

 Finance & Audit Scrutiny Committee – 1 December 2009		Agenda Item No.
Title	Budget & Improvement Programme	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	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	Executive 29.09.09 Agenda Item 85, F&A 20.10.09 Agenda Item 4	
Background Papers		

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 must be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).

Officer Approval	Date	Name
Relevant Director	16/11/09	Chris Elliott
Chief Executive	16/11/09	Chris Elliott
CMT	18/11/09	Andrew Jones, Bill Hunt
Section 151 Officer	19/11/09	Mike Snow
Legal	16/11/09	Peter Oliver
Finance	19/11/09	Mike Snow
Portfolio Holder(s)	19/11/09	Cllr Doody, Cllr Caborn

Consultation Undertaken

Please insert details of any consultation undertaken with regard to this report.

Final Decision?	Yes/No
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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 outcomes is noted.
- 2.2 That the Committee reviews the forecast Programme costs, benefits and risks, as well as the priorities of the projects.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Executive has requested a quarterly update on BIP.
- 3.2 The Finance & Audit Committee is acting as BIP Programme Assurance, and has requested a quarterly 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 Executive and Finance & Audit Committees are not sufficiently informed on the BIP.

5. BUDGETARY FRAMEWORK

- 5.1 The Programme is central to achieving a balanced budget in 2010/11 and beyond. 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. The Executive has already approved £170,800 from this provision in total leaving £862,200 in the “Spend to Save” budget. In February 2009 it was agreed that the Executive will consider and approve future requests to utilise the remaining General Fund Balance held for “Spend to Save Schemes”, if there is a strong business case.

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 Programme Outcomes: The specific Project Benefits & Costs identified to date are in Appendix A, with the Totals in 7.1.1. 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. The majority of Project costs will be incurred in the next 2 years and will not be ongoing costs.

7.1.1 Financial Benefits: Total Target ongoing annual savings are £823,960. Total Forecast "Best Case" ongoing annual savings are £1,218,460.

7.1.2 Financial Benefits: The majority of savings are forecast to be delivered in the next 2 years. Savings of £192,000 have already been achieved within this financial year.

7.1.3 Customer Service Improvements: Specific 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. The Website enhancement project delivered a more user-friendly website in early November. This will make it easier for our customers to find the information they need.

7.2 Projects: 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 & prioritise the project list to ensure that the anticipated Benefits are delivered. 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. The Prioritisation criteria are in Appendix C.

7.2.1 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.

7.2.2 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. Appendix B states the Key Risks and mitigation plans in place.

- 7.3 Efficiency Agenda: 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. 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 has negatively impacted services.
- 7.4 Building on Excellence Update: A number of Risks were identified in the Building on Excellence final report to the October Executive, and these are being monitored within the BIP. These include the Agile Working, Securing additional tenants, and Town Hall projects (updates in Appendix A). The Head of Service Post change will be reviewed in 2010 as previously noted, as part of the Support Services project. Unavoidable delays and the risk of not realising the savings are being constantly monitored and mitigated within BIP.
- 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. The current list is in Appendix D.

Appendix A – Project Details

Projects Currently Underway:

Project	Sponsor	Status	Benefits - £ Target	Benefits - £ Max	Customer Improvement	Costs £	Timescale to Achieve Benefits	Achieved to date	Cashable or Non-Cashable	Improvement to Base Budget	Priority
Golf: Reduce cost to WDC; Investment by Tenderer; Upgrade existing facilities; Keep pay and play.	Rose Winship	On schedule, new contract planned for 04/2010.Exec report Oct with Risks & contract features. Detailed Solutions phase started 9 Nov.	TBC	TBC	Facility Improvements	78,000 From Culture Service Area budget	From 2015		C	Y	H
Systems thinking – Benefits: Improved service; reduced costs (TBC)	Andrew Jones /Susie Drummond	Experimenting started late October, resulting in decreased processing times. Further experiments planned	5,000	15,000	Integrated Service	0	0-2 years		TBC	Y	H
Customer access channels (incl CSC & OSS): Create Leamington OSS; CSC move to Shire Hall; not filling vacant posts.	Andrew Jones	CSC co-located 11/11. Phone numbers changed & communicated. OSS awaiting tender responses	35,000	35,000	Integrated Service	270,000 From Capital budgets	1-2 years		C	N	H
Terms and conditions: Ensuring standard rules applied; Standard new T&C	Karen Warren	Review of spend on T&C complete. Actions TBC.	10,000	20,000	-	0	0-2 years		C	Y	M
B o E - Riverside House/agile working : Reduce accommodation costs; increased rental income; improved staff	Andrew Jones	Investigation into reducing accommodation costs & increasing rental income started. IT	70,000	70,000	-	TBC	0-1 years		C	N	H

