services and rationalising processes because this means that services will not be cut and the working life of remaining staff will be sustainable. They will be working smarter, not just harder. The Council is committed to avoiding redundancies wherever possible through natural wastage.

- The Council will need to market test some of its services to ensure that the Council is delivering efficiently. Any outsourcing would involve TUPE transfer of staff.

- Even for staff who are not directly affected by a project within the programme, they will experience the Council behaving in a different way. There will be a focus on customer outcomes and performance management, a corporate approach to organisation wide issues, a collaborative approach to working with others and a positive can do attitude to ongoing improvement for the whole organisation. **Staff want to work for an excellent, modern and forward-looking organisation and will benefit from working for an excellent Council.**

Risk Management

48. This report addresses two major corporate risks - the failure to achieve £15m of savings in the next three years and the failure to co-ordinate related change activity. This report seeks to mitigate both these risks by implementing a robust plan of action to achieve savings whilst aligning the delivery programme with other change activity.

49. The proposed programme will inevitably bring new risks which will be closely monitored within the Programme and managed by the Executive Board (CMT). The key risks are

   a. Staff morale may be impacted by the prospect of significant change and potential large scale service transformation, particularly where service redesign and potential post reductions may occur. *Mitigation* - extensive communication and engagement with staff to explain the positive aspects of the programme. Commitment to staff development and training to help staff to manage the change process.

   b.   Some Customer Groups may object to individual proposals. *Mitigation* – Equalities Impact assessments on each project accompanied by customer engagement to shape the design of services in the future.

   c. Unions may object to individual proposals and industrial action may ensue. *Mitigation* – Ongoing Union engagement

   d. The programme is wide ranging and it may be difficult to co-ordinate activity across different streams and directorates. *Mitigation* – Robust Programme Management & Governance arrangements will ensure joined up issue and risk management and will provide visibility of any failure to deliver proposed outcomes.

   e. Individual savings proposals may be unpalatable to Members – if they are agreed and then subsequently we fail to implement them this create a breach of our contractual relationship with NKA. *Mitigation* – Regular Quarterly progress reports to Exec/Full Council setting out the context for each proposal and the full impact of each decision on the programme and budget . Decisions to be made according to the constitution.

Implications

50. The implications this report are: -

   • **Financial** - Covered in the report
   • **Human Resources (HR)** - Covered in the report
   • **Equalities** - Equalities Impact Assessments will need to be undertaken on each project before contract signature with NKA to ensure that all equalities considerations have been taken into account. If there are any significant equalities issues that Members need to understand, a further report will be drafted before contracts are signed and work commences.
   • **Legal** – There will be an upsurge in procurement activity with potential new areas of engagement for the Council. Legal support will be essential.
   • **Crime and Disorder** – no implications
   • **Information Technology (IT**) – The delivery of the Corporate IT Strategy will support this programme. Management of the delivery of IT development will fall

under the programme. Specific efficiency project will also have impact upon the organisational structure of the IT department and on some IT infrastructure projects.

- **Risk Management** – High level risk are covered in the report. A detailed risk register will be kept at programme level and by each project.

Consultation

51.   It is critical to the success of any transformation programme that all key stakeholders are not just informed about the change but are actively engaged to understand, accept and become committed to the changes taking place. To that end, a communications strategy has been developed to identify all stakeholders, identify their current state of awareness and to provide the right kind of communication and engagement to gain their positive cooperation. In preparation for the release of this report, communications have been undertaken with staff to explain what the programme is about, why we need to do this and what changes it will bring.

52.   If this Programme is agreed, the full communication Strategy needs to be implemented to further engage staff, develop their understanding of and involvement in the programme as it progresses.

53.   Unions have been briefed before during and after the NKA review and are party to the contents of this report. Close liaison with all Unions will be essential for the successful delivery of the programme.

54.   Partner briefings have been commenced and it is expected that these relationships will provide opportunities for further cross organisation efficiencies.

55.   One aspect of the overall programme is to create a better two-way relationship with customers and engage them in how services are delivered. Future customer involvement will be essential in shaping services to deliver what customers want and ensure that the efficiencies and improvements do in fact deliver a better customer experience.   Again a comprehensive engagement plan needs to be developed alongside a detailed programme plan.

Recommendations

56.   Members are asked to agree to the commencement of the year 1 Efficiency projects set out in para 25.

57.   Members are asked to note the proposed Programme governance arrangements set out in Annex 3.

58.   Members are asked to delegate authority to the Director of Resources to agree financial commitments to NKA (on basis of the risk reward model), and agree allocations from and to the Efficiency Reserve, to enable the delivery of the Efficiency programme

59.   Members are asked to delegate authority to the Executive Board for the management of the programme of efficiency projects and to develop further detailed proposals for years 2 and 3.

60. Members are asked to agree that progress on the Efficiency Programme will be reported at least quarterly to the Executive.

Reasons

61. To enable the Council to commence work on delivery of the strategic objective to be an Effective Organisation, to deliver service improvements and create efficiency savings of £15m over the next three years.

Contact Details

Author:
Author's name
Ian Floyd
Director of Resources.

Tracey Carter
AD Resources – Transformation & Efficiency

Dept Name Resources
Tel No. 553419

Chief Officer Responsible for the report:
Chief Officer's name Bill McCarthy
Title Assistant   Chief Executive -

Report Approved   √   **Date** 27th May 2009

Wards Affected: *List wards or tick box to indicate all*   **All**   √

For further information please contact the author of the report

Annexes

Northgate Kendric Ash Efficiency review – Executive Summary……………………..Annex 1

Draft Plan for Year 1 efficiency projects……………………………….……...………..Annex2

Governance arrangements………………………………………………………….……Annex 3

Confidential Annex

Commercial arrangements with NKA……………………………………………………Annex 4

Corporate Efficiency Review for
City of York Council
www.northgate-ispublicservices.com

Final Report

Executive Summary

Introduction

This report, prepared by Corporate Management Team and Northgate Kendric Ash (NKA), sets out the findings from the Stage 1 review for City Of York Council ('the Council'). The purpose of the review was to identify and assess a broad range of opportunities for efficiency savings that would deliver £15m net saving within annual 3 year period.

Main Findings

NKA working with CMT has reviewed the opportunities across the Council, and concluded that the target efficiency savings are achievable.

The efficiency opportunities are described in outline detail in the report. Each one has been assessed for risk and achievability in outline but there is more to be done.

A more detailed assessment is ongoing between the Council and NKA in order to agree savings totals by project, to set priorities and to agree actions to manage risks.

Similarly, the joint working of the second stage will focus on the actions necessary to ensure the Council's readiness for the programme implementation.

In addition to managing risk considerations, NKA will work jointly with the Council to prepare a 'business case' for each of the savings options to confirm the forecast levels of gain and the expected levels of investment.

One very important outcome of the work in the second stage would be for the Council and NKA to arrive at clear joint ownerships of the tasks and targets in the Programme.

A clear requirement of this programme is to ensure the efficiency savings opportunities will not result in any dilution in service delivery and in the majority of cases service improvements will be achieved.

Other benefits are also likely to be achieved as a consequence of the efficiency changes even though they do not form any part of the Programme objectives. The main additional output from the Programme is likely to be a closer match between the Council's organisation structure and service delivery model and the citizens' needs.

The confidence about the achievability of the target savings within the required timescales is high but will require:

- There being clear leadership and commitment to the Programme across the Council coupled with a high priority for resource allocation.
- The Council ensuring it prepares its internal capacity to implement the Programme successfully.
- The Business case review of the savings options by the Council and NKA commences at the beginning of the second stage in order to arrive at a defined list of projects as soon as possible and to identify the levels of investment and other costs that would be necessary.
- Council agendas for change are reviewed as part of the Programme preparation. For example the Easy@York agenda and that of the Efficiency Programme are converged with arrangements for joint working and shared objectives. The corporate performance team will need to be closely align with the programme.

Next Steps

The Council needs to move to the second stage with NKA without delay. This is to maintain momentum and to ensure that the groundwork to deliver quick wins in year 1 and to prepare for the larger gains in years 2 and 3 to secure an efficiency saving of £15 million thereafter. Targeted savings for 201011 are a minimum of £3m net.

The Stage 1 review having been completed, it is in this next stage where joint working of the Council and NKA would lead them to develop precise targets and plans and to assume full shared ownership of the Programme goals.

The key steps for this to happen prior to full programme implementation are described in more detail later in the report. In summary, Stage 2 should:

- Establish the Programme Board and all related forms of governance and review all relevant change processes.
- Describe a clear and unambiguous vision for the Programme to be a constant theme for communication with staff and agree a rolling process for updates to all stakeholders.
- Commence the business plan assessments of all savings opportunities to define the savings levels and investments and to arrive at agreed priorities and levels of risk.
- Ensure that the Programme's impact is understood and agreed in relation to the Council's Single Improvement Plan (SIP).
- Review the Council's level of readiness for the Programme implementation and the monitoring of progress.
- Linked to the above, review the Council's overall change agenda. Some overlaps or duplications can be removed and change management resources combined to minimise risk and costs for the Council.

Introduction

The purpose of this report is to set out the findings from NKA's stage 1 Efficiency Review across the Council.

The work carried out jointly by the Council and NKA between January and March 2009 has focused on corporate-wide and service-specific opportunities (horizontal and vertical). It is part of the first stage of a three stage process to support the Council in identifying and delivering efficiency opportunities over the next three to four years.

The purpose of the service reviews is to identify more efficient and cost effective delivery models. In all instances, these will be obtained without any negative impact on service delivery. In many instances, it is expected that removing part of a process or changing an activity (how it is done, where it is done, or who does it) will not only reduce costs but provide an opportunity for a service to be improved.

These are not intended as stand-alone service reviews or audits and are not a comprehensive statement about the services. They are very much work in progress. Our reviews have focused on opportunities for efficiency within the service, by-passing other activities where opportunities for cost gain appear to be minimal or non-existent.

This Stage 1 Review is intended to:
- Assess the current financial costs and structures.
- Develop a portfolio of possible target areas;
- Quantify the scale of possible efficiencies.
- Prepare the next steps in terms of 'readiness' by supporting the setting up of a programme office that can take forward a range of business transformation projects, exploiting the opportunities identified within the portfolio; and
- Set out our proposed next steps for phases 2 and 3.
- Structure of this report

The remainder of this Introduction sets out the background to and criteria for this Review. It also describes the method used in this first stage and summarises the proposed approach for the entire transformation process.

The next section describes the Key Findings. It summarises the savings opportunities and explains how they have been categorised and assessed for risk and scale. The section also describes other benefits to the Council from the Programme which could be considerable.

Thereafter, the section on 'Models for Future Service Delivery' looks ahead to the options open to the Council, given that actions to reduce total costs will probably move the organisation to a mixed economy.

The later sections of the report deal with Programme Management and also propose the Next Steps – there is a lot of work to be done before the change process itself gets underway.

Background

The Council's Financial Strategy sets out a need for a minimum of £15m savings in the next 3 years. In reality there is a likelihood of higher savings being required. The Council and NKA will be looking to achieve all required savings through achievement of real efficiency – with potentially the partnership seeking to achieve more than £15m.

The net General Fund expenditure of York City Council is £113.5 million. The target savings in this Programme have been set at £15 million over three years – l3.3% of the total budget.

Large parts of the Council's total spend are not open to this efficiency review but the target size, whilst demanding, is well within the grasp of the Council and NKA to achieve. The target net savings of £15 million within the next three years are required to avoid a forecast budget shortfall, part of which is prompted by the government requirement for 4% efficiency savings per annum which have to be cashable

Against this requirement of cost reductions is a general backcloth of declining tax revenues and increased costs for central government due to the economic downturn. Further reductions in government expenditure are expected as a result but no details are available yet or even whether expected expenditure cutbacks will have an impact on local authorities.

