



Department for
Communities and
Local Government

Good Practice in Local Government Savings



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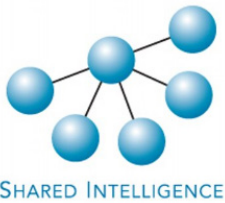
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The findings and recommendations in this report are those of the consultant authors and do not necessarily represent the views or proposed policies of the Department for Communities and Local Government.

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Executive Summary

1. In October 2012, the Department for Communities and Local Government commissioned Shared Intelligence and Grant Thornton UK LLP to conduct research into good practice in how local authorities are making savings which do not adversely impact upon frontline services or the voluntary and community sector.

Findings from scoping stage

2. The first stage of this research was a short evidence review and scoping interviews with relevant national organisations to provide context and inform the scope and design of the primary research to be carried out through a survey and case studies.
3. Findings from this stage were reported to the department as a written progress report in February 2013 and key points are included in this report. These showed a spectrum of steps that authorities were taking to secure cashable savings and efficiencies that ranged from traditional cost-control measures, such as management reorganisations and recruitment freezes, through to major transformational programmes and service redesign. These findings suggested that, perhaps unsurprisingly, lead times tended to be longer for the more ambitious, transformational approaches, but the potential contribution to both improving outcomes for local communities and securing savings and efficiencies was greater.

Survey findings

4. The second stage of this study involved sending an online survey to all 353 local councils and 30 fire and rescue authorities in England.¹ This focused on local government revenue savings from all areas of expenditure and asked questions on efficiencies which had increased service levels or productivity for the same level of revenue budget and 'cashable savings'.² The survey requested financial data for the years 2010/11, 2011/12 and 2012/13.
5. Survey data was collected from 107 authorities that responded to the survey between May and July 2013. A number of measures to maximise response rates achieved a 28 per cent response rate overall, ranging from 23 per cent for district

¹ The survey was sent to the 30 metropolitan and combined fire and rescue authorities and the 353 local councils in England (including county councils, district councils (shire and metropolitan), unitary authorities and London boroughs, but not parish, town or community councils or other local authorities such as combined authorities, waste authorities, park authorities, integrated transport authorities, or the Greater London Authority (GLA)). The survey questionnaire is shown in Appendix A.

² See definition in Appendix C.

councils to 39 per cent for metropolitan borough councils. Analysis showed there was a good mix of different authority types that responded so the findings presented in this report give a reasonable insight into how savings are being made across the sector.

6. Local authorities reported that the service areas in which they had been making significant savings to date were central services (across all types of authorities), adult social care (within single tier and county councils) and environmental and regulatory services (particularly within district councils).³ Savings in these three areas contributed significantly to the authorities' total savings either because there had been a high level of savings made within the service area and/or because the service area accounted for a high proportion of an authority's total budget, which is particularly relevant to savings from adult social care in single tier and county councils.
7. Proportionately high savings were made in central services for all types of authorities, particularly in 2011/12, when these savings reached 20 per cent and 11 per cent of the central services average base budget for single tier authorities and district councils respectively.⁴ Savings in adult social care contributed around 20 to 30 per cent, and central services contributed between 10 to 20 per cent, of average authority wide savings (from the total budget) delivered for each of the three years from 2010/11 to 2012/13.
8. These 'key service areas' for savings are likely to continue into the future. The need for more cost-effective provision in adult social care is and looks set to remain particularly pressing, with councils which have responsibility for this area facing significant extra costs as a result of demographic pressures and the consequential increasing demand for services. The survey showed that savings from central services, and environmental and regulatory services are expected to tail off to some extent, reflecting the 'one-off' nature of these savings through back office restructuring and/or improving efficiencies through re-letting of contracts. Savings in children's social care are forecast to increase slightly in importance as a proportion of the total base budget, although this appears to remain a relatively protected service area.
9. When comparing the levels of savings made in relation to those planned between 2010/11 and 2012/13, the survey found that patterns varied between service areas and types of authority but, in general, authorities underachieved slightly in delivering

³ The survey asked respondents to indicate the three service areas where they had recently delivered efficiency or cashable savings that had delivered the greatest savings as a proportion of the base budget for their authority overall.

⁴ The sample sizes for service areas in county councils were too small to support a robust analysis of savings in individual services within this type of authority.

planned savings in adult social care and overachieved in children's social care, although the latter savings were far smaller. District councils exceeded their planned savings in central services for all three years from 2010/11 to 2012/13 although single tier authorities achieved lower savings in relation to planned savings towards the end of the three year period (in 2012/13) compared to previous years.

