

Redesign Board Workshop 15.5.18: Redesign Board Reviews

Review types currently in use

So far the Redesign Board has introduced and developed three new types of reviews to the Council. They are:

- **Peer reviews**, which focus on whether we have the right service delivery model in place and appraise whether any other options (of 10 identified¹) would improve how we operate with cost and impact in mind;
- **Lean reviews**, which focus on specific processes and enable staff to remove unnecessary steps and problem areas, understand the voice of the customer and create new streamlined and consistent processes; and
- **Mini (commercial) reviews**, which focused on new opportunities to generate income. This approach is now being taken forward by the Commercial Board.

In using these types of review we have identified that we need to change current practice and that new opportunities exist. All reviews have engaged staff as peer reviewers, as hosts for reviews and as self-assessing and problem solving teams. They have demonstrated staff openness to challenge and engaged Trade Unions. They have drawn on what we know from people using the service and where needed they have gathered new data from them. They have also engaged Board Members in identifying areas for peer reviews, in attachment to peer review teams and in challenging and scrutinising Lean showcases and commercial ideas. All of the Board's recommendations to implement review findings have been agreed by Council.

These types of review are proven methods. The more we use them, the better we get at them and we engage more people in the change process. The redesign approach needs to remain fresh, continue to challenge current operations and adapt to meet new challenges and opportunities.

In addition to the methods above, the Board has also offered a steer and some challenge to reviews which are being taken forward within Services (school lets, fleet maintenance and harbours).

Reviews and savings

Savings or income targets were not set for these types of review as they were not to be constrained by targets and were to look more broadly at improving services. However the reviews have had to consider affordability and have often identified savings as well as better ways of providing services. These savings have been about:

- Avoiding cost or preventing a future budget pressure;
- Realisable savings - often taken as service savings;
- Potential savings - with further work or business case preparation required;
- Income generation to off-set savings - new ideas; and
- Income achievement – an unexpected outcome of some reviews which found the need to improve our processes for income collection (better arrangements for billing and recovery).

¹ The 10 options that peer review teams appraise are: in-house and lean service; in-source a service contracted out; deliver in a shared service; out-source the service; deliver in partnership or integrated model; transfer to an External Arms-Length Organisation (Council owned company); identify commercial opportunities; transfer to be community-run; reduce demand for the service; or reduce service standards or stop the service.

The programme of reviews

Since September 2016, 10 peer reviews have concluded; 3 under the current Board's leadership and 3 are underway.

An ongoing programme of Lean reviews is underway; 8 have concluded and at least a further 6 will report by the end of this calendar year. As more staff are trained as facilitators (48 by this summer) we expect this programme to grow even further. Ultimately our aim should be to empower staff to take forward Lean reviews from their own initiative, drawing on a peer network of practitioners and without seeking permission and additional corporate support.

The reviews commissioned by this Board, along with an up-date of their savings potential (where known or estimated) is provided in Appendix 1.

New ideas for peer reviews

Further peer reviews need to be identified. The [criteria](#) for identifying peer reviews were agreed by the Board in August 2017 and Council in September 2017. At that Council meeting the Board was given delegated authority to develop its programme of reviews. Some new ideas, mostly from staff and from earlier reviews are listed below. The Board is asked to identify if they would like to take any of these forward and if so, and in which order. Other ideas from Board Members are welcome.

1. **Wrap around child care provision.** This is a growing service with a growing budget so checking if the model in use is best could help with the development of the service. Both in-house and commissioned services are currently in-use. Improving administration including billing was identified in the Lean review. There appears to be unmet demand in some areas so there appears to be scope for increasing income from service growth.
2. **The in-house catering service.** This was deferred from an earlier Board workshop on 15th August 2017.
3. **The cleaning service** – currently this service is found in both the D&I Service and Community Services.
4. **Reviewing all processes which involve income to the Council**, identified by budget income codes. This would build on the findings from peer and Lean reviews which looked at functions with income streams and identified a number of problem areas². It could also learn from the systems we have in place which provide high collection rates. The review could challenge how to streamline or integrate income collection across the Council to improve collection rates and make it easier for customers to pay.
5. **Reviewing our current approach to recruiting agency staff.** An idea from staff has been to create our own talent bank which people would apply to directly and we would draw from that for temporary contracts as and when needed without incurring external agency fees. This would support the developing workforce strategy.
6. **Reviewing all casual labour.** This links to workforce planning (including our recruitment process), multi-skilling and to aspects of localism (how best to task work organised on a local basis). Data would be needed on numbers, types of jobs and agency staff and the rationale for them. This idea came from staff feedback.

