

**REPORT TO: IMPROVEMENT AND EFFICIENCY SUB-COMMITTEE -
30 SEPTEMBER 2009**

REPORT BY: ASSISTANT CHIEF EXECUTIVE

REPORT ON: EFFICIENCY PROGRAMME

REPORT NO: 474-2009

1. PURPOSE OF REPORT

To update the board and subsequently the Improvement and Efficiency Sub Committee on progress on implementing the seven key projects that comprise the corporate efficiency programme approved by the Best Value Performance and Efficiency Sub Committee December 2008.

2. RECOMMENDATIONS

The committee notes:

- 2.1 the plans to monitor the efficiency benefits from these projects on an ongoing basis and in the annual efficiency statement.
- 2.2 the plans to support all these projects in a Culture Change programme led by the Improvement and Efficiency Board.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. So far these projects are identifying £1m pa approx in cash and non cashable savings.

4. MAIN TEXT

The Efficiency Diagnostic Study approved by the Best Value Performance and Efficiency Sub Committee on December 2008 identified seven priority projects that would deliver long-term efficiency/productivity to the Council. The key benefits were the ability to generate efficiency savings and enable the Council over time to change with modern working practices.

- 4.2 This report provides a brief update on each of the seven projects in terms of efficiency savings identified and what stage the project is at.
- 4.3 At the end of the report there is consideration of the overall culture change issues that need be considered as a whole.

4.4 Information Strategy

Savings identified through the Corporate Information Strategy implementation are now £474,000 annual savings per annum.

- 4.5 Most business processes in the Council rely on having customer or property and information. The new corporate information infrastructure based on the Citizen Account and Corporate Address Gazetteer is enabling the building of more streamlined processes by making information collected by any department available to any other and avoiding the duplication of effort to collect it.

4.6 **Customer Contact and Electronic Service Delivery**

The diagnostic study confirmed that rationalising the contact points for customers and making more transactions available online would lead to efficiencies.

4.7 Online transactions for orders and projects have risen to 1,501 in May 2009 compared to 362 in May 2008. The diagnostic study calculated that the difference in running costs between an online transaction and customer phone call was £1.62 and £7.19 for a face to face. Assuming an 80:20 split on calls and face to face transaction source. This volume of transaction equates to approximately £49,244 efficiency gain over the past twelve months.

4.8 The volume of financial transactions on the website has remained at around the 7,000 per month and a similar case can be made for the savings in staff time. An estimate would be that they have saved approximately £136,000 in telephone transactions (card payments) on a similar basis as above.

4.9 Visits to the Councils website in general has stabilised at approx 4,000 per day. A proportion of this will be self service enquiries that previously would have been calls or visits. A recent example is the inclusion of the 'houses available for let' information which now receives 850 visits per week over half of which are repeat visits.

4.10 In the past six months the Housing Information and Advice Service has moved into the Corporate Customer Services team in Tayside House allowing £25,000 pa on property savings by closing Shore Terrace as a customer facility. This further expands the team's one stop shop capability.

4.11 A reorganisation of the staffing resource that maintain the Council's website between the Community Information Team and the IT Department has allowed the IT Department to add a further member of staff into the Electronic Service Delivery team to accelerate the programme of making services transactions online.

4.12 **Procurement**

There are two principal benefits from the procurement strategy. Firstly, the estimated savings from the collaborative contracts and tendering advice from the procurement team resulted in £320,000 savings last year. The estimated savings for 2009/2010 will be higher as the number of contracts through the strategy grows.

4.13 The second benefit is through the improved procurement process. The lean service review on the procurement process estimates that £73,000 will be saved in staff time on purchasing and invoice payment activity. These savings are non cashable at this stage. The Management Team have committed each department to fully implement the new e-procurement procedures by December 2009 to fully realise the time savings.

4.14 **Corporate Electronic Records and Document Management**

A key benefit of this project will be the removal of at least 50% of traditional office storage from Council premises as the electronic storage of documents will be the legally trusted source in almost all cases. The design of Dundee House has achieved a significant cost avoidance equivalent to a whole floor of space by removing traditional file storage from the design. This will serve as a model to other locations as the project rolls out.

4.15 The second key efficiency benefit is that it will join with the information strategy to create the final piece of the jigsaw by making previously unstructured data such as letters sent, emails, paper evidence submitted etc available to staff in electronic workflow systems.

4.16 This project is reaching the end of the procurement phase and a separate report on the preferred supplier is being prepared. The next stage is to deploy the system and the first phase will focus on processes that staff moving to Dundee House require and the creation of the Corporate File Plan for future stages.

4.17 **Fleet Maintenance**

The Council spends about £7.8m on just under 700 vehicles per annum. However, these figures are still subject to change as the information is being scrutinised. Each department manages its fleet of vehicles differently and a Best Value Review Group is working on the following options:

- is it better value to lease or own vehicles
- is there efficiency and quality gains by having a corporate fleet management section
- can the space and costs of vehicle depot facilities be rationalised

4.18 The Best Value Review group has completed a corporate asset register which was not available at the beginning of the review. It is in the process of gathering information from other Councils such as Glasgow and Fife who have taken different approaches to Dundee. The Best Value Review group aims to complete its work and make recommendations to the Committee.

4.19 **Flexible/Mobile Working**

The Best Value Review group is preparing its final report. Following a survey of Departments it concluded that 56% of council employees are already or could be working on a flexible or mobile basis. Evidence from other local authorities shows that there is a trend towards achieving savings and increased productivity from increasing the capability of staff and in the culture of the organisation to increase their mobility (out of office). The savings come from reduced time travelling to and from the office/depot and reducing the space requirement (desk to officer ratio).

4.20 **Lean Service Reviews**

Lean service reviews aim to identify activities that are waste or non value activity. They also help teams redesign their working methods to become more efficient. An update on the lean service review programme was provided to Committee on 30 June.

4.21 The first six reviews are due to start reporting on the efficiencies they are achieving from September to April this year depending on the time it takes to test their proposals to verify the efficiencies are being delivered.

4.22 The learn service approach is applicable to all departments and interest in it as an approach to continuous improvement has grown. There are now fourteen lean reviews and further management training on the approach has been carried out.

4.23 **Governance and Programme Management**

The Improvement and Efficiency Board is providing the high level governance to ensure this programme of projects is being kept on track.

- 4.24 Each of the projects are beginning to demonstrate that efficiency savings will be delivered. To continue to ensure the full benefits are achieved each project leader will be asked to provide regular reports to the board on the delivery of efficiency savings and include cash and non cash efficiency gains in the Council's annual efficiency statement.
- 4.25 The overall Culture Change programme under the banner of Changing for the Future requires further development.
- 4.26 All of the above projects require management and staff to embrace the change towards more corporate sharing of electronic information, office space, new working practices and delivering lean systems. Most of the projects have identified lack of a culture change through the organisation as a key risk.
- 4.27 It is recommended that the Improvement and Efficiency board ask each of the project teams to identify the culture change barriers to delivering the full efficiency gains and from that develop a shared strategy to mitigate these.

5. POLICY IMPLICATIONS

This report has been screened with regard to Sustainable Development, Equalities and Risk Management. Benefits measures covering these issues are included in the project plans. The risk of managing the culture change in the organisation is noted in the report.

6. CONSULTATION

The Improvement and Efficiency Board have been consulted on this report.

7. BACKGROUND PAPERS

Efficiency Diagnostic Study - December 2008 (Report 631-2008)

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24/09/2009