

<b>THE HIGHLAND COUNCIL</b>	Agenda Item	
<b>Resources Committee</b>  <b>3<sup>rd</sup> December 2008</b>	Report No	

**Corporate Improvement Programme**  
**Depute Chief Executive / Assistant Chief Executive**

**Summary**

This report outlines the outcomes delivered from the Business Improvement Programme and the development of a new Corporate Improvement Programme, based on the work of the National Shared Services Project. It also includes proposals to establish a core programme team to implement the Corporate Improvement Programme.

**1. Introduction**

- 1.1 The Scottish Government requires all local authorities to achieve at least 2% efficiency savings on their revenue budgets annually. Highland Council has a strong track record of delivering on this target but recognises that the continued delivery of sustained efficiencies will require a different approach in the future.
- 1.2 The current budget planning for 2009/10 and 2010/11 demonstrates that in addition to the 2% efficiencies required by Government, the Council needs to achieve a further 3% efficiencies in order to meet the pressures on its revenue budget. The current pressures include energy cost increases, implementation of the job evaluation, landfill tax increases, pay and pension increases and the costs of a sizeable capital programme.
- 1.3 There is no one solution to these financial challenges and in addition to activities aimed at meeting the most immediate issues, there is a growing need to develop a more strategic and comprehensive approach to achieve sustainable and significant efficiencies in medium to long term. The move to develop a Corporate Improvement Programme will enable the Council to transform the way it delivers services and manages its back-office functions in order to deliver sustainable efficiency savings and improve service delivery for the residents of the Highlands.

## **2. Business Improvement Team (BIT)**

- 2.1 The Budget Working Group (30<sup>th</sup> August 2006) agreed to the continuation of the Business Improvement Team (BIT) for a further two years. This was based on the prior success of the team.
- 2.2 Funding of a maximum of £400,000 per annum, from the Spend to Save Fund, was approved for two years providing that all funding was at least matched by efficiency savings identified in that year and that those savings were recurred annually. To date the total expenditure against an available fund of £800k was £458k.

## **3. BIT Projects progressed from January 2007**

- 3.1 Appendix 1 contains a list and descriptions of the projects progressed since January 2007. The projects either have delivered cash savings or are in the process of doing so. Other projects that deliver benefits other than savings are also listed.
- 3.2 In total the figure for identified and realised savings is £546,500. From this total the recurring savings are £442,500 per annum, i.e. in excess of £2.2 million over 5 years. In addition to the financial benefits the Programme has enabled the Council to build up experience, skills and knowledge in business improvement and project management methods.

## **4. National Shared Services Diagnostic Project**

- 4.1 Resources Committee (28<sup>th</sup> November 2007) agreed that the Council should take part in the National Shared Services Diagnostic Project and accepted Government funding of up to £150,000 to undertake this work.
- 4.2 The Business Improvement Team was extended to provide a team dedicated to undertaking the Shared Services Diagnostic. The Deputy Chief Executive/Director of Finance is the Executive Sponsor of this project and reported progress to members at Resources Committee on 21<sup>st</sup> August 2008.
- 4.3 Since last reported on the 21<sup>st</sup> August 2008 the following activities have taken place:
  - A Programme board – comprising the Senior Management team of the Council has been set up and is Chaired by the Chief Executive
  - High level business cases have been created for 12 identified opportunities identified from the shared services diagnostic
  - The board appraised the 12 opportunities and determined that 8 projects should be progressed as part of a Corporate Improvement Programme
  - The detailed planning on these projects has begun
  - The Council has met the terms of the original £150,000 grant as administered by the Improvement Service.

4.4 The Projects being taken forward as the Corporate Improvement Programme are shown below:

<b>Customer Engagement</b>	Simplify customer access to all Council services (by telephone, face to face and internet) and increase the percentage of enquiries dealt with in the initial contact
<b>Mobile &amp; Flexible Working</b>	Increase the flexibility of the workforce to match service demand and deliver efficiencies
<b>Information Management</b>	Increase the efficiency with which we manage the councils information, this includes how we store, share and retrieve information.
<b>Asset Management</b>	Reduce the total amount of property we own and rent, ensure that the property remains is well managed and that all property is useful and well used.
<b>Transport</b>	Ensure that the Council makes the most use of the vehicle fleet, that the costs of purchasing and maintaining this fleet are reduced.
<b>Procurement</b>	Reduce the amount we spend on goods and services by ensuring effective purchasing practices, whilst not compromising on quality
<b>Business Support</b>	Provide effective and efficient professional support to service delivery in a modern and efficient manner.
<b>Human Resources</b>	Develop a standardised cross service system to simplify and make more efficient Personnel and Payroll processes

## 5. Corporate Improvement Programme

5.1 The Programme Plan, detailing the projects and benefits, will be completed in February 2009. However, in order to take the Programme forward to the implementation phase it will be necessary to put in place a Core Programme Team.

5.2 It is proposed that the core team should include a Programme Manager, Programme Administrator and a team of project managers. The Programme Manager would have overall responsibility for the delivery of the Programme and will report direct to the Programme Board. The project managers will deliver projects within the programme and support the delivery of benefits by benefits planning at the initiation of the projects and through initial design and implementation. The Programme Management team will also take responsibility for all communications, training and stakeholder management including with staff and trade unions. Finally the Programme Administrator will be responsible for ensuring that programme governance and administration is effectively delivered.