² Key findings were inconsistent approaches used often with responsibilities spread over different teams and with no single manager responsible. Systems in use often did not make it easy for people to pay or for the Council to pursue debt. Stressors for staff have also been found around clunky and sometimes manual data entry systems in use and the need to issue refunds because of data inaccuracies.

The need to develop new types of review

Two new challenges and opportunities exist which point to the Board considering developing new types of review. They are:

- **New financial target** – the Council agreed in February 2018 a savings target of £2.25m to be delivered through redesign in 2018/19. The programme of reviews (as set out in Appendix 1 and any new reviews agreed) will contribute to this target. However their sole purpose is not to find savings but also to find other improvement, so there is a risk they might be insufficient to meet the Council target. Reviews with the sole purpose of achieving budget reductions and at pace would be helpful. This would also support the budget setting process agreed the Council on 10th May and multi-year budgeting for 2019/20 onwards.
- **Localism** – the Council has commitments in its programme on improving local democracy, engaging communities better in decisions affecting them and supporting more community-run services and asset transfer. In discussion with Members in localism workshops and with Area Chairs some new ideas and approaches are emerging which would bring communities directly into redesign. They will affect too our expectations of community partnerships, our staff, our Members and the general public.

To meet these challenges and make the most of the opportunities, proposals for two new and additional types of review are set out below. They are for peer spending reviews and community reviews.

Peer spending review

To support aspects of the new budget setting process, the experience of the peer reviews can be helpful. This shows that staff can give and take constructive challenge from peers to improve processes. Also some peer reviews have taken a forensic approach to the budgets attached to services being reviewed. This was demonstrated well in the music tuition review and the grey fleet review. Four budget holders in the Chief Executive's Office also took part in a peer challenge session to review all non-staffing budget lines across the budgets they held. This led to many, often very small, reductions which accumulated to a saving of over £90k for 2018/19 and with minimal if any impact on service outcomes. It is also leading to budget coding improvements and ensuring authority to spend sits with the right team.

A peer and forensic approach would help review spend within a specific Service function or team, drilling into and challenging constructively all the expenditure from the cost centres and subjective codes associated with that function or team.

The approach could also be used for reviewing all spend by type across all Services, identified by subjective code used. For example we could look at all spend associated with internal catering, printing, telephony or coded as miscellaneous.

Benefits of this approach

The benefits expected of peer spending reviews are:

- By focusing on non-staffing budget lines and non-essential expenditure, savings identified and agreed could be taken quickly, in year and removed from budgets.

- Engaging peers in review activity brings fresh eyes to a situation, enables curiosity to be pursued and provides constructive challenge as well as support and new ideas for change.
- Assurance that budgets and authority to spend sit with the right budget holder.
- Improved understanding of expenditure by budget holders and new guidance and training identified and developed.
- More accurate coding of expenditure to align budgets to spend better which also enables better analysis of Service spending and the need for services.
- The review process is likely to identify where other types of reviews may help e.g. Lean review or peer review.
- As the redesign process is about being open to challenge and to learn as we go, other unexpected benefits may also emerge.

The methods for this type of review are set out in Appendix 2.

The fit with the budget setting process agreed at Council in May 2018

The budget setting process is taking a strategic approach to financial and performance planning and it will link with workforce planning. It will begin with a high level view of service outcomes and outputs, performance and affordability modelling with a view to budget setting from 2019/20 onwards.

The peer spending review method proposed is not strategic and is focused non-staffing spend and removing non-essential spend. However it will:

- Provide good intelligence around non-essential spend at a cost centre or subjective code level;
- highlight service areas and types of expenditure which need further review and attention as part of the budget setting process; and
- Budget reduction in year.

The Council's Budget Group will be interested in the progress made from these reviews so the findings would be shared with them too.

Community reviews

Included in the Board's objectives is a commitment to 'develop an approach to reviewing services/functions with communities - community reviews. This would sit alongside other types of reviews overseen by the Board and support the implementation of the Community Empowerment Act 2015.'

