

Sustaining the More for York Programme & Creating the Office of the Chief Executive

Summary

1. This report sets out proposals for sustaining the More for York programme team over an extended period to respond to the Comprehensive Spending Review and the 7.1% pa cut in central government funding over the next 4 years.
2. This report also presents a new structure for the Office of the Chief Executive (OCE). The new OCE needs to create the capacity to:-
 - a. Achieve savings as part of the More For York programme.
 - b. Drive and embed corporate wide transformation, efficiency and improvement
 - c. Develop and embed a revised Performance Management Framework that reflects the reduction of the performance reporting burden and integrates with a broader programme of change
 - d. Improve regional and city wide partnership working
 - e. Improve communication and engagement with internal and external stakeholders, focussing on proactive planned activity around priority council business
 - f. Support effective service planning and delivery
 - g. Establish a coherent "one council" policy framework
 - h. Establish a Commercial procurement hub for the Council to manage spend on goods and services across the Council and deliver significant savings

Sustaining the More for York Programme

3. The More for York Programme was established in 2008 and is on track to deliver £6.952m savings this year with a further £2.5 – 3m which will be realised next year. The internal Programme team have been very successful in delivering efficiencies and have developed workstreams and methods of realising savings which are regarded in the region as exemplars. Many other public sector agencies are still considering how to deliver structured savings programmes or are reliant upon external consultancies to provide the expertise.
4. More for York was initially established to deliver a three year programme to generate £15m of savings to cover the impacts of spending pressures caused by the economic downturn, an ageing population and a national increase in looked after children. The funding for the Programme team came from the venture fund and is being repaid from revenue budgets and savings that have been generated as part of the second phase of the easy@york programme. The funding and cost profile assumed that the internal programme resources would be reduced significantly in 2011/12 (by £800k) and again in 2012/13 as the programme concluded.

5. The huge changes that have followed the new governments push to reduce the national budget deficit and the announcement of an average 7.1% cut in central government grant have meant that the duration and scale of the programme have increased greatly. Required savings will be in the region of £50m during the period 2010 - 2015. The More for York Programme will be essential in delivering these savings and therefore the funding model for the core programme team needs revising.
6. Annex 1 sets out the current, agreed More for York programme team funding profile which shows annual programme staffing costs of just over £1.2m falling to £400k in 2011/12 (a decrease of £800k). Given the scale of the financial challenges ahead, the Council clearly needs to continue to resource the programme team who have been instrumental in delivering savings. This will require investment to rebase the budget for the team by: -
 - a. Revising the venture fund repayment schedule over the next 7 years with annual repayments of £100k, rising in later years as existing prudential borrowing for the easy@york technology platform falls out as set out in Annex 1.
 - b. Investing £600k of the over £8m of savings that will be generated by the programme in 2011/12 as a result of the work in 2010/11.
7. The initial approach of the programme was to kick start the delivery of savings; develop capability and capacity to manage change and deliver efficiencies and then to embed this within directorates. Post CSR there is a need to continue this skills transfer whilst maximising the impact and prioritising the use of the Programme team. The need to cut costs also creates a corresponding need to ensure that the team is appropriately sized and positioned. Hence the programme resource will be reshaped and slightly reduced in size to provide support and expertise for a much larger programme where all Directorates will play a very active part in managing the changes and delivering efficiencies. This will be undertaken as part of the restructure of the Office of the Chief Executive.

Restructuring the Office of the Chief Executive

8. As part of the Organisation review the Office of the Chief Executive is being reshaped to make it more streamlined and effective. The Council is seeking to protect frontline services wherever possible and therefore all back office services are being carefully reviewed to ensure that the level of staffing is prudent and that the focus of the teams are on delivering savings and value to the customer facing services. Annex 2 sets out both the current structures within OCE and the proposed structure which creates 3 teams.

Strategy Partnerships and Communications

- Lead in the development of organisational priorities, developing partnership opportunities, co-ordinating the development of city wide and corporate plans and strategies, co-ordination of Local Strategic Partnership (LSP) activity
- Organisational Development to ensure the organisation has the long term capacity and capability to deliver its priorities and perform effectively
- Provide specialist advice and support on grants and external funding to maximise these funding streams into the council

- Lead on service planning, ensuring the service planning framework delivers the priorities and the change agenda of the Council and the LSP
- Work with directorate policy teams to deliver a comprehensive understanding of and response to the policy landscape and provide briefings for senior officers and Executive Members on a wide range of issues
- Ensuring that York maintains and develops its regional, national and international profile as an exceptional city, an excellent place to live, work and visit
- Provide full media support, building relationships with media outlets
- Deliver structured Communication Plans to provide proactive focussed communications to external and internal stakeholders and the media which reflect our organisational priorities and maximises use of new media channels (e.g. social networking, web)
- Provide support to the Chief Executive

Performance and Business Change

- Continue to develop and manage the More for York programme of change to deliver service improvement and efficiency
- Increased focus on supporting directorates to devise and deliver their change agenda
- Provide specialist expertise including project and programme management, business analysis, performance management and organisation/service design
- Undertake focussed customer research to improve our understanding of our customers, their needs and their views
- Develop a Business Intelligence (BI) hub to incorporate spatial, performance, financial and customer data from across the council
- Analyse and interpret BI to inform and drive business change and improvement
- Develop a corporate Performance Management Framework and assist Directorates with the creation of their performance framework and the active management of performance in their directorate
- Develop key skills in directorates around change and performance management

