

DRAFT

OUTCOME DELIVERY PLAN CONTENTS

SCS / LAA Outcome
More efficient and effective service delivery

LAA Indicator, Baseline and Targets
NI 179 Value for money - total net value of on-going cash-releasing value for money gains that have impacted since the start of the 2008-9 financial year CLG DSO
The efficiency savings target will be 9.4% over the three years. The indicator will be as defined in NI 179 per the guidance from CLG with the rider that each sector will follow their own sector specific guidance that may cover definition and measurement. This will mainly effect the PCTs who are signed up to the target as they will need to follow the Department of Heath Value for Money Agreement with the Treasury (December 2007) and any subsequent guidance.
The target with partners will be 3%, 3% and 3.4% in each of the three years of the CSR.
Organisations that sign up to the target will be able to carry forward savings (cashable and non cashable) if they exceeded the targets included the 2004 CSR. For local government the target was 7.5% over the three years.

Geographic Area Covered	County wide	Yes and the same indicator is in the City LAA.
	Other	
Any District or local targets		No – Although each organisations target will be separately monitored.

Outcome Delivery Lead Officer	Chris Tambini
Outcome Delivery Partnership(s)	Leicestershire Assoc Local Authority Treasurers (LALAT). Including

PCTs

What do we do now to deliver the outcome?

Please give a brief description of the current approach used to deliver the outcome/target and the partners involved. Estimate of current resources used.

The approach taken at the moment is for each organisation to broadly act independently to achieve the current efficiency target. There is some discussion surrounding co-operation and shared services but at this stage little evidence that this has yet had a material impact on the way services are delivered in Leicestershire.

What options are there to deliver on the new target?

The options suggested to achieving the outcome/targets – what new interventions/services could be commissioned?

There are a number of ways in which this can be done ranging from just let each authority get on with it and we just co-ordinate the measurement to detailed involvement in all efficiency projects.

The approach initially agreed with partners is to take an approach in the middle whereby organisations are encouraged to continue to generate their own efficiencies but the LAA seeks to add value by ensuring a handful of efficiency projects are effectively project managed and adequately resourced. These projects will hopefully deliver substantial efficiencies over the medium term.

The other aim of this project is to develop a 'cross cutting' culture of efficiencies. This means that links need to be developed with other themes to encourage the efficient delivery of services.

Following the year one review a project to support district councils improve their approach to efficiencies will be established. A draft outline is attached.

Also plan to use 'Total Place' to improve co-ordination with PCTs.

What could we stop doing, do less of or better to focus on this target?

What options are there for reconfiguring or decommissioning other services to refocus on the priority outcome?

Not really an issue for this target.

What alternative providers exist?

Commissioning – what alternative delivery agencies or partners exist?

Not really an issue for this target

What is the recommended approach and reasons why?

Options appraisal and recommendations on preferred option. What evidence is there that the approach will work?

Continue with the RIEP funded projects.

Seek to improve the performance of the Districts with respect to efficiency.

Improve co-ordination with the PCTs

See year one review for rationale. This is attached to this document.

What is delivery of the target dependent on?

Include the assumptions being made in terms of preferred delivery option?

Engagement of partners and their commitment to making efficiencies.

What is innovative about the proposal?

Not many LAA include this target and there have been few reviews that cut across partnerships that specifically seek to generate efficiencies.

To a certain extent we will need to wait and see the specific projects before we can judge how innovative the proposal is.

How will the project contribute to other SCS/LAA outcomes?

Hopefully it will reinforce other outcomes such as the carbon reduction target where both outcomes are closely aligned.

What are the risks to delivery?

Include Key Risks to Delivery – likelihood/impact on target delivery and action required to mitigate.

Main risks to this project relate to partner engagement and commitment.

There will also be risks to the projects selected to generate efficiencies.

There are many other risks to the achievement of the target as this is a large increase in the required level of efficiency savings that will require each organisation to improve increase their focus on this area.

Milestones/Timescales – Outline Implementation Plan

Include key delivery actions and milestones – by when?

September 2009 – Start project to improve performance of district councils.

October 2009 – Initial feedback on Total Place. Consider how best to use to improve relationships/work with PCTs.

June 2009 onwards delivery of projects and monitoring of efficiency gains achieved and planned.

What resources are being provided by Lead/Partner Agencies.

At this stage none apart from staff input.

Financial and other resources (if any) sought from LT for delivery?

Please provide estimate of costs and new resources required to deliver on preferred option. Include resources being used and any bids for extra funds.

Identify staffing resources being sought?

What are the estimated project closure costs?

Budget of £100,000.

£30,000 has been spent on initial feasibility to identify opportunities.

£30,000 has been allocated to the vehicle maintenance project

RIEP funding allocated to;

Shared revenue and benefits services - £300,000

Management efficiency and shared services (legal, land charges, building control and customer services) - £70,000

Winter Maintenance - £5,000

Integrated Passenger Transport - £70,000

Who is involved?

Agencies that will be involved in contributing to target delivery.

City and County LAA have the same target (therefore there is a co-operation between the two LAAs is important particularly as both the fire and police authorities cut across

city/county boundaries.).

Leicestershire CC
Leicester City
Leicestershire Districts
Fire Authority
Police Authority
City PCT
County PCT

What contributions are expected from partner agencies?

This will depend on what projects are progressed.

What are the communication channels?

Identify arrangements to communicate progress on the outcomes.

The key forum is the Leicestershire Association of Local Authority Treasurers (LALAT)

National Indicator 179 Improvement Plan

Brief to Support Districts in their approach to efficiency

Background

The year one performance of the LAA /MAA NI 179 target has been reviewed and areas of improvement identified. Some areas relate specifically to District Councils and this brief proposes some actions to improve performance.

Although progress against the year one target has been reasonable the task in relation to future targets remains a real challenge and the progress on specific projects initiated through the LAA is slower than desired. In addition five out of seven Leicestershire Districts have use of resources VFM scores of 2, which is classed as “At only minimum requirements – adequate performance”. The new use of resources judgement for 2009 is a harder test and it is likely that authorities, on average, will move down a category. Nationally 60% of Districts achieved level 3 or 4 on VFM. In Leicestershire, the figure is closer to 30%. The RIEP target is for all authorities to achieve a level 3.

The District Chief Executives agreed at their meeting on the 11th June the issue of capacity (numbers, skills and knowledge) to make progress was a major issue in the districts. It was agreed that a proposal will be forwarded to RIEP by the County for a project to provide the capacity to improve VFM. This paper sets out a proposal.

The Leicestershire Association of Local Authority Treasurers (LALAT), the group tasked with delivering the NI179 target, generally acknowledged that the realisation of the efficiency targets were becoming more difficult year on year. It was also recognised that Finance Director’s had a lead and catalyst role to take the agenda forward especially in the corporate and support service areas.

The Districts have agreed that Cllr Preston will be the lead on the issue of ‘Efficiency Savings’ and will be supported in this by Christine Fisher. They have agreed that this issue will be considered in detail and the next step will be for the District Leaders to have a collective commitment to the programme of efficiencies and to look at how they need to work, individually and collectively, to implement them.

Proposal

Aim is to improve the District Councils approach to generating efficiencies as measured by;

- Meeting their element of NI179 LAA and MAA target of 9.4% efficiency savings over the next three years.
- Achieving a level 3 on use of resources scores relating to value for money (see Appendix A) for 2010/11

Approach

The project will involve an independent person to work with the districts to develop a joint efficiency strategy collectively for all the district councils and support each district to produce an efficiency implementation plan.

The strategy should include;

- Where the main opportunities are in relation to efficiencies and the approach to driving out these efficiencies
- The collective approach to shared services for front line services (which services, governance framework, which partners and when) and back office services
- How collectively districts will address any weaknesses in the skills, capacity and knowledge required to implement the strategy.

The rationale for a joint strategy is that it is anticipated that the challenging targets will only be met through greater collaboration.

The implementation plan should set out for the following three years how each district will meet the LAA and MAA target (or larger target if the Districts financial plans indicate this is required). This will include;

- Clear savings targets and milestones for individual projects that are linked to each Districts financial strategy.
- Establish governance and programme management arrangements with clear lines of accountability.

Project management

This project will be managed by districts through the recently established efficiency lead (Cllr Preston supported by Christine Fisher).

Update reports will be considered by LALAT.

Funding

The RIEP will be approached to resource this piece of work. Local improvement advisors are available to undertake this type of work

Appendix A

Use of Resources Success Criteria

Managing the finances theme

- 1.1 How effectively does the organisation manage finances to deliver value for money?
- 1.2 Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

Managing resources theme

- 3.1 Is the organisation making effective use of natural resources?
- 3.2* Does the organisation manage its assets effectively to deliver its strategic priorities and service needs?
- 3.3 *Does the organisation plan, organize and develop its workforce effectively to support the achievements of its strategic priorities?

- Not applicable to districts in the first year.

The target will be for districts to achieve an average score of three over these criteria

EFFICIENCY – 2008/9 REVIEW

LALAT

29th MAY 2009

Purpose

1. This report reviews progress achieving the efficiency target in the LAA and MAA and makes recommendations.

Background

2. The LAAs (both Leicestershire and Leicester) include an efficiency target of 9.4% for the three years 2008/9, 2009/10 and 2010/11. The MAA includes the same saving for the three years ending 2011/12.
3. The approach agreed to meet this target is for a small number of shared services to be established between organisations who have signed up to the LAA and MAA. The balance (and majority) of savings will be met from each organisation's internal efficiency programmes.

Progress

2008/09

4. The target of 3% cashable efficiency savings (c£70m) in 2008/9 is likely to be achieved across the MAA. This has been achieved through each organisation's internal efficiency programmes.

2010/11 to 2012/13

5. All organisations were asked to forecast whether future year targets were likely to be achieved based on the following criteria;
 - Green – On track with clearly identified plans to generate the savings target.
 - Amber – Some risk to achieving the target as a result of either uncertainties surrounding where the savings will arise or risks associated with the savings project. However, vast majority of savings are achievable.
 - Red – Significant risks associated with achieving the target.

Returns have been received from; City Council, Police, Hinckley and Bosworth, North West Leicestershire, Oadby and Wigston, Melton, County Council. Returns were not received from; Blaby, Charnwood, Harborough, Fire Authority, County PCT, City PCT.

	Green	Amber	Red
2009/10		6	1
2010/11		5	2
2011/12		4	1

6. The results, as would be expected, indicate that organisations are finding it difficult to generate this level of efficiency saving and considerable risks surround achievement of savings.
7. The table below summarises the value for money scores from the last use of resources assessment (2008/9) for all organisations in the MAA. This is a useful indicator as it measures both whether councils achieve value for money and if the council has the processes in place to manage and improve value for money. The value for money score is also a target for the RIEP with the aim for all authorities to achieve a level 3. The table below shows scores under the previous use of resources framework, under the new more demanding assessment it is anticipated that scores will reduce by one level all things remaining equal.

Score	Number of Organisations
4	1
3	6
2	6
1	0

8. The criteria for the scores are;
- 4. Well above minimum requirements – performing strongly
 - 3. Consistently above minimum requirements – performing well
 - 2. At only minimum requirements – adequate performance
 - 1. Below minimum requirements – inadequate performance

9. This would indicate that a number of organisations have scope to make further efficiency savings and improve their value for money processes. In addition, considerable improvement needs to take place if we are all to meet the RIEP target of meeting level three by March 2011.

Specific Projects

10. A number of Shared Service projects were progressed as a result of inclusion of NI 179 in the MAA. These are set out below;

Winter Maintenance (City/County)
 Passenger Transport (City/County)
 Legal (Districts)
 Fleet (All)
 Revenue and Benefits (Districts)
 Land Charge (Districts)
 Building Control (Districts)

11. The majority of these projects were allocated RIEP funding (the exception is the fleet project which was allocated LAA funding) to ensure they are resourced. With the exception of the fleet project, where a decision was taken early this year, the decision was taken to progress these projects in September/early October. RIEP funding was allocated in November.
12. In summary initial progress over the first six months has been reasonable. However, for a number of projects the rate of progress has slowed recently as discussions take place over points of detail including governance and the robustness of business cases. None of the projects are close to the implementation stage. The majority of partners are engaged with the exception of the PCTs where engagement has been not been effective probably due to pressures arising from the world class commissioning project.

Total Place

13. As part of the Governments Organisational Efficiency Programme (OEP) Leicester and Leicestershire have been selected to be a pilot for the total place initiative where government expenditure from both central and local organisations will be mapped. The aim being to identify more efficient and effective ways of providing services. The work will take place over the summer and will report in the Autumn. Once further information is provided by Government the work programme will be made available.

MAA

14. All organisations signed up to the MAA which set efficiency targets for 2009/10 3%, 2010/11 3% and 2011/12 3.4%. The MAA will be 'refreshed' this Autumn and will move from a voluntary agreement to one with duties where all organisations will have a legal duty to co-operate to meet the target. At the refresh stage there will be the opportunity to request freedoms from the government.

Conclusions

15. Broad conclusions can be formed from the review of progress to date. These have been made against the backdrop of a need for urgency for all organisations to generate efficiency savings given the position of the wider economy and impact on the public sector finances.
- Year one progress against the target has been reasonable. The task in relation to future targets remains a real challenge.
 - The progress on specific projects initiated through the LAA is slower than desired. There are significant barriers to joint working in many organisation.
 - The local NHS (PCTs) are not fully engaged in the process probably due to pressures arising from the world class commissioning project.
 - Organisations generally have scope to improve value for money given the scores under the use of resources judgement. This may well relate to how effectively organisations pursue efficiencies – For example is it a key focus of the organisation, do organisations understand their unit costs, etc. This is a very important aspect given that the vast majority of efficiencies will come from each organisation's internal programme.

Next Steps

16. At LALAT it would be useful to discuss;
- Key barriers to progress and agree actions to overcome barriers to the shared service initiatives that have been agreed.
 - Key themes from the use of resources scores where collective action could be taken to improve scores and therefore outcomes.
 - The refresh to the MAA and whether we wish to request any freedoms.
17. In addition, it would be useful to for the City and County PCTs to become more involved. The Total Place initiative may provide a catalyst for this to occur. One option would be to invite their Finance Directors to all LALAT meetings, or at least to attend part of the agenda that relates to partnership issues. As well an assisting with NI179 this could help with wider working across the LAA/ MAA and CAA issues.