

	Finance & Scrutiny Committee 20.10.09	Agenda Item No.
Title	Budget & Improvement Programme Report	
For further information about this report please contact	Susie Drummond Susie.Drummond@warwickdc.gov.uk 01926 456081	
Service Area	Chief Executive's Office	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	F&A 28.09.09 Executive Agenda Item 7 Executive 29.9.09, Agenda Item 7	
Background Papers	Report to F&A Scrutiny 25.08.09 agenda item 7.	

Contrary to the policy framework:	Yes/No
Contrary to the budgetary framework:	Yes/No
Key Decision?	Yes/No
Included within the Forward Plan? (If yes include reference number)	Yes Ref 221

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	06/10/09	Chris Elliott
Chief Executive	06/10/09	Chris Elliott
CMT	06/10/09	Andrew Jones, Bill Hunt
Section 151 Officer	06/10/09	Mike Snow
Legal	05/10/09	Peter Oliver
Finance	06/10/09	Mike Snow
Portfolio Holder(s)	05/10/09	Cllr Doody, Cllr Caborn
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 The BIP (Budget and Improvement Programme) has been devised to respond to the continued budget challenge over the next 3 years and includes a range of projects to support customer focussed improvement work and to make significant savings. This report outlines the progress to date of the Programme, and provides additional details of projects.

2. RECOMMENDATION

- 2.1 That the progress on the Programme is noted.
- 2.2 That the Committee reviews the forecast Programme costs, benefits and risks in their Programme Assurance role.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Executive has requested a report with the target dates of projects updated and the risks updated.
- 3.2 The Finance & Audit Committee is acting as BIP Programme Assurance.
- 3.3 The Finance & Audit Committee has requested a monthly update on BIP.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 The Alternative Option considered was the “do nothing” option. This option carries the risk that the Finance & Audit Committee is not sufficiently informed on the BIP.

5. BUDGETARY FRAMEWORK

- 5.1 The Programme is central to achieving a balanced budget in 2010/11 and 2011/12. It is a key part of our financial strategy.
- 5.2 The 09/10 budget earmarked £1.033m for ‘Spend to Save’ projects/work as part of the General Fund Balance. It has been agreed to use £105,800 from this reserve to support the Programme. Together with the agreed £65,000 investment in an improved website, £170,800 would be spent from this provision in total leaving £862,200 in the “Spend to Save” budget.
- 5.3 Some of the projects in this Programme may need additional resources for research or implementation. Where a strong business case can be made for these additional resources this will require further approval from the Executive. Within the recommendations and report agreed by the Members as part of the February 2009 Budget Setting, it was agreed that the Executive will consider and approve future requests to utilise the £1,033m of the General Fund Balance held for “Spend to Save Schemes”.

- 5.4 The majority of Project costs will be incurred in the next 2 years and will not be ongoing costs.
- 5.5 Project Benefits & Costs identified to date are in Appendix A. It is important to note that these only refer to Projects with reliable estimates. Once reliable estimates are produced for other projects these will be included in the totals.
 - 5.5.1 Financial Benefits: Current Forecast “likely” ongoing annual savings are £627,000. Current Forecast “best case” ongoing annual savings are £946,500.
 - 5.5.2 Financial Benefits: The majority of savings are forecast to be delivered in the next 2 years. Some projects may deliver savings within this financial year. The Procurement Manager has already secured £68,000 of savings since April 2009.
 - 5.5.3 Customer Service Benefits: Projects will deliver a number of Customer Service improvements. These include enhanced facilities, increasing use of facilities, increased partnership working, integrated services with WCC, ease of access to information and a more consistent service.
- 5.6 The involvement and expertise of the Procurement Manager is key in delivering the Programme. The Programme Manager and Procurement Managers have met regularly throughout the Programme to share information and anticipate where risks may impact the Programme.
 - 5.6.1 The Procurement project has already delivered significant savings and further savings are being investigated. The Procurement Manager is also investigating a possible shared procurement service/joint working arrangement.
- 5.7 Significant legal advice is required and being sought for: advice on EU regulations; advice on risks and possible costs related to shared services; input to project business cases including the Print Room trading status; advice on contract impacts in the Systems Thinking projects.

6. **POLICY FRAMEWORK**

- 6.1 Following consultation with Service Area Managers and recommendations by CMT, the BIP Board proposed a programme of projects which the Executive agreed. The list of projects will continue to evolve and will be co-ordinated and managed through the BIP Board, and reported to the Finance & Audit Committee and the Executive.
- 6.2 The Programme’s vision, blueprint and outcomes, along with the projects are in line with Building on Excellence and the Corporate Strategy. In particular they support the following aspects of the Corporate Strategy:

- Leadership – to provide clear community leadership and effective management of resources whilst delivering responsive public services in an open and transparent manner.
- Customers – to improve the efficiency of service delivery to the Council's customers.
- Our mission: to become world class by 2012.