Additionally there are probably other pressures looming which are not too far 'down the track'. These could include:
Demographic changes – already known about in terms of an ageing population but, as other councils are finding, the additional cost burdens are exceeding the forecasts. HASS is no doubt confronted by an upward trend in costs for the elderly for many years to come.
In addition, as property prices and household incomes continue downward, the ability of some of the working population to support its elderly parents will reduce. This will add to existing budget pressures.

Reduced Council Income – other councils are experiencing reductions in income as a result of the recession. Is York going to be any different?

In the time York has been a unitary, the complexity and breadth of some of the services that the Council has to deliver and the supporting activities for those services have changed dramatically. So too have the needs of the most vulnerable citizens.
It is probable that the members of the public who are the main users of the Council's services have also changed because needs are changing.
One example of this challenge (albeit an extreme case), is a London borough which has calculated that some 20% of its customers are using close to 95% of its critical service delivery resources.
Improved efficiency for York will reduce costs but the changes, with a clear vision in mind, could also align its services more closely to citizen needs

Criteria for savings

- The Council needs to identify efficiencies savings of a minimum £15 million over the next 3 years.
- Year 1 savings must be self financing – that is any costs and fees must be paid for by early efficiency gains.
- The £15 million savings must be net of implementation costs and exclude the net savings of £4.9 million planned by the Council in 2009/10.
- There must no service deterioration and where possible changes should look to improve service quality and the customer experience.
- The savings need to be cashable i.e. they must result in the removal of some resource from the Council's budget.
- To assist with the prioritisation of opportunities at Stage 2, the Council needs to understand the risks of each – in particular, the financial, political, operational and people-related risks. This assessment of risk should be arrived at jointly between the Council and NKA to ensure shared ownership.

- The speed of moving to implementation is also important. The Council needs to understand which opportunities are potentially quick / easy wins, subject to the suitable programme management arrangements being in place.
- At all times the programme needs to have clear financial model, ensuring the programme supports the Financial Strategy and the risk reward model is mentioned.

Review Method

The Stage 1 review was designed to explore opportunities for efficiency gains from two standpoints – horizontal across the whole organisation and vertical – looking down through the Council structure in specific service areas.

Corporate Reviews (horizontal)

This part of the review has examined the potential for wider actions and efficiencies across the whole organisation and some of these opportunities would certainly have strategic significance.

The main areas considered have been:
- The organisation structure itself, its relevance to the more recent service needs of York citizens and its management size.
- The front office/back office arrangements for service delivery and customer interaction.
- The sourcing of service delivery capacity where, at present, almost all service is provided by Council-employed staff.
- The main internal corporate services of the Council – particularly Procurement, ICT, Legal and HR.
- The scale of benefits to be achieved in these areas is very significant but their achievement would require extensive corporate working and major involvement of CMT and the HR team as well as other stakeholders.

Service Reviews (vertical)

Reviews were conducted in several target services where the scale and type of expenditure was expected to yield savings. A total of 21 services was reviewed and 16 reports produced. There are some other opportunities which have not been pursued. These include some areas of Customer Services and an idea for a wider facilities management service to support the new office and schools (if they opt in) .

Whilst some reviews largely required joint working between NKA and with the Head of Service and the management team, there were other activities where information was gathered from members of staff involved in the process under review. All members of the core project team have been involved in all aspects of the project method, from service reviews through to analysis and peer challenge.

Peer challenge was used regularly by the Team to check the quality and validity of conclusions being formed. In addition to internal meetings and informal discussions, off-site workshops were also used and these were attended by other NKA colleagues to provide an external perspective. Throughout these reviews, NKA have referred back to the Public Service Excellence Model (PSEM) as a benchmark for the scope of the reviews

and the analysis drawn from observations. NKA's key focus here was to ensure that it did not overlook cross-boundary or corporate issues when developing proposals specific to a service area.

In this Stage 1 Review, NKA's main activity has been to meet with managers and staff in front line and back office teams to listen to the people it met and to form conclusions about savings opportunities. The main purpose of consultation at this early stage has been to explain why and where information is being gathered and to listen to peoples' views as NKA met with the different teams.

Keeping people informed in this first three months has been based on:
- A first briefing of the Union in which the review approach was summarised and emphasis was placed on an intention to not dilute services by efficiency actions.
- Weekly update meetings with the project sponsor.
- Fortnightly attendance at CMT with progress updates.
- A briefing and discussion session with the Corporate Leadership Group.
- Meetings by NKA with over 50 managers in the Review areas in which the approach to efficiency gains was discussed.

Where, as has happened in some instances, some people have pressed NKA for early conclusions, it has not always been possible to be specific or as helpful as we would wish. The scale of the Review within three months has been demanding and our thoughts have been crystallising along with those of the key stakeholders over last few weeks into some tangible and emerging proposals.

Consultation – Next Steps

With effect from the commencement of the Second Phase, wider and more extensive consultation arrangements would need to be put in place because specific areas of work will be identified and become known. Within this report, there are proposed some 'themes' within which efficiency projects would be grouped and it is felt that this will facilitate providing progress updates to all stakeholders.

Agreement on Governance will define most of the issues regarding progress on the various projects.

This arrangement together with a Communications Plan, should be specific on:
- CMT reporting and involvement. In this context, 'involvement' would include agreement on how CMT members would provide leadership to the Programme.
- DMTs reporting and involvement.
- Members overview, their leadership of the Programme and frequency of reporting.
- Trade Union progress reports and consultation when specific proposals emerge and a change process is triggered.
- Staff updates and consulting.

Overview of the Transformation Process

Structured transformation

Stage 1, now completed, is the information-gathering stage where the potential savings opportunities have been identified.

Stage 2 consists of assessing the savings opportunities, being aware of the risk management and resource needs and completing all preparation, including governance and organisational readiness. For each of the opportunities this will include developing business cases, SIPs and being sure of the benefits realisation.

Stage 3 is the programme implementation.

Stage 1 Opportunity	Stage 2 Design & Planning	Stage 3 Implementation
Analyse ▪ Financials & costs ▪ Spending profile ▪ Size of opportunities ▪ Diagnostic report ▪ Portfolio of opportunities	**Specify & agree** ▪ Cost reduction potential ▪ Short/medium/long term goals ▪ As-Is & To-Be cost profiles ▪ Approach to cost reduction ▪ Plan implementation ▪ Communication & buy-in ▪ Modification	

Determine opportunities (vertical label for above row)

| | **Identify**
▪ Change implementation team
▪ Skills gaps, coaching & training
▪ Blocks, risks & mitigations
▪ Task allocation & ownership
Mobilise
▪ Set-up programme office
▪ Assess implementation capability
▪ Engage executive management
▪ Establish leadership of change | **Engage & deliver**
▪ Quick wins & proof of concept
▪ Establish longer-term framework
▪ Monitor & track progress
▪ Measure performance
▪ Hold accountable
▪ Realise benefits |

Deliver change (vertical label for above row)

Key Findings

Overview

Modernising the Council

The Key Findings commence with a view of the Modernising agenda of the Council, how it relates to the Efficiency Programme and delivery of performance improvement.

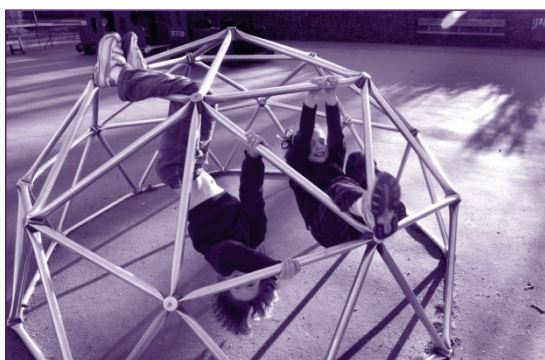Achievements and the effort to date are recognised but 'modernising' in this context places considerable emphasis on how far the Council must move to match its structure and service delivery to the changing needs of its customers (the vulnerable in particular) and to the changing world around it.

Savings Opportunities

The savings opportunities and qualitative improvements in service delivery are described and either arise from observations about efficiencies within the services reviewed or from wider conclusions about the Council's structure and corporate activities.
The savings totals are also grouped into 'themes' to give some indication of the types of activity that would be involved in their delivery. If agreed in the joint preparations in stage two, these themes would form the main work streams of the programme and both participants and on-lookers would become familiar with this terminology

Flexible working

The Council has committed to a partner for the system and preparation is underway but this report emphasises the critical importance to the Programme of mobile / flexible working being introduced across several front line services as soon as possible. It is a major source of efficiency and service improvements and merits a higher priority within the Council. It is important to note that this is not just aimed at benefits for blue collar staff but it could and should be extended to white collar and professional services
Flexible working has been on the Easy@York agenda for some time. It is proven technology and there are many examples of its successful application.

Other benefits
The Programme is likely to deliver benefits beyond the target savings reductions. These would include service enhancements, improvements in management performance, customer satisfaction and overall performance. In the latter case, the Programme will steer managers into wider corporate actions and stretch them to give energetic leadership to the change process.

Costs
The costs, primarily those relating to in-house investment NKA's fees, are summarised here.

Risks

An initial attempt has been made to describe the risk for each of the savings opportunities and these are summarised in this section and supported by a more detailed Risk Assessment.

Modernising Agenda

It is important, in the lead up to the next phase of the Council's development, that its achievements and hard work to date are recognised. Progress thus far and the length of the journey travelled have required significant effort.

It should also be noted that a Transformation programme as set out in this report is very much what the most progressive and forward looking authorities are considering. It is only by continuing to, improve, and deliver efficiency that that the Council will continue to be able to provide effective services, building on it's successes to date.

It is also right to recognise that the environment within which the Council operates is changing constantly and that a modern Council needs to be flexible and agile enough to meet the changing needs and expectations of its citizens.

To add to the challenge of this changing environment and constantly rising expectations, is an economic climate which will require a different method of operating and interaction with the customer if only because costs must reduce.

In broad terms, this requires further transformation and strategic change – transforming the organisation into one which is even better coordinated and presents itself to the customer as 'one single organisation'. The scale of the transformation ahead should not be underestimated.

A more 'modern and professional' organisation, which is both quick and responsive, will deliver considerable benefits for staff and citizens. It would, however, necessitate considerable investment in people skills and cultural change and a fresh impetus of capability across the organisation.

There is a growing expectation and demand in the UK for locally determined and delivered services which accurately match the needs of customers (most particularly the vulnerable) and which have a single view of that customer base. That 'single view' makes logistical sense and would also demonstrate far greater empathy with customers who need multiple services.

It will require an increased collaborative approach with closer partnership working, both internally within the Council, and with external agencies.

What is certain, is that services will not all be delivered in an identical manner to the present operating model.

There certainly needs to be a robust challenge to the existence of conventional, provider-driven boundaries to service delivery.

The Council recognises this need to act 'in the round' but the Efficiency Programme can be the vehicle by which real service transformation can be brought about whilst 'chasing' important reductions in operating costs. Utilisation of Partnership working offers the opportunity to bolster capacity and expertise. Costs can be offset by adoption of a risk and reward basis focused on outcomes.

Savings Opportunities

This section describes the key areas of savings and how they have been assessed and categorised. They are presented here as two main areas and are listed in the following pages:

Firstly, savings that can be obtained within a specific service area and which have been identified as a result of an efficiency review within the services.

These are referred to in this report as **'vertical'** opportunities because they all sit within and not across the directorates structure of the Council.

Most of these savings arise from either the presence of duplicated roles in service delivery, from the use of an over-complex process to deliver service to the customer, which limits the speed of delivery and the decision making processes.

Some of these service arrangements have their routes a long way back in the history of the organisation and stretch back to or beyond the introduction of CCT in the late 1980s.

