

Report of the Director of Resources

Efficiency and Strategic Procurement Programme

1. Summary

- 1.1 The purpose of this report is to seek approval for a set of reviews and other pieces of work aimed at improving the Council's efficiency. These reviews are in addition to the Council's existing efficiency based exercises which have already been successful in more than achieving the targets set by the Government.
- 1.2 The majority of reviews proposed are in cross cutting areas of activity where comparative figures indicate that the Council may not be as efficient as it could be. Some reviews are of specific services where the Council spends more than average. There are very few of these.
- 1.3 In addition to the efficiency reviews a Strategic Procurement Programme is presented for approval. The key difference between the Efficiency Review Programme and the Strategic Procurement Programme is that in the Efficiency Programme, the Council needs to review and identify the size of any inefficiency and then identify the best options for tackling this inefficiency. Whereas for those items in the Strategic Procurement Programme the situation is that the potential inefficiency has been identified and it is officers view that the best options for addressing these are procurement based solutions where the Council moves towards, or changes, its contractual arrangements for the provision of those services.
- 1.4 In the time since this report was discussed by the Council's Management Team the Government have championed the Shared Services agenda and this has been tied in with the efficiency and procurement agendas at a national and regional level, through the Regional Centres of Excellence. This report therefore also sets out the early steps that the City of York Council is taking in the broadly defined area of Shared Services.

2. Background

2.1 Any work on efficiency, procurement and shared services in York needs to be considered in the light of the following facts:

- a) York is undoubtedly one of the most efficient councils in the Country. It has good Performance Indicators that overall are well above average. It has the lowest spend per head of population of any Unitary council. It has a set of results from external inspections which range from average to excellent for many services.
- b) York has already achieved the government set 3 year efficiency target of £8.8 million and is on target to achieve efficiency savings of £10.8m against this target.
- c) York's detailed budget process reviews the scope for efficiencies, identifies options, takes decisions and then follows through to ensure efficiencies are delivered and implemented.
- d) The scope for further efficiencies in York is limited both by the extent of efficiencies already delivered and by the very low level of overall expenditure.
- e) York does directly provide a very wide range of services itself, more so than most other councils. This creates the opportunity to reconsider the extent of this direct provision in order to try to find more efficient alternatives and to reduce the strain on the organisation's capacity.
- f) York has been identified as being very strong in departmental service delivery, but not as strong in dealing with some cross cutting or corporate issues. This again creates the opportunity for greater efficiencies by departments working together on common issues or jointly procuring services.

2.2 The situational analysis above needs to be set in the national and local context. This in simple terms is:-

- a) That whilst local government has been the most successful sector in driving forward efficiencies the government believes that more can be done. It is likely that in the Comprehensive Spending Review in October 2008 the existing targets of 2½ % of net expenditure per year (which can be met by a combination of cash and non-cash efficiencies) will be increased to 3% per year all of which may have to be in cash. In addition it has been mooted that whilst until now council's have been able to keep and use their efficiency savings to close budget gaps and/or enhance services it may be in the future that 3% per year has to be returned in cash to the Government. It is now thought that this is unlikely to be implemented by the government.

- b) The Council is already facing a significant forecast budget gap for 2008/09 as set out in the Financial Strategy elsewhere on this agenda. It is the aim of the reviews set out in this report to help address the financial gaps identified for the next 3 years as well as meeting the Government's efficiency targets.
- c) The Government believes that the sharing of services is a good route to achieving efficiencies. Shared services is very broadly defined by the Government and covers any working together that councils do, any joint procurement, any services that one council may provide for another under contract etc.

2.3 The Efficiency and Strategic Procurement review programmes set out in annexes A and B have been drawn up using the following information.

1. Results from Audit Commission benchmarking
2. Results from CYC benchmarking work
3. Existing efficiency focussed reviews and projects
4. Suggestions made at staff workshops
5. Financial performance within some services

2.4 The services identified are in many cases already within work programmes aimed at reviewing and improving them. For these services the purpose of including them in a programme is merely to give them a focus and for the authority to capture what it is doing to improve efficiency. However, there are some services identified for review, where resources would need to be identified to review and improve the services. Management Team have made a commitment to this and it is likely that space will be made within future service plans to direct resources towards achieving these efficiencies.