morale.		solution piloted									
Payroll: Use WCC system for free; HRMS saving (cashable); possible staff savings (non-cashable)	Mike Snow	Now using WCC system; some functions still being transferred	20,000	50,000	-	0	2010	14,000 (HRMS system now free)	C	N	M
Legal shared services; Shared service with WCC; reduced cashable and staff (non-cashable) costs	Peter Oliver	Business Case in progress	5,000	50,000	More robust service, Specialists	0	2010		TBC	Y	H
B o E - Town Hall: Review options to reduce costs.	Andrew Jones	Options being considered by WDC and Town Council. 2 meetings cancelled by consultant so no progress	TBC	TBC	-	TBC	TBC		TBC	Y	H
Website enhancement: enhance website to make more user-friendly	Andrew Jones	New site delivered at start of November	20,000	20,000	Ease of access to info	65,000 from Spend To Save	1-2 years		TBC	Y	M
General Fund TOTAL			165,000	260,000		413,000		14,000			
Systems thinking - Housing repairs: Improved service; reduced costs TBC; reduced complaints	Alison Simmons	Experimenting in progress.	5,000	15,000	Integrated Service	0	0-2 years		TBC	Y	H
HRA TOTAL			5,000	15,000		0		0			
Overall Current Projects	TOTAL		170,000	275,000		413,000		14,000			

Operational Work Underway:

Project	Sponsor	Status	Benefits - £ Target	Benefits - £ Max	Customer Improvement	Costs £	Timescale to Achieve Benefits	Achieved to date	Cashable or Non- Cashable	Improvement to Base Budget	Priority
Orbit Rental: income from rental of RH	Andy Jones	Achieved	66,000	66,000		0	0-1 yrs	55,000	C	N	H
Car Parking: increased income from incentives	Ian Coker	Incentives being implemented.	TBC	TBC	Y	TBC	TBC		C	N - decreasing shortfall	M
Recycling: increased income from incentives & communication	Ian Coker	Ongoing - increased facilities, door stepping.	30,000	65,500	-	TBC	0-3 yrs		C	N - decreasing shortfall	H
CCTV: cost saving	Roger Jewsbury	To start 2011	30,000	50,000	-	0	2011		C	Y	M
Reduced Recruitment Costs: using online advertising	Chris Elliott	Ongoing: reduced print costs, reduced recruitment	35,000	35,000	-	TBC	2009 & 2010 only?	20,000	C	Y	H
Staff Turnover savings	Chris Elliott	Ongoing: to date 35k achieved	35,000	35,000	-	TBC		35,000	C	Y	H
Catering Contract review	Rose Winship	Scoping in progress	TBC	TBC	Y	TBC	1-2 yrs		TBC	N	M
Hamilton Terrace Letting Income	Andy Jones	Related to Riverside House moves – planned for 2010/11	30,000	30,000	-	TBC	1-2 yrs		C	Y	H
Procurement: reduced contract costs	Mike Snow	Ongoing: 68k cashable achieved. Non-cashable being reviewed.	66,000	100,000	Consistent service	0	0-1 years	68,000	C	Y	H

Personal Searches Charges price increase	Peter Oliver	From January 2010, increased income due to price rise	22,000	22,000	-	0	From Jan 2010		C	Y	
Audit WCC/Scope: reduced WCC input & cost	Mike Snow	Transition to new way of working in progress	14,960	14,960	-	0	0-1 yrs		C	Y	M
Print Room trading with Public Sector income	Robert Inman	Print Room sourcing income opportunities	20,000	20,000	-	0	1-2 yrs		C	Y	M
General Fund TOTAL			348,960	438,460		0		178,000			
Overall Operational	TOTAL		348,960	438,460		0		178,000			

Future Projects - starting 2009/2010:

Project	Sponsor	Status	Benefits - £ Target	Benefits - £ Max	Customer Improvement	Costs £	Timescale to Achieve Benefits	Achieved to date	Cashable or Non-Cashable	Improvement to Base Budget	Priority
Licensing: possible savings from shared services.	Roger Jewsbury	Looking for possible partners	5,000	5,000		0	0-2 yrs		NC	Y	L
Charging for pre-application advice	Bill Hunt	Business Case being prepared	30,000	30,000		TBC	0-2 yrs		C	Y	H
Systems thinking - Planning: Improved service; reduced costs (TBC)	Bill Hunt	Awaiting appointment of HoDS	15,000	40,000	Y	0	TBC		TBC	TBC	H
Assets review	Paul Pinkney	Scoping in progress	TBC	TBC	Y	TBC	0-2 yrs		TBC	TBC	H

Audit shared services Implementation	Mike Snow	Scoping to start 2010	TBC	TBC		0	1-2 yrs		TBC	TBC	M
Support Services Implementation	Chris Elliott	Scoping to start 2010	10,000	10,000		TBC	0-2 yrs		TBC	TBC	M
Systems thinking - Waste: Improved service; reduced costs (TBC)	Ian Coker	Will start 2010	5,000	15,000	Y	0	TBC		TBC	TBC	H
Systems thinking - Environmental Health: Improved service; reduced costs (TBC)	Richard Hall	Will start 2010	5,000	15,000	Y	0	TBC		TBC	TBC	H
Benefit fraud rptg to Benefits team	Andy Jones	In progress	35,000	40,000	-	0	0-1 yrs		C	Y	M
Print room trading status & VFM review: potential income generation and cost savings	Robert Inman	Will start review 2010	20,000	50,000	Y	TBC	0-2 yrs		C	Y	H
Accountancy: possible non-cashable savings	Mike Snow	Will start review Dec 2009	15,000	40,000	-	0	0-2 yrs		TBC	TBC	M
Income generation Implementation	Mike Snow	Scoping in progress	TBC	TBC	TBC	TBC	0-2 yrs		C	Y	H
Sport & Leisure Provision Implementation	Rose Winship	Not started. Awaiting review.	TBC	TBC	Y	TBC	TBC		TBC	TBC	H