In some instances, the complexity and duplication are a direct result of the client/contractor split being retained well beyond the requirement to operate within this formal requirement of the CCT regime.

Removing the unnecessary activities in these processes will not only lower the costs but also reduce the time taken for service delivery and, in some instances, improve the customers' service experience. This is explained elsewhere within this report.

The second area of saving would be obtained from actions to reduce costs in corporate or cross-boundary activities.

Since these are to be found across the Council structure , they are referred to in this report as 'horizontal' opportunities.

Examples of these activities are the provision of corporate services such as Procurement, Finance, ICT, HR and Legal as well as Customer Services and the Call Centre.

In a number of cases such services are fragmented across the Council. A move towards a centralised approach to these services as envisaged under the Admin Accom project is considered fundamental to not only exploring efficiency, but ensuring the programme is supported effectively at the outset. A Key principal of one Council should be adapted – meaning that key support activity should be centralised as one activity.

One further horizontal cost saving opportunity appears to be very significant. The Council's method of delivering virtually all services from within and using its own workforce is largely unchanged since the Council became a unitary.

There are clear examples that some external challenge mail bring major cost benefits. In the case of Neighbourhoods services for example in comparison to other authorities, the costs here in York are in excess of most with similar activity levels.

When the opportunities have been assessed and projects agreed in Stage 2, the plan is that they be grouped into project themes.   The suggested groupings are shown in following pages.

The advantage of this approach is that they would be logical work-streams for the programme on the one hand and would be consistent 'labels' for the Council to explain and report progress to all stakeholders.

Flexible Working

In support of the Efficiency Programme, there is a compelling need for York to commit urgently to mobile working across the organisation and there are some key reasons for this:

- It is a prime enabler of efficiency across many services and productivity gains are often between 10 and 15%.
- On almost all occasions, it creates major service gains because delivery is quicker and, in some instances, the availability of data on the move, enables staff to complete their task(s) without multiple visits.
- Some staff can go straight to their first place of work without visiting the office. Apart from improved productivity, this can be a consistent reducer of workplace stress as a result of avoiding unnecessary journeys and parking.
- Once established across the organisation, the City would gain from the avoidance of several thousand journeys a year that are no longer necessary. The

environmental gains, expressed in terms of improved CRC (Carbon Reduction Commitment) performance would be extensive.

- Performance and control data collection is automated within the process and happens in real time. Costs of support staff to perform these roles is reduced or even avoided all together.
- Resident expectations include seeing the Council utilising technology and adopting working practices which are common in the private sector, with service delivery and timescales to match.

Easy@York have selected a partner for mobile technology. The challenge now is for the Council to support generic implementation across a wide range of services where the business case confirms large gains. This is a Key aspect of the change agenda and enabler in terms of how services will be delivered into the future.

The successful introduction of this system and the changes to working methods that would result should be given high priority. Of equal importance is the need to improve the speed of the change process. This is repeated in this report in terms of the Organisation's readiness to accelerate implementations – critically important for achieving the Programme goals.

NKA offers additional capacity in terms of supporting and working with the Council to deliver an increasing pace of performance improvement.

No claims of additional savings are made separately for mobile working in this Programme. This new way of working is fundamental for efficiency and quality boosts to service and would be an important foundation for the Programme.

Finally, this is a major cultural change and requires adjustments from staff. CMT leadership will be important and staff could receive no better reassurance than to hear about the places (local government and elsewhere) where new mobile working is making a difference including more enjoyment of the working day.

Savings by Theme – all figures are initial estimates and subject to amendment as definition work progresses

Themes	Year 2010/1	Year 2	Year 3	Total
Verticals				
Transactional/Back Office BPR/Productivity	1,000	3,000	4,800	9,000
Property Services	0	150	150	300
Care Provision	400	1,300	3,100	4,800
Customer Services	50	100	150	300
ICT	150	500	1,250	1,900
Procurement	500	2,000	4,800	7,300
Income Collection & Fees	650	1,500	1,800	3,950
Sub Total	**2,750**	**8,550**	**16,050**	**27,350**
Horizontals				
Market Testing/Shared Services	0	1,700	2,200	3,900
Front/Back Office integration	0	1,250	2,750	4,000
Accommodation Project / Asset Utilisation	0	250	250	500
Wider Review of the Mgt Structure	0	700	1,400	2,100
Total	**2,750**	**12,450**	**22,650**	**37850**

Key Findings – Savings by Service (Sample)

Vertical (service-specific) illustrative savings opportunities
The table here sets out the service-specific savings identified as a result of reviews in 21 services which led to 16 reports. The totals are full year effects.

Service Area	£ full year	Description
Housing	£600,000	Process simplifications and removal of role duplications in Housing and in the repairs activity of Neighbourhoods (clerical). Assumptions about efficiency gains that would affect service-delivery staff are referred to in the next section on 'horizontal' savings. Annual charges to the HRA should reduce by about £500,000 with about £100,000 reduction in the General Fund. The Repairs process (and Highways repairs) was examined jointly with the Easy@York team and based on their findings and NKA's previous experience of similar repairs process improvements, the predicted reduction in tasks is known to be achievable. This review of the two processes reinforces confidence that
Adult Social Care	£400,000 In year 1 & up to £3.1 million in the third year	The main savings in Adults are to be found in the Home Care and Elderly Persons Homes services, albeit further savings were also identified in other areas. The basis of the savings is that the internally delivered services (Home Care in particular) are considerably more expensive than external providers for the same service specification (based on relevant benchmarking data).
Leisure and Culture	£60-£80,000 in year 1	No proposals are made for wholesale changes. The savings estimate is a combination of rationalising and prioritising locations for service delivery and a review of current structures.
Childrens Services	£236,000 in year 1	Proposals affecting costs levels in Childrens Services are limited to suggestions for process changes in some areas to improve efficiency.

Vertical (service-specific) illustrative savings opportunities (continued)

Service Area	£ full year	Description
Neighbourhood Services	£966,000	Based on a review of the main services, reductions in process complexity and support capacity are predicted in clerical and support activities. Assumptions about efficiency gains that would affect service-delivery staff are referred to in market testing in the next section on 'horizontal' savings. The Highways process (as with Housing Repairs) was examined jointly with the Easy@York team and based on their findings and NKA's previous experience of very similar repairs process improvements, the predicted reduction in tasks is known to be achievable. This review of the two processes reinforces confidence that there will be a wider range of activities where process simplification will deliver cost reductions.
Property Services	£150,000	The proposal is that the Team becomes a strategic manager of property assets and a commissioning unit. It does not have (nor can it obtain) the internal capacity it requires and would reduce in size considerably with all delivery functions being covered by framework agreements (some of which are already in place). The savings are a conservative estimate of the reduction in delivery capacity required. Accommodation cost improvement opportunities are described separately in the next section on 'horizontal' opportunities. It is proposed that the FM service be the subject of separate market testing (as the new office requirements become known) based on a wider service arrangement that would cover all the needs for buildings occupancy as well as maintenance and repairs. The leap towards external delivery of this larger service would give the Council early access to modern service delivery methods incorporating mobile working and virtually zero administration. The service design could be accessible (via web access) if required. No prediction of savings opportunities is made at this stage but total costs would go down.

Vertical (service-specific) illustrative savings opportunities

Service Area	£ full year	Description
Council Tax and Business Rates	£860,000 in yr 1 & £460,000 in yr 2	Improved collection of arrears, SPD review, reduced bad debt provision and the implementation of a performance management culture.
Sundry Debtors	£780,000 in year 1 & £1.2 million in year 2	Improved collection at 5% per annum thorugh BPR of all primary processes. This wil linlcude the introduction of new performance managment and control framework, introduction of a revised income policy and changing collection routines and timescales.
Benefits	£280,000 in year 2.	Implementation of performance management framework, roll-out E-Benefits and implementation of a managed service.
Procurement	£500,000 rising to £4.8 million in year 3	Leavaging the Councils purchasing position through agrregation of spend eg Civils approx £1million per annum, acheiving greater complaince thorugh implemenation and operation of revised control frameworks, Improve the level of contracts which are retendered on time and therefore avoid costly contract extensions, increases routes to market and reduce large /high volume /high value invoice order transction by the introduction of revised working techniqiues.
ICT	£150,000 rising to £1.25 million in year 3	Outsourcing of the data centre, moving to managed print, rationalisation of the ICT estate thorugh greater use of existing assests and review of current desktop footprint.

Horizontal (corporate) illustrative savings opportunities- these are not exhaustive lists.

Area/Activity	£ Full Year	Description (base drivers for change)
Market testing	£1.7 m in year 2, rising to £2 m	The main focus is Neighbourhood Services where the delivery teams have not been exposed to market testing on any significant scale. An NKA review of some of the services highlights opportunities for process simplification and removal of duplicated roles but this did not examine the delivery teams themselves. Housing repairs delivery costs (ie operatives and related costs) were compared with the same service of another authority with similar housing stock numbers and activity levels and this suggests that the service is very expensive. Other such opportunities are expected to be identified with a comprehensive market-testing exercise across the directorate's services. A later stage of the review of these services could extend into arrangements for shared services with local/partner organisations.
Shared Services	Up to £2m	A review has already been conducted by NKA to examine opportunities for a joint call handling facility a shared ICT platform and the shared use of community and non emergency transport capacity across three potential partners (Yorkshire Ambulance Service, East Riding of Yorkshire Council and City of York Council). The aim would be for the 'partners' to share common facilities for receiving calls requesting transport and to use one shared system to optimise the use of the vehicles that they and community transport groups would make available. Reductions in operating costs and longer term reductions in infrastructure (telephony, systems and vehicles) were identified and a useful by-product was to boost community transport capacity.

Horizontal (corporate) savings opportunities- these are not exhaustive lists.

Area/Activity	£ Full Year	Description
Accommodation	£100,000	The New Office project assumes that St Anthonys, Acomb and the Guildhall will continue in use and this is intentional flexibility and caution for the project's planning. The reduction in the numbers of staff (by internal change and/or externalisation) is very likely to undercut the working assumption of the New Office project and this could lead to the Council having excess space. Subject to the size of the new building and the level of space released by this programme, it is believed that the Council would have opportunities to invite partner organisations to share the space. In addition, one extra building would probably not be required. A conservative saving of £100,000 is assumed for this. To reinforce the idea that surplus space will be available, there is reasonable certainty that the depot main office will have significant space available once proposed changes are underway. Overall, there are greater savings available by reducing total office space needs but these cannot be quantified now.
Front and Back office integration	£1.25m in year 2 rising to £2.75m in year 3	Establish a single point of access for most customer contact - bringing together the back and front offices, moving from a call centre to a full contact centre for customer interactions. This will serve to rationalise any requirement for 'face to face' interactions and provide for a 'One Stop Shop' approach
Management Structure	rising to £1.4 million in year 3	which could be rationalised. Amongst peer group authorities we are familiar with, the proportion of supervisory/management personnel to other staff ranges from 8% down to 3.5%. York is at the top end of that range which indicates that there is considerable opportunitity to reduce total numbers here. A structure of 6 directorates for an organisation of this size is too large and a reduction of at least one directorate is assumed in the proposal. Another area related to structure revisions, is to challenge the use of decentralised finance, HR IT and performance teams across the directorates.

Other Benefits

The primary benefit of the Efficiency Programme is the achievement of minimum net efficiencies of £15 million over the next three years leading to a minimum run-rate of £15 million per annum thereafter.

This report has described in broad terms where these savings are to be found and implemented but it is suggested that there are additional benefits to be secured:

- *Improved Corporate Management*: Involvement in the Programme implementation would almost certainly lead senior management to increase its focus on a more corporate view of customer service.
- *Service improvements:* The most obvious of these is an improvement in delivery time of many of the Council's services. From the efficiency actions in the targeted areas, a by-product of the search for savings would be reductions in the total effort and elapsed time for service delivery.