7. BACKGROUND

- 7.1 The Programme has identified a number of projects that are anticipated will provide customer service improvements and/or generate significant cost reductions and/or generate income. The Programme Manager, in conjunction with the Programme Board, continues to review the project list to ensure that the anticipated Benefits are delivered. Individual projects within the Programme are the responsibility of Project Sponsors and Project Managers. The Programme Manager must ensure that the Programme delivers a balance of both financial and customer service benefits. The current project list is included in Appendix A.
- 7.1.1 Individual projects within the Programme are the responsibility of Project Sponsors and Project Managers. The Programme Manager will assist the Projects to deliver the required Benefits, providing resources and guidance.
- 7.1.2 The Programme Manager and BIP Board continue to review the Risks associated with the Programme. Individual projects notify the Programme Manager of key risks and these are incorporated into the Risk Management of the Programme. Examples of these include the risks of delay to the completion of a project (and hence delivery of benefits) caused by key resources being unavailable. Appendix B states the Key Risks and mitigation plans in place.
- 7.2 The Programme Manager has reviewed the current status of all of the projects (from all planned Phases). The list of projects currently being worked on is attached. It includes projects that are being scoped out as well as projects that are well underway. This list is being reviewed at each BIP Board meeting, to ensure the appropriate projects are being worked on, so the projects on the list may change.
- 7.3 In December 2008, the Government announced that details on progress towards meeting the Efficiency Agenda were to be included on Council Tax Bills and the accompanying leaflet for 2009-10 onwards. In order to assist WDC in meeting the Efficiency Agenda, the BIP Programme Manager and the Strategic Finance Manager will be meeting regularly. Savings from the BIP that have not negatively impacted services will be identified and included in the Efficiency Target.
- 7.3.1 Total Efficiency Savings to date are £82,000. The Payroll project team have achieved £14,000 savings and the Procurement Manager has achieved £68,000 savings. Neither of these savings have negatively impacted services.

- 7.4 As agreed at the Finance & Audit Scrutiny Committee on 9th June 2009, external Programme Assurance will be performed by the Finance & Audit Scrutiny Committee. Programme Assurance helps to manage risk and improve delivery confidence. It involves: helping to identify major risks to delivery; ensuring any required actions are completed; reviewing the costs and benefits to ensure the programme continues to be viable; ensuring that sound implementation and risk plans are in place.
- 7.5 As agreed at the Executive on 10th June 2009, members have been invited to be involved in any project, either as a Watching Brief or as part of a Working Party. This is in addition to the standard Portfolio Holder responsibilities.
- 7.5.1 Member working groups have been set up for a small number of the more significant BIP projects. Project Sponsors and Project Managers have been involving the Working Groups in the projects and keeping them up to date.
- 7.5.2 On projects where there is no working group set up, the scrutiny committees and Group Leaders may nominate a Member to act as a 'watching brief' in a monitoring role for the projects. A number of Members have been nominated in this role, and Project Sponsors are reporting project progress to them.

Appendix A – Project Details

Project Name	Project Definition	Aims	Forecast Costs	Forecast Likely Benefits	Forecast Best Case Benefits	Target Completion Date
Culture – scoping	Amended to “Sport & Leisure provision”.	Ensure Service is configured appropriately for the district. Potential savings & customer service improvements.	Scoping – TBC	Scoping – TBC	Scoping – TBC	April 2010
Golf	Progress tendering of Newbold Comyn golf course with a view to identifying potential additional income for the Council.	To reduce or remove the annual deficit to the Council. To upgrade the existing facilities at the golf course. To keep pay and play golf provision at Newbold Comyn. Increase participation in sporting activities by all sectors of the community. To maintain high levels of customer satisfaction at the golf course.	£78,000	£35,000 Ongoing savings	£35,000 Ongoing savings plus possible future income	New contract to be in place April 2010.
Tourism – scoping	Follow up scrutiny work and explore options for continuing to ensure value for money and what’s right for Warwick District.	Reduce costs of service. Improvements to customer service.	Scoping – TBC	Scoping – TBC	Scoping – TBC	Scoping complete March 2010
Systems thinking intervention – Housing Repairs function.	Undertake customer focussed review to reduce unwanted demand, improve the process flow, improve the customer experience and reduce costs.	Focus is on Improvements to customer service. Possible savings will be identified as part of the process.	Nil	£5,000 TBC Ongoing savings Improved Service, Reduced Complaints	£15,000 TBC Ongoing savings Improved Service, Reduced Complaints	Experimenting started July 09. Completion date to be confirmed.
Systems thinking	Undertake customer focussed review to reduce	Focus is on Improvements to customer service.	Nil	£5,000 TBC Ongoing	£15,000 TBC Ongoing	Re-design starting