10. The trends in delivered compared to budgeted savings may reflect the changing context in which authorities were seeking to make savings. Authorities took action to make savings in 2010/11 in the light of the new coalition government's emergency budget. The context for subsequent savings was set by Spending Review 2010 and guidance from the Department for Communities and Local Government that authorities needed to be more ambitious in their approach to securing savings. Although budgeted savings were often lower in 2012/13 than 2011/12, they were not always achieved, which may possibly reflect the limits of 'quick wins', particularly in central services or back office functions, which the survey data shows authorities were more likely to focus on initially compared to frontline services.
11. Authorities have been using a combination of approaches to deliver significant savings. The most commonly used approaches for delivering savings across the 107 authorities that responded to the survey have been 'changes to organisational structure and responsibilities', 'service redesign' and 'process and back office improvements'. These were reported as the top three approaches used by over half of respondents (60 out of 107) to deliver the largest savings as a proportion of the overall authority base budget.
12. The survey captured 235 examples of 'good practice savings'.⁵ These show how various approaches have been used to generate savings in specific service areas and also across different types of authorities. Across all types of authorities, 'process and back office improvements' have been the most commonly used approach to making savings in central services, although 'changes to organisational structures and responsibilities', and 'service redesign', follow closely behind. Service redesign has been the most important approach for making savings in both adult social care and environmental and regulatory services. This distinction helps explain why savings in central services, through 'back office' approaches, have been made more quickly (particularly in 2010/11) whereas frontline services, such as adult social care and children's social care are more likely to require transformational redesign to deliver savings without affecting service quality.

⁵ Good practice is defined as where savings have been delivered that have not adversely impacted on the level or quality of frontline services, or the voluntary and community sector. The survey guidance suggested authorities chose examples which were notable for the size of saving delivered (in absolute terms or relative to budget size), or the lessons learned in achieving them.

13. Although these patterns hold across all authority types, shared services were relatively more important for district councils for making savings in both central services and environmental and regulatory services. This may reflect greater opportunities and perceived economies of scale for small districts compared to larger, more autonomous single tier authorities.
14. Lastly, the survey explored the factors that have assisted authorities to make savings and the challenges that authorities have had to address. The most important assisting factors or enablers related to 'strategic and political leadership', 'previous experience of delivering savings' and 'a culture of seeking efficiencies and delivering change more generally'. In addition, 'collaborative working relationships' with other local authorities was given as a particularly important enabler by district councils and one that may underpin the shared services approach.
15. Authorities reported that the most important challenges were technical, including the 'condition of IT systems', 'location of assets' and 'flexibility of contractual commitments' which may imply that the organisational culture necessary for making savings could be in place (at least to some degree) in many local authorities, but delivering on the planned savings may be constrained and/or delayed by rigidities in the system. These rigidities included different IT systems affecting plans for moving to shared services and the inability to change commissioning arrangements, including through joint commissioning, until contracts are due to be renewed.
16. Our analysis of the survey suggested that authorities were still working through their medium term approach to identifying and securing savings in terms of the areas in which they were seeking savings, the methods they were adopting, and the complexity and ambition of their approach. There were common patterns across authorities although the different types of authority – counties, districts and single tier – were on slightly different trajectories.
17. Overall, authorities showed a desire to focus initially on making savings from those service areas and/or through approaches with the potential for 'quick wins'. Longer term savings, particularly in frontline or customer-facing services, were more likely to be achieved through service and system redesign which tend to take longer than approaches that were based on management restructuring and back office improvements, although this transformational approach was seen as essential given the scale and nature of the challenge.
18. The findings from the survey were used to inform the case study sample and design the topic guides for interviews with councillors, officials and their partners from the relevant authorities. In particular, the case studies were used to explore some of the survey findings in more depth, including the phasing of different types of savings from 2010/2011 to 2012/13, how political and managerial leadership and other

drivers or enablers of savings had worked in practice, how the authority overcame the challenges to delivering planned savings, and the ways in which good practice from the specific savings example was being replicated more widely.

Findings from case studies

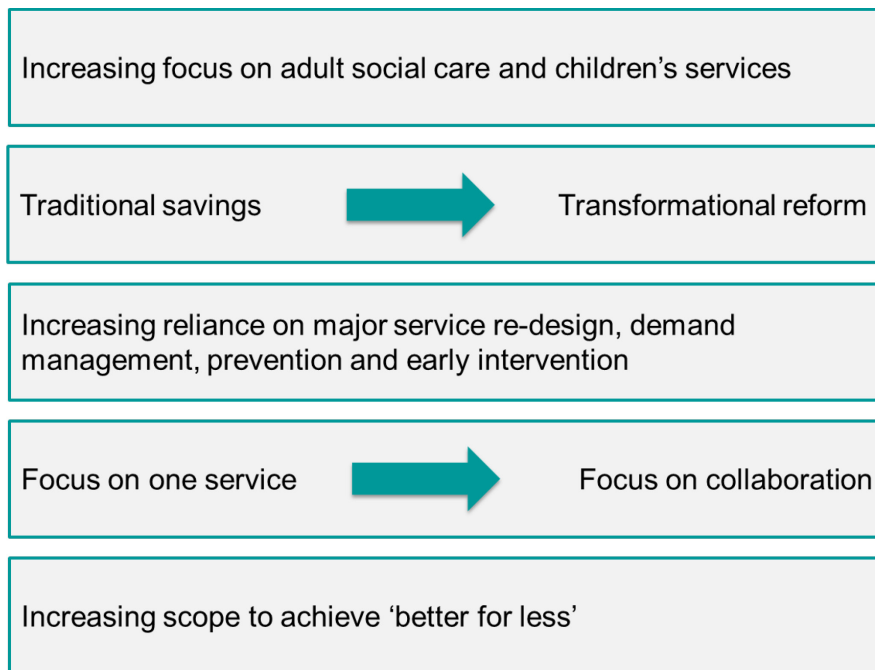
19. The final stage of the study comprised case studies with ten authorities, focusing on the examples they had provided in their survey responses. The case study work was carried out between November 2013 and March 2014. This stage was designed to explore the planned and actual savings across service areas, using different approaches and by a range of authority types in more detail so that we could capture replicable learning about good practice.
20. The ten case studies were selected to provide a sample of authorities that covered a range of authority types, administrations and locations, with examples that reflected the different service areas and approaches to making savings reported in the survey.
21. We have grouped the approaches adopted in these case studies under five headings:
 - **The introduction of new policy goals to improve outcomes and reduce costs;**
Example: Kirklees' One Council approach to improve integration and efficiency of back office functions and customer contact arrangements to benefit staff and customers.
 - **New models of service delivery with the private and not-for-profit sectors;**
Example: Hertfordshire's use of its strategic service partnership with Serco to outsource access to social care.
 - **The role of new technology;**
Example: Sheffield's implementation of housing benefit channel shift to save money and improve service quality by moving to online claims.
 - **The use of preventative activity and early intervention;**
Example: Manchester's approach to improving outcomes for looked after children at less cost through increasing foster care and reducing demand through early intervention.
 - **The importance of collaboration between different organisations.**
Example: North Dorset's move to running leisure centres through partnerships with private companies and parish councils with input from local communities.