Heads of Service would need to ensure that the time gains are imbedded into the new processes so that they are secured for the benefit of customers.

In addition, if market testing of some services points to external provision to achieve lower costs, the use (if appropriate) of some larger providers could obtain a rapid improvement in the service delivery process. Some larger contractors have already invested in proven technology and quicker processes for their clients and the Council could make 'overnight' gains from adopting these new working methods without the normal risks associated with change implementation.

More cross boundary working and increased management of customer contact through one channel rather than several, would embed different ways of working to the benefit of customers. In particular, leaders of services would have far more data about activity and performance levels relating to their interaction with customers.

At present there are too many direct channels of communication for the Council to have a clear overview of what their customers need.

The Easy@York programme came into being to promote such change and there has been progress but the Council needs to continue this as a priority.

Key Findings – Costs and Investments

It is in stage 2 where the detailed work necessary would identify the levels of one-off cost and investment that would be required for the whole programme. The totals are summarised overleaf.

This work would be based on the following key activities in Stage 2:

Firstly, the Council and NKA conducting a joint assessment of each of the savings opportunities identified in this report.   This assessment to be based around the levels of perceived risk including any reputational and political impact. Thereafter, the projects selected to proceed would be the subject of a business case review in each instance. The output from the reviews would include estimates of:

- One-off costs – the key areas being costs arising from redundancy, additional staffing costs, and IT investment.
- Capital investment – most likely technology.
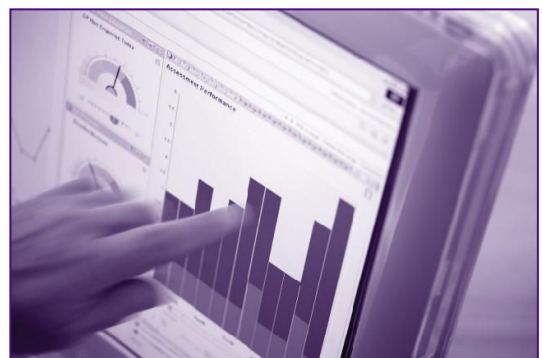
Not all projects would require significant costs for implementation and not all reductions in the number of employed staff would be redundancies – externalisations, if agreed, would include staff transfers.

A clear advantage of a well planned programme will be the ability to manage change and minimise the impact on staff, utilising natural wastage and retirement to achieve any staff reductions.

In addition, there is the investment necessary in new technology to speed up and improve service delivery. There are two particular views to express about what this might be and how it should be viewed: Firstly, most of the technology investment would happen anyway – it is overdue and, in some instances, inconsistent, but the technology change is not a result of this Programme. The effect of the Programme would be to bring the investment forward and, probably, to ensure that there is a more robust business case for each purchase. In fact, a large part of the investment is anticipated in the work planned by Easy@York.

Secondly, a key part of the process will be the re-evaluation/update of projected benefits for the change projects already in place, as can be seen in the Project Register. This will require a re articulation of benefits and ensure all potential benefits are measured and captured in a consistent way moving forward. Some investment involves local (i.e. non-corporate) style solutions for particular problems. If agreed, there might be more generic systems that would work across the organisation, saving investment and support costs.

Risks
Allocation of risk

As proposed in the interim report, we have set out to consider the potential risks associated with each savings opportunity. That assessment, albeit in outline at this stage is to be in terms of:

- Financial Risk
- Political Risk
- People Risk
- Operational Risk

In each case we will assign an overall risk to each opportunity. Each dimension has been assessed as 3 high, 2 medium and 1 low. The cumulative score represents the overall risk implementation rating.

A key task for the Council and ourselves during Stage 2 will be to examine each opportunity in detail and establish the net risk (i.e. establish the impact of the risk and barriers to selection and implementation). For example, this could mean examining an opportunity in respect of the political risk and deciding whether it is feasible for prioritisation and subsequent implementation.

Efficiency Opportunity Priority

We are clear that the selection of priorities for transformation will need to be ultimately decided by the Council. At this stage therefore NKA make no judgements about either:

- The number of opportunities selected; and
- The priority in which they should be delivered.

However, as part of the this report we have identified and made assumptions about each project, in terms of when we believe the savings will emerge over the three to four year cycle. This will indicate where the quick wins are and what needs to be delivered in the medium and longer term.

Overleaf there is a summary of the savings opportunities and the NKA first view of the risks they might pose. Overall, the risks are thought to be relatively low in terms of implementation if the Council acts to ensure full preparation before Programme commencement. The most difficult risk to assess is the political one because the scale of the programme will attract considerable attention.

Model for Future Service delivery – Impact of the Programme

How could the Programme affect Service Delivery?

The Programme, whilst identifying and implementing a range of efficiency improvements, would also change /support :

- How the Corporate and Political leadership operates
- The new values for the organisation
- How work is performed in many teams
- How the Council interacts with its customers;
- The Council's structure ;
- Several processes;
- The place of work, because of mobile working;
- The Council's information about its customers – it will know more about those who most use its services;
- In some instances, who delivers the service.
- Much of this will not be highly visible until later in the Programme but since the Council's form of service delivery would be changing markedly, it would be advisable to give thought to what its vision for future service delivery should be. We recommend that during Stage 2 of the programme that the visioning for future service delivery is carried out together with NKA along with the other key actions already mentioned.

Thinking about this now is not a distraction from the immediate goals of major cost reduction. Developing a clear direction would help all participants in the Programme whilst they deliver the savings along the way.

There are some statements and questions that the Council will need to work through soon:

- By the end of the Programme, York Council will probably become a mixed economy where some services are delivered externally.
- There will be a clear distinction between the need to commission or provide services.
- In addition, there will be more cross-boundary working and services will be less subject to provider or profession demarcations.
- The Council will know more about who its core customers are and what needs they have. It might also begin to understand how much of its resources are used for those customers and where priorities should be set.

With this in mind, NKA have given some thought to what the journey to a revised service delivery model might look like.

The diagram on the next page shows the steps that might be involved, starting from where the Council is at the moment.

Service Delivery Model – Evolution

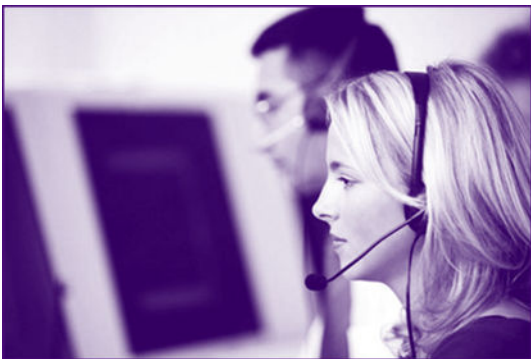|	Step 1 Improved Performance	Step 2 Cross-Directorate	Step 3 Breaking Barriers Down	Step 4 Horizontal Integration	Step 5 "One Council"
Results	In-Service Efficiencies	Service Improvement Opportunities	Cross-Service Effectiveness	Recognises Complex Customer Needs	Local Determinism of Priorities & Resources
Impact	▪ In-service improvements but parochial ▪ Within existing operations ▪ Adherence to existing parameters & processes ▪ Efficiency in current context	▪ Understanding links & beginning to share information ▪ Limited co-operation ▪ Looking to remove overlaps & cross-over	▪ Getting service value from shared knowledge ▪ Resource & service requirements across different service types being standardised ▪ Service boundaries are less visible	▪ Resource & common processes deployed across wider groups including partners ▪ Technology is invested across multiple boundaries ▪ Customer contact management reflects customers' complex needs	▪ Full service delivery integration with multiple partners ▪ Local priorities agreed and matched to resources · Traditional service boundaries invisible

Programme Management and Governance

Actions for Readiness

The Programme is a substantial challenge and will need proportionate contributions from leaders across the Council. During Phase 2 a readiness plan for all the required actions should be prepared jointly with NKA. The main areas to be covered would be:

- Capacity of Directors and managers: Everyone is busy with their existing workloads and without changes, would not be able to make a significant contribution to the Programme. CMT and NKA will need to examine how management roles can be redesigned to (for example) increase delegated responsibility, reduce meetings participation and set aside priority time for programme work.
- Change agenda: The size and scope of the changes within the Programme are demanding but well within the gift of the Council and NKA to deliver. However, there are other change agendas which will be competing for time and skill and some of these would, if unchecked, conflict with the Programme.

NKA believe this would be overcome if the overall change agenda is examined within a newly created Programme Office.

Membership would include, Council Lead (to be appointed), NKA Transformation Project Team and Easy@York. The Programme Office will work closely with the Corporate Performance Team and named representatives from wider functions - Finance, HR and Procurement in particular. We recommend that a full TNA is conducted for all those directly involved in the programme during Phase 2 and delivered more widely as momentum is gathered.

HR capacity to support the Programme will need to be increased. The Programme is likely to require extensive involvement in consultations about change (in several teams of all the Directorates), The risks associated with insufficient HR capacity would be people stress and delays.

Next Steps

Stage 2 Proposal – "Establishing Momentum"

It is imperative that the Council now moves as quickly as is possible to working up the detail to establish:

- The priorities and projects it will adopt within the Transformation Programme;
- The overall shape of the Transformation Programme i.e. the 'themes' it will adopt to logically group together the priority projects;
- The precise inputs, outcomes and validity of a 'final business case'
- The 'readiness' of the organization for the change programme.

The Council has set an ambitious target of achieving at least £15 million of efficiency savings.

How will the Council achieve this?

We have identified in excess of 70 opportunities during this scoping work. The adoption of a Business Transformation Programme, that groups the chosen projects into logical themes as we have described them – driven by the 'leadership' of the Council and supported by ourselves (as part of a well 'stocked' and re-energized Programme Office) – will succeed in achieving the scale of change required.

Key Considerations

There are a number of key areas that the Council will need to address. These are:

- **Leadership** – Whilst there is strong evidence of officer commitment to 'modernisation' and real, business transformation it is not yet fully galvanized throughout the organisation. Having robust governance arrangements in place, sponsorship at the highest levels, and maintaining consistency of leadership throughout will be obvious pre-requisites for success;
- **Change Communication** – Communicating the change message to staff and maintaining a dialogue throughout the transformation process will be essential to gain the necessary buy-in, and then to maintain it. The resources to oversee this activity (identifying specific roles and responsibilities) need to be established quickly and plans formulated - as one of the key early priorities.
- **Organisational Development** - Identifying and developing those key staff that will contribute directly to the transformation programme, should be another early priority. We believe that it will be essential to carry out a Training Needs Analysis of those key individuals in order to fully understand the skills, knowledge and competencies that we already have, and any gaps that will need to be addressed. The likely areas for development, based upon our preparatory work during Stage 1, are likely to cover:
  - o Performance Management
  - o Programme Initiation & Management
  - o Project and Risk Management
  - o Business Case, Cost Benefits Analysis & Benefits Realisation
- **Delivering Quick Wins** - There is a high expectation that the process can deliver 'quick wins' in terms of tangible efficiency savings. This is particularly important for the Council as it will ensure that:
  - It demonstrates final proof of concept and also confirms that the transformation programme can secure the scale of savings needed
  - It delivers early efficiencies that can be taken, or used to help fund further transformational activity
  - It will generate the much-needed confidence across the council to embrace the wider change programme
- **Managing Risk -** The Council will need to carefully manage risk at both programme and project level. Whilst we have identified this at a summary level (by theme and specific service area) in our final report, it is essential that a more detailed assessment is carried out and that the results built into the business case and into programme and project monitoring processes at an early part of Stage 2.

Proposed Key Actions and Rationale:

April 2009-June 2009
Establishing the Programme Office
A robust and professionally functioning Programme Office will be central to the successful delivery of this programme. The office will have 'day to day' responsibility for 'driving' the change project, and handling all the processes and procedures that will underpin the successful implementation of the programme.

