
REPORT TO:	Finance and Management Committee	AGENDA ITEM: 19
DATE OF MEETING:	22nd June 2006	CATEGORY: DELEGATED/ RECOMMENDED OPEN
REPORT FROM:	Director of Corporate Services	PARAGRAPH NO:
MEMBERS' CONTACT POINT:		DOC: s:\cent_serv\committee reports\finance and management\2006\22 june 06\shifting resources report.doc
SUBJECT:	Shifting Resources	REF: FM08
WARD(S) AFFECTED:	All	TERMS OF REFERENCE:

1.0 Recommendations

1.1 The Committee formally agrees the processes and current work being undertaken throughout the Council towards shifting resources to invest in priority areas.

2.0 Purpose of Report

2.1 It was a 2005/6 Corporate Plan Milestone to undertake a 'Shifting Resources' project. The purpose of this report is to identify and bring together the review mechanisms that are taking place throughout the Council that release resources such as, finance, land and staff in order to invest in priority areas, that is, 'Shifting Resources'

3.0 Executive Summary

3.1 The Council's approved financial strategy for 2006/2009 identifies the need to move resources to meet priorities and new pressures as a key area in maintaining sustainable finances in a climate of economic growth. This has been agreed as undertaking the following:

- To utilise the Council's approved scoring system when evaluating bids for service development and new investment.
- To identify yearly efficiency savings
- To gradually disinvest in non-priority areas
- To undertake strategic service reviews

3.2 The efficiencies outlined will contribute to the Council's efficiency statement (Gershon) that is required by the Government and which expects 2.5% efficiency savings per year, of which 50% is expected to be cashable. The statement and savings, once realised are incorporated into the Councils Medium Term Financial Plan (MTFP). Savings on budgets are reported quarterly to this Committee, as they arise.

3.3 In addition the Council's Improvement Panel has linked these 'efficiency' targets with the wider concept of Value For Money (VFM). VFM also includes 'effectiveness' by ensuring what we do reflects the wishes of the Community. This is undertaken by effective consultation, the driver being the Council's Consultation Strategy.

4.0 Detail

4.1 The Council's approved financial strategy for 2006/2009 identifies the need to move resources to meet priorities and new pressures as a key area in maintaining sustainable finances in a climate of economic growth. This has been agreed as undertaking the following:

- To utilise the Council's approved **scoring system** when evaluating bids for service development and new investment. The scoring system is constructed to favour bids that are aligned to the Council's priorities, together with national targets.
- To identify yearly **efficiency savings** and to shift these resources to priority areas.
- To gradually **disinvest** in non-priority areas by limiting increases in resources and undertaking more fundamental reviews when opportunities arise to ensure spending is in line with council priorities.
- To undertake **strategic service reviews** in accordance with the Council's Procurement Strategy.

4.2 **The scoring system** for new bids is a tried and tested process at SDDC and is utilised for assessing Revenue and Capital proposals for the period covered in the Council's Medium Term Financial Plan, and in relation to the priorities outlined in the corporate plan.

We therefore have a process in place, as part of the annual budget cycle for ensuring that new financial resources available at the commencement of the planning process whether from efficiency savings, government funding or other external funding are properly directed towards the Council's priorities.

4.3 **Efficiency savings** are about making the best use of resources available, managed at the lowest cost consistent with maintaining/improving quantity and quality targets and are achieved by reviewing the way we deliver services through reforms that:

- maintain the same level of service provision while reducing the resources needed
- producing additional outputs for the same resources, or
- remodelling service provision to enable better, cost effective outcomes.

These efficiency reviews take into account:

- the use of new and improved technology, such as CRM (Customer 1st), E-Government (BACS, Direct Debits, e-payments etc) and DIPS (Document Image Processing). These technologies essentially free up staff resources by streamlining and computerising processes. At SDDC, we are in the process of successfully implementing our Customer 1st Strategy (initial savings in 2005/6 being £15,000), and have a programme in place to bring about efficiencies from e-government. All requirements for new technology are expected to bring about efficiencies, all requests require a Business Plan and are project managed to ensure outcomes are as expected.
- Business Process Re-engineering (BPR), this is reviewing the way we work by streamlining functions and eliminating waste/bureaucracy etc in order to increase capacity and therefore make positive improvements in service delivery. This is largely about re-organising within and across sections/divisions and by reducing the number of unnecessary processes. At SDDC there is an emerging culture of regularly reviewing services in this manner. In 2005/6 this included reviews in Environmental Health and Financial Services, with both efficiencies and savings of £21,000 being reported.

In line with the above, as part of the budget process for 2006/7 it has been agreed that prior to the appointment of any additional staff requested as part of the bids process (whatever the priority) that a review of that service area will be first undertaken, in order to identify potential efficiencies essentially to save wherever possible the additional staff costs.

