

Report of the Executive Member for Corporate Services

Since my last report there have been a number of challenges, which staff have addressed magnificently, and the future looks to be challenging for all. The realignment of Directors' responsibilities and the Organisational Review, while providing a framework in which to make efficiencies, requires a change of mindset in some areas, and thought as to the most efficient way forward.

“More for York”

The “More for York” Programme is progressing well with the delivery of its gross savings target of £6.952m with £2.384m already delivered and work ongoing to deliver a further £4.569m. Directorates across the Council are achieving efficiencies, from Communities and Neighbourhoods, through Adults' Childrens' and Educational Services, to the Corporate teams.

Within Customer and Business Support Services (CBSS) the Customer Services, ICT and Procurement workstreams are projecting an overachievement of savings targets.

Some highlights of the work are:

- The new Customer Services points at St Leonard's and Library Square are offering a wider range of face-to-face services from one location.
- The Allpay payment system has had over 37,000 transactions in first three months of its launch, allowing residents to pay their bills locally, avoiding the need to travel into the city centre.
- The number of desktop printers has been reduced by fifty printers, which has led to a reduction in printing costs, paper and energy utilisation.
- The number of fax machines is being scaled back. Each unit removed will release an analogue line, saving the line rental.

Procurement

The in-year target savings of £400k to the General Fund have already been over achieved by £259k, a total of £659k savings in less than six months. In addition to this a further £927k savings have been made that will accrue to the Direct Schools Grant. The majority of these savings were made by renegotiating the utilities contracts.

Since January 2010 the team have concentrated on delivering savings and utilised a company called V4 to undertake the analysis of potential savings and delivery mechanisms. This work has concluded that the procurement function requires an expanded mandate to control expenditure and ensure that procurement activity delivers goods and services at the lowest cost and highest quality across the whole organisation. The function needs to be refocused away from simply providing compliance advice and guidance and towards the delivery of savings, establishing a Commercial Hub for the organisation. Approval to establish the Commercial Hub was granted by the Council's Executive members on 7th September 2010.

This provides the ability for the Commercial Hub (formerly Procurement) to challenge the need to procure (using Demand Management practices), determining whether there is a need for the intended purchase, and whether the specification is at the appropriate level.

The team can assess whether others within or outside CYC are making the same purchase and whether the required goods/services can be aggregated to achieve better value. The team will also be able to shape markets and work on supplier relationship management programmes to deliver innovation, service improvements, risk management of supply and cost reduction in the provision of goods, services and processes.

The new policy for the engagement of “specialists” and “interims” was launched on 14th September by the Commercial Hub. This enables the Hub to manage the demand for external “specialist” or “interim” resources to ensure that engagements are output based, i.e. delivery of the requirement in a more controlled manner which manages scope creep and is linked to a pre-defined deliverable for a fixed fee. Overall, the policy has been received positively and allows officers to focus on their core activity whilst the Commercial Hub sources against their requirement at the best possible commercial deal. A win-win solution.

Work has also been undertaken to establish The Council’s top two hundred suppliers. These account for 80% of the Council’s purchasing. Contracts are being collated in one place and assessments are underway to establish whether there are any “quick wins” to be achieved from a financial perspective whilst ensuring that output/quality is not compromised. Suppliers have been requested to attend meetings to discuss this and initial signs are positive.

Procurement is heavily involved in each of the workstreams within the “More For York” programme. Other programmes in which Procurement is involved are:

- The P2P Board
- The New HQ
- The Community Stadium
- The Low Emission Strategy Group
- The Carbon Management Programme Board

Purchase to Pay (P2P) Project

Procurement has a key role on the P2P project. The strategy is to reduce the number of invoices being received by working closely with key suppliers to consolidate, and therefore reduce, the number of invoices received. Additionally work is underway to improve the quality of invoices received to support the automated matching process by the system. Achieving both of these aims will improve both the efficiency of the process and the payment process.

Purchasing Cards are due to be launched shortly for use within the Elderly People’s Homes, to avoid the requirement for Petty Cash, though the appropriate controls will be put in place for the use of the card. It is anticipated that all nine Homes will have Purchasing Cards within the next couple of months, once they have been fully trained in how to use them in line with CYC policy.