22. It is important to note that the focus of this study is on savings and efficiencies so none of our case studies had the growth of income as the primary objective.
23. We have identified a number of attributes which successful savings initiatives demonstrate. The issues covered by these attributes are:
- Leadership;
 - Partner relationships;
 - Governance and project management;
 - Culture and ways of working;
 - Community responsiveness;
 - The initiative being part of a longer journey.
24. These attributes are often required to operate in combination with each other, and the more ambitious the project the more likely it is that they will all need to be present.

Conclusions

25. This study has demonstrated that authorities are deploying a number of approaches to delivering efficiencies and cashable savings. These include back office improvements, service re-design, shared services and collaboration, and increased working with the private sector through strategic partnering, outsourcing and joint ventures.
26. Drawing together the findings from our initial literature review, the interviews with interested parties, the survey and case studies, we have developed a spectrum of ambition and complexity to help make sense of the approaches authorities are adopting to secure savings and efficiencies (see Figure A) and how these approaches are evolving over time.
27. At the core of the spectrum is an increasing reliance on major service re-design and approaches such as demand management, prevention and early intervention. This is enabling a shift from traditional savings to transformational reform. This in return requires a shift from securing savings in a single service to a wider, more collaborative approach. At the same time, and as part of this development, those councils with the relevant responsibilities are increasingly focusing their drive to secure savings and efficiencies in adult social care and children's services. Our work also suggests that the speed at which authorities are moving across the spectrum is increasing, and that the further they move across the spectrum, the greater the potential to achieve better for less.

Figure A: Spectrum of ambition and complexity in making cashable savings



28. The study has also identified a number of attributes or success factors, which we explored in depth through the case studies. The importance of these attributes is not that they are individually novel but that where they are applied in combination, their impact is considerable.
29. A key attribute of the more ambitious and transformational savings initiatives is that they involve cultural change, collaboration between agencies and sustained leadership. They may also require significant capital investment. The results of these initiatives all require time to achieve; they are not a quick fix. Importantly, they feature ways of working which are most likely to enable councils and their partners to achieve improved outcomes at less cost in ways that can be sustained and replicated more widely.

1 Introduction

Background

- 1.1 In October 2012, the Department for Communities and Local Government commissioned Shared Intelligence and Grant Thornton UK LLP to conduct research into good practice in how local authorities are making savings which do not adversely impact upon frontline services or the voluntary and community sector.
- 1.2 The study aimed to collect new information on how local authorities have been making cashable savings via a survey and also more in-depth information on specific examples in different service areas via case studies which could be shared and disseminated across the sector.
- 1.3 There was agreement that the study should focus on local government revenue savings which do not adversely impact upon frontline services or the voluntary and community sector. To capture this information we explored two types of savings: **efficiencies** which have increased service levels or productivity for the same level of revenue budget and **cashable savings**.
- 1.4 A **cashable saving** was defined as relating to revenue expenditure only and is:
 - Neutral in its impact on service delivery;
 - A planned and sustainable reduction to a base budget;
 - Measurable against evidence that it has been achieved in line with what was planned.A more detailed definition is set out in Appendix C.
- 1.5 The research comprised three stages: background and scoping research, an online survey of all local authorities and fire and rescue authorities, and then 20 screening interviews followed by in-depth case studies to develop ten good practice examples of where local authorities have made savings that protect frontline services.

Context for the study

- 1.6 The background and scoping stage of the work comprised a short literature review and series of scoping interviews carried out between November 2012 and February 2013 to inform the design of the survey and qualitative research. We spoke to senior officials representing key service areas in the sector from four local authorities and six organisations that represent the local authority sector and different service areas within it.

- 1.7 The literature review revealed a large quantity of academic, policy and grey literature (including unpublished policy papers and reports) about local authority savings, although much of this was neither evidence-based nor applicable to the current English local government context. We selected a number of documents that had been published between 2010 and 2012, which we reviewed in depth.⁶ These included emerging findings from the Local Government Association's Productivity Programme and the Customer-led Transformation Programmes.⁷ These sources suggested a spectrum of steps that authorities had been taking since 2010 to secure cashable savings and efficiencies that ranged from traditional savings and cost-control measures, through to major transformational programmes and service redesign. The traditional end of the spectrum included actions such as:
- Salary freezes and changes to staff terms and conditions of service;
 - Reducing the number of tiers of senior and middle management;
 - Shared services to reduce overheads (without service redesign);
 - Service and function-specific outsourcing (within redesigned specification).
- 1.8 Whilst authorities we spoke to tended to have taken action at this traditional end of the spectrum, there was a strong message from the scoping interviews in stage one of the study on the distinction between short run and long run savings and that more sophisticated and transformational action, and at a larger scale, would be necessary to meet budget reductions in the future. One reason for this was that the opportunities that remain for achieving savings and efficiencies in the traditional way were unlikely to be able to meet the scale of financial challenge that authorities anticipated they would be facing in the medium term. During this period, when further reductions in spending were planned, demand for specific services, such as adult social care, was expected to increase both in volume and complexity.
- 1.9 It is clear from the interviews that were undertaken that, whilst some authorities had confined their action to this more traditional end of the spectrum since 2010, they were now considering – and in some cases taking - a more ambitious approach.

⁶ These documents comprised: *Leading in Hard Times* (CIPFA, 2010), *Local by Social* (NESTA & LGA, 2010), *Radical Efficiency* (NESTA, 2010), *Surviving the Storm: how resilient are local authorities?* (Grant Thornton, 2011), *Transforming Early Years: different, better, lower cost services for children and their families* (NESTA & Goddard, Payne and Temperley Research, 2011), *The Long Downturn – Implications for public service organisations* (CIPFA, 2012), *Insourcing Update* (APSE & UNISON, 2012), *When the Salami's Gone* (SOLACE & Eric Bohl, 2012), *Crossing the Border: research into shared chief executives* (Localis & LGA, 2012), *Commission Impossible* (Localis, Essex County Council and Mears, 2012), *Services shared: costs spared?* (LGA and Drummond MacFarlane, 2012), *Tough Times 2012: Councils' financial health in challenging times* (Audit Commission, 2012), *Shared Services Map* (LGA, 2012).

⁷ <http://www.local.gov.uk/productivity>

However, the literature review highlighted a number of potential barriers to embarking upon such a programme, most notably:

- A changing understanding of risk and how it is managed to allow innovation;
- How services which are no longer required are decommissioned;
- The expectation that securing savings will require involving alternative delivery models and third parties, and the many challenges that are associated with partnership and collaborative working;
- The lack of capacity, time and skills within local authorities to manage and deliver both change management and savings programmes, especially where the savings have not been considered or delivered by the council previously;
- The task of marshalling the political, managerial and organisational commitment to more fundamental change and making the necessary operational and strategic decisions;
- An increased complexity in measuring and understanding what works when delivering transformational programmes in which outcomes are often multi-layered and cross-cutting.

1.10 Our review of existing literature suggested that the more ambitious approaches that were being adopted include:

- More ambitious and extensive shared services arrangements, such as shared chief executives or service functions;
- Strategic commissioning, including outcomes based commissioning and the use of market stewardship to encourage a mixed economy of provision from, for example, small and medium-sized enterprises (SMEs) and/or the voluntary sector;
- Pan-public sector work, in particular between health and social care services;
- New approaches to the notion of public service involving new roles for the council (as a commissioner or enabler) working with other suppliers, including community groups and residents, to set up mutuals for the co-production of services.

1.11 However, as information on these approaches was drawn from case studies (often small scale pilots) within the literature we reviewed, it was difficult to know the extent to which they were being adopted as mainstream practice across local authorities.⁸

⁸ A more recent version of the Local Government Association's shared services map shows 'ambitious approaches' are now more common than when the literature review was carried out in 2012/13. See <http://www.local.gov.uk/shared-services-map>

- 1.12 It was evident from both our scoping interviews and literature review that approaches of this type involved a different level of planning, development, consultation and engagement than that required for more conventional service changes and re-organisations. This required significant capacity – time, skills and capability – within the council (both political and managerial) and within partner organisations and the community. The lead times were longer, but the potential contribution to both improving outcomes for local communities and securing savings and efficiencies was greater. These issues are revisited in the concluding section.
- 1.13 The scoping interviews and literature review exposed a range of issues to explore in the main elements of the study. These were used to design the survey and case study methodologies, to test and update the findings from the scoping stage and inform the development of the spectrum of approaches to making cashable savings.

2 Methodology

Scoping stage methodology

- 2.1 The background and scoping phase of the research comprised three activities:
- An evidence review which focused on the good practice elements of the literature on the subject of local authority savings since 2010;
 - Semi-structured telephone interviews with four local authorities selected to provide a spread of types of authority, different geographic areas, and political control;
 - Consultation with six organisations that represent parts of the local authority sector. These were: the Society of Local Authority Chief Executives, the Chartered Institute of Public Finance and Accountancy, the National Audit Office, the Association of Directors of Children's Services, the Association of Directors of Adult Social Services and the District Councils Network.
- 2.2 Documents for review were identified through web searches, existing knowledge of the literature, and those suggested by members of the project advisory group. A relatively small range of documents and resources that fell within the search criteria were identified, as a number of documents were considered out of scope based on the absence of good practice content and relevance to the English local authority sector. Fourteen documents were reviewed including several published by the Local Government Association, the Chartered Institute of Public Finance Accountancy, the National Endowment for Science, Technology and the Arts, the Society of Local Authority Chief Executives and Senior Managers, the Audit Commission, Localis and Grant Thornton as discussed in the previous section of the report.

Survey methodology

- 2.3 The online survey was distributed to the chief executives of all 353 local councils and 30 metropolitan and combined fire and rescue authorities in England.⁹ It covered all areas of authorities' expenditure and focused on local government revenue savings which do not adversely impact upon frontline services or the voluntary and community sector. To capture this information the survey asked questions on two

⁹ The survey was sent to the 30 metropolitan and combined fire and rescue authorities and the 353 local councils in England (including county councils, district councils (shire and metropolitan), unitary authorities and London boroughs, but not parish, town or community councils or other local authorities such as combined authorities, waste authorities, park authorities, integrated transport authorities, or the Greater London Authority (GLA)). Follow-up telephone calls and email reminders were sent to chief finance officers and/or Section 151 officers where appropriate.

types of savings: efficiencies which have increased service levels or productivity for the same level of revenue budget and 'cashable savings'.¹⁰

- 2.4 As a key aim of the survey was to identify and explore good practice examples of where savings have been delivered that had not impacted on the level or quality of frontline services, or the voluntary and community sector, the survey asked respondents to choose up to three examples where their authorities had already delivered efficiency or cashable savings. It was suggested that they might want to choose examples which they thought were notable for the size of saving delivered (in absolute terms or relative to budget size), or the lessons learned in achieving them. Respondents were also asked to provide some detail on the size of the savings connected to the examples they had selected, including at their early stages, and the approaches that were used to deliver these.
- 2.5 These examples were contextualised by survey questions that covered each authority's overall approach to savings, in which service areas savings had been made, how actual savings compared to planned savings, and enablers and challenges to making savings. Lastly, questions were asked about anticipated savings over the next two to three years. A copy of the online survey is provided at Appendix A.
- 2.6 The survey was piloted first and then revised to take account of the feedback from the pilot phase. Survey data was collected from 107 authorities that responded to the survey between May and July 2013. This represents a 28 per cent response rate overall, ranging from 23 per cent for district councils to 39 per cent for metropolitan borough councils. These figures are comparable with response rates for surveys of this type. Although the final response rate was under one third, there was a good mix of different authority types amongst those that did respond so the findings presented in this report give a reasonable insight into how savings are being made across the sector.
- 2.7 Further information is provided about the pilot, response rates and data quality in Appendix B.

Case study methodology

- 2.8 Following the survey analysis, the research team compiled a long list of 34 examples. The sample selection was informed by agreed criteria to achieve a mix of councils in terms of type of authority, political administration, geographical coverage, policy and service areas, and the approaches adopted. Twenty examples of

¹⁰ See definition in Appendix C

authorities that would make potential case studies were selected from this list, covering a range of services and approaches to making savings. Screening interviews were then carried out with the lead officer for the specific savings example in each of the authorities. These were semi structured phone interviews which covered the corporate and local context, the rationale for the approach employed, the savings made and the learning from this process. These interviews were also used to ensure that the authority was willing to undergo an exercise to validate that the savings included in the example were cashable and still happy to be involved in a named case study.

2.9 We then used the findings from the screening interviews to select a list of ten case studies to provide a sample of authorities that covered the range of authority types, administrations and locations, with examples that reflected the different service areas and approaches to making savings reported in the survey. These are shown in Figure 1.

Figure 1: Case study authorities

| Authority | The savings project |
|--------------------------------|--|
| Barnet Council | Outsourcing of the council's Customer Services Group |
| Brighton and Hove Council | Reablement service |
| Buckinghamshire County Council | Buckinghamshire Learning Trust |
| Hertfordshire County Council | New Ways Transformation Programme for social care |
| Kirklees Council | One Council Approach |
| Manchester City Council | Integrated commissioning for looked after children |
| Merseyside Fire and Rescue | Joint control centre (with Merseyside Police) |
| North Dorset District Council | Leisure centres |
| North Somerset Council | Commissioning of parks and street scene services |
| Sheffield City Council | Channel shift in relation to housing benefit |

2.10 The case studies were designed to provide a better understanding of the overall approach authorities are taking to securing cashable savings and efficiencies. They focused on examples of good practice that were highlighted in the survey responses and could be shared with other authorities.¹¹ As a group, the case studies were designed to be analysed to help to better understand the relative contribution of different service areas and different approaches to authorities' savings to date and in

¹¹ Survey respondents provided up to three good practice examples where savings had been delivered that had not adversely impacted on the level or quality of frontline services, or the voluntary and community sector and which were notable for the size of saving delivered (in absolute terms or relative to budget size), or the lessons learned in achieving them. The screening interviews checked that the examples met the 'good practice' criteria and could be replicated more widely. Additionally the financial savings were validated by Grant Thornton.

the future, and the different service areas in which the approaches are most likely to be applied. Overall the case studies were designed to:

- Provide an understanding of success factors (what works, why and in what circumstances);
- Establish drivers for action and change;
- Set out the challenges and inhibitors and how they have been addressed.

2.11 The data for the case studies were drawn from a variety of sources:

- Online survey responses;
- Financial information;
- Screening telephone interviews;
- Review of relevant documentation;
- Face to face interviews, conducted on site with the local authority.

2.12 Face to face semi-structured interviews were held with a mixture of the following, as relevant, from each local authority:

- Elected members/portfolio holder(s);
- Transformation lead;
- Scrutiny function;
- Service director(s)/project lead(s);
- Senior officer(s) from the Finance team;
- User group(s)/ delivery partner(s).

2.13 The topic guide for these interviews was based on the following generic lines of enquiry, which were customised as questions for individual interviewees:

- Context – how the authority is managing savings more generally and the rationale for making savings in the specific example;
- Design and sign off – of the savings example, including governance arrangements;
- Implementation – of the specific example including roles and responsibilities;
- Savings delivered – and how these compare with planned savings;
- Future savings – from the specific example and as part of a longer term strategy;

- Lessons learned – including drivers, what worked well, and not so well, challenges and how these were responded to and potential for replicability within the authority and wider sector.

2.14 In addition, the case studies included validation of the financial data included in the survey in relation to:

- The cashable savings definition – through reviewing the internal sign off process adopted by the authority for each case study to provide assurance that the savings included were cashable;
- The value that has been delivered – reviewing financial information for relevant service areas;
- The value of those savings proposed - where replicable savings are forecast, but not yet delivered, to provide assurances that the business case in which the proposed savings were set out was based on appropriate assumptions.

2.15 Each case study was written up in a standard format. Authorities were given the opportunity to check for factual accuracy and comment on and/or agree to the way in which case study material for their authority was presented.

2.16 The case studies are appended to this report as good practice examples. The findings from the ten case studies were analysed to draw out common themes and patterns from this qualitative research are discussed in Section 4 of this report. The case study findings were also synthesised with the scoping stage and survey findings to develop overall conclusions from the research and develop a spectrum of approaches to making savings as presented in Section 5.

3 Survey findings

3.1 As outlined in the methodology section, the online survey to authorities aimed to identify good practice examples of savings and find out about:

- In which service areas savings had been delivered;
- Actual savings compared with planned savings;
- Approaches to making savings;
- Factors that assist in making savings;
- Characteristics of good practice examples.

3.2 These areas of findings are considered in turn below.

Where are savings being delivered?

3.3 Before identifying good practice in local government savings we first wanted to obtain an overall picture of the scale of efficiency and cashable savings being made in different service areas. We also wanted to know the extent to which this picture varied across different types of authority, how it had been changing since 2010/2011 and whether any trends were likely to continue.

3.4 In order to do this, we looked at:

- The service areas in which savings have been delivered to date, by authority type;
- The scale of savings delivered, by service area and type of authority;
- Future plans and anticipated savings.

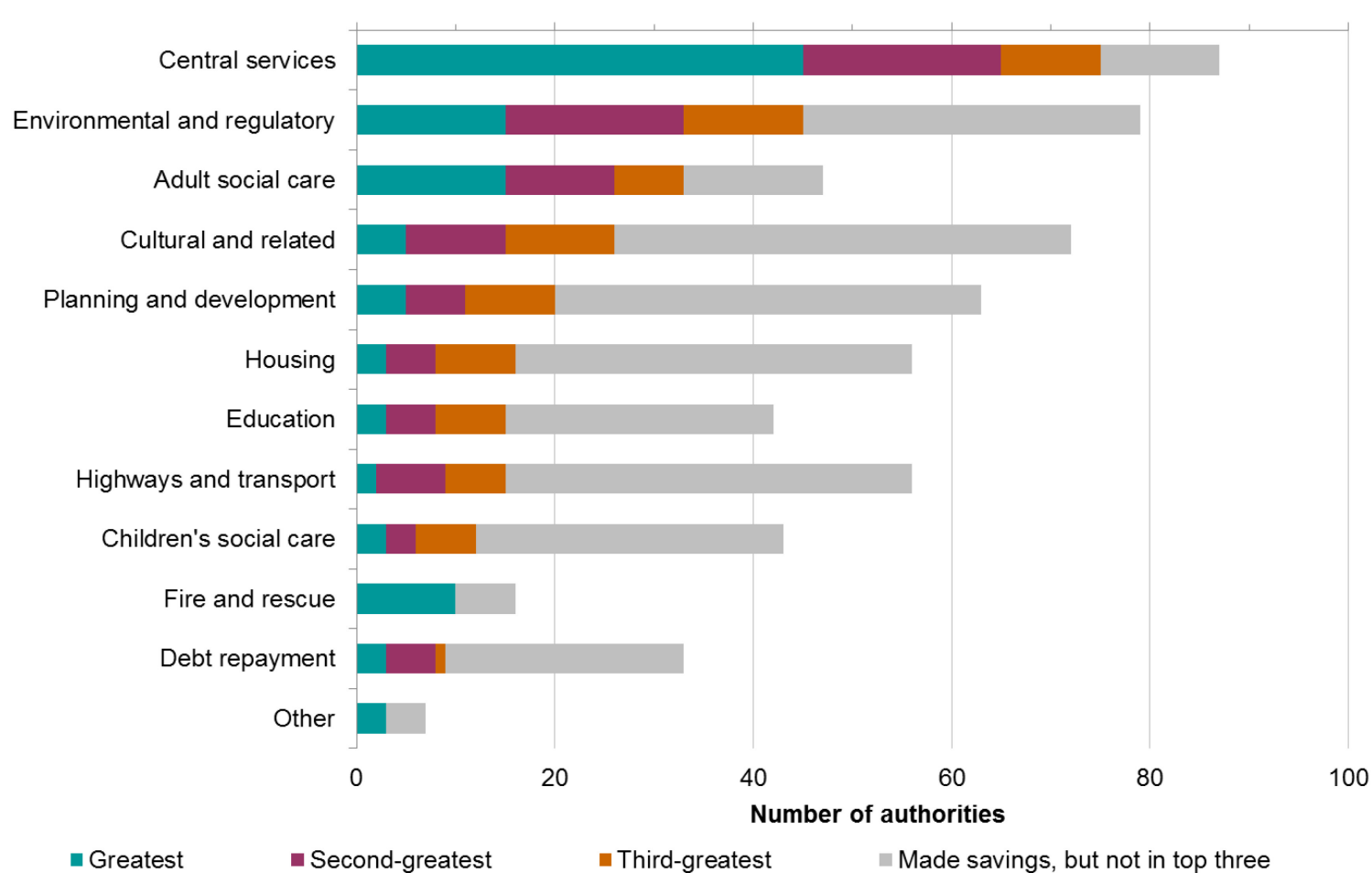
The picture overall

3.5 The survey asked respondents to indicate the three service areas where they had recently delivered efficiency or cashable savings which had delivered the greatest savings as a proportion of the authority's overall base budget. They were also asked about other important areas in which they had made savings, albeit at a lower proportion of the authority's base budget than the 'top three'. The results are presented in Figure 2.

3.6 In response to this question, authorities reported that the key service areas in which they had been making significant savings to date as a proportion of the authority's overall base budget were central services (across all types of authorities), adult

social care (within single tier and county councils), and environmental and regulatory services, particularly within district councils. The focus on central services is consistent with the findings from other surveys and studies reviewed in the scoping stage in that it reflects an initial dependence on more traditional forms of savings through management reorganisation and staff reductions. The findings in relation to adult social care and environmental and regulatory services are more likely to indicate the significance of their budget size to the respective types of authorities.

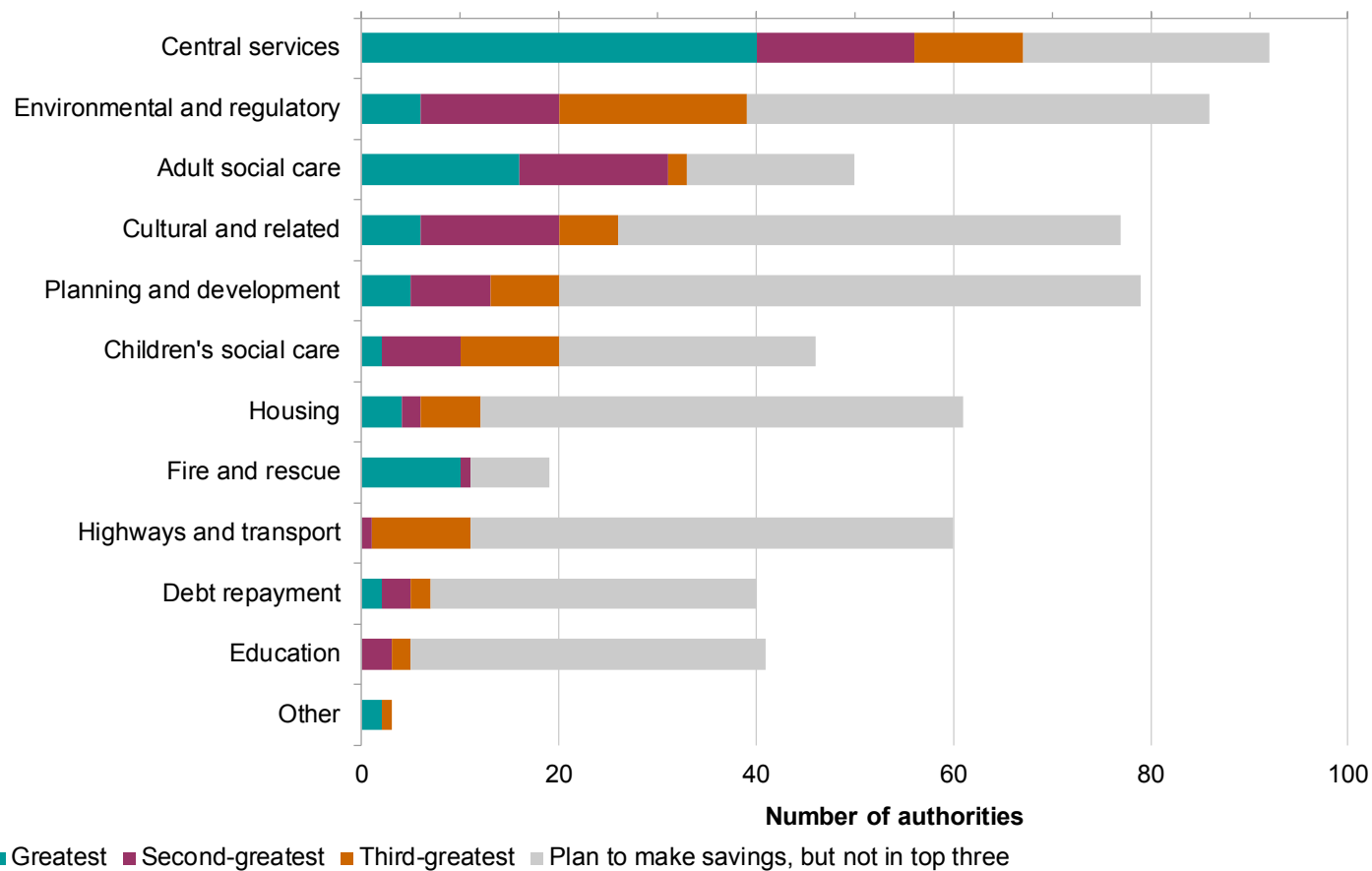
Figure 2: Service areas in which authorities have recently delivered savings; ordered by three areas of greatest savings as a proportion of the authority's overall base budget (All authorities, n = 107)



Notes: Some service areas are not covered by all authorities so the maximum possible responses for these services will be less than 107. District councils (n = 46) do not have responsibilities for adult or children's social care. County councils (n = 10) are not responsible for housing but are responsible for fire and rescue services where these are not covered by metropolitan and combined fire and rescue authorities (n = 10).

- 3.7 Other service areas in which savings were reported by the majority of authorities (although not necessarily as the three highest in proportion to the overall base budget) included cultural and related services, and planning and development. Highways and transport was also named as a service area in which savings had been made by over half of respondents, although seldom appearing in the top three.
- 3.8 These 'key service areas' for savings are likely to continue into the future, as shown in Figure 3. Adult social care remains a priority area for savings (for those authorities that have responsibility for this service) although it should be noted that this is likely to include efficiencies as well as cashable savings, particularly as the demand for these services is increasing due to demographic change with increasing numbers of older people. Central services and environmental and regulatory services continue to be important areas in which to make savings in the future although savings in these two areas are expected to tail off to some extent. Authorities reported that savings in children's social care are forecast to increase slightly in importance.

Figure 3: Service areas in which authorities intend to deliver savings in the future; ordered by three areas of greatest savings as a proportion of the authority's overall base budget (All authorities, n = 107)



Note: Some service areas are not covered by all authorities so the maximum possible responses for these services will be less than 107. District councils (n = 46) do not have responsibilities for adult or children's social care. County councils (n = 10) are not responsible for housing but are responsible for fire and rescue services where these are not covered by metropolitan and combined fire and rescue authorities (n = 10).

Scale of savings delivered

- 3.9 Turning to the survey responses on financial data on savings delivered, we explored the savings that had been made in more detail, by service area and authority type and also for the three years to date (2010/11, 2011/12 and 2012/13) as captured through the survey.¹²
- 3.10 Figures 4 to 6 show the average savings that have been delivered as a percentage of the average base budget within the relevant service area for single tier authorities, district councils and fire and rescue authorities. (The results for county councils are excluded as their sample sizes for individual service areas are too small to be considered robust.)

Figure 4: Average savings delivered, as a percentage of the average base budget within the relevant service area (Single tier councils, n = 17)

| | 2010/11 | 2011/12 | 2012/13 | 3-year average |
|------------------------------|---------|---------|---------|----------------|
| Planning and Development | 6% | 30% | 16% | 18% |
| Central Services | 5% | 20% | 9% | 12% |
| Cultural and Related | 9% | 13% | 7% | 10% |
| Highways and Transport | 5% | 16% | 8% | 10% |
| Housing | 4% | 8% | 6% | 6% |
| Environmental and Regulatory | 4% | 10% | 5% | 6% |
| Adult Social Care | 5% | 7% | 6% | 6% |
| Children's Social Care | 3% | 8% | 5% | 6% |
| Fire and Rescue | N/A | 6% | 3% | 4% |
| Education | 1% | 2% | 2% | 2% |

- 3.11 We can see that proportionately high savings were made in central services, particularly in 2011/12 when savings reached 20 per cent and 11 per cent of their average base budget for single tier and district councils respectively. The survey data suggests that this service area has been prioritised for making savings, and that it has been relatively easy to trim planning and development in the short term (with savings of 30 per cent and 16 per cent of the average base budget of single tier authorities for this function in 2011/12 and 2012/13 respectively). However these levels of savings may be difficult to sustain in the longer term when this service is required to support authorities' economic growth ambitions.

¹² This analysis for all authorities combined is not meaningful because of the variations in service responsibilities and levels of budgets between types of authority.

Figure 5: Average savings delivered, as a percentage of the average base budget within the relevant service area (District councils, n = 10)

| | 2010/11 | 2011/12 | 2012/13 | 3-year average |
|------------------------------|---------|---------|---------|----------------|
| Central Services | 9% | 11% | 8% | 9% |
| Environmental and Regulatory | 7% | 14% | 7% | 9% |
| Housing | 6% | N/A | N/A | 6% |
| Planning and Development | 9% | 5% | 4% | 6% |
| Highways and Transport | 6% | N/A | N/A | 6% |
| Cultural and Related | 6% | 4% | 2% | 4% |