Community reviews would be a new approach to co-reviewing services with citizens and community bodies. This could be about:

- understanding needs and expectations;
- setting standards;
- making choices within budget, including reducing budgets;
- co-designing services; and
- commissioning with or by communities.

While our focus will be on community reviews around our service delivery, the approach can be seen in the context of public service delivery more broadly, including partner services and the assets that communities themselves have to bring to public services.

Methods should be tested in places and on services that matter most to people, so there is scope for doing different community reviews in different areas. This will support the localism approach and help to develop our approach to mainstreaming participatory budgeting.

The ideas emerging around community reviews so far are:

1. Public transport

A [peer review into public transport](#) concluded in March 2017. One of the recommendations from that review was to develop a new approach to include: developing a range of options for local transport delivery; continuing to support community transport; and to engage with communities to identify local priorities and develop service provision. Opportunities existed to take this forward during the current period of contracted services with a view to changing them when the contracts end in 2021 and with opportunities to phase in changes in advance of that time.

Transport poverty is also a key issue identified through community planning and the Council's Poverty and Welfare reform group.

Discussion with Members locally has shown an appetite for trying a new approach in this is of interest too in Caithness, Ross and Cromarty, Skye and Badenoch and Strathspey.

Changes in the transport team in Community Services would provide service expertise to be brought into community reviews of transport.

2. Place-based choices initially on amenity/environmental works

Members in Lochaber are keen to explore how community resources may be deployed differently if communities were more involved in the choices about them. There are a number of active Development Trusts in South Lochaber as well as a Housing Association with skills and resources. They propose an initial focus on grounds maintenance which would include Council budgets (HRA and non HRA), bringing local communities and potential partners into a conversation about what resource is currently and will be available (including community skills) and how to deploy that to better effect.

3. Open space development in Nairn

Members in Nairn are keen to engage with the unheard voices in Nairn through the development of open spaces. This could have two separate but related strands of engagement: around grounds maintenance and play parks in areas of Council housing; and around sporting clubs, groups and providers across the area. The work could be brought together and the people involved could help shape a shared strategy for Nairn which would also draw on various new reports commissioned around regeneration.

4. Community involvement in tourism development in Sutherland

Members in Sutherland are keen to explore community involvement in tourism development including community ownership of car parks, toilets and camper vans waste. The area has an effective Community Partnership which may be able to support this approach and there are several Development Trusts to engage with too.

5. Broadening tenant participation in Inverness

Members in Inverness are keen to engage with RSLs to involve tenants together in housing issues and priorities.

6. Supporting the Management of Schools programme

The Chair of the CL&H Committee is keen to explore a different approach to engagement on the management of schools, to be trialled in Kinlochleven. Proposals are under development.

Methods

Approaching community reviews with an open mind and without determining or predicting the outcome will be important for meaningful engagement. Different community development techniques can be used which include:

- The approach to holding community conversations that matter (promoted recently in training offered to Board members and Area Chairs, which will be rolled out);
- Participatory budgeting approaches;
- Running mini publics as raised at the recent seminar on local democracy; and
- Using the key findings from the Commission on Highland Democracy.

Programming and resourcing

Key staff resources for taking forward this approach are:

- the Ward Management team,
- the policy team in the Chief Executive's Office,
- key staff in Corporate Service (performance, HR and finance); and
- service experts for the services under review.

If new approaches are to be used, e.g. mini publics, then some external support may be needed initially.

Member involvement will also be important, drawing on local and Board members. It would help to involve Trade Union representatives too. It is likely that most approaches would benefit from partner involvement.

Community involvement would be drawn from community bodies, groups, specific interest groups and interested citizens. Any targeting would depend on the method in use e.g. mini publics use a random sample approach. It will be important to ensure fair and inclusive opportunities for people to be involved and good facilitation to ensure that it is not only the loudest voices that are heard.

Work is slightly further advanced on:

1. Public transport – given the earlier peer review and the changes in the transport team. It is proposed to develop a community review approach initially in Caithness and in Easter Ross (where some work has already begun) this year to inform further roll out in other places.
2. Place-based choices, initially on grounds maintenance in South Lochaber, with the Senior Ward Manager for the area considering approaches.
3. Supporting the Management in School programme initially in Kinlochleven. With a proposed approach under development for the Director of C&L.