Sustainability Agenda

CYC Procurement strategy sets out the focus on sustainability and economic development issues, which requires economic considerations to be balanced against environmental and social requirements. Achieving the lowest price is no longer the only way of achieving value from procurement. Tenders issued by the Commercial Hub require suppliers to demonstrate that they have their own Corporate Equality Statements which align to the Council's. If any Small, Medium Enterprises (SME's) don't have their own policy statements they are required to sign up to CYC's statement.

The procurement strategy is being reviewed, to improve focus on the so-called "triple baseline" of requirements - environmental, economic and social, with the lattermost embracing policy issues such as inclusiveness, diversity, equality and regeneration. Funding has been secured for a couple of workshops to be hosted by the Improvement Development Agency (IDeA) to promote collaboration with the voluntary and community sector. The first workshop is scheduled to take place in York on 7th October and will involve Brunswick Organic Nursery, Our Celebration, the former "Remploy" co-operative, York CVS and Age Concern. These workshops are aimed at establishing better ways of working together for the provision of goods and services e.g. could Brunswick provide fruit and vegetables for Elderly Person's Homes?

The annual "Meet the Buyer" event, hosted at the Guildhall on 7th September, attracted a wide variety of SME's and Voluntary Sector Organisations. Feedback from attendees at the event was that it highlighted how they may approach CYC to supply goods and services, but also that officers had taken time to explain how the Council is bound to undertake procurement both from its own Financial Regulations perspective and EU Legislation. This event was organised in a different format to previous years and operated on an appointment basis for a duration of 15 minutes each. This minimised the waiting time for the visitors and enabled the provision of a break-out/networking area where we also encouraged people to register on the Supplier Contract Management System (SCMS), which is the Council's tool for undertaking tender and quotation requests from the market.

The Head of Procurement has been the guest speaker at the Leeds and York Chamber of Commerce and explained how CYC undertakes its tenders, an overview of EU Procurement Legislation along with information about how to understand the tender documentation. A follow up session is to take place with the York Science Park before the end of the year.

We have also revised our approach to tender activity in order to enable SME's and the VSO's to bid for some of the Council's larger requirements. A recent example was for the requirement to provide Adult Social Care. This was broken down into 2 elements - Tier 1 & Tier 2. Tier 1 was aimed at larger organisations or consortiums for the "bulk" requirement of the care. Tier 2 was aimed at providing a supplementary solution to the Tier 1's if for some reason they were unable to fulfil a requirement. The Tier 2 work is on a smaller scale and was aimed at SME's and the voluntary sector. The response to this approach has been very positive with nine tender submissions received. Final evaluations are underway and it is expected that the contracts will be awarded before the end of October.

Another project is for the purchase of Food for the Elderly People's Homes. Work has been undertaken to establish a core list of requirements, which can be used across all nine homes. These are now in the process of being sent out to local providers for quotation and subsequent award. The intention is to reduce the number of deliveries, e.g. milk deliveries three times per week instead of six, and to work with local providers. This will not only have a cost benefit but will also support the carbon reduction programme. More information will be available in respect of this when the exercise has been completed towards the end of this year.

Challenges

The key challenges overall will be the establishment of different ways of working both with Council officers and suppliers. The gate-keeping role will be crucial to identifying areas of non-compliance to the new policies and procedures, which will be launched over the coming months. The number of officers authorised to purchase on the Council's behalf will need to be reduced, and the procedure for invoicing will be refreshed.

Revenues and Benefits

A significant effort has already been made, with pleasing results achieved within the Benefits service and income collection rates. Ongoing work continues in both the face-to-face receptions and York Customer Centre (YCC). There is much more work ahead to enable it to be a top performing service but it is the right time to start reporting on a regular basis on these areas. The service has already started to provide more detailed performance data in the service and directorate performance reports which shows the significant improvements being made.