It is envisaged that the core of the Office will comprise, full time NKA management and project personnel, alongside the current Easy team. Others, such as representatives from Finance, HR, Procurement and other specialized areas would be co-opted into the unit, as and when required.

Key tasks will include:
- Managing all Programme deliverables;
- Monitoring and reporting progress and achievements;
- Coordinating the flow of Information management;
- Financial monitoring & tracking;
- Risk and quality control;
- Overseeing any Change Control Procedures.
- Providing additional expertise when required to ensure:
- Linkages or overlaps with other projects are fully controlled;
- Any emergent risks are properly addressed and mitigated;
- Full and active support for project delivery teams throughout the lifecycle of the programme;
- A common approach is maintained and the sharing of good practice is properly adopted.
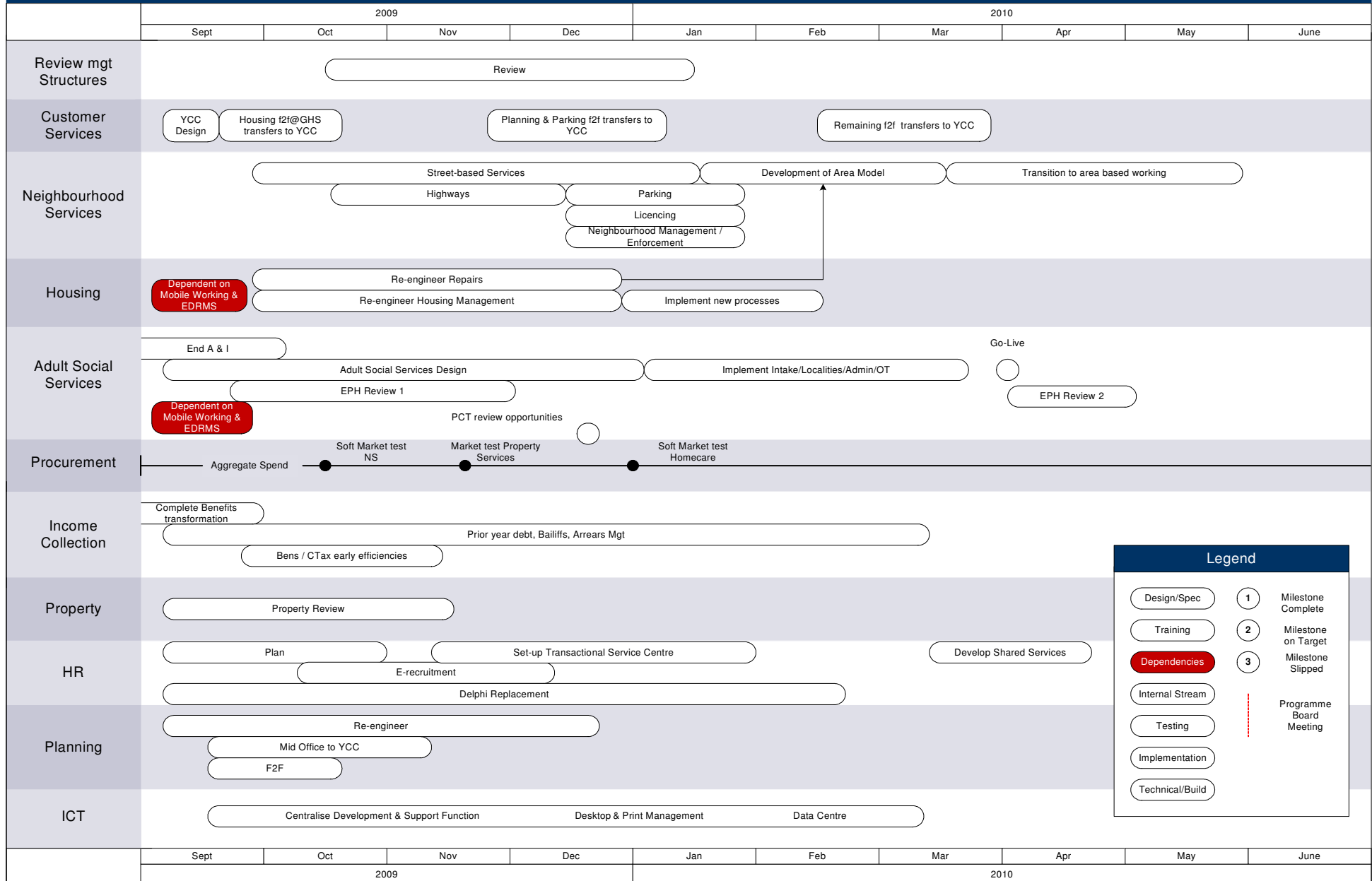
Pre-Programme Implementation

The success of the programme will be dependent on ensuring that all outcomes, objectives and scoping are carefully considered, clearly defined, and properly planned for. This will require the following actions to be applied, at an early point of Stage 2:

- Visioning - Working together to establish a clear and unambiguous vision, including specific outputs, outcomes and objectives for the transformation programme, that will need to be communicated across the Council.
- Blueprinting - The vision must be developed jointly and evolved into a set of detailed objectives and requirements which in turn define the criteria to identify projects that will deliver the priorities. This will allow a clear project inventory to be developed and the associated Implementation plan to be constructed. The key components that will need to be fully addressed as part of the blueprinting stage are:
    - Developing a Programme Initiation Document (PID), which sets out how the transformation programme will be governed, resourced, and delivered and the precise nature of the roles of the partnership;
    - Developing business cases (and individual PIDs) for each of the priority projects, including full, and more detailed risk assessments, and benefits realisation;
    - Reviewing and establishing the financial management arrangements to be adopted as there is a need for greater clarity around measuring the savings achieved;
    - Mobilising the Programme Office - establishing the main Programme sponsor (from within the Council), the membership of the core Change Team and it's support needs;
    - Developing a Council wide Communication Plan, in 'readiness' for the implementation phase.
    - Governance - all necessary arrangements are agreed and seen to be in place. These will shape the overall programme and provide the structure for any conflict resolution, and authorization for any necessary Change Control.

Business Case and Benefits Realisation Process

This is, without question, the main reason why large scale transformational programmes fail. Although we are proposing that during Stage 2, that some projects should commence immediately, i.e. DSG, SPDs, the remedial work on Arrears Management, and accelerating the planned improvements in relation to Revenues and Benefits, a detailed business case and benefits realisation plan must be developed between us.

CYC Efficiency Programme

Annex 2
29.05.09

Annex 2

	2009				2010					
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June

Review mgt Structures
- Review

Customer Services
- YCC Design
- Housing f2f@GHS transfers to YCC
- Planning & Parking f2f transfers to YCC
- Remaining f2f transfers to YCC

Neighbourhood Services
- Street-based Services
- Development of Area Model
- Transition to area based working
- Highways
- Parking
- Licencing
- Neighbourhood Management / Enforcement

Housing
- Dependent on Mobile Working & EDRMS
- Re-engineer Repairs
- Re-engineer Housing Management
- Implement new processes

Adult Social Services
- End A & I
- Adult Social Services Design
- Implement Intake/Localities/Admin/OT
- Go-Live
- EPH Review 1
- EPH Review 2
- Dependent on Mobile Working & EDRMS
- PCT review opportunities

Procurement
- Aggregate Spend
- Soft Market test NS
- Market test Property Services
- Soft Market test Homecare

Income Collection
- Complete Benefits transformation
- Prior year debt, Bailiffs, Arrears Mgt
- Bens / CTax early efficiencies

Property
- Property Review

HR
- Plan
- Set-up Transactional Service Centre
- Develop Shared Services
- E-recruitment
- Delphi Replacement

Planning
- Re-engineer
- Mid Office to YCC
- F2F

ICT
- Centralise Development & Support Function
- Desktop & Print Management
- Data Centre

	2009				2010					
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June

Legend

Design/Spec	1	Milestone Complete
Training	2	Milestone on Target
Dependencies	3	Milestone Slipped
Internal Stream		Programme Board Meeting
Testing		
Implementation		
Technical/Build		

Effective Organisation

Executive Board / CMT

Steering Group

Strategic Board

Directorates

| LCCS | HASS | CS | RES & Cexecs | NS |

Programme Management Office (PMO)

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

CITY OF YORK COUNCIL

Scrutiny Management Committee   **13 July 2009**
(Calling – In)

Report of the Head of Civic, Democratic and Legal Services

Called-in Item: The Annual Risk Management Report 2009

Summary

1. This report sets out the reasons for the call-in of the decisions made by the Executive on 7 July 2009 in relation to a report providing information on the outcomes of the deployment of risk management arrangements across the Council over the past year and seeking approval of a revised risk management policy and strategy. The report also explains the powers and role of the Scrutiny Management Committee in relation to dealing with the call-in.

Background

2. An extract from the decision list published after the Executive meeting is attached as Annex A to this report. This sets out the decisions taken by the Executive on the relevant item.   The original report to the Executive is attached as Annex B.

3. Following publication of the Executive's decision, Councillors Scott, Gunnell and Simpson-Laing called in the decisions for review by the Scrutiny Management Committee (SMC) (Calling-In), in accordance with the constitutional requirements for post-decision call-in. The reasons given for the call-in are as follows:-

   "The Executive failed to take a decision on the issue of reducing parking charges as detailed in the first row of the table on page 138 (Annex A to the report to Executive).

   The Executive has a duty to support the local economy and in not taking the decision to reduce car parking charges, has failed to do so."

Consultation

4. In accordance with the requirements of the Constitution, the calling-in Members have been invited to attend and/or speak at the Call-In meeting, as appropriate.

Options

5. The following options are available to SMC (Calling-In) in relation to dealing with this call-in, in accordance with the constitutional and legal requirements under the Local Government Act 2000:

    (a) to confirm the decisions of the Executive, on the grounds that the SMC (Calling-In) does not believe there is any basis for reconsideration. If this option is chosen, the decision takes effect from the date of the SMC (Calling-In) meeting;
    (a) to refer the decision back to the Executive, for them to reconsider or amend in part their decision. If this option is chosen, the matter will be re-considered at a meeting of the Executive (Calling-In) to be held on 14 July 2009.

Analysis

6. Members need to consider the reasons for call-in and the basis of the decisions made by the Executive and form a view on whether there is a basis for reconsideration of that decision.

Corporate Priorities

7. An indication of the Corporate Priorities to which the Executive's decisions are expected to contribute is provided in paragraph 20 of Annex B to this report.

Implications

8. There are no known financial, HR, Legal, Property, Equalities, or Crime and Disorder implications in relation to the following in terms of dealing with the specific matter before Members; namely, to determine and handle the call-in:

Risk Management

9. There are no risk management implications associated with the call in of this matter.

Recommendations

10. Members are asked to consider the call-in and reasons for it and decide whether they wish to confirm the decisions made by the Executive or refer the matter back to the Executive for re-consideration at the scheduled Executive Calling-In meeting.

Reason:

To enable the called-in matter to be dealt with efficiently and in accordance with the requirements of the Council's Constitution.

Contact details:

Author:
Dawn Steel
Democratic Services Manager
01904 551030
email:
dawn.steel@york.gov.uk

Chief Officer Responsible for the report:
Quentin Baker
Head of Civic, Democratic and Legal Services

Report Approved | √ | **Date** | *8/7/09*

Specialist Implications Officer(s) None

Wards Affected: **All** | √ |

For further information please contact the author of the report

Annexes

Annex A – decisions of the Executive on the called-in item (extract from decision list published 7/7/09)
Annex B – report to Executive meeting held on 7/7/09

This page is intentionally left blank

EXECUTIVE

TUESDAY, 7 JULY 2009

DECISIONS *(extract)*

8.   **THE ANNUAL RISK MANAGEMENT REPORT
     2009**

     RESOLVED: (i)   That the contents of the report, and progress to
                        date, be noted.