The other ideas raised require more discussion with services before we can programme them.

It is proposed that a community review approach is developed for the three services/areas listed above initially. As with all redesign reviews we would learn as we go. Proposals for each can be taken back to the Board. Board Members may like to consider which of these they might like to be involved in. Other Ward Members would also be engaged in the reviews in their Wards.

Redesign Reviews and Savings Potential 2018/19

Review	Recommendations expected/agreed	Savings estimate and commentary
Peer reviews		
Music tuition	Agreed 25.1.18	Ongoing budget pressure avoided and £80k saving from 2019/20.
Grey Fleet	Agreed 8.3.18	Estimate of £500k from 2018/19 – pilot car clubs on selected sites from May 2018.
Procured legal Services	Agreed 8.3.18	In-sourcing through 2 new posts should be at least cost neutral, avoid delays in achieving income from asset disposal and should lead to reduced expenditure on external legal advice. Could try to estimate mid-year from monitoring – but as of 1.5.18 no recruitment had begun. HR now tasked to support.
Commissioned preventative services for children	Underway – should conclude by Summer 2018	Option 1 on improving current commissioning could provide £750k savings over 3 years. 2 other options being considered which are focused on keeping children out of residential placements, especially expensive OOA placements providing poor outcomes. Longer term saving is more likely but the focus is on improving outcomes.
Car parking	Underway – aiming to conclude by June 2018	New income targets agreed at Council as part of the budget setting in February 2018. Future income to off-set savings will depend on localism decisions. A proposed Lean review for car parking and roads teams may identify efficiencies.
Building trades services	Underway – should conclude by Summer 2018	Potential for significant savings given current expenditure but proposals for change not yet presented.
March 2018 Council motion agreed that we would conduct feasibility work on the options for enhancing Highland bus services at the soonest opportunity by the redesign board once the details and outcomes of the Scottish Govt.'s forthcoming Transport Bill are known.	To be programmed when legislation comes forward. No timescale known yet.	
<i>New reviews TBC – ideas proposed 15.5.18</i>		
Commercial review		
Investing in solar PV on the Council's estate to generate	Agreed February 2018	Business case required £2.3m of self-financing capital to be used to install 2.5MW

income and reduce current energy costs.		of solar PV on the Council estate, achieving the net profit projections of £4.01m over a 20 year period.
Lean reviews		
HR OH referral process	Showcase June 2017	£62k in savings taken by the Service in 2017/18
Bulky uplifts	Showcase August 2017	£57k savings taken by the Service in 2017/18.
Fostering and adoption	Sept 2017	No saving identified but process review will lead to less time to recruit foster carers and less reliance on costly residential care.
Commercial Waste billing	Oct 2017	No saving identified but new process to ensure payment is received when due.
Facilities booking (School lets)	Oct 2017	Review showed how to reduce the number of steps involved in booking lets from 61 to 8, improve customer service, enable a more efficient use of buildings and staff and enable new income opportunities. No savings or additional income quantified yet. Full achievement of change is dependent on new ICT solution.
Wrap around care early years	Jan 2018	£12k savings p.a. in postage costs, £270k cost avoided (£30k investment instead of £300k ICT solution)
Fly tipping	Feb 2018	Process improvements for customers and staff. No saving identified but potential to link to targeted enforcement and fines.
ASN allocation process	March 2018	If all improvements are taken forward 49 steps could reduce in a future state to 18. The timescale for allocation would reduce from 16 weeks to a maximum of 12, Business Support involvement would no longer be needed and there would be scope to re-focus ASN management.
Complaints	July 2018	The focus of the review is to: improve the customer journey and reduce the number of invalid complaints (currently ~35%); increase the number of complaints dealt with inside the 5/20 day deadlines (currently 43%/64%); increase frontline resolution and improve customer satisfaction with the resolution of complaints. There are no savings associated with this review.
Energy Billing	Underway	No savings estimate yet – streamlining billing and improving accuracy of billing
ASN Transport	Underway	£50k saving estimated from earlier peer review
Internal Audit	Underway	TBC
Maternity Leave	Underway	TBC
PAT Testing	Underway	TBC bit savings potential is a driver for this review.

