

REPORT TO: POLICY AND RESOURCES COMMITTEE - 14 JANUARY 2008

REPORT ON: EFFICIENCY DIAGNOSTIC STUDY

REPORT BY: CHIEF EXECUTIVE

REPORT NO: 17-2008

1. PURPOSE OF REPORT

To recommend the Council's approach to delivering a diagnostic study of the opportunities for the Council achieving its efficiencies savings target.

2. RECOMMENDATIONS

2.1 The Committee accepts the grant funding from the government to conduct a diagnostic study.

2.2 The Committee approves the secondment of staff from the Chief Executive's Department on a temporary basis and the engagement of an external consultant.

3. FINANCIAL IMPLICATIONS

The Council has received a grant funding offer of £150,000 from the Scottish Government to support the diagnostic phase of generating a programme of efficiency projects. The Council Plan 2007-2011 and a concordat agreed between COSLA and the Scottish Government commits the Council to saving 2% per annum in efficiency savings which equates to approximately £17.64M over three years.

4. MAIN TEXT

The Council Plan sets out a target to achieve efficiency savings of approximately 2% per annum which is the equivalent of £17.64M over the next three years. The aim is to achieve these savings through more efficient ways of working rather than cutting services. To achieve this it is imperative that analysis is conducted to work out the most productive projects to invest time, money and energy in order to deliver that amount of efficiency savings. Efficiency savings can be calculated both in terms of money saved and/or time saved to be re-directed towards the Council's priorities.

The Scottish Government since 2005 have been funding an Efficient Government Programme. As part of that programme, Glasgow, Edinburgh, Fife and Borders Councils carried out on a pathfinder basis a detailed diagnostic review of how their organisations worked and where the opportunities for efficiencies could be found. Out of that came a diagnostic tool that can be applied by each local authority. To enable each local authority to use this tool on the same basis as the pathfinder Councils, the Scottish Government have funded a programme to allow each local authority to bid for up to a £150,000 each to support the work involved.

The use of this diagnostic tool also means that the Council can benefit from comparisons across Scotland and from funding provided to the Improvement Service to support the project. The Improvement Service have added to the tool by gathering together various benchmarks and good practice information to further the analysis.

By accepting the grant funding the Council would need to deliver a diagnostic project that has the following objectives:

- 1 To identify the scale of the opportunity to simplify, standardise and share corporately core processes. The diagnostics will enable a strategic view to be taken of potential improvements and efficiency savings which can be redirected to frontline service priorities and how these might be achieved.
- 2 To analyse resource allocation across end to end processes to gain a valuable new perspective on an organisation and its staff distribution.
- 3 To undertake a gap analysis against leading practice.
- 4 To identify priority opportunities and potential operating models.
- 5 To determine a high level design and cost benefits for opportunities.
- 6 To provide a route map for potential implementation options.

By accepting the grant funding from the Scottish Government, the Council will be expected to deliver the project by June 2008. The Scottish Government would expect to receive the data and a report on the Council's priorities for delivering efficiencies. Future opportunities for spend to save initiatives will be based on the evidence gathered through this diagnostic project.

There are three key stages in the project:

- 1 Data gathering.
- 2 Analysis of the data and comparison with benchmarks.
- 3 Council decision-making on priority projects to take forward into a planning and delivery programme.

To gather the data approximately 100 service managers need to be interviewed and the interviews would involve working out the following:

- what processes staff spend time on from the processes contained in the diagram in Appendix 1
- what key priorities the service has for addressing its own efficiency opportunities
- a high level process map of their function's activities

This will require four staff (depending on experience) to work full-time for twelve weeks between January and March. This is a development opportunity to build a team capable of business process analysis and business planning in the Council. Training will be provided from the funding available on interview techniques, management statistic analysis and process mapping skills.

For Stage 2 of the project a detailed gap analysis will be conducted between the Council's raw data and the knowledge pool of benchmarks and good practice provided by the Improvement Service. The advice received from the Improvement Service is that this key stage is best supported by external consultants or experts in this type of analysis with the assistance of the Council's team. It is from this process that a long list of the most promising opportunities for delivering the efficiency savings would be derived to take forward to the next stage of the project.

In Stage 3 of the project a high level Council team would, with the support of external consultants, create a short list of about six to nine projects that would be developed into a business case proposal i.e. the costs of doing it compared with the efficiency benefits that would be derived. At this stage only a high level analysis would be needed pending a decision to invest in those projects to conduct a more detailed costed proposal.

The resources, roles and responsibilities required to complete this project are as follows:

A project manager and staff team: recruitment of the staff team to conduct the interviews and the analysis; secure accommodation, equipment, training and supervision support for the team; be responsible for taking the documents in the processes through each of the three main stages; the recruitment of consultants.

External consultants: assistance to the project manager and the team in completing the analysis once the data is gathered and facilitating the Council decision-making process and cost benefit analysis of proposals.

The Project Manager and staff team can be seconded within the Chief Executive's Department. If internal staff resources cannot be found from departments there is also an opportunity to use contract staff to conduct the data gathering.

A communication strategy is vital for an exercise of this scale as it involves all Council departments and services. Briefing sessions and workshops held with appropriate groups to explain the objectives and provide an ongoing overview of the issues being raised would be part of the communications strategy.

Such an intensive data gathering exercise can also benefit another major project that the Council is planning to undertake. The Corporate Electronic Records and Document Management System project needs to gather information from each service on its document workflows and a high level process map. This can be achieved by including it in the interview process and the Improvement Service confirmed that they could develop a customised version of the diagnostic tool to support the Council to achieve this objective.

5. **PROJECT GOVERNANCE**

The Project Board will report progress to the Best Value Performance and Efficiency Sub Committee. The project board will be the existing officer Efficient Government Board. The Senior Responsible Officer will be the Corporate Planning Manager. The Management Team and Trade Unions will receive updates on an ongoing basis throughout the project.

6. **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

7. **CONSULTATIONS**

The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance) and Head of Finance have been consulted on the contents of this report.

8. **BACKGROUND PAPERS**

Grant Agreement - Dundee City Council Diagnostic Study (26 November 2007)

Alex Stephen
Chief Executive

08/01/2008