Commercial Procurement hub

- Deliver savings from organisational spend on goods and services
- Manage demand for goods and services down - challenge the need and level of specification to reduce costs
- Ensure existing contracts used - reduce off contract spend
- Manage spend by category - aggregate our requirements (potentially with partners) to get the best deals
- Manage suppliers to ensure they deliver to quality and price and continue to offer VFM
- Develop improved supplier and contract records
- Work with CBSS to improve Procure to Pay processes and the accurate categorisation of spend data
- Plan procurement activity across the whole council
- Work with the BI Hub to analyse spend data and identify savings opportunities
- Collaborate with partners to share best practice and jointly procure goods and services to get increased discounts
- Assist Directorates in exploring alternative service delivery methods (partner, commission, buy, make, decisions)

Principles

9. The OCE will provide direction and expertise to support delivery within Directorates, where the capacity and capability exists to carry out the main functional duties. This will allow a corporate overview, but ensures that service areas retain ownership of their business.
10. Where possible job descriptions will be generic to increase the flexibility of the teams to respond to a range of tasks and challenges and prevent artificial boundaries between teams. The three teams will work together to share analysis of policy, customer, spend and performance data, explore partnering opportunities and alternative service delivery models which will then feed into the change projects, procurement activity and communications.
11. The existing and the revised structure diagrams are set out in Annex 2. All grades and costings are indicative as the report goes out to press as Job Descriptions are being considered by Pay and Grading panels.
12. Excluded from this restructure are the Print Unit which is being considered as part of the ICT blueprint. It is not expected that the unit will be located in the OCE in the long-term as it is an operational support service. The ECDL co-ordinator is also excluded and is being considered as part of a review of training provision across the Council.

Finance

13. The proposed restructure of the Office of the Chief Executive will deliver a cost reduction of over £638k (in excess of the £200k of target savings - Organisation review target of £100k and OCE blueprint target of £100k) and will deliver a more focussed and productive set of services and respond to changes in the policy and performance landscape brought about by the new Government.
14. The table below sets out the estimated cost reductions of the new structure. The details will be finalised as part of the consultation and grading exercise currently underway. The proposed structure will reduce the establishment by 13.1 FTE posts.

Office of the Chief Executive	2011/12 Current Structure £'000's	2011/12 Proposed Structure £'000's	Savings £'000's
Strategy Partnerships & Communications	762	673	(89)
Business Change and Performance	1,600	1,051	(548)
Commercial Hub	374	374	
Total	2,736	2,098	(638)
		TARGET	(200)

Consultation

15. Discussion and development of ideas on the restructure began in late 2009. Sessions have continued throughout 2010 to give staff an opportunity to provide views on how they see the future of OCE within a changing local government context and to give ideas on how the separate functional areas could work together.

16. Trade Unions have been involved at every stage and meetings are being held each week with the unions to ensure understanding and agreement of both the model and the approach being taken. Unions are jointly running drop-in sessions for individual staff to ensure they are fully informed and supported through the process. The trade unions are also providing support in identifying all options to avoid compulsory redundancy. Managers are meeting directly with the whole OCE staff group, with teams and with individuals to explain the structure and gather views.
17. Job descriptions for the new roles are currently being drafted by the Assistant Director and Heads of Service. Meetings are being held with staff to collect feedback on initial proposals and make the necessary amendments and refinements to structures and job descriptions. Every endeavour is being made to gather input from relevant staff to ensure the model is robust, whilst pace and good progress is essential. Detailed consultation on graded job descriptions will take place during November and December which will then be reconsidered by Pay and Grading panels. Alongside the consultation activities, staff will be consulted through regular team meetings, 1:1 sessions as part of the management of change process and through the Corporate Joint Consultative Committee.
18. Feedback received from consultation sessions is being collated and used as the basis of frequently asked questions documents and to inform the final structure and detailed job descriptions. Wider directorate consultation will take place with key contacts across service areas, particularly where these groups will make up the “spokes” within the model.

Corporate Priorities

19. This restructure will help deliver the More for York programme savings. It will also improve strategy and policy development and partnership working and ensure that the Council proactively manages its communications and engagements with internal and external stakeholders more effectively. It will also improve performance management and service planning work to streamline them in the light of changing national context.

Implications

20.

- (a) **Financial** - Covered in the main report
- (b) **Human Resources (HR)** – The Council’s management of change process will be used in the implementation of the proposed restructure and HR business partners and advisers have been involved heavily in the restructure to date. All attempts will be made to redeploy any staff that are at risk. Voluntary redundancy and retirement and flexible working opportunities will be considered to avoid compulsory redundancy.
- (c) **Equalities** - An EIA will be completed before the structure is finalised
- (d) **Legal** - None
- (e) **Crime and Disorder** None
- (f) **Information Technology (IT)** None
- (g) **Property** - None

Risk Management

8. Failure to fund a programme team from ongoing revenue budgets will present a significant risk that the Council will not achieve the required level of savings and will be unable to balance its budget. Failure to restructure the Office of the Chief Executive will present a risk of not achieving a £200k saving and failing to deliver effective strategic support and leadership to the Council.

Recommendations

9. Members are asked to:
 (a) Agree the reprofiling of the Venture Fund as set out in Annex 1

Reason: To repay the Venture fund for work undertaken to deliver Easy@york Phase 2 and More for York Phase 1

- (b) Agree the ongoing use of £600k savings generated from More for York in 2011/12 to fund the More for York Programme team as part of the Office of the Chief Executive

Reason: To fund a programme team to deliver £50m savings over 4 years

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Background Papers:

Annexes

Annex 1 – Venture Fund Profile

Annex 2 – Existing and Proposed Structure diagrams