Community Asset Transfer	Due to report in June 2018	Aim is to improve process and meet new statutory time targets, so improved efficiency and to take a strategic and more proactive approach to asset disposal. Savings are potentially available from avoiding ongoing running costs, speeding up asset disposal so avoiding future repairs and maintenance costs and the benefits of communities delivering more effectively on outcomes allowing a reduction in Council delivery. A more business-like approach to renewing leases may also generate income.
Travel hire desk	Light touch Lean challenge to be programmed for July 2018	Service savings already taken for 2018/19.
Recruitment of seasonal workers	To be programmed for results for 2019 season	
Passenger transport	To be programmed	Review of all transport unit processes. Savings potential from more effective management. Not estimated yet.
Street lighting repairs	To be programmed	Review process from reporting to fault to fixing it. No savings estimated yet.
Project design unit 'small works' project cycle	To be programmed	Any savings would be for capital budget.
Housing repairs	To be programmed	To follow on from the Building Trades Lean review
Property maintenance	To be programmed	To follow on from the Building Trades Lean review
Burials administration	To be programmed	
Recruitment (including for cleaners)	To be programmed	To follow current workforce planning project
<i>Further reviews TBC</i>		

Peer spending review methods

The steps involved in a peer spending review would be:

1. Identify the review subject (function/team within a Service, type of spend across Services (by subjective code) Initially areas to target could be:
 - budget areas where Members seek more assurance of budget control;
 - those budgets which have grown, seem high or have not experienced recent reduction;
 - those managers who need the most support with budgets (due to their work load, capacity and other pressures); and
 - areas identified by audit activity.
2. Identify the review team. The team will need to involve: peers with strong budget management and budget reduction experience and capacity to be involved and the Finance Manager supported by accountancy staff. For the peer spend review of Service function/team and of income codes, the team would also include the budget holder, staff they manage who incur spend and their line manager/Head of Service. Where the review is focused on spend by type by subjective code selected budget managers (with relatively high spend in the area being reviewed) would be involved primarily through interviews. Contact with the Strategic Procurement Manager would also be made to see how they can support the review team and ensure no duplication of effort. This may mean check-in points with the shared procurement service or for a procurement team member to be attached to the review team.
3. Timescale. The review should be short, focused and completed within 4 weeks and less if for a smaller function/team.
4. Data to use. Review teams should draw on both quantitative data (including from monitoring reports, out-turn reports, payments processed) and qualitative data (budget holder views of their role and attitudes to their budget, what helps and hinders in good budget management, impacts of potential reductions and any budget management training and development needs). These data will be drawn from the Council's financial systems and from using a range of challenge questions as part of the review, see below.
5. Risks. One of the risks identified is that busy managers may rely on balancing their budgets by enabling underspends in some areas to off-set overspends in other areas. Review teams will have to look wider than previous years' out-turns by cost centre to identify savings to avoid creating budget pressures.
6. Challenge questions. Proposed challenge questions, especially for service function/team reviews are provided below; however it is important that review teams follow their curiosity to probe more in some areas than others and follow where their enquiries take them, so the questions below are not an exhaustive list. They can be adapted for use for the reviews

focusing on spend by type (by subjective code). Over time we can refine the challenge questions by learning as we go.

- Questions on financial data: what are the different budget codes in use (income, expenditure, holding etc.)? What does the money buy? What does the spending achieve and how essential is that? If it buys stock/assets, how are stock lists maintained? If it involves temporary arrangements such as leasing, when is the tipping point reached to consider other options? What is the profile of spend during the year? What was last year's out-turn on this cost centre/subjective code and was this unusual? How is the expenditure incurred (e.g. invoicing, purchase cards)? Who incurs the spending in your budget? Who authorises the spending? Is authority provided before or after the spending is incurred? What are the line management arrangements for this function? Do you work to tolerance levels on over spends and if so, who sets these? Are you encouraged to underspend?
- Questions around the views and attitudes of the budget holder: What would happen if it was not spent or if the budget was reduced? Are there other ways of achieving the same outcome without incurring this spend? What might the community impacts be of reducing the spending and if negative impacts, how could these be mitigated? What support and guidance do you use to manage your budget? What more would help you to manage your budgets and reduce spending? What would you like to change going forward?