As part of the "More for York" programme YCC telephone contact performance has been the focus of some detailed work, to ensure it is fit for purpose for taking on more services in 2010 and 2011. A formal Service Improvement Plan was designed, with activity to be completed by October 2010. A number of stringent controls and procedures have been introduced to manage service and performance at a variety of frequency intervals. Internal procedures have also been reviewed to improve the quality of information being provided to customers and the professionalism of contact centre staff in carrying out their duties. The results have been significant:

- In April YCC performance delivered results of 69.8% answered within 20 seconds. 10.7% of calls were abandoned. By August performance improved to 85.3% of calls answered within 20 seconds and only 3.6% of calls were abandoned.
- Collection rates as at the end of August for Council Tax stood at 47.82% & NNDR 51.47% compared to 47.69% & 48.54% for the same period last year.
- Direct Debit take up for Council Tax is 68.59% and NNDR 52.4% compared to 66.88% & 51.12% respectively for the same period last year, although there is more opportunity for DD take-up and the service will be concentrating on this in 2010/11 which will help to reduce the number of calls into the Customer Centre.
- The processing of Benefits claims continues to reduce with the year-to-date average falling from 14.23 days in July to 13 days in August, being currently on

track to reach the 12 day year-end target, despite there being a 1% increase in caseloads for August, with an overall 1.1% increase since April 2010. The Benefits telephony performance has also improved month on month with 96.3% of calls answered within 20 seconds & 0.6% abandoned for August

Other action taken to improve the quality of output and maximise resources within YCC includes:

- Training to be given to team leaders to improve sickness absence management in order to reduce unplanned absence within the team.
- Significant cross training of resources to maximise flexibility within the team.
- Extensive refresher training for all staff (though currently delivering an average of 78 training hours per month).
- Improvements in processes and response times to 'frontline' e-mail correspondence (same day logging during weekdays and streamlined processes).
- Daily monitoring of call activity against projected volumes to provide a better understanding of what affects service/call volumes and what actions are needed to minimise impact on customer service.
- Regular calibration sessions take place with team leaders to ensure consistency of scorings of recorded calls that are spot checked. All staff are able listen to these calls and two-way feedback is discussed and training requirements or other actions identified as appropriate.
- Further improvements are planned, including new customer standards, a refreshed organisation structure, further quality reviews and monitoring and real-time customer feedback facilities on our web-site and reception areas at St. Leonard's.

Financial Services

Financial management of the council has remained strong, as demonstrated by the final outturn position of a £38k underspend against the 2009/10 revenue budget, despite increasing demand on services and pressures on income. This was achieved by monitoring and management of budget variances throughout the year, and the implementation of stringent cost control methods during the last six months of the year.

The pro-active approach of the Treasury Management team has earned the Council interest of £221k in the first four months of this financial year, equivalent to a 1.24% rate of return. This is 0.82% better than the average 7-day London Inter-Bank Deposit rate (LIBID) of 0.42% and 0.74% higher than the average base rate for the period of 0.50%. In the current economic climate this is an excellent result.

This year saw the first closure of the accounts with the new Financial System. Despite some technical challenges this process was managed to schedule and The Audit and Governance Committee approved the pre-audit Statement of Accounts at the end of June 2010, within the 3 month statutory deadline required. A "Lessons

learned” review of the process has already taken place to establish improvements required for the next financial year.

On 10th June the Government announced York’s share of in-year budget reductions, totalling £1.182m in revenue area based grants (ABG), a further £0.365m in revenue grants and £1.620m in capital grants. Actions were swiftly identified to ensure that the council will remain within budget in this financial year, as identified in the first monitor report to Executive in July. Since the administration first took control, in May 2003, the Council has always ended the year within budget.

The emergency budget of 22nd June announced a commitment to further cuts in public spending with effect from April 2011. This includes a reduction of approximately 25% to government department budgets over the next four years, which may significantly reduce the amount of funding the Council receives. The latest projections indicate that savings of at least £12m will be required in 2011/12, although this could increase once the outcome of the Comprehensive Spending Review (CSR) is known on 20th October. In this climate of uncertainty and financial pressures it is essential that Financial Services continue to provide a strong financial planning framework to manage the challenges ahead. Executive received a report in July outlining the approach to the 2011/12 budget setting process and the emerging issues for the medium term.

