

Value for Money (VFM) Programme

The council's Value for Money Programme has developed over the past few years to include significant transformation programmes affecting almost every area of the council and ranging from service transformation in social care services to efficiencies across ICT and Procurement to reductions in management and administration costs. These programmes are very challenging and complex and carry demanding financial savings targets alongside significant non-financial benefits. Their potential impact on service delivery, including staff and customers, and the efficiency of the organisation mean that they must be well-planned, have effective project management support and be properly resourced to ensure safe delivery. The 2011/12 revenue budget included £1.3m one-off resources over 2 years to ensure that VFM Programmes were effectively planned and supported. Additional resources have been included in the budget for 2013/14 to ensure that progress continues at the same rate.

In the current financial year the VFM Programme is expected to achieve approx £7.786m against an original target of £7.877m. This is £0.091m short of the target primarily due to difficulties outside of the council's control relating to Carbon Reduction initiatives and due to delays in taking forward System Thinking reviews. Including these projects and outstanding Management and Admin savings, there is currently uncertainty on £1.697m of savings as reported in the Month 9 TBM report. This is offset by a significant overachievement within the Children's Services VFM project of £1.123m. Over the 3 year period, the VFM Programme is set to exceed the original revenue target of £18.855m by £1.058m with further potential savings expected to be identified and deliverable by 2013/14 and beyond.

As the programme goes forward, there are a number of areas where we plan to re-commission what we do and this takes time to do properly, including undertaking effective consultation, engagement and equalities impact assessments. To support the VFM Programme and other changes, the council will be developing a longer term investment plan (over 10 years) which will help to deliver savings on the revenue budget through:

- More efficient working practices and office spaces
- Channel shift for customer access (e.g. to on-line services)
- Reduced building costs and associated reduced energy emissions and carbon costs
- Reduced maintenance costs

The current VFM Programme includes the following priority areas:

Adult Social Care:

Value for money in this area is focused on introducing new models of delivery and 'Personalisation' to provide greater choice (i.e. Self Directed Support and Personal Budgets) and more effective 're-ablement' of people needing care.

This ensures that people can continue to live independently at home, particularly after hospitalisation, and do not require long term residential or nursing care. The programme does not change the eligibility criteria for access to Adult Social Care. The Adult Social Care programme includes implementation of improved assistive technology, including Telecare, to further reduce the cost of care provision.

Children's Services:

The project aims to improve prevention, planning and delivery of care across all levels of need, primarily aimed at preventing children and families reaching the highest levels of need which are very expensive to provide. The project has progressed very well and has over-achieved by £1.123m compared with the originally anticipated financial gains for 2011/12.

The VFM programme for Children's services protects and develops family support services to help reduce the numbers of Children in Need and the numbers of Children who are Looked After. The programme is focused on driving an early intervention strategy enabling families in need to care for their children, especially when they have multiple support needs. Effective early intervention should reduce the numbers of children in need and those that become looked after, leading to better outcomes for children and reduced spend while ensuring we continue to meet our child protection duties.

ICT:

This project is concerned with improving ICT investment decisions and reducing infrastructure costs across the council. Technical solutions to support the 'Workstyles' approach (see below) and associated mobile and flexible working have now been tested and successfully implemented. This is critical to leveraging savings in the property estate in future. Other areas include reviewing telephony provision and associated contracts and reducing the overall number of ICT applications and licenses, particularly where systems can be redesigned to share the same common data. The council is also working across the region with other authorities to look for efficiency and sharing opportunities and is leading on the ICT work for the South East 7 (SE7) cluster.

Procurement:

Within the procurement part of the VFM Programme the successful piloting of category management in ICT and Fleet led to the implementation of a 'category management' approach for all council buying and a new Procurement Team structure has been in place since 1 September. Category Management involves focusing on higher value procurement categories and reviewing all associated contracts and spend to look for opportunities for amalgamation, renegotiation of terms, and/or restructuring of contracts (e.g. perhaps because the contract is used differently in practice to the original specification).

Experience during 2011/12 shows that there are complexities in stripping out procurement efficiencies from areas where spending has simply been reduced or stopped. Therefore the target of £1.3m for procurement savings for 2012/13 is shown as being delivered through the detailed savings proposals in each service area rather than as a separate cross-cutting

corporate item to guard against double counting and to simplify the monitoring of achievement against savings targets.

The project will ensure that the council is able to make the best use of its considerable buying power and will link with other South East authorities where practicable.

Sustainable Transport & Fleet:

This project is now closed and has delivered ongoing savings of £0.300m through reductions in management costs in Sustainable Transport, savings on Fleet related costs (e.g. maintenance, repairs) through a new fleet replacement programme, and savings on bus subsidies where alternative provision was able to be identified.

Workstyles:

The Workstyles project is about making more efficient use of the council's property estate by improving office working environments and using new IT to enable more flexible and mobile working. The provision of modernised offices within Bartholomew House together with a new Customer Service Centre has enabled the move of over 300 staff out of Priory House, saving £300,000 per annum on lease rentals and other running costs.

Phase 2 of the Workstyles programme was agreed by Cabinet in December 2011. Savings relating directly to property costs are assumed to be £270,000 per annum by 2013/14, growing to ongoing savings of over £400,000 per annum on full completion. The investment will also enable significant processing and productivity gains to be achieved, which will help services to meet other savings requirements. The resulting reduction in energy consumption will also avoid higher costs in the future as energy prices continue to increase. Phase 2 also includes a second Customer Service Centre (in Hove) to further improve customer facilities.