                (ii)   That the economic downturn risks set out in Annex
                        A, and the intended action to manage, them, be noted.

                (iii)   That the revised and refreshed risk management
                        policy and strategy, set out in Annexes B and C
                        respectively, be approved.

     REASON: To raise awareness of risk management issues and to
                ensure the implementation of an approved framework for
                the delivery of effective risk management at the Council.

CITY OF YORK COUNCIL

EXECUTIVE   7 July 2009

Report of the Assistant Director of Resources (Customer Service & Governance)

Annual Risk Management Report 2009

Summary

1   This report provides information on the successful outcomes achieved
       through the consideration and deployment of effective risk
       management arrangements across the council over the past year. The
       report also includes:

       •   a summary of the impacts and risks of the current economic
                downturn;
       •   a revised risk management policy and strategy.

Background

2   Risk management is a business discipline that public and private sector
       organisations use to better manage potential opportunities and threats
       to the achievement of corporate objectives. Risk management forms a
       key part of the council's corporate governance arrangements, strategic
       management and performance management process.

3   Effective risk management should act as an enabler – supporting well-
       informed decision making and facilitating sustainable improvements in
       service delivery. It is fundamental to good management practice and
       should not be viewed as a separate discipline or token paper exercise
   to be carried out in isolation.

       Outcomes of effective risk management

4   There is evidence in key documents and plans that the organisation as
       a whole is considering risk in a much more positive way across its
       major projects and within service delivery. This approach is in part
       driven from prior failures and in part through better understanding of
       risk as an enabler to more successful delivery coupled with a
       willingness by the council to seek opportunity and improve efficiency.

5   The ownership of risk has now moved from the Risk Management
       Officer in Resources and is owned, managed and delivered as part of
       good business practice by officers across the organisation. Key

projects such as the Administrative Accommodation Project and Access York Phase 1 actively use risk to help guide the project, decision making and in order to deliver successful outcomes. The inclusion of risk in the council's Improvement Plan and Business Model helps support and underpin the new Corporate Strategy and in turn the Sustainable Community Strategy. Business Continuity is now better embedded across the organisation and is reviewed in light of the developing risks to service delivery, the most recent being the threat of a Swine Flu pandemic

6   It is not only officers across the council who have better engaged in managing risk but the Audit & Governance Committee (A&G) now play a much greater role. A&G actively review key corporate risk on a quarterly basis and this process has been particularly effective in raising Members awareness of both the risk and opportunities associated with major projects and programmes of work. In addition A&G regularly request officers to present reports on key areas of concern to satisfy themselves that risk is been properly and proportionally managed.

7   A similar quarterly monitor is presented to Corporate Management Team (CMT) on a regular basis. This report has helped to create a focus on some of the council's key areas of risk and provides the opportunity for directors to consider current as well as new and emerging issues.

8   It will always be difficult to prove that risk management helps to deliver a project more successfully or that performance has improved as a result of better understanding the challenges involved in service delivery. There have been demonstrable changes in risk assessments; risks have either decreased, hopefully as a result of being managed and mitigated, or increased as risks have become more likely or have increased in potential impact – these changes can be seen through the quarterly monitoring reports reviewed by both CMT and A&G. A summary of changes in the Key Corporate Risks (KCR's) profile is reflected at Table 1 below. The table shows the movement in the number of individual risks associated with each focus area (KCR) across the four quarters of 2009/10. In most but not all cases the number of risks has been reduced over the course of the year.

Table 1

Key Corporate Risks
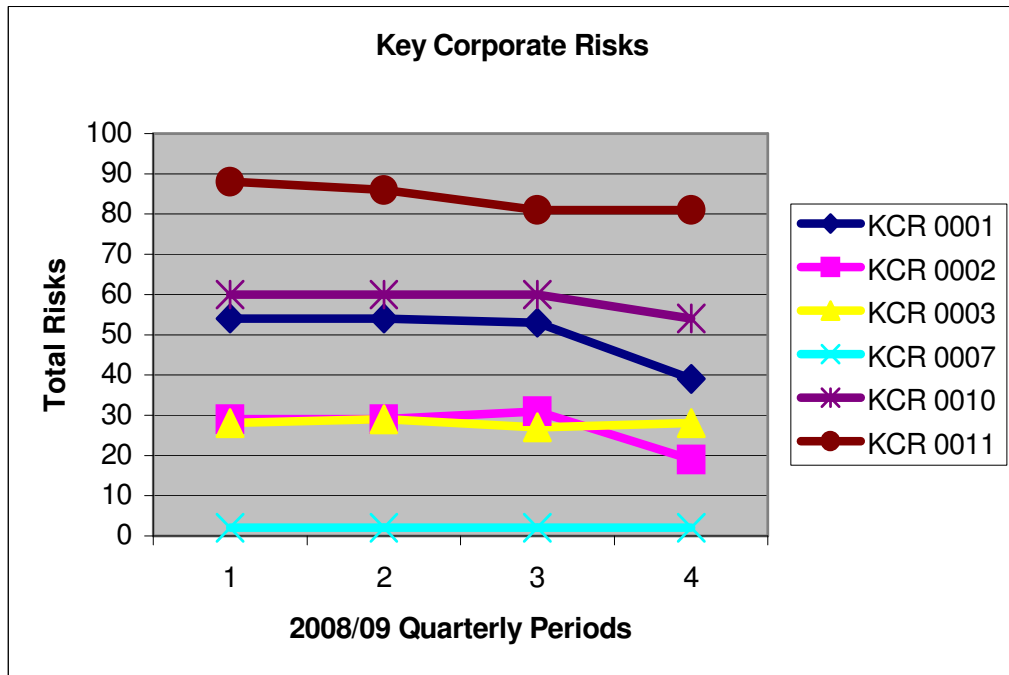
Key

KCR ref	KCR Title
KCR 0001	Implementation of new pay & grading structure
KCR 0002	Delivery of the Accommodation review project
KCR 0003	Waste management strategy partnership
KCR 0007	Delivery of the Local Area Agreement
KCR 0010	Business Continuity Planning
KCR 0011	Managing and governing partnerships

9   It is however more noticeable that risk is being used as a natural part of the council's business processes and is no longer an add-on or separate bureaucratic process. There will always be an element of process in terms of risk registers, framework and policy but there would now seem to be a fundamental change in the way risks are more routinely identified and managed. This cultural change has been delivered with very little resource (one member of staff) and it is hoped that this improvement will be reflected in the council's next Use of Resources score for risk management.

Risk Management Policy & Strategy

10   The purpose of the policy (Annex B) is to set out the aspirations and objectives of the council with regard to risk management. The policy forms part of a practical and effective framework comprising the overarching risk management policy itself, underpinned by the risk management strategy and supported by supplementary risk management guidance documents and a comprehensive training and communication plan. The key changes in the documents are that they have been completely rewritten to provide clear, up to date and practical best practice advise to officers. They also reflect the more risk mature organisation that we have become as set out at paragraphs 4 – 9 above.

11   The policy reinforces the principles of risk management in the context of York and will support officers and Members in understanding the purpose and role of risk management. The application of the policy principles will help the organisation in making better informed decisions while at the same time encouraging innovation and opportunity. The progress of embedding the policy effectively through the organisation will be monitored through the Use of Resources element of the CAA inspection process.

12   The Strategy (Annex C) provides the corporate framework which is designed to provide practical advice and guidance for implementing risk management practices within all activities of the organisation. It sets out the relevant roles and responsibilities and provides a comprehensive risk reporting process allowing risks to be escalated up and devolved down the organisation

Economic Downturn

13   When the annual risk management report was presented to Executive in October 2008 members requested a further report on the impact to the council of the current economic downturn. Officers across the council were very supportive of this piece of work and the feedback received from delegates at a workshop undertaken in January 2009 was also very positive.

14   The output of this work is shown in detail at Annex A of this report. The Annex describes the risk along with its potential consequences, actions been taken to manage it and the National Indicators (NI) that may be affected. The risks have also been aligned to the appropriate corporate strategy theme.

15   From the evidence gathered through this work it is clear that the council is not immune to the affects of the recession and that its impact will not only be in financial terms but could also affect service provision and NI performance levels.

16 This report can only present the output from the workshop and some assurance that many of the risks resulting from the current economic recession have been identified and that work is been undertaken to a greater or lesser degree to manage and mitigate these risks across the council. It also endeavours to pass on the enthusiasm and commitment of officers to provide and protect services that we deliver to the community and especially the vulnerable in the face of the current economic pressures.

Consultation

17 Officers from a range of services took part in the Economic Downturn risk workshop and have contributed to the content of Annex A. Audit & Governance Committee have commented upon and agreed the content of the Risk Management Policy & Strategy at Annex B and C.

Options

18 No further options are provided in this report.

Analysis

19 Not applicable.

Corporate Priorities

20 Risk management directly supports the corporate strategy objective of delivering an Effective Organisation. As risk management should be integrated into all the council's processes and routines it should help contribute to the effective delivery of all corporate priorities and is a fundamental component of the council's Business Model. The key development issues reported in this paper support the actions required to improve the Council's CAA (Use of Resources) score.

Implications

(a) **Financial** - There are no implications

(b) **Human Resources (HR)** - There are no implications

(c) **Equalities** - There are no implications

(d) **Legal** - There are no implications

(e) **Crime and Disorder** - There are no implications

(f) **Information Technology (IT)** - There are no implications

(g) **Property** - There are no implications

Risk Management

21   This report has been produced in compliance with the council's Risk Management strategy. The risk associated with the recommendation of this report is "Failure to provide adequate documentation to achieve a level 3 for risk management in CAA UOR" and was originally assessed at a net level of 18 (High).

Recommendations

22   Executive are asked to:

    a)   note the contents of this report and progress to date;

        <u>Reason</u>

        To raise awareness of the progress made to date in respect of risk management arrangements at the Council.

    b)   note the economic downturn risks set out at Annex A and the intended action to manage them;

        <u>Reason</u>

        to raise awareness of the risks facing the council as a result of the current economic downturn.

    c)   approve the revised and refreshed risk management policy and strategy set out at Annex B & Annex C respectively.

        <u>Reason</u>

        to raise awareness of the framework used to deliver effective risk management at the council.