Financial Services provide every day support and advice to all service areas within the Council and to York schools, all of which received the statutory Financial Management Standard in Schools for the third consecutive year. In addition, the nationally renowned School Business Manager Service was extended this year to include small schools. Support is also provided for major projects such as the “More for York” programme and the Waste PFI. Other major projects involving Financial Services include the establishment of a new Purchase to Pay (P2P) Project Board to drive forward P2P improvements and the launch of purchase cards to support the procurement blueprint.

The Financial Services blueprint was approved by Executive in April. This outlines the vision for the service based on the principles of ‘world class financial management’. To deliver the blueprint objectives Financial Services are conducting a review of processes to ensure they are consistent, efficient and cost effective and will restructure the service accordingly. The revised structure is due to be implemented early in the next financial year, and will ensure that Financial Services will be in an excellent position to tackle future challenges.

Transactional Services

The transactional services teams were originally brought together as part of the Directorate restructure at the end of 2008. The service area has been involved in the “More for York” programme over the past twelve months which has seen further services added to the portfolio, which now includes:

- Council Tax Recovery
- National Non-Domestic Rate (NNDR) administration
- NNDR recovery
- Sundry Debtors
- Housing Benefit Overpayments

- Cashiers
- Risk Management
- Insurance
- Financial Procedures
- Business Administration
- Creditors
- Adult Social Care Finance Team

This has centralised most of the income teams at the council excluding the HRA. The final service due to move in the coming months is Council Tax administration.

The key driver to these changes was to try to improve performance and deliver efficiency to the Council. The final piece of the jigsaw will be the movement of the Council Tax administration. Whilst the amount of change in this area has been considerable and there is still much work to be undertaken there has been some very clear successes including:

- The full year savings effect of the restructure so far is £53k.
- Delivering an increased number of Liability courts to reduce outstanding debt will have delivered an additional £40k by 31 March 2011.
- Improved efficiency in the Sundry Debtor Team in 2009 delivered a 'one off' saving of £50k from the Bad Debt provision at 31 March 2010 and has a target of a further £100k for 31 March 2011.
- Implementation of Allpay (PayPoint) has reduced the number of customers coming to the Council to pay cash and cheques by 96% and has contributed to a £140k saving through closure of the Cashiers Service.
- Adult Social Care Finance Team's customer assessments for 10/11 has so far identified £800k of unclaimed benefits many of which can be offset against the current social care costs. The predicted outturn is £1.9m.
- Council Tax Recovery (Prior year) collection rate is 6.92% above target which equates to £40.2k.
- NNDR in year collection is 1.32% above target which equates to £1.063m.
- NNDR prior year collection rate is 16.16% above target which equates to £197k.
- Sundry Debtors collection rates remain above 100% (108% Aug) towards a further £100k saving on bad debt provision on 31 March 2011.
- A Good Audit report on Sundry Debtors was received for the first time following the implementation of a formal Procedure Manual.
- An increase of 10% in the number of financial assessments undertaken by the Adult Social Care Finance Team in the first quarter of this year

- Regular write-off reports are taken to Executive Member in line with Audit Commission best practice.

However, there is no room for complacency, as there are a number of challenges facing the teams in the coming months. These include the completion of the centralisation of income services, improvement in use of Procure to Pay to reduce the number of outstanding accounts more than 28 days old (this also forms part of both Procurement and Finance (FMS team) work plans) and the identification and implementation of new income streams to the council as part of the Income “More for York” Blueprint.

ITT

The department continues to provide a robust, secure and highly available infrastructure. The service has received over 14,000 requests for service year to date, and is achieving the majority of its challenging, revised and agreed service level targets for the year. The most recent ICT customer satisfaction survey identified that 92% of respondents were satisfied with the service, and this demonstrates high levels of service provision are being provided to the department’s customer base.

Alongside the delivery of the usual business activities, including but not restricted to Service Desk, Systems Support, ICT procurement, systems development and integration, the department is also delivering a number of ICT Projects and providing a major contribution to the delivery of the Council’s agreed and approved Business/Transformation projects within the numerous Blueprints.