Project Name	Project Definition	Aims	Forecast Costs	Forecast Likely Benefits	Forecast Best Case Benefits	Target Completion Date
intervention – Benefits function	unwanted demand, improve the process flow, improve the customer experience and reduce costs.	Possible savings will be identified as part of the process.		savings Improved Service	savings Improved Service	October, Completion date to be confirmed.
Customer access channels including One Stop Shops and WDC's Contact Centre.	Move WDC Contact Centre to WCC, and fully integrate the teams. Create a One Stop Shop in Leamington, with provision for partners (Police, CAB, etc)	Improvements to Customer service. Potential savings related to co-location of Contact Centre teams. Potential Riverside House letting income when space released by these projects. Potential letting income when partners relocate from other WDC office buildings.	£270,000	£35,000 Ongoing savings Integrated Service	£35,000 Ongoing savings Integrated Service	Contact Centre co-location November 2009. OSS open by July 2010.
Terms and conditions	Review existing terms, conditions and allowances for Staff and Members to ensure fairness, consistency and relevance of policies and where possible, make savings.	Potential savings by making T&C consistent. Potential savings by ensuring policies are applied fairly and consistently.	Nil	£10,000 Ongoing savings	£20,000 Ongoing savings	Terms & Conditions & associated costs reviewed. To complete by April 2010.
Building on excellence, Riverside House and agile working.	To reduce the floor space required by WDC in Riverside House to enable additional income to be generated through rental.	Potential letting income by releasing floor space. Enabling staff to work flexibly	TBC	£70,000 Ongoing income	£70,000 Ongoing income	Completion by April 2011. Rental of RH already started.
Income generation – scoping	Take a prioritised approach to critically review the provision of services to identify where their level of service can	Potential income from new income streams. Potential income from existing income streams.	Scoping – TBC	Scoping – TBC	Scoping – TBC	Scoping work to complete December 2009

Project Name	Project Definition	Aims	Forecast Costs	Forecast Likely Benefits	Forecast Best Case Benefits	Target Completion Date
	be reduced and where income/usage can be increased.					
Payroll	Consider proposals to share/relocate payroll work to WCC in light of their offer.	Potential savings from transfer of functions to WCC.	Nil	£20,000 Ongoing savings	£50,000 Ongoing savings	Complete by April 2010.
Legal Services – shared services	To achieve savings and economies of scale by sharing services.	Review Business Case from WCC to ensure projected savings are possible. Increase robustness of service & access to special skills.	Nil	£40,000 Ongoing savings	£50,000 Ongoing savings	Completion Early 2010.
Procurement	To review the highest cost areas of procurement with a view to reducing costs.	To reduce costs by introducing efficient procurement practice & contracts. To ensure efficient procurement to allow us to improve the way we manage contracts, suppliers, benchmark their performance and get a better deal.	Nil	£66,000 Ongoing savings	£100,000 Ongoing savings	Ongoing. Savings of £68,000 already achieved.
Energy – scoping	To review all areas related to Energy	Identify the potential for energy and cost savings, without reducing customer service. Develop delivery plans to achieve these savings.	Scoping – TBC	Scoping – TBC	Scoping – TBC	Scoping work has started. Completion of projects by April 2012.
Building on Excellence – Town Hall	To maximise the community benefits of the Town Hall at the same time as reducing our net	To reduce net WDC costs.	TBC	TBC	TBC	TBC – review of Options in progress, meeting 7 th

Project Name	Project Definition	Aims	Forecast Costs	Forecast Likely Benefits	Forecast Best Case Benefits	Target Completion Date
	costs.					October.
Website enhancement	To design a 'user defined' website to increase web access and contact (cheapest access channel) and reduce telephone/visit contact.	Potential savings due to reduced telephone/visit contact. Improved customer service via the web.	£65,000	£20,000 Ongoing savings	£20,000 Ongoing savings	December 2009.
HR Shared Services	Investigation of Shared Services	To reduce costs and improve services within HR.	Scoping – TBC	Scoping – TBC	Scoping – TBC	Initial discussions with WCC in progress – completion by April 2010.
Audit Scoping	Project will review scope and WCC costs, and investigate shared services options.	To reduce costs of Audit	Nil	£10,000 Ongoing savings	£20,000 Ongoing savings	Scoping completed. To finish April 2011.
Licensing	Investigation of Shared Services	To reduce costs and maximise income generation where possible	Nil	£5,000 TBC Ongoing savings	£20,000 TBC Ongoing savings	April 2011
Support Services	Including Committee Services, DMC, Admin teams	To reduce costs and maximise income generation where possible	TBC	£10,000 TBC Ongoing savings	£10,000 TBC Ongoing savings	April 2011
Charging for pre-application advice	Project will review charging, including benchmarking of other District Councils	To increase income to WDC.	TBC	£30,000 TBC Ongoing income	£30,000 TBC Ongoing income	April 2011
Systems Thinking	Projects in: Planning, Housing Advice, Waste,	Focus is on Improvements to customer service.	Nil	£40,000 TBC Ongoing	£115,000 TBC Ongoing	2 projects will start October