Contact Details

Author:	Chief Officer Responsible for the report:
David Walker	Pauline Stuchfield
Head of Financial Procedures	Assistant Director of Resources (Customer
Phone No 01904 552261	Service & Governance)

Report Approved √ **Date** 28.5.09

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable   **All**

For further information please contact the author of the report

Background Papers

Corporate risk management report 2008/09

Annexes

Annex A   Economic downturn risks

Annex B   Risk management policy

Annex C   Risk management strategy

This page is intentionally left blank

The effects of the Economic Downturn – risks, issues and responses

Directorate/ Department	Risk or Issue	Response (Current or Planned)	National Indicator	Corporate Strategy Theme
Corporate wide				
Corporate Procurement	• Reduced number of suppliers may reduce competition increasing costs of contracts.	• Small and Medium Enterprise event.		A Thriving City An Effective Organisation
Local Government Pension Scheme	• Increase in the value of the employer's contributions to the LGPS due to falling returns and future recession. At a rough estimate, a 1% increase is upwards of £700k pa so there may be some substantial costs to meet at a time when government funding and council tax income are both under pressure.	• The next valuation is as at 31 March 2010 and will set the Council's contribution rate for 3 years from 1 April 2011. The Scheme's actuary has recently issued an interim valuation which suggests that contributions may need to increase by 1 - 2% per annum for each of those 3 years.		
Resources				
Corporate Finance	• Reduction in interest on cash balances due to fall in level of interest rates	• Partially offset as interest rates paid on borrowing should also fall • Sensitivity analysis carried out to determine the effect on treasury management budget • Longer term investments in 08/09 when interest rates were higher will partially offset increase in budget.		An Effective Organisation

York Customer Centre	• Increase in number of benefits claims which impacts on processing times and resource level. • Increased work leading to decrease in level of benefits overpayments recovered which causes a deterioration in collection targets and impacts on budgets and could affect level of subsidy from DWP having significant impact on the budget • Increase in volume of incoming customer calls which impacts on response times with a knock-on effect to processing. • Increase in overall incoming work and potential for degradation of service levels. • More fraud entering the benefits and revenues systems as customers behaviour may change. • Salary budget pressure through additional spend on staff or agency work.	• Monitoring performance. • Expansion of Mittel system to allow better monitoring of call levels. • Review staffing levels, subject to funding and budgets. • Review of overpayments processing and reporting. • Review benefits take-up work. • Review use of existing resources e.g. use CSR 'down-time' to do proactive debt recovery work	181, 180, 14 & Customer First	An Inclusive City An Effective Organisation
National Non-Domestic Rates	• Reduction in collection of Council Tax and National Non-Domestic Rates will affect overall budget. • Potential reputational risk to York as a visitor destination associated with the appearance of empty shops and business properties. • A significant decrease in collection of council tax will reduce any surplus available on the	• Change in legislation means that NNDR are no longer payable on empty business properties below a certain size (which doesn't stop them being empty, but at least assists the owner of the premises).		A Thriving City

	collection fund. This has a direct impact on the council's budget and the determination of the tax level for the following year.			
Insurance	• Increase in the number of compensation claims pursued against the Authority by both members of the public and employees.	• Check claims database to identify repeat claimants. • Rigorous investigation of circumstances of the claim and prompt collation of relevant documentation. • Raise awareness of fraud indicators. • Continuation of various inspection regimes throughout the directorates.		An Effective Organisation
City Strategy				
Waste PFI Project	• PFI funding may become unavailable. Bidders are finding it difficult to secure the loans required to fund the investment, due to the current economic climate.	• Look into alternative ways of funding the project.		A Sustainable City
Economic Development	• Effects to city's tourist and leisure industry and a loss of income to the council.	• Improve marketing of York as a visitor destination especially in view of the declining £ (as suggested by the York Business Forum). • Ideas suggested to help support the evening economy include incentive packages for residents (residents festival) and subsidised bus fares. • Implement the City Centre Area Action Plan.		A Thriving City

Car Parking	• Fewer journeys made by car resulting in a shortfall in car parking income	• Dispose of parking spaces. • Reduce charges to increase use.		
York training Centre	• Learners cannot complete their apprenticeships, because local businesses are unable to offer them, and this could lead to a lower skills base within the city.	• Encourage businesses to take advantage of 'thin' qualifications approved by LSC if can't complete full apprenticeship. • Expand CYC apprenticeship scheme. • Increase support for local businesses (enterprise fund).		A Learning City
Transport Planning	• Delayed or cancelled development in the city due to developers being unable to secure capital and a decline in the sale of completed developments. • Reduced ability for the private sector to contribute to projects as partners • Lower S106 contribution for implementing mitigation measures. • Government funding decreases through Statutory Spending Assessment or other grants as it targets funding to other areas. • Reduced bus patronage due to fewer people travelling to work, this could mean that bus operators increase their fares or cut services.	• Keep bus services under review to adapt to changing circumstances. • Increase support for bus services. • Assist operators to remain in business to ensure sufficient competition. • Redefine projects • Make more of 'in-kind' contributions. • Re-launch campaign to change behaviour and promote more bus travel as a cost-saving option		A Thriving City
Property Services	• Reduction in capital receipts potentially causing a delay to the capital programme	• Delay the sale of properties/sites until more favourable markets exist		An Effective Organisation

	and increasing costs of looking after vacant properties. • The large commercial portfolio is under pressure as businesses struggle. They either go out of business or seek to negotiate lower rental figures/defer rent payments.	• Alternative funding source is required to fund the capital programme - could be prudential borrowing which will lead to increase in treasury management budget or it could be an increased demand on revenue. • Reduce the capital programme. • Reduce revenue funding. • Raise awareness of external funding and working in partnership for funding.		
Building Control & Land Charges	• Decline in income from land charges and building control due to a slump in the housing market, slow down in construction industry and a reduced number of home extensions etc.	• Review staffing levels to reflect reduction in activity/workload. • Review working practices. • Introduce new mobile working technology within BC • Create revised charging structure within LC		An Effective Organisation
Neighbourhood Services				
Trading Standards	• Retailers suffering reduced profit margins possibly precipitating reduced quality in food hygiene and increased risk of failure to meet compliance regulations.	• Council to support and educate businesses. • Provide help with practical solutions and coaching especially for small and medium sized enterprises – ensuring that they can remain in business and contributing to the local economy.		A Thriving City
Licensing & Regulatory	• Discretionary fees may be set too high, however, lowering them will result in reduced income to the council.	• Reduce rents/manage bad debts for businesses.		A Thriving City

		• Look for deals for businesses. • Relook at our impact on business.		
Environmental Enforcement	• Increase in illegal disposal of domestic and commercial waste by individuals and businesses avoiding payment for legitimate disposal.	• Monitor use of household waste recycling centres. • Identify fly tipping hotspots. • Liaise with Commercial Waste on cancelled contracts. • Increase monitoring of duty of care requirements within high risk businesses.	196	A Safer City
Safer York	• Increase in rate of acquisitive crime, distraction burglary, rogue trading, black economy and associated criminality. • There is an associated risk of increased chance of eviction for council tenants – increased demand on services to re-house, loss of rent revenue and higher demand for benefits.	• Links to the Police's National Intelligence Model • Intelligence led approach - targeting of CYC time and resources according to where risk has been identified and according to profiling of problem areas/people. • New laws allowing Trading Standards to ask the courts to seize assets if rogue traders cannot prove they've been obtained legitimately ploughs money back into the work of the team and acts as a deterrent.		A Safer City
Environmental Protection Unit	• Displacement of anti social behaviour, such as noise nuisance, typically associated with drinking in the city centre is occurring increasingly in estates as a result of more people choosing to socialise at home. Latest crime and ASB statistics for noise show Westfield is now closely followed by Clifton	• Enhanced use of out of hours enforcement service and intelligence led deployment of resources to those areas of need		

	and Heworth wards and that Guildhall and Micklegate wards have decreased.			
Commercial Waste	• Reduced projected income for commercial waste due to a decline in the commercial sector.	• Increase marketing and offer competitive prices for multiple lifts • Improve the web site to allow for on-line ordering. Work being done as part of the easy@york programme. • If the customer base continues to fall then reduce capacity and operational costs.		An Effective Organisation
Recycling	• Shortfall in income some of which is attributed to adverse trading conditions. No information on recycled waste income levels as yet, although it is certain there will be an impact.	• The contract with Yorwaste protects the authority against the risk of movement in material prices for the next three years.		An Effective Organisation
Chief Executives				
Equality & Inclusion	• There is a danger to the socioeconomic integration, and well-being of vulnerable groups in the city, because of un/under-employment. This is due to the nature of employment that people from vulnerable groups are likely to be in, namely – unskilled, low-paid, part-time, and weekend, evening jobs – all of which are likely to be the first to be cut during a recession.	• We require research and statistics to determine the position and therefore be able to manage future trends. This task can only be undertaken at LSP level with the Inclusive City Forum, Safer York and Healthy York partnerships in particular. • Contribution to contingency plans of other services. • Assist the putting in place of a Community Cohesion strategy at a city level.		An Inclusive City
Legal Services	• Fewer property transactions overall therefore	• We have created two additional posts in the		An Effective

	Legal Service might not achieve income targets. • An increase in demand for social services teams, housing & litigation, and a downturn in work on planning. This will increase the workload for an already stretched social services team, and reduce the income obtained from planning transactions.	social services team to cope with the increased workload • The planning team will focus less on development work and more on enforcement issues and other areas of work.		Organisation
Learning, Culture & Children's Services				
Learning City Partnership	• Increase in 16-18 not in education, employment and training (NEET) particularly amongst apprenticeships and in construction where is a number of redundancies. • Negative impact on work experience placements for 14-19 year olds particularly amongst sole traders who may not have enough work to support a short two week placement.	• Work with providers and agencies to collect intelligence • Look at ways to continue support and training. • The regional has substantial public funding to support those facing or made redundant via Job Centre Plus and Learning & Skills Council. • Engage employers (sector by sector) to continue to upskill in the city.	81, 117, 163, 165	A Learning City
Early Years	• Bad debts impacting on sustainability of childcare provision as there is less demand and therefore less provision for childcare. • Inability to offer sufficient and sustainable childcare • Increase in number of enquiries to 2 year old pathfinder as people lose their jobs.	• Proactive monitoring • Promote take up of child tax credits • Salary payback schemes • Debt management • Marketing & Communications • Asking all early education providers how this is effecting them. This info will be available mid Feb and form part of the sufficiency		A Learning City

		assessment refresh. • Info already provided to Department of Children Schools and Families (DCSF) who are urgently looking at ways of addressing sustainability due to the economic downturn		
Housing and Adult Social Services				
Social Services	• Increase domestic violence and effects on health . • Increased demand for debt counselling and insolvency services, placing pressure on organisations such as CAB and York Credit Union and third sector organisations who are ill equipped to meet rising demand (and are at least partially grant funded by CYC – increased demand for council support therefore) associated increased risk of CYC having to write of bad debts	• Family intervention services • Develop a corporate debt strategy. • Introduce a single point of contact for debt and benefits advice (or ensuring that all customer reception points that deal with debt are equally well informed across the range of council services). • Provision of debt advice sessions in communities (Kingsway West project). • Provide new council tenants with a financial health check and ensure they are claiming all they are entitled to.		A Healthy City A Thriving City
Housing	• Private housing development almost at a standstill – delays in delivering more affordable homes and unlikely to meet year one and two LAA NI . • New housing developments do not complete because Government funding for housing frequently requires match funding from private sector or capital receipts which may not be available.	• Work with housing associations and developers to bring forward building of the affordable homes schemes. • Looking to increase numbers of affordable homes where possible (including looking at intermediate housing market). • Golden Triangle Partnership mortgage rescue scheme.	155, 156	A Sustainable City A Thriving City

	• Increase demand on social housing, increase waiting lists due to less development due to stagnation in the building industry • Reduced turnover of existing affordable housing which means longer waiting lists, this impacts on the ability to reduce households in temporary accommodation. • Significant rise in number of mortgage repossessions, leading to homeless presentations and statutory duty to house. • Rent arrears will increase due to tenants losing their jobs and becoming more reliant on benefits.	• Initiatives to make better use of existing council housing stock. (e.g. supporting a downsizing scheme to release six family houses). • Review strategy on income management. • Develop joint approach on debt management. • Earlier intervention – Future Prospects to inform when tenants are made redundant so that we can be more proactive. • Use of mobile technology. • Mortgage rescue. • Housing options approach to housing advice. • Develop availability of private rented sector. • Work with partner agencies to provide debt and benefit advice, legal advice and support to vulnerable customers. • Support mortgage rescue (local). • Potential for housing associations/council to purchase land for land banks. • Council building Programme/ partners with private building.	

Page 86

RISK MANAGEMENT POLICY STATEMENT

CITY OF YORK COUNCIL

RISK MANAGEMENT POLICY STATEMENT

OVERVIEW

This document describes the council's approach to Risk Management. It describes the philosophy and principles upon which the council will enable a culture of proactive Risk Management.