Dark Fibre network

The work to install the ninety-four kilometres of new ducting that is being used to contain the new high speed and resilient network for the Council that began in late January of this year is nearing completion. The final stage of the project has commenced and this includes the phased switch over for the Councils Accommodation buildings, Schools and Libraries to this new network. We are on target for the network to become fully operational by the end of October this year.

Increased and resilient connectivity to the Internet

Work has been successfully completed to migrate the Council’s previous Internet connection over to 2x new separate connections out to the Internet. They are designed and installed to provide automatic failover should one of the connections fail.

Telephony

The Council’s telephony system has been significantly upgraded which included both the installation of new equipment and an upgrade to the system itself. This new system provides the council with a more robust and resilient telephone system and also provides higher levels of flexibility to help support and sustain the adoption of the different work styles that we need to embrace including hot desking and home working as the staff and its services head into the new HQ.

Gov Connect - Council ICT Security Policies

During May 2010, the Council's ICT security policies came under official scrutiny as part of the annual GCSx accreditation process. GCSx is the Government Connect Secure Extranet, a network of Governmental organisations who have to carry out data transactions at a very high level of security, such as the payment of benefits. It is an important part of the council's work that it is GCSx accredited and to that end it is audited every year against twenty-three increasingly strict criteria covering a wide range of technical policies and practices. These include, but are not restricted to, the management of email, where and how data is stored electronically and the way home worker computers are set up and connected to the Council's network. In July, the Council was selected for a special site visit from the accreditation company that meant that our compliance with all of the criteria would need to be physically demonstrated.

Both the audit and the site visit were a success and GCSx has formally accredited the Council for another year. The auditors were impressed with the foresight and application that ICT have demonstrated within the introduction of security policies and practices whilst at the same time enabling more flexible ways of working, two very conflicting activities that can be difficult to reconcile. They also looked at the ICT plans for 2010/2011 regarding issues such as encryption and confirmed the suitability of the proposed approach.

Information security is one of the most important issues facing any organisation, especially one that deals with personal and financial data of the citizens of its city. The success of the recent GCSx audit shows that the Council's approach is appropriate, safe and secure. This view was further supported by Veritau whose Information Security Report concluded that the controls implemented provide "substantial assurance with good management of risk".

Sustainability

Through the ongoing programme of replacement, consolidation and removal activities, ICT continue to increase its contribution to the Council's corporate carbon reduction target for 2013. Since this programme began, ICT has

- Replaced over nine hundred PC's with terminals/thin client devices
- Replaced over two thousand CRT monitors with flat screen devices
- Consolidated ninety-seven physical servers to six larger capacity servers that can deliver the same number of systems using virtualised services
- Removed 125 printers and replaced others with multi-functional devices

To date, the effect of these activities has been a reduction of approx 256 tonnes of CO₂ per year. A further reduction of approximately 168 tonnes of CO₂ per year will be achieved when ICT realises further reductions in printers, as part of establishing the new look printer estate utilising a blend of multi-functional devices and printers. When completed, ICT activities will have delivered a combined reduction of approximately 434 tonnes of CO₂ per year, which represents 8% of the Council's 2013 target.

Colin – replacement of the Intranet

After comprehensive development work that was based upon extensive consultation and feedback “Colin”, the completely new look and feel internal intranet, has recently been made available for general access. “Colin” is currently available as a beta (test) site and this means elected members and staff are able to use the new service while work is still on going behind the scenes to complete the phased development process that will provide additional functionality and content on an ongoing basis over the coming months as the new site continues to evolve. It is important, however, to remember that this is a test site and not everything is quite as it’s wanted just yet.

Some of the benefits that Colin will introduce include;

- It allows the promotion and exchange new ideas and best practice across the organisation.
- It fosters a more aware organisation, able to quickly find the right people and teams to do business with and enables the sharing of information, policies, standards, tools, etc
- It provides a common, but personalised, view of the business.
- It makes communicating news and events easier and more immediate.
- It contains up to date information - the Content Management System (CMS) that the Council’s content editors use contains workflow control measures, meaning that information can be signed off and retained for the appropriate period of time. An email reminder is sent to editors to make sure their content is checked on a regular basis.
- It's very democratic - people and teams can manage their own profile pages, meaning they can ensure they are always kept up to date. Teams can also create 'team shouts' to share recent team news and updates, which appear on the homepage as well as their team profile.
- It helps to break down both inter- and intra- team barriers by acting as a primary communications channel that helps people to connect to each other, wherever they are in the business.