2.5 It is very likely that as further work is carried out on the Efficiency Programme some of the projects will be identified as ones where the best solution is through revised procurement arrangements and these projects will move over to the Strategic Procurement programme.

2.6 If members approve the two programmes set out in the annexes then further work will be done to set timetables, lead officers and project management arrangements for the delivery of these programmes.

2.7 In addition to the two programmes in the annexes to this report some work has also been done to identify efficiency projects within individual departments. This work will be finalised and a small list of projects will be carried out within the departments of the Council. These are likely to include localise projects, some of which will be focussed on energy usage and efficiency.

3. The Corporate Efficiency Priority

- 3.1 Improving efficiency and reducing waste is one of the Council's corporate priorities. Whilst the Council has done well to exceed the government's target, particularly given the fact that it was already a very efficient council. However CYC needs to do even better and become even more efficient, both in order to meet the tougher targets that will be set for future years and in order to help close the forecast budget gap for future years. In any case the Council has a duty to be as efficient as it can for its residents.
- 3.2 In order to move things forward the Council has recently appointed councillor Merrett as the member efficiency champion and has appointed the Director of Resources as the Council's officer efficiency champion. The Director of Resources has, in line with other Corporate Priority champions produced a Delivery and Innovation Plan. This sets out that in addition to hitting the government target, the council will develop Efficiency and Strategic Procurement programmes. It also sets out proposals for the Council to raise awareness of efficiency initiatives successfully delivered within the council and elsewhere and to help create a culture of efficiency within the council. Finally it embraces the end to end systems approach to service review and improvement.

4. Shared Services

- 4.1 Shared Services is a generic term being used to encourage councils to work together, provide services for each other, run consortiums, use joint procurement processes etc. It has also been used as term referring to Councils working with other public sector bodies and even with the private sector, although here the boundaries between contracting and sharing get very blurred. The idea is in its infancy nationally, but nonetheless it has become a clear government expectation and York will need to set out what it is doing to further shared services. A full list of all the areas that the Council is working on in terms of shared services has not been developed, but at present work is going on in the following areas:-
- The Kendric Ash transport review (with East Riding and the Hospital Trust
 - Business Rates with various other Councils
 - Internal Audit Management with North Yorkshire CC
 - Payroll with various other public sector bodies
 - Mental Health and other social services management with the PCT
 - Discussions with Selby about the possibility for providing some shared services
- 4.2 It is intended that some further work will be done within the Council to collect a full list of shared services and that work will be done with the Regional

centre of Excellence to identify further opportunities within the region for developing shared services.

5 Consultation

- 5.1 The Council's Management Team have approved the Efficiency and Strategic procurement programmes for consideration by the Executive. Some limited consultation with other officers has taken place and the Audit Commission have indicated that programmes such as these will be beneficial in persuading them that the Council has a suitable approach to the efficiency agenda to back up its good results.
- 5.2 There has not yet been any staff or union consultation. It is intended that should members approve these programmes then their would be consultation on the component parts of the programmes where there would be implications for staff.

6. Options

- 6.1 The programmes presented are themselves lists of options and they can be added to or reduced as members wish.

7. Corporate Priorities

- 7.1 This report has been prepared in pursuance of the "Improve Efficiency and reduce waste to free up more resources" priority. It also has the potential to impact upon several of the other corporate priorities.

8. Implications

- 8.1 There are no significant financial, equalities, legal, crime and disorder, human resources, information technology, risk management or property implications directly associated with this report. It is however likely that there will be significant financial, human resource and legal/procurement implications as some of the reviews progress.

9. Recommendations

- 9.1 The Executive is asked to approve the Efficiency programme set out in annex A
- 9.2 The Executive is asked to approve the Strategic Procurement programme set out in annex B
- 9.3 The Executive is asked to note the position on shared services and the further work planned in this area.

Reason: In order to move the Council forward in terms of its approach to the identification and achievement of efficiency savings.

Contact Details

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Report Approved

Date 31/8/07

Specialist Implications Officer(s) None

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

All

For further information please contact the author of the report

Background Papers: None

Annexes: Annex A Efficiency Programme

Annex B Strategic Procurement Programme