CITY OF YORK COUNCIL

RISK MANAGEMENT POLICY STATEMENT

INTRODUCTION

1. The City of York Council aspires to be a well-managed and successful organisation and a vital aspect to achieving this is the use and integration of Risk Management into its systems and processes. Having an established and effective Risk Management framework, embedded into the culture of the organisation, will contribute to the achievement of the Corporate Strategy and in particular organisational effectiveness.

BACKGROUND

2. The council's approach to risk management has evolved on a piecemeal basis over a number of years with no consistent framework in place setting out how the council wishes deliver an enterprise-wide approach to risk management.

3. The development of a risk management policy statement as a fundamental element of the organisation's risk management strategic framework will ensure that key principles of good practice are embedded universally across the Council.

RISK MANAGEMENT DEFINITION

4. City of York Council's definition of risk is:

   'Risk management is a planned and systematic approach to the identification, evaluation and control of risk used to manage potential threats to the achievement of objectives'.

POLICY CONTEXT & SCOPE

5. The purpose and provisions of this policy statement are consistent with the ambitions set out in the Council's Corporate Strategy and should be viewed in that context.

6. The principles and requirements set out in this policy statement and associated framework documents are applicable to all City of York Council processes and in particular evidence of compliance must be provided in the following areas: -

   I.   Financial planning & control
   II.   Strategic planning & objective setting
   III.   Service planning & delivery
   IV.   Reports & decision making

RISK MANAGEMENT POLICY STATEMENT

V.   Policy making, audit & review
VI.   Performance management
VII.   Project management

POLICY STATEMENT

7.   The risk management policy of City of York Council is to apply best practice in the identification, evaluation, and cost-effective control of risk to ensure that risks are managed, eliminated or reduced to an acceptable level. The policy and strategy support opportunity risk and do not look to inhibit innovation but to deliver change in a well managed and controlled way.

8.   The Council recognises that it has a responsibility to manage hazards and risks and this policy and accompany strategy supports a structured and focused approach to managing them. In this way the Council will better achieve its corporate objectives and enhance the value of services it provides to the community.

9.   It is acknowledged that some risks will always exist and will never be eliminated. All employees must consider risk and accept responsibility for risks associated with their area of authority.

OBJECTIVES

10.   This policy statement along with the strategic framework documents aim to help facilitate the following objectives: -

I.   Achieve the corporate strategy.
II.   Successful delivery of major and innovative projects.
III.   Establish and maintain effective ways of working in partnership.
IV.   Maximise the potential for taking advantage of opportunities.
V.   Encourage the authority to anticipate and respond to changing social, environmental and legislative conditions.
VI.   Minimise the risk of damage, loss, injury, and inconvenience to citizens, staff and service users.
VII.   Maintain a robust framework of procedures for the identification and management of risk.
VIII.   Establish clear and accountable, roles and reporting lines.
IX.   Promote an open and proactive Risk Management culture.

RISK MANAGEMENT POLICY STATEMENT

PRINCIPLES

11.   The basic principles underpinning this policy statement are as follows: -

I.   It is every employee's responsibility to identify and ensure the management of risks within their remit and to flag risks outside their remit to the Risk Management section.

II.   All significant risks[1] and their associated controls are documented in the council's risk register.

III.   It is the responsibility of risk owners to ensure their entries within the council's risk register are maintained.

IV.   High and critical risks should be reduced to an acceptable level, within an appropriate timeframe when it is germane to do so.

V.   High and critical risks are reported to the appropriate senior management team, board or committee.

EVALUATION AND REVIEW

12.   This policy will be reviewed annually to ensure its continued relevance and to assess its performance against its objectives as set out above.

---

[1] Significant risks are those with the greatest inherent or current potential to harm the organisation

CITY OF YORK COUNCIL

RISK MANAGEMENT STRATEGIC FRAMEWORK

OVERVIEW

This document describes the council's approach to risk management. It describes the philosophy and principles upon which the council will enable a culture of proactive risk management.

CITY OF
YORK
COUNCIL

RISK MANAGEMENT STRATEGIC FRAMEWORK

INTRODUCTION

1. Risk management is a key organisational responsibility and a vital component to improving our effectiveness that supports and underpins the aspirations of the corporate strategy.

2. Good risk management allows the Authority to have increased confidence in achieving its desired objectives and priorities, through the effective consideration and exploitation of opportunities and the active management and mitigation of threats.

OBJECTIVES

3. The strategic framework is designed to provide practical advice and guidance for implementing risk management practices within all activities of the organisation. The objectives of this framework are to: -

    •   fully integrate and embed risk management into the culture of the authority, and its day-to-day business.
    •   raise awareness and the profile of risk management in all areas, including partnerships.
    •   achieve appropriate consideration of risk within all reviews of service performance and improvement plans.
    •   maintain a robust framework of procedures for the identification, assessment, evaluation and management of risk.

RISK MANAGEMENT CYCLE

4. Exhibit 1 shows the standard risk management cycle adopted by City of York Council.

    Exhibit 1.
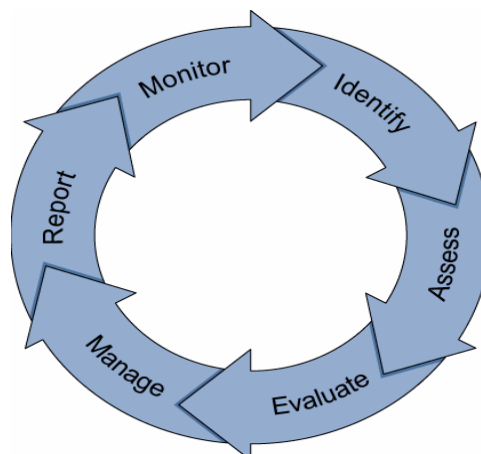
RISK MANAGEMENT STRATEGIC FRAMEWORK

5.   Phases and related activities of the risk management cycle: -

I.   **Identify**

The first phase of the risk management cycle involves the identification of existing and emerging threats and opportunities. This is carried out in all areas of the council's business, which are classified as follows: operational; strategic; partnership and project.

II.   **Assess**

Identified risks are then assessed, at an inherent and residual level, for their impact and likelihood in accordance with the council's risk rating matrix. This phase includes the identification of mitigating controls and allocation of responsibility to appropriate officers.

III.   **Evaluate**

An evaluation of each risk is then made to determine whether it requires further action. The options for evaluation are; tolerate, treat, transfer or terminate.

IV.   **Management**

At this stage it is determined how best to manage those risks that are to be treated, transferred or terminated and these actions are implemented.

V.   **Report**

All significant risks, usually those with a net risk rating of 16 or above, should be reported to the appropriate senior level in the organisation, this is set out in the risk management policy statement.

VI.   **Monitor**

All risks should be subject to periodic monitoring that will identify changes, and assess the implementation and effectiveness of the associated responses.

6.   The complete risk management framework with all supporting documentation and guidance is available on the webpage – link: Risk Management Webpage

RISK MANAGEMENT STRATEGIC FRAMEWORK

ROLES AND RESPONSIBILITIES

Elected Members

7.   All Elected Members should consider risk as part of decision-making, strategic planning and objective setting, and they have a duty to evaluate the effectiveness of officer's risk considerations as documented in the risk management paragraph in all committee reports.

Executive Committee

8.   The Executive Committee receives the annual risk management report that provides information on the council's significant business risks and details progress made in embedding risk management arrangements across the organisation.

Audit & Governance Committee

9.   Audit and Governance Members have corporate responsibility for risk management and determine which risks are reported to Full Council. Their responsibilities include; overseeing and approving the risk management framework and reviewing its implementation to provide independent assurance that officers comply with Member approved policies and procedures.

Chief Executive

10.   The Chief Executive is charged by Members to embed an effective risk management system, with a corporate approach, throughout the council.

Director of Resources

11.   The Director of Resources is the chief officer responsible for leading and championing risk management across the organisation.

Corporate Management Team (CMT)

12.   All directors, as members of CMT, have joint responsibility for the effective identification, management and review of Key Corporate Risks (KCR's). CMT review quarterly risk monitors and monthly exception reports and if necessary 'call in' the relevant risk owner to report to them in more detail. They decide which risks to include in the annual risk management report to the Executive Committee.

RISK MANAGEMENT STRATEGIC FRAMEWORK

<u>Directorate Management Team (DMT)</u>

13.   Members of each DMT are responsible for ensuring the implementation and effectiveness of controls and action plans to mitigate corporate and directorate level risks. This involves maintaining systems to:

- Identify, analyse and monitor risks of all levels.
- Ensure the effective implementation of control measures.
- Develop and deliver action plans for further mitigation.
- Report in accordance with the Risk Management Policy.

<u>Senior & Line Managers</u>

14.   It is important that managers stimulate the interest of their staff in the identification and reporting of risk and that they respond positively to this. This responsibility should be inherent in managers performance plans and accepted as one of their management responsibilities. They need to be both proactive and reactive, and take ownership of the process. They are responsible for: -

- Ensuring the authority's Risk Management Policy is implemented within their area of responsibility.
- Identifying and controlling operational risks associated with their service area.
- Ensuring employees have access to training and development.

<u>All Employees</u>

15.   It is necessary for the management of risk to be regarded by all employees at all levels as one of their fundamental duties and to understand their responsibilities to: comply with policies and procedures; operate safe systems of work; and report incidents and near misses to their line manager.

<u>Risk Management Champions</u>

16.   A Risk Management Champion is appointed within each directorate and Elected Members to help deliver the risk management strategy and develop good practice across the organisation. The full extent of the remit of their role is available on the risk management webpage.

<u>Risk Management Coordinator</u>

17.   A Risk Management Coordinator is appointed within each directorate to help facilitate the risk managament review and reporting process.

CITY OF YORK COUNCIL

RISK MANAGEMENT STRATEGIC FRAMEWORK

REPORTING & MONITORING ARRANGEMENTS

18. As described in paragraph 5, reporting and monitoring arrangements are two of the six vital components of a successful risk management process. Reporting is necessary as it acts as an early warning system highlighting the potential for future difficulties. Monitoring provides the opportunity for assessment of whether the corrective action taken to address the reported risks are effective and sufficient.

19. The table below sets out the Identification and Reporting Cycle.

Risk Level	Identification	Monitoring		Reporting	Frequency
Corporate	Corporate Management Team	Corporate Management Team	****HIGH LEVEL RISK ESCALATION REPORTING****	Executive Committee	Annually & Ad Hoc
				Audit & Governance Committee	Quarterly
Directorate	Directorate Management Team	Directorate Management Team		Corporate Management Team (CMT)	Quarterly
Division/ Group/ Arm	Service Planning	Management Team		Directorate Management Team (DMT)	Quarterly
Service	Manager	Manager & Team		Management Team	Quarterly
ITD Plan Projects	Project Manager & Leader	Project Board		Corporate IT Strategy Group	Quarterly
Other Projects				CMT or DMT	Ad Hoc
Partnership	Client Officer	Partnership Board		Directorate Management Team	Ad Hoc
** HIGH LEVEL RISK ESCALATION REPORTING** significant risks (those evaluated with a net rating of 16 or above) should be reported to the appropriate senior management team					

CITY OF YORK COUNCIL

RISK MANAGEMENT STRATEGIC FRAMEWORK

20.   Regular risk reporting is essential to ensure key operational and strategic risks are visibly being considered, addressed and reviewed.

21.   The reporting process set out in the above table is designed to provide a structured framework for the management of risk information at all levels and demonstrates how risks can be both escalated and disseminated throughout the organisation.

TRAINING & GUIDANCE

22.   A training and communication plan exists to underpin the risk management policy and strategy. The plan is regularly updated and reported to Council Management Team and Audit & Governance Committee. The plans are available at: Training & Communication Plan

EVALUATION AND REVIEW

23.   This policy will be reviewed annually to ensure its continued relevance and to assess its performance against its objectives as set out above.

This page is intentionally left blank