Leaner Management & Administration:

Management and administration is an important aspect of service delivery and enables front-line staff to be effective and focus on service delivery. However, these costs are an overhead and any value for money review should of course challenge these costs and ensure that they represent good value. This project was designed to examine operational decision-making structures and management hierarchies to ensure they are consistently lean, efficient and reflect the council's drive to reduce bureaucracy and increase transparency. It was also about reviewing administrative staffing and looking for ways to reduce administrative burdens and processes.

This initiative was supported by a Voluntary Severance Scheme focused on, but not exclusive to, these staff groups. Services have worked hard to meet the aims of this project and ensure that, where there were applicants for voluntary severance, they restructured or redesigned services to enable as many posts as possible to be deleted. To date, approximately £2.5m full-year savings have been identified but there is still further work needed to achieve the revised target of £3.5m. This will continue over the remainder of the financial year as services continue to review vacancies and some further service redesign may be necessary.

The amount outstanding (£1.0m) equates to approximately 30 posts which still need to be deleted from the organisational structure. However the number of vacant posts is significantly higher than this, enabling

Consolidated Spend:

This project has now closed and was aimed at looking for opportunities where bringing together items of expenditure under central control would not only provide greater controls on expenditure but also enable efficiency savings through, for example, aggregated procurements. The main areas identified were communications, property related expenditure, training activity and spend, and ICT support activity. A saving of £0.250m per annum has been achieved as planned. Although the project has closed, the position will be reviewed periodically and other opportunities taken up where practicable.

Systems Thinking Reviews:

Systems Thinking is simple in concept and is about methodically challenging and reviewing the way work is done to look at whether it: a) meets customer requirements effectively (i.e. meets 'value demand'), and b) includes any work that does not add value to the service delivered (so-called 'failure demand'). The reviews are aimed at increasing the work on value demands and reducing or eliminating failure demands. Although simple in concept it is complex in practice due to the wide variety of services, systems and working practices across the council.

The implementation of other initiatives including Workstyles, Customer Service changes (mainly on-line developments) and many other service changes (e.g. some emanating from the Value for Money Programme) have meant that the capacity to undertake Systems Thinking reviews at the same time has been severely hampered. Undertaking such reviews without the right commitment, capacity and support could do more harm than good to services. The reviews are therefore behind schedule and will need to be carefully prioritised on those services that are in a position to take them forward effectively with full commitment. Savings are conservatively estimated at £0.500m in 2012/13.

Carbon Reduction:

An ambitious target for savings from carbon reduction was set in the 2011/12 budget and it was assumed that the majority of this would be delivered from the implementation of solar PVs on council buildings and potentially some through investment in street lighting. The projects have proved technically more challenging than expected originally and with higher levels of capital investment and longer paybacks required. Cabinet approved a programme of investment in solar PVs in June to deliver both carbon reduction and financial savings, however this has been affected by the current government consultation on Feed In Tariffs and the proposed programme is now significantly smaller and does not generate the originally assumed financial savings. Cabinet has also approved some capital investment in street lighting but while the resulting energy savings are sufficient to payback that investment, they do not themselves generate a surplus based on current assumptions.

While specific carbon reduction measures will continue and an updated Carbon Management Programme is being developed the most significant savings are expected to be achieved over the long term through a greater focus on carbon reduction through the Workstyles programme and therefore these two VFM workstreams will be amalgamated. The planned saving from energy efficiency has been removed from the budget assumptions but continues to be a live issue both in terms of the level of service pressure funding required for energy price rises and in the development of the carbon budgets.

Customer Access and Collaboration Opportunities:

These areas did not have financial savings allocated to them but were focused on improving the customer experience and identifying possibilities for working with other agencies.

Work continues to explore options for improving the customer experience and to implement these where practicable and cost-effective. Most of this work is focused on improving on-line information and facilities and included a re-launched website. The new Customer Service Centre at Bartholomew Square is now up and running with its 'meet and greet' approach is receiving good feedback from customers. Work is now focused on developing a business case for further investment in on-line services, including new Customer Experience Management technology.

Collaboration opportunities are being explored with other partners and agencies within the region to reduce costs wherever this makes good business sense and aligns with organisational priorities. There are already sharing protocols with other authorities around legal services and the council is providing support services to South Downs National Park Authority. The SE7 group also provides other possibilities for collaborative working on ICT and procurement areas. Other possibilities will continue to be explored on a case-by-case basis.

Summary of VFM Gains (Benefits Realisation)

The financial gains for individual projects are set out in the table below.

VFM Project	2011/12			Total 3-Year Savings
	Forecast	2012/13	2013/14	
	£m	£m	£m	£m
Adults Social Care	1.551	1.172	1.684	4.407
Children's Services	3.142	0.301	1.827	5.270
ICT	0.140	0.361	0.471	0.972
Procurement *	0.553	1.341	2.250	4.144
Workstyles Phases 1 & 2	0.100	0.270	0.200	0.570
Sustainable Transport & Fleet	0.300	-	-	0.300
Management & Admin	1.750	1.750	-	3.500
Consolidated Spend	0.250	-	-	0.250

Systems Thinking *	0	0.500	0	0.500
Carbon Reduction	0	0	0	0.000
Total VFM Projects	7.786	5.695	6.432	19.913

- indicates project has been or will be completed.
- * Note: Savings relating to Procurement and Systems Thinking are no longer held centrally and now reside in service areas to avoid double-counting. These projects are therefore designed to enable services to deliver their full savings proposals through the measures described elsewhere in the budget report. However, other savings may be identified/achieved as the projects progress – these will normally be retained in the service areas in which they occur.

Services have re-prioritised existing staffing and resources to ensure effective support for the delivery and implementation of VFM projects. The projects also include other ‘invest-to-save’ resources and costs where these are essential to lever in the substantial value for money gains.