Tourism Implementation: possible reduced costs; improved service	Paul Pinkney	December Exec report detailing Tourism scope. March Exec report will detail project & costs/savings.	TBC	TBC	Y	TBC	TBC		TBC	TBC	H
HR shared services: possible reduced costs cashable and non-cashable	Karen Warren	Currently scoping & In talks with WCC	TBC	TBC	-	0	0-2 yrs		TBC	TBC	M
Energy: River Leam Hydroelectric: income generation; Educational scheme & also an opportunity to invest via an energy supply company.	Bill Hunt	Business Case & costs/target benefits being prepared.	TBC	TBC	Beneficial impact on climate change through the generation of renewable energy & community engagement and dialogue	TBC	TBC		C	Y	H
Energy: Conversion of leisure centres to biomass heating systems: Lower life-term operating costs & dramatic decrease in CO2 emissions compared to mains gas fuelled plant	Bill Hunt	Business Case being prepared.	80,000	100,000	Y	400,000	0-2 yrs		C	Y	H
Energy: Water saving measures (pressure reduction, hippos, self-closing taps etc) at Council buildings: reduced costs via reduced consumption	Bill Hunt		20,000	25,000	Y	40,000	TBC		C	Y	H

Energy: Reduction in printing and postage costs generally, supported by expansion of e-tendering initiative	Bill Hunt		50,000	90,000	Y	0	0-1 yrs		C	Y	H
Systems thinking - Housing advice: Improved service; reduced costs (TBC)	Satnam Kaur	Will start 2010	5,000	15,000	Y	0	TBC		TBC	TBC	H
Systems thinking - Private Sector Housing: Improved service; reduced costs (TBC)	Satnam Kaur	Will start 2010	5,000	15,000	Y	0	TBC		TBC	TBC	H
General Fund TOTAL			300,000	490,000		440,000		0			
Systems thinking - Rent arrears: Improved service; reduced costs/increased income (TBC)	Alison Simmons	Will start 2010	5,000	15,000	Y	0	TBC		TBC	TBC	M
HRA TOTAL			5,000	15,000		0		0			
Overall Future Projects	TOTAL		305,000	505,000		440,000		0			

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 financial penalties.	2	5	10	Chris Elliott	Procurement reviewing allowable models. Project Sponsors being advised by Procurement & Legal.

Appendix C –Project Prioritisation Criteria

Criterion	Description
Efficiency saving/Income Generation	Will the project lead to an efficiency (cost) saving or generate additional income
Cost of delivery	The cost of the project
Confidence/feasibility	How confident are we that the project can be done and the outputs delivered
Political or corporate priority	Is the project part of corporate strategy, or a high priority politically
Potential for performance improvement	Are there clear needs for improvement in service delivery in this area (e.g. poor performance indicators or low customer satisfaction)
External factors	Any external or legislative reason for the change. <i>Note: Need to comment on what the external drivers might be (e.g. legislative change)</i>
Opportunity	Is now the time to do this? Does it matter if the project starts now or later? <i>Note this is not a score, it just helps to drive the phasing of projects.</i>

Appendix D –Member Watching Briefs on Projects

Project	Conservative	Labour	Independent/Other
Culture (will have Working Group)	Cllr Michael Coker	Cllr Jane Knight, Cllr Janice Dean	
Golf Course (has Working Group)	Cllr Gallagher	Cllr John Barrott	
Tourism	Cllr Malcolm Doody	Cllr Richard Edwards	
Housing Repairs	Cllr Grainger	Cllr John Barrott	
Benefits	Cllr Caborn	Cllr Misan McFarland	
Contact Centre / One Stop Shop	Cllr Caborn	Cllr Misan McFarland	
Planning	Cllr Illingworth	Cllr Janice Dean	Cllr Bertie MacKay
Terms & Conditions	Cllr Caborn & Cllr Michael Doody	Cllr Bob Crowther	
Income Generation (will have Working Group)	Cllr Mobbs	Cllr Richard Edwards	
Payroll	Cllr Mobbs	Cllr Richard Edwards	
Legal Services	Cllr Coker	Cllr Bob Crowther	Cllr Bertie MacKay
Procurement	Cllr Rhead	Cllr Richard Edwards	
Energy	Cllr Dhillon	Cllr Barbara Weed	
Town Hall	Cllr Pratt	Cllr Janice Dean	Cllr Judy Falp
Website	Cllr Malcolm Doody	Cllr Misan McFarland	