

22 July 2010

Working Smarter Programme Update

Ward(s) All

Portfolios: Cllr Arif, Business Support Services

Executive Summary:

To update Corporate Scrutiny and Performance Panel on progress with the Working Smarter Programme.

Reason for scrutiny:

The Panel received an update on the emerging Working Smarter Programme at the meeting held on 8 April 2010, and requested regular updates thereafter. As the council's single transformation programme it is important that the Panel receive regular progress updates and have the opportunity to input into the Working Smarter agenda and work plan.

Recommendations:

That the Panel:

1. *Notes the progress made to date with the Working Smarter Programme.*
2. *Offers input and feedback on the work programme.*
3. *Agrees to receive further updates and reports at each meeting.*

RB

Rory Borealis - Executive Director (Resources)

Date: 13 July 2010

Appendices:

The papers that form this update are:

- *27th May 2010 Corporate Management Team report that constituted Working Smarter as the council's single change programme*
- *8th July Programme Highlight report presented to Corporate Management Team*
- *The phase 1 programme milestone map.*

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Working Smarter: Defining the Programme

1. Executive Summary

1.1 Purpose

This report provides Corporate Management Team (CMT) with a clear proposition for the future of Working Smarter. It clarifies what Working Smarter will achieve and how and when this will be done. Individual roles and responsibilities are spelt out along with other resource requirements.

1.2 What is required from CMT

The approvals and decisions required from CMT in relation to this report are:

- Constitute the Working Smarter Programme as defined
- Agree the various roles and responsibilities
- Establish a flexible pool of Project Managers and Service Redesign staff that can be used across the Programme
- Identify 2 areas for the Service Redesign Project to be undertaken from July to October 2010

1.3 What will Working Smarter achieve?

The Political Mandate

This programme will enable the council to achieve the draft organisational purpose as set out by the Cabinet Members who were at the Leadership event in Blakenhall Village Centre in May. That is:

Maintain and improve the physical and economic environment for the health and wellbeing of all our residents within financial constraints. Operate efficiently and collaborating within a one council model and with partners to ensure value for money for tax payers and other funders.

This is a draft organisational purpose as it has yet to be approved by Cabinet, the Conservative Group and Council.

Working Smarter programme objectives

The proposed lead objectives and areas of main focus and effort for Working Smarter are:

- Maximise the value and efficiency in vital council services for the benefit of customers; to enable
- The council to set a budget within resources available
- Develop a new operating model and system design for the council

Working Smarter Principles

The following organisational principles were agreed at the Working Smarter event in May 2010, and are for immediate implementation across the council:

1. Right first time
2. Devolved problem solving
3. Accountability for your actions
4. Take personal responsibility
5. Control exercised at the lowest possible level
6. Unity of purpose – one Council
7. We only exist to serve residents
8. Innovate to improve
9. Mutual trust and integrity

The Working Smarter programme will ensure that the Corporate Management Team successfully embed these principles across the council.

1.4 The five Working Smarter projects

Initially the Working Smarter Programme will comprise of:

Project Title	What it covers
Council System Design	<ul style="list-style-type: none"> St Matthews Pilot of prototype new design Wider council system design – including business case and implementation plan Technology and information infrastructure development
Resource Allocation Project	<ul style="list-style-type: none"> Service analysis model – cost, performance, legal basis, customer input, Member priorities Budget setting process for 2011/12 and beyond
Service Redesign	<ul style="list-style-type: none"> Rolling programme of service reviews – reduce costs Prioritised against areas of highest return Delivered to defined method with mostly internal resources
Area Partnerships Implementation	<ul style="list-style-type: none"> Set up the 6 areas – managers and teams Establish Community Area Partnerships Produce 6 area plans
Asset Management 2010	<ul style="list-style-type: none"> Review all council property assets Realise short term cost savings – office and service accommodation Develop options for longer term property efficiencies

Formal Working Smarter programme reviews will take place in July 2010, October 2010 and March 2011 with CMT. The projects may change at that point.