Citrix upgrade

Access to over 90% of the corporate and departmental systems is provided by the Council’s Citrix Server Farm including remote and flexible working access and its essential that the Council uses a supported solution to ensure that ICT can significantly reduce the risk of failure of one of the main components within the corporate ICT infrastructure. The current system requires upgrading, to remain effective, and this is expected to be completed in November 2010.

Encryption

ICT are currently in the process of rolling out a blend of encryption solutions to manage the risk of losing information from both fixed and removal media. The solutions will protect any information that is removed off the secure Corporate infrastructure onto a Council provided PC or laptop or when information is transferred to removal media such as memory sticks.

The work to protect the PC's and laptops considered to be within the identified high risk areas, in terms of those deemed to be at the greatest risk from theft, has commenced and all new PC's and laptops are being encrypted as part of the set up process. This process will include the encryption of all existing laptops and PC's/laptops based out of the offices including those used by Elected Members if supplied by the Council.

These encryption solutions will mean that there will have to be a review and change in the way people work, in terms of mitigating the risk of losing information, but it will not prevent elected members and staff from working or fulfilling their duties. This work is expected to be completed by February 2011.

Human Resources

Delphi replacement

A contract for the procurement of a new HR/payroll system has been completed, and a phased implementation will be undertaken, with the first payroll run by June 2011 and all other modules online by October 2011. This will reduce costs while providing a more efficient and improved service. It will improve many aspects of the service HR is able to provide to its customers including better management information and benefits such as employee self-service. It also has the option available to share the system with other organisations if desirable in the future.

Business Process Re-engineering

Business Process re-engineering started in February on the HR stream in readiness for the Delphi replacement system, i-Trent, being implemented in 2011. Each of the major areas of HR and Payroll work were reviewed and priority areas listed for closer scrutiny. Work has so far been completed on:

- Sickness Absence
- Exit/ Leavers
- Establishment Control
- Job Evaluation
- CRB checks

These systems have been re-engineered and any inefficiencies in each of the processes have been driven out, with automation of process and paperless working introduced wherever possible. Easier and more streamlined processes have been introduced to speed up working times and for the work to be completed first time by the right people. Work on Recruitment and New Starters, including the full roll out of the e-Recruitment system, is ongoing and due for completion in Autumn 2010.

Health & Safety

City of York Council's Health & Safety Management system has been mainstreamed and continues to assist with the reduction of accidents and injuries across the authority. The Health & Safety Advisers have designed and delivered seventy-one training courses with topics including manual handling, conflict management and first aid, providing training to 764 delegates over the last twelve months.

Work continues to raise the profile of H&S across the authority and deliver against the Key Performance Indicators (KPI). The Health and Safety advisers are providing specific relevant advice through the KPI Inspection. This process has seen 71 KPI inspections undertaken, which involved assessing 1,061 individual standards, of which 53% were assessed legally compliant with no improvement required. Health and Safety communications have improved significantly with the introduction of the bi-monthly 'Safety News' publication distributed to all council staff.

Corporate Workforce Plan

The first corporate Workforce Plan detailing objectives for the next two years, with regards to the development, utilisation and optimisation of our workforce, in order to best meet the needs of staff was signed off at Executive on 6th July 2010. The corresponding action plan contains over eighty ongoing actions to deliver the Effective Organisation theme in the Corporate Strategy.

Conclusion

The future has been described as "the undiscovered country", though it is an exceedingly long time since it was so unpredictable a journey. Whatever the Council faces it will be a leaner, fitter, more efficient organisation to take on the challenges. I would like to conclude by thanking all officers for their hard work and efforts to ensure this Council is capable of providing the services required by residents, efficiently, courteously, and with an unstinting commitment.

Richard S. Moore