Project Name	Project Definition	Aims	Forecast Costs	Forecast Likely Benefits	Forecast Best Case Benefits	Target Completion Date
projects	Environmental Health, Private Sector Housing, Rent arrears	Possible savings will be identified as part of the process.		savings Integrated & Improved Services	savings Integrated & Improved Services	2009. Completion dates TBC.
Benefit Fraud	Review current service levels and identify savings	Reduce costs of service while maintaining service levels	Nil	£35,000 Ongoing savings	£40,000 Ongoing savings	April 2010
CCTV	Review current service levels and identify savings	To reduce costs, and maximise income to provide CCTV service	Nil	£30,000 Ongoing savings	£50,000 Ongoing savings	April 2011
Print Room	Review trading status and VFM	To reduce costs and maximise income generation where possible	TBC	£20,000 TBC Ongoing savings	£50,000 TBC Ongoing savings	Investigating legal aspects – TBC
Accountancy	Review current service levels and identify savings	To reduce costs without reducing service levels	Nil	£15,000 Ongoing savings	£40,000 Ongoing savings	September 2010
Recycling	To increase income from recycling	Review current costs and focus on income generation	TBC	£30,000 TBC Ongoing income	£65,500 TBC Ongoing income	Ongoing
Communications & Marketing	To reduce costs associated with Comms & Marketing across WDC	Reduce costs Share best practice across all staff.	Nil	TBC	TBC	Project not started. Complete Sept 2010
Orbit Rental	Rental of Riverside House to Orbit Housing	To generate income via rental of RH	Nil	£55,000 in 2009, then £66k pa	£55,000 in 2009, then £66k pa	Complete
Car Parking	To increase car parking income in the current difficult financial climate	Increase income, using incentives where possible	TBC	TBC	TBC	April 2011
Reduced Recruitment	To reduce costs associated with	Increase utilisation of at risk staff. Reduce recruitment costs.	Nil	TBC	TBC	April 2011

Project Name	Project Definition	Aims	Forecast Costs	Forecast Likely Benefits	Forecast Best Case Benefits	Target Completion Date
	recruitment					
Staff Turnover savings	To reduce costs by reviewing need to replace staff who leave	Increase utilisation of at risk staff. Reduce recruitment costs. Reduce staffing costs.	Nil	TBC	TBC	April 2011
Catering Contract review	To improve service and reduce costs by reviewing all catering contracts	Improve Customer Service. Reduce costs. Use effective Procurement strategy.	TBC	TBC	TBC	April 2012
Hamilton Terrace Letting	Let our Hamilton Terrace once vacated by current tenants (moving to OSS)	Generate income.	TBC	£30,000 TBC Ongoing income	£30,000 TBC Ongoing income	April 2011
TOTALS	-	-	Projects: £348k Programme: £65k	£627,000	£946,500	-

Appendix B – Key Programme Risks

Risk	Likelihood	Impact	Score	Owner	Mitigation
That adequate savings are not delivered by the Programme/its investment	3	5	15	Chris Elliott	Projects are being reviewed to confirm savings/costs. New projects are being scoped and estimated savings confirmed. Monthly Reporting includes review of overall Savings. Procurement Officer involved in projects
Resources are unavailable to deliver programme	3	5	15	Chris Elliott	SAMs are aware of BIP priority: service plans include BIP Projects as priority. Secondment of Project manager to manage key projects. Resources being monitored and used to define target dates
Additional savings are required due to future financial constraints/cuts in grant funding	3	5	15	Mike Snow	Finance monitoring situation. Projects are being reviewed to confirm savings/costs. New projects are being scoped and estimated savings confirmed. Monthly Reporting includes review of overall Savings.
Customer service levels decrease	2	3	6	Chris Elliot	Project Sponsors to focus on maintaining service levels. Policy & Performance team to continue to monitor performance and notify changes.
Procurement risks for Shared Services projects – may fall foul of EU law with	2	5	10	Chris Elliott	Procurement reviewing allowable models. Project Sponsors being advised by Procurement

financial penalties.					& Legal.
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