1.5 A summary of the business case

The current costs and sources of funding for the programme are given below. They are drawn from the business cases that exist within the 5 projects and are best estimates at this time. As the programme progresses there will be a rigorous focus on costs and cashable savings being realised. At this stage accurate cashable savings cannot be identified from any of the projects. As cashable savings are identified they will be incorporated into a benefits realisation model and then tracked as they are delivered. This model and a detailed programme level business case will be drawn up in conjunction with Corporate Finance. This will form the focus of monthly reporting to CMT.

Costs	5 year figure £000s
Committed / Spent council budgets ¹	1,990,000
Allocated Council budgets ²	3,000,000
Grant funding	775,000
Total	5,765,000

When will the benefits be identified?

With a commitment of £5.7million to the Working Smarter Programme, the Chief Finance Office expects a return of 15 to 1, or £86,475,000 over the 5 year period. The table below shows when the projects will identify cashable savings. It also gives initial estimates of the potential level of these savings, where these can be ascertained (Asset Management and Resource Allocation cannot give an order of magnitude at this stage). These are based on work undertaken to date and are have not been approved by Corporate Finance. They are only included to give CMT a feel for the magnitude of savings that the project leads feel are possible at this stage:

Project	Savings Target Expected	Rough Savings Estimate £000s					
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
New Council Design	July 2010		10,000	10,000			
Resource Allocation Project	September 2010						
Service Redesign	October 2010	1,000	5,000	5,000	2,000	1,000	1,000
Area Partnership Implementation	Savings in new council design						
Asset Management 2010	September 2010						
Total		1,000	15,000	15,000	2,000	1,000	1,000

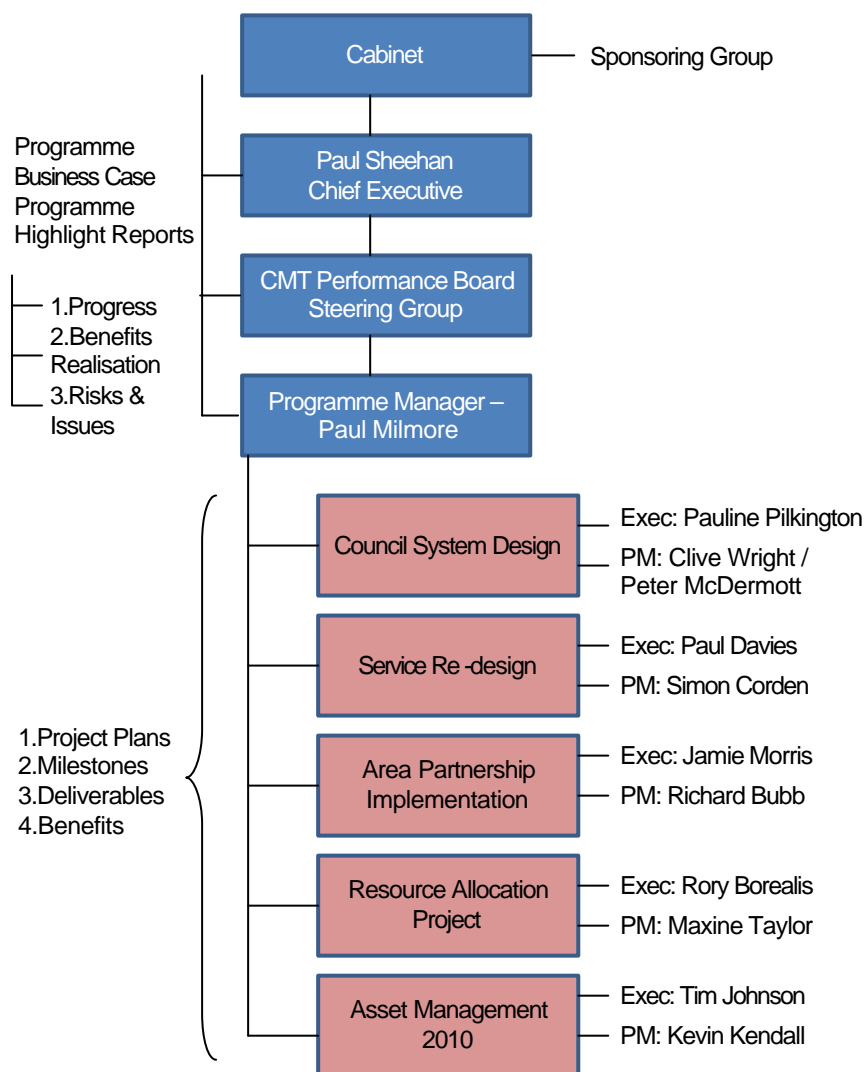
The current programme benefit profile above, even at rough estimate stage, will deliver £35million over 5 years. The remaining £40-50million will be required from a combination of the resource allocation and asset management projects and further savings from the council system design and service redesign.

