

# FINANCE CABINET MEMBER MEETING

## Agenda Item 23

Brighton & Hove City Council

**Subject:** VALUE FOR MONEY: Phase Two  
**Date of Meeting:** 12 October 2009  
**Report of:** Director of Finance & Resources  
**Contact Officer:** Name: Janice Millman Tel: 29-1080  
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**Key Decision:** No Forward Plan No: N/A  
**Wards Affected:** All

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report provides an update on the council's programme for ensuring value for money (VFM) across all its services.

#### 2. RECOMMENDATIONS:

- 2.1 That the continued progress of the Value for Money Programme be noted.

#### 3. RELEVANT BACKGROUND INFORMATION

- 3.1 The council undertook a value for money programme between September 2007 and November 2008, which saw the Use of Resources score increase and supported an uprating to 'excellent' against the Audit Commission's Comprehensive Performance Assessment framework.
- 3.2 The council has continued to deliver actions arising from that first programme but has also refreshed its approach. This second phase of work:
- builds on the successes and learning points from the first phase;
  - takes into account the changes in the financial context; and
  - provides renewed impetus to drive improvements in value for money across key service areas.

#### Financial Context

- 3.3 For the period 2007/08 to 2009/10, the council's Medium Term Financial Strategy identified the need to generate approximately £10m savings per annum. Current projections about future grant settlements combined with recent upward trends in service pressures and costs have increased the estimated savings requirements over the next four years.

3.4 Key financial assumptions are currently as follows:

	2010/11	2011/12	2012/13	2013/14
Formula Grant increase	1.5%	0%	0%	0%
Council Tax increase	2.5%	2.5%	2.5%	2.5%
Total cost pressures	£16.2m	£20.7m	£18.4m	£17.1m
Estimated Savings required	(£11.7m)	(£16.2m)	(£14.6m)	(£14.0m)

This clearly shows a step increase in the savings required per annum from the scale delivered over the last three years. Clearly, every year the cumulative impact of delivering savings becomes increasingly challenging and this means a fundamental look at our approach is required.

### High Level Business Case

- 3.5 In response to the challenging medium term budget forecast, Phase 2 of the VFM Programme includes the development of a high-level business case. This will capture in financial terms the opportunities available to the council to deliver savings through improving value for money.
- 3.6 The business case will provide Members with significantly more robust information than has previously been available on their options to ensure a balanced financial position for the council. Any savings opportunity within the business case would still be subject to the council's normal decision making processes before implementation.
- 3.7 The business case will support the council's budget setting process but will also be supplemented by Member decisions on service priorities, levels and desired outcomes. This business case development is led by iMPower consultants and is overseen by the cross-departmental VFM Programme Board, led by the Directors of Finance & Resources and Adult Social Care & Housing. The Project Initiation Document (PID) for this work is attached at Appendix 1.
- 3.8 Following a prioritisation exercise that took into account the scale of spend, areas of high cost and iMPower's experience from other authorities, a list of service areas for more detailed review has been drawn up. This covers:
- Workstyles
  - ICT
  - Procurement
  - Adult Services - Learning Disabilities (LD), Physical Disabilities (PD) and Older People (OP)
  - Looked After Children
  - Sustainable Transport
  - Fleet Management

- 3.9 In all of these areas, council staff are working in conjunction with the iMPower team to provide and analyse key data for the business case. The business case itself will not exclusively cover these areas, all other savings opportunities that have been identified through the VFM programme or through budget processes will also be incorporated. The actions required to implement them will then be fed into the business planning process at the appropriate time.

### **Other elements to Phase 2 of the VFM Programme**

- 3.10 In addition to the high level business case, there are other workstreams ongoing within Phase 2 of the VFM programme and a wide range of related activity across the organisation.
- 3.11 The “Improving the Customer Experience” workstream is considering how, why and where residents access council services and identifying ways in which we can both increase satisfaction with our services and reduce cost. An example might be further web-enabling a particular service because we know that this access channel is cost-effective and for some groups of customers, their preferred way of engaging with the council.
- 3.12 The “Show Me” project in Housing Management, also supported by iMPower, is designed to:
- improve the customer experience and outcomes through optimising the access and service model;
  - identify how costs could be reduced; and
  - increase productivity.
- 3.13 A programme of training in lean systems thinking is also being provided to all members of the Programme Board supported by Vanguard.
- 3.14 There are other pieces of work in individual service directorates, for example, service improvement plans are underway in Planning (Development Control), and Human Resources, among others to drive out waste and reduce overall cost and improve efficiency of services. However, the savings that may be driven out by these plans have yet to be quantified.

### **Communications**

- 3.15 A detailed communications plan has been drawn up for the next phase of the programme. The key messages for all stakeholders are:
- better services
  - better value
  - better experience

#### **4. CONSULTATION**

- 4.1 The detailed communications plan for the programme includes all key stakeholders. As proposals to make changes to any services emerge, the council's normal decision making and consultation processes will apply.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The programme supports the council's medium term financial strategy and other budget setting processes. The costs associated with the delivery of the programme are paid for by the Council's VFM Transformation Fund.

*Finance Officer Consulted: Catherine Vaughan*

*Date: 03/09/2009*

##### Legal Implications:

- 5.2 There are no immediate legal implications arising from this report. At the time that any specific actions are considered, in accordance with the council's normal decision making process, specific legal implications will be covered in individual reports.

*Lawyer Consulted: Bob Bruce*

*Date: 30/09/2009*

##### Equalities Implications:

- 5.3 As implications to services become known, equality impact assessments will be carried out to establish equalities considerations. There will be service se will be evaluated as the programme goes forward.

##### Sustainability Implications:

- 5.4 These will be evaluated as the programme goes forward.

##### Crime & Disorder Implications:

- 5.5 None identified.

##### Risk and Opportunity Management Implications:

- 5.6 The programme seeks to address risks identified in maintaining current expenditure levels and service demands. Risk are assessed by the project team and council as the programme advances and will be fully mapped as service changes are known.

##### Corporate / Citywide Implications:

- 5.7 None identified.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. High Level Business Case Project Initiation Document.

### **Documents in Members' Rooms**

1. None

### **Background Documents**

1. None