- 5.3 As described in 4.4 it is intended that the Programme will include eight key projects. Three of these are already in progress and will be managed by employees from the lead services i.e. TECS, Housing and Property and Finance. There will therefore be a requirement for five Project Managers who will be responsible for the delivery of specific projects and will report to the Programme Manager to ensure the integrated programme is delivered to maximise benefits.
- 5.4 These proposals outline the Core Programme Team required. Once the Programme and Project Plans are completed it is likely that there will be further resourcing requirements to support the delivery of the Programme. Any further requirements will be reported to Committee at a future date.

## **6. Options for Recruitment**

- 6.1 It is proposed that four employees, currently seconded to BIT until June 2009, are transferred to the Corporate Improvement Team until the full Programme Team is in place, to support the developed of the programme. It is also proposed that the existing 1.5 FTEs, currently working on BIT, are transferred to the Corporate Improvement Programme on a permanent basis.
- 6.2 Previous recruitment to the BIT Team has been through officers either applying or being volunteered, to undertake a secondment. There have been disadvantages to this approach and it is recommended that, for the Corporate Improvement Programme, recruitment is not undertaken in this way.
- 6.3 It is recommended that, in order to ensure that the Council is able to recruit the strongest team for this Programme, the posts are advertised, initially internally, allowing open competition and to ensure that those appointed have the necessary skills and experience to deliver this Programme.
- 6.4 It is recommended that the posts are advertised as fixed term contracts or secondments, for a minimum period of 3 years.
- 6.5 It is recommended that all of the core Programme Team should be PRINCE 2 qualified and that training should be provided by the Council, where required.
- 6.6 The job descriptions and person specifications for these roles are currently being developed and will be graded according to the Council's agreed Job Evaluation Scheme. The final grades will be reported to Resources Committee, for information, in the regular staffing report, in February 2009.

## **7. Governance and Reporting**

The following Governance arrangements are in place for the programme:

- Each project will be sponsored by a member of the SMT.
- The Programme Board will meet monthly and assess progress and issues against all projects and the programme itself.
- Reports will be provided Quarterly on progress to the Resources Committee.

## 8. Financial Implications

- 8.1 An annual budget of £ £505,000 is required to establish the Core Programme Team, this includes salaries (including on-costs), back-fill costs and the cost of running the team e.g. accommodation.
- 8.2 An annual budget of £76,000 exists within the Chief Executives' Service to fund 1.5 FTEs within the BIT Team and it is recommended that this funding is transferred to the Corporate Improvement Team.
- 8.3 The annual funding required for the Core Programme Team would be £429,000.
- 8.4 As at the end of the financial year 2008/9 it is predicted that there will be a unused monies from the original BIT fund amounting to approximately £300k and it is proposed that this is used to fund the cost of recruiting and funding the team in 2008/09 and the balance is returned to the Spend to Save Fund.
- 8.5 For future years funding, it is proposed that this is met in the short-term for a period of up to two years, from the Council's spend to save fund. Thereafter, or earlier where the opportunity exists, the Team will be funded from savings generated from the Corporate Improvement Programme.

## 9. It is recommended that Members;

- 9.1 **Note** the outcomes achieved from the Business Improvement Programme in 2007 and 2008;
- 9.2 **Note** the progress being made in developing the Corporate Improvement Programme;
- 9.3 **Agree** that a Core Programme Team should be appointed to deliver the Corporate Improvement Programme, as detailed in Section 3;
- 9.4 **Agree** that an annual budget of £505,000 should be provided to meet the costs of the Programme Team, as detailed in Section 5, for a period of three years commencing in 2009/10;
- 9.5 **Agree** that recruitment to these posts should be undertaken as detailed in Section 4 and that delegated authority should be given to the Depute Chief Executive and Assistance Chief Executive to agree the job descriptions and grades in accordance with the Council's Job Evaluation Scheme;

Signature:

Designation: Depute Chief Executive / Assistant Chief Executive

Date: 27th November, 2008

Author:

## APPENDIX 1

PROJECT	DESCRIPTION	CASHABLE SAVINGS
<b>Drummuie</b>	Rationalising the back office processes in Sutherland to reduce the amount of effort involved and delivering cash savings and to support the move to a more modern working environment and more modern working practices.	£224,500
<b>Video and Telephone Conferencing</b>	To equip central locations with equipment, provided better management information on usage and improve access and use of equipment leading to cashable savings	£23,000
<b>E-Payments</b>	Assessing the optimum method for collecting payment as a way of providing better customer service and reducing costs – this work will be consumed within the Corporate Improvement Programme	Business Information provision
<b>Public Notices</b>	Simplifying and standardising the process for placing public notices realising cashable savings	£46,000
<b>Postage</b>	Development of a hub and spoke system for distributing mail (project passed to corporate managers)	£12,000
<b>Out of Hours</b>	Project Management for the Out of Hours project, no cashable savings but cost avoidance.	Project Management (cost avoidance)
<b>Salary Sacrifice schemes</b>	Developing and administering schemes for staff benefits that lead to NI reductions for staff and the Council, realising cashable savings	£140,000
<b>Water Management</b>	Taking a staff suggestion on reducing water bills and instigating and monitoring the project.	£101,000
<b>ECS Admin (Non-Schools)</b>	Supporting the information gathering and process analysis for the back office functions in ECS.	Business Information provision
<b>Diagnostic Project</b>	Running the original diagnostic project for the council along with all other Scottish Authorities.	Business Information provision
<b>Oracle 11i</b>	An end of project assessment for the implementation of the Oracle 11i project	Post project Review