¹ £1,840,000 is the 5 year cost of the Area Partnership Model – already approved and accounted for by Council

² AM2010 has £2,000,000 and New Council Design has £1,000,000 allocated but no spending plans as yet

2. Working Smarter Governance and Management

The diagram below shows the management arrangements:



This delivery model provides clear accountability for the overall Programme through a dedicated Programme Manager, in addition to accountability and strong management at the project level. As the Steering Group CMT will meet monthly through their Performance Board and receive concise and pertinent information on programme progress. This will be supplied by the programme manager and distilled upwards from the 5 project managers and teams.

Why do Working Smarter in this way?

In responding to the public sector spending cuts the council will need to undertake a significant amount of activity that radically changes the way we do things now. It is important that this activity is pulled together in a single management framework that CMT and Cabinet have full visibility of and control over. These 5 projects and associated activities are wide ranging but inter-related and need to be sequenced and managed in a single programme, utilising the council's programme and project management methodology and in line with agreed governance arrangements. This will give the council the best possible chance of making the necessary budget cuts whilst at least maintaining if not improving levels of customer service.

This report builds on what the Leadership Community have achieved to date. It takes the prototype council design and pilot implementation in St Matthews ward, and combines it with a range of other activity required to deliver the new Walsall Council.

3. The 5 Projects

All projects will be established using the Walsall Project Approach. Project Managers and Executive sponsors have been allocated and Project Boards are either in place or being established. Each project will have a detailed project plan and business case which will feed into the overall programme milestone plan and business case to be owned by CMT. The programme will have a benefits realisation plan, focussing on cashable cost reductions from all 5 projects. This will log the level and timing of all benefits and enable CMT to take corrective action where necessary.

3.1 Council System Design

WHAT the project will do	<ul style="list-style-type: none"> • Pilot prototype council design in St Matthew's ward • Define a council-wide new operating model / system design • Produce a technology, information and business infrastructure strategy • Deliver the business case and implementation plan
WHO will do it	Project Executive: Pauline Pilkington Project Manager: Clive Wright (St Matthews Pilot) Project Manager: Pete McDermott (wider council system design and business case) Project Team comprising senior group identified at Blakenhall, Neighbourhood Management staff, Business Solutions analysts
WHEN will it be done	7 th July 10 – St Matthews Pilot report August 10 – agree new council-wide system design October 10 – approval of business case & implementation plan
COSTS	£215,000 (all funded by REIP grant) £1million council budget allocation for new business infrastructure £500,000 grant funding secured for new business infrastructure
BENEFITS	Quantifiable in July 2010

3.2 Resource Allocation Project

WHAT the project will do	<ul style="list-style-type: none"> • Set the budget for 2011/12 • Produce a service analysis model combining workforce and budget information • Define the legal nature, cost efficiency, performance, customer value and political priority of all council services • Analyse the demographic & economic trends in Walsall and the impact for council services
WHO will do it	Project Executive: Rory Borealis Project Manager: Maxine Taylor Project Team comprising James Walsh, Vicky Buckley, Anna Sansom, Paul Milmore, Helen Dudson, Tim Ferguson, Julian Mellor and Diane Steed
WHEN will it be done	14 th July – service analysis model built October 10 – budget options ready for Cabinet February 10 – Council set 2011/12 budget
COSTS	£50,000 – potential requirement for external / internal legal input to model
BENEFITS	Quantifiable in September 2010

3.3 Service Redesign

WHAT the project will do	<ul style="list-style-type: none"> • Develop a Lean service review method – short, sharp and cost efficiency focussed • Train Business Solutions analysts and service staff – create a flexible pool of staff able to support these reviews across the council • 2 pilot areas from July to October 2010 – Areas to be determined by CMT • 4 service reviews from October 2010 to March 2011 – Areas to be determined by CMT • Rolling programme thereafter
WHO will do it	Project Executive: Paul Davies Project Manager: Simon Corden Project Teams comprising service staff from review areas, Business Solutions analysts, support staff from virtual pool, consultancy support, potentially David Neil from REIP WM
WHEN will it be done	June 10 – service redesign method and 2 initial areas agreed October 10 – initial areas complete and benefits identified March 11 – 4 further service reviews completed and benefits identified
COSTS	£60,000 of REIP funding for consultancy support
BENEFITS	Quantifiable in October 2010

3.4 Area Partnerships Implementation

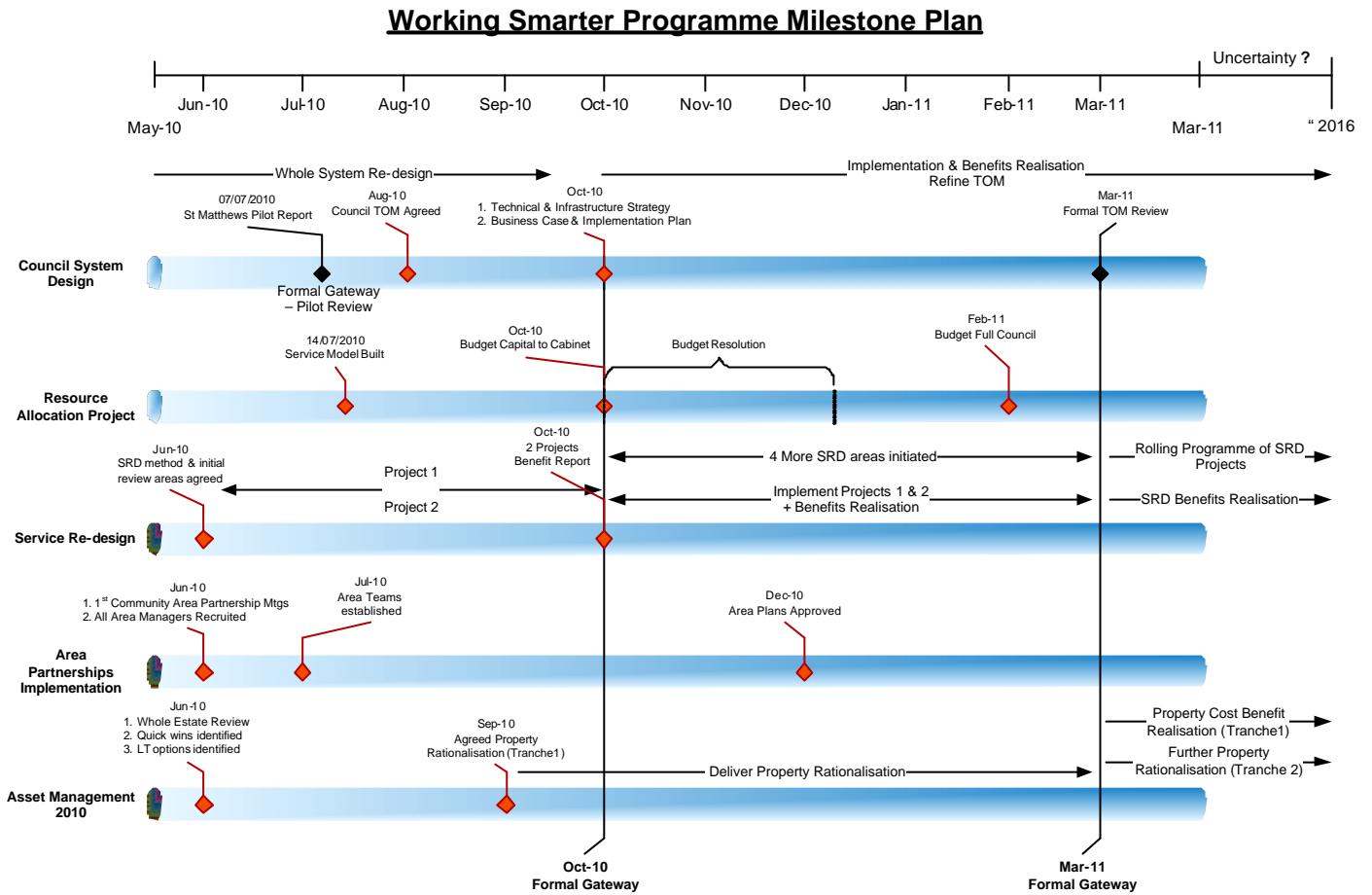
WHAT the project will do	<ul style="list-style-type: none"> • Implement the agreed 6 area model, supported by recent new design and testing work • Develop a plan for each area, include input from all partner agencies • Establish Community Area Partnership Forums
WHO will do it	<p>Project Executive: Jamie Morris Project Manager: Richard Bubb Project Teams comprising Neighbourhood Management, Walsall Partnership and Partner agency staff</p>
WHEN will it be done	<p>June 10 – first Community Area Partnership meetings June 10 – all Area Managers in post July 10 – 6 Area Teams established December 10 – Area Plans approved</p>
COSTS	2010/11: £412,000; 2011/12 – 2013/14 £357,000 per annum (£1,840,000 5 year cost)
BENEFITS	<p>Focal point for delivering new council design and releasing savings in that project Area improvements and more flexible and responsive service to customers</p>

3.5 Asset Management 2010

WHAT the project will do	<ul style="list-style-type: none"> • Rationalise council office accommodation • Develop a cost utilisation model for all council buildings • Agree service level plans to reduce property costs • Explore joint property arrangements with partners
WHO will do it	<p>Project Executive: Tim Johnson Project Manager: Kevin Kendall Project Support is being provided by PwC Corporate Property Group (officer level) and Strategic Property Group (including Members) are driving and managing the project. Service staff across the council have worked with PwC and Property Services to compile the baseline position and develop future cost saving options</p>
WHEN will it be done	<p>June 10 – baseline review of whole council property estate – cost and utilisation June 10 – identified quick win projects September 10 – agreed longer term property rationalisation projects – Tranche 1 April 11 – realise benefits from Tranche 1 and agree Tranche 2 rationalisation projects</p>
COSTS	<p>£150,000 for PwC support, £2million budget allocation for office accommodation rationalisation – both budgets held within Property Services Additional 2 Project Managers will be required from September – potentially come from council-wide pool of project managers</p>
BENEFITS	<p>£2.7million from office accommodation programme over 5 years has been banked Ranges of additional office and service level property savings will be quantifiable in July 2010, and final figures will be agreed in September 2010.</p>

4. Working Smarter Timeline

The milestone map below identifies the key dates and outputs for the 5 Projects:

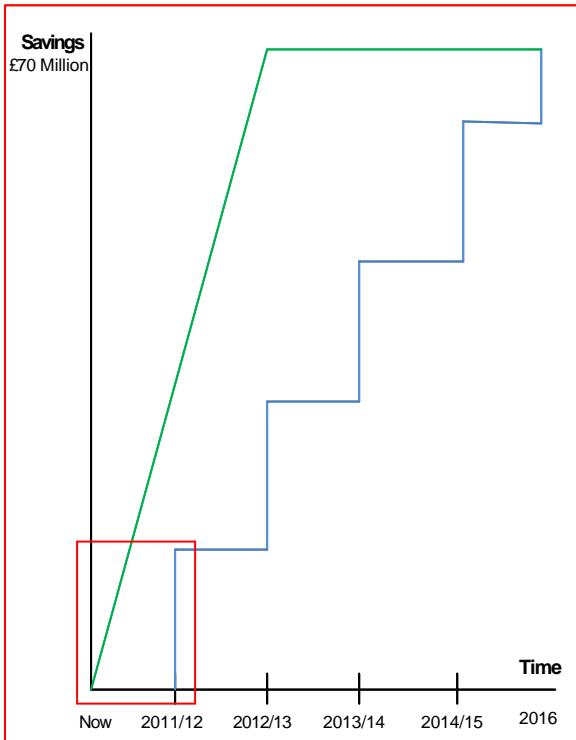


There are 3 formal programme reviews, the first of which coincides with the end of the St Matthews ward pilot implementation of the new council design. This will include a report on how the pilot has improved customer service and responsiveness and the extent to which it has and can potentially further reduce council operating costs. Finance are a key part of the team working on the pilot which has a clear cost and efficiency focus from the outset.

Further formal reviews in October 2010 and March 2011, after other significant activity is due to report, will allow CMT to take stock of the Programme and take any corrective action that may be necessary.

5. Speed at which we will need to make the savings

Whilst the new Government has not yet made clear the level of budget cuts or the timescale over which Walsall Council will need to make them, the graph below highlights two possible scenarios:



The green line shows the cuts being achieved in 2 years, and the blue line takes a 5 year implementation path. The 2 year view necessitates a more cost cutting focus for Working Smarter, while the 5 year timeframe allows for more customer led redesign to take place and for the new council operating model to embed.

In either scenario, Working Smarter, and especially the resource allocation project, will be taking the five year view (the larger red rectangle). Taking a one year view (the smaller red box) would hamper the council's ability to respond in future years.

£70 Million Savings

2 Years

Resource Allocation Project	Service Re-Design	Pay and Grading
	Council System Design	
Asset Management 2010	Area Partnership Implementation	

If the council has 2 years to save the £70million then a greater amount will need to come from the resource allocation project, and will be focussed on ceasing or cutting back services. Service redesign and the council system design / Area Partnerships will not have the opportunity to contribute as much to the savings required.

Asset management 2010 will still be able to contribute significantly to the savings target in a 2 year timeframe.

£70 Million Savings

5 Years

Council System Design	Service Re-Design	Resource Allocation Project	Pay and Grading
		Area Partnership Implementation	
Asset Management 2010			

If a 5 year timeframe is taken then service redesign and the council system design / Area Partnerships could contribute significantly more to the savings target. Resource allocation project and service cutting / cessation would be required to contribute less, and asset management 2010 would contribute slightly more.

In both cases the Pay and Grading impact is unknown but will be factored into future models.

In both scenarios the expected savings figure is £70million or a 30% cut in our net budget, this has been taken from our latest financial planning estimates and the Medium Term Financial Plan. The Working Smarter Programme as outlined in this report can cope with either the 2 year or 5 year scenario, but there will need to be a different balance between the project streams.

The emergency budget on 22nd June and the financial settlement for 2011/12 should clarify how fast the savings need to be made and the level of budget cuts required. In either scenario it is important that all strands of Working Smarter are managed together to give the best chance of successfully making the cuts with the lowest possible impact on our residents. Regardless of the government timeframes, Working Smarter will adopt the philosophy of taking out as much cost from the council as possible, as quickly as possible.

6. Conclusions

A Working Smarter Programme of this nature is essential for the council because:

- There is a risk that a budget cutting exercise, independent of a wider change and redesign programme, will either:
 - Endanger the creation of the new customer focused council operating model;
 - Not be deliverable in reality; and / or
 - Create serious dysfunction in the organisation that will reduce customer service and satisfaction
- Without a wider business change programme Area Partnerships will increase customer demand that cannot be met by the current council operating model
- All 5 projects are closely related and need to be managed as a single entity with CMT in control or they will not achieve the council's cost saving target
- Working in harmony the 5 projects can deliver additional savings and avoid the risks and conflict created by treating them as separate entities

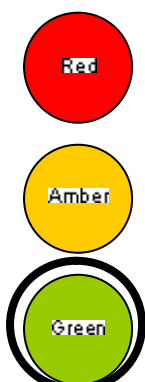
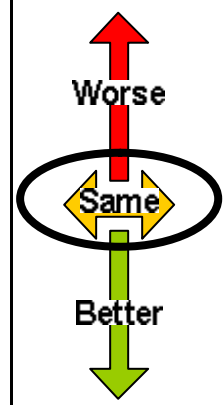
The Pay and Grading Programme will have a two fold impact on this programme. Decisions on the new pay model will affect the council's overall budget position and may increase or reduce the financial savings target for Working Smarter. A tight pay and grading settlement will reduce staff morale and motivation, making Working Smarter harder to achieve.

Working Smarter Programme Board 8 July 2010

Programme Highlight Report – Paul Milmore Programme Manager

Completed by:	Paul Milmore	Reporting period	01/06//2010	to	30/06/2010
Date completed	01/07/2010	Date of next board			08/07/2010

Programme Details	Working Smarter
Start date	27 th May 2010
End date	On-going. Phase 1 to end 30 th October 2010
Outcomes	<p>The key outcomes from the 5 Working Smarter Projects are :-</p> <ul style="list-style-type: none"> • Reduce property portfolio and costs- On track • Enable a budget to be set for 2011/12 and beyond - On track • Establish Area Partnerships and locality working - On track • Redesign our core services to remove waste, lower cost and improve customer service - On track • Establish a new council system design and operating model. - On track
Objectives	<ol style="list-style-type: none"> 1. Remove waste and spend less 2. Improve customer service 3. Change the way we do our business
Benefits Realisation Tracking	Lower the revenue budget of the council by £70million over the next 4 years

<p>Current Status</p> 	<p>Trend since last report</p> 	<p>Headlines – if you only read one box on this page this is it!</p> <ul style="list-style-type: none"> • 6 Area Managers recruited and induction completed, Member briefings completed and 2 initial community meetings held • St Matthews new operating model pilot near completion with cashable savings identified in 2 of 3 streams (Adult Social Care and Street Pride). • St Matthews Children’s stream work is nearing a financial savings model, requires further work to complete • Service redesign method established and Business Analysts recruited, lean reviews being scoped with Neighbourhoods, Adult Social Care and Looked After / Vulnerable Children Services • Resource allocation (RAP) model built with financial, HR, and performance information incorporated • Phase 2 of AM2010 begun – establish by end Sept 10 full business cases to save circa £3.7m p.a. from property portfolio • A dedicated people and change management strand to the Working Smarter Programme will be scoped and established with the new Head of People Services in July 2010.
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Working Smarter Programme Board 8 July 2010

Programme Highlight Report – Paul Milmore Programme Manager

<p>Main Achievements</p> <ul style="list-style-type: none"> • Working Smarter established as the corporate change programme • St Matthews pilot has proved successful at dealing with environmental issues and new ways of working in ASC and Street Pride have identified cashable savings • Lean service redesign methodology and toolkit produced with REIP support • Strategic Property Board approved outline business cases for property rationalisation 	<p>Next Period</p> <ul style="list-style-type: none"> • Scope out the Working Smarter 'Fit for the Future' human resources strand with Pauline Lucas • Produce St Matthews pilot report and communicate findings • Build legal and customer information into RAP model • Produce RAP model reports and communications for CMT / Cabinet to begin the budget setting process • Start the first service redesign project and a forward plan of reviews for 2010/11 • Decide on actions required for Council System Design following the end of St Matthews pilot
<p>Slippage and Remedial Action</p> <ul style="list-style-type: none"> • None 	<p>Risks</p> <ul style="list-style-type: none"> • Pay and Grading Programme may adversely impact on staff morale and ability of Working Smarter to deliver • Partner agencies must be fully engaged and supportive for Area Partnerships to deliver • Service redesign project requires staff and senior managers to commit significant time – CMT must endorse and ensure availability <p>Issues</p> <ul style="list-style-type: none"> • Agree protocol for approval of communications • Establish a central fund to undertake remedial works that will save council money in longer term • Agree protocol for spending against fund
<p>Financial Tracking</p> <p>Capital finance available to the programme is: (all spending currently within these limits)</p> <ul style="list-style-type: none"> • £60,000 existing REIP grant • £500,000 allocation from Walsall Partnership • £300,000 REIP funding notionally allocated to Walsall (£175,000 earmarked for AM2010) <p>Revenue resources are currently being met by staff time from Business Change, Walsall Partnership, Property Services and other council service areas as required</p> <p>Dependencies</p> <p>Success of the Working Smarter Programme is dependent upon the 2011/12 budget setting process protecting those services crucial to the delivery of activities within the programme.</p>	

WORKING SMARTER (PHASE 1) – MILESTONE MAP

Document Owner: Paul Milmore