As part of the Council's commitment to improving services and realising efficiencies there is a need to develop skills and build capacity in order to make these transformational changes. It is intended that these skills be developed by Heads of Service and Senior Managers as part of the ongoing Management Development Programme.

- Procurement of goods and services, this is essentially around procuring goods at the lowest possible cost while maintaining quality (Insurance, Gas contracts, Agency workers etc) and by bringing about alternative and more efficient/economic ways of delivering services (Partnerships, external provision etc). The Council has to date had a good record of working in partnership and has recently appointed a Corporate Procurement Manager to help facilitate, support and streamline procurement processes.
- During 2005/6 there were Procurement savings of £64,000 from re-tendering of contracts (Insurance) and partnering (Cash Collection).
- Budget Review is undertaken each year at the commencement of the annual budget cycle by Finance staff with Service Managers to identify areas where net spend is consistently less. This is in order to reduce budgets that do not reflect the trend of income and/or expenditure thereby making funds available for shifting to other priority areas.

- 4.4 **Disinvesting** in non/low priority areas. This is a review of the current 'base' budget to establish any areas of spend (whether efficient or not!) that do not contribute to the Council's current priorities in order to release resources for investment in priority areas. In line with the development of new Corporate Plan it is considered timely to commence a review of the base budget prior to the formulation of the 2007/10 MTFP. The intention is to consider cash limiting, reducing or cutting services that are considered to be a low or a non- priority to re-invest in priority areas.

The sale of surplus land and buildings has already commenced as part of the Council's new Disposal Strategy reported to the last Committee.

The review of the base budget will be reported to The Service and Financial Planning Working Panel as part of the Council's usual budget cycle.

- 4.5 **Strategic Service Reviews** are essentially a fundamental review of all services or groups of services provided by the Council. The aim, which is an agreed action of the Procurement Strategy is to review contracts when they come up for renewal and to determine whether services provided in-house can be delivered in an alternative way that improves quality and is more cost effective, such as by joint working with other organisations. The format and key lines of enquiry for undertaking such reviews is currently being researched and will be reported later in the year for Members approval.

These reviews will be undertaken by Heads of Service, supported by Directors and with appropriate external challenge and in consultation with the relevant policy Committees.

There is an emerging culture within the County of Derbyshire of joint working and a number of arrangements currently exist (for e.g, Stationery, IT (Web Site & Financial systems, Property Services) plus at this current time there are a number of further initiatives that are being considered across Derbyshire, such as Building control, Property Services, Revenues and Benefits etc.

- 4.6 **Overlap of the methodologies** outlined above, is inevitable; They are not mutually exclusive, and by looking into one aspect, such as disinvestment it's extremely likely that questions regarding efficiency will be raised and vice versa. This in itself creates a cycle of consistently challenging what we do to ensure we remain viable and sustainable.

4.7 **The link with Value for Money**

As described above shifting resources is essentially around efficiency and economy, that is, doing things in the right way at the lowest cost. The concept of Value for Money (VFM) is this, plus effectiveness. The latter ensures that what we deliver is the right thing to do, that is, it's what our stakeholders, in particular, the community wants, therefore, VFM also includes such matters as effective 'Consultation', Equality, Access to Services etc.

In October the Improvement Panel agreed a report on VFM to embed the principals of Best Value into the culture of the organisation and to identify Value for Money in all the services we provide. This report further embeds those principals.

4.8 Gershon and the Efficiency Statement

The initiatives outlined in paragraphs 4.3 and 4.5 contribute to the Government's efficiency requirement which requires us to produce 2.5% measurable efficiency gains per annum, of which 50% has to be "cashable" (quantifiable).

Any budgetary savings from this exercise are reported and integrated in the usual financial planning reports.

5.0 Financial Implications

- 5.1 Savings made from efficiencies that are subsequently shifted into priority areas will ensure the Council's MTFP is directed to our priorities (Finance following function).

6.0 Corporate Implications

- 6.1 This report will have an effect on all services of the Council. The Council's People Strategy, approved at the last meeting provides the mechanisms to ensure we manage the staff in this climate of change.

7.0 Community Implications

- 7.1 The intention of this report is to release resources to invest in those areas considered a priority by the Community.

8.0 Conclusions

- 8.1 It was a Corporate Plan milestone to deliver key stages of the 'shifting resources' project. This report identifies progress made to date and links the various initiatives together which, through the various means identified, assists us to maximise efficiencies in all services of the Council. We now need to build on these and further embed the principals of efficiency in all that we do.

9.0 Background Papers

- 9.1 Financial Strategy 2006/10
9.2 Value for Money Report-Improvement Panel 27/10/05
9.3 Disposals Strategy
9.4 People Strategy