

Report of^[x1]: Finance Scrutiny Committee**To^[x2]: City Executive Board****Date^[x3]: 11th. June 2008****Item No^[EM4]:****Title of Report ^[x5]: Value for Money Improvement Planning****Summary and Recommendations**

Purpose of report^[x6]: To report the recommendations of Finance Scrutiny Committee on action planning and implementation of value for money initiatives

Key decision^[x7]: No

Board Member^[x8]: Cllr Van Nooijen (Service Transformation)

Scrutiny Responsibility^[x9]: Scrutiny Committee A



Ward(s) affected^[x10]: All

Report Approved by:

. Price – Chair of Finance Scrutiny Committee

Lindsay Cane – Legal Services

Paul Spencer – Environmental Development

Policy Framework^[x11]: No

Recommendation(s)^[x12]: The committee recommendations are those detailed in the body of the report (paragraph 4). The City Executive Board is asked to respond to the Scrutiny Committee:

1. If it agrees or disagrees with the recommendations outlined.

2. If it agrees what alterations will be made to budget proposals and cesses.

it disagrees why.

4. If more information is required from officers when that will be considered

Introduction and Background

1. Finance Scrutiny Committee has been considering programmes for improvements in value for money (VFM) throughout their work programme for 07/08. They have made a number of recommendations to Executive Board aimed at bringing forward actions to deliver tangible improvements and in particular cashable savings.
2. In response to these recommendations officers produced an outline approach to achieving better VFM but committee made it clear that this in itself did not target specific actions to deliver improvements that were crucial in moving this agenda forward from analysis to delivery.
3. The 10th. April Finance Scrutiny Committee considered a report from the Head of Finance in response to the request to see targeted actions for delivery. The report outlined:
 - The Council's response and expected performance against National Indicator 179 which has a target of 3% net efficiency gains per annum or 9.3% cumulative over 3 years. The Council is expected to perform well against this target
 - Central government's expectations of efficiency gains through better procurement with a target of a £300K reduction set internally
 - Targets set for workforce reductions of 4% in front line services and 7% in support services by the end of 2008-09. A further 1% per year for 2009-10 and 2010-11
 - Transformational activities that have and will contribute to VFM
 - Senior Management restructure - £202k reduction
 - Service restructure to reduce management tiers and unit costs
 - Programme and project boards to drive improvements
 - Review of HR policies
 - Project proposals to always include business cases and measurable outcomes
 - Understanding and learning from lean thinking projects
 - Review of shared service opportunities with neighbouring authorities. Initial focus in IT - £200k per year reduction from support services in 2009-10
 - Commissioning of KPMG to produce a map for our services showing cost against performance, this will give a clearer picture within services and allow the council to focus on service specific areas. Outcomes from this will lead to in-depth VFM analysis and market testing alongside fundamental service review

- The development of a VFM culture through service transformation plans which include VFM initiatives. Delivery will be monitored robustly
- The Medium Term Financial Strategy will be updated quarterly to take account of new VFM initiatives
- An action plan summary outlining a list of specific activities

4. The committee welcomed the report and recommended to the City Executive Board:

- **Given the different streams of VFM work currently ongoing and the importance of delivering a cohesive budget, a cross party group of councillors should be established to work with officers on these issues**

Board Member Comments

5. VFM issues are central both to the Council's transformation agenda, and the new administration's ambition to make the Council a national leader in service provision and customer service. I very much welcome the Scrutiny Committee's work on this issue, and in particular I agree that a clear action plan will be critical in 'moving... forward from analysis to delivery'. In respect of cross-party working, I shall in the first instance consult with the principal cross-party group and the newly-established Scrutiny Committee A to determine whether the best structure for the effective achievement of the Scrutiny Committee's recommendation is (a) a stand-alone cross-party group tasked specifically to work with officers on VFM issues; (b) regular discussion within the principal cross-party group and rigorous scrutiny by SC(A); or (c) a 'task and finish' group as envisaged under the new scrutiny structure. On the face of it, options (a) or (b) seem likely to be most appropriate in view of the central importance of VFM as part of the transformation agenda.

Chief Executive's Comments

5. I support and welcome cross party working on Finance Strategy and Value for Money

Environmental Development

- 6 Energy and water efficiency are but forms of resource efficiency. These need to be soundly managed as with any other resource. It is a feature of the early stages of the carbon management programme at OCC, ("**Getting Our House in Order**"), that many possible technical solutions to reduce carbon emissions mostly have a financial payback under 5 years

due to the linked reduction in energy bills. ED have secured matched funding from government via Salix, to establish a £400k revolving loan fund for these kinds of investments - the key rule associated with this fund is for measures to have payback periods of just a few years. Another option to fund energy efficiency investment at OCC is the Chief Executive's Invest to Save Scheme.

Good management of energy and water resource efficiency is just as relevant under the VfM agenda as the Climate Change agenda.

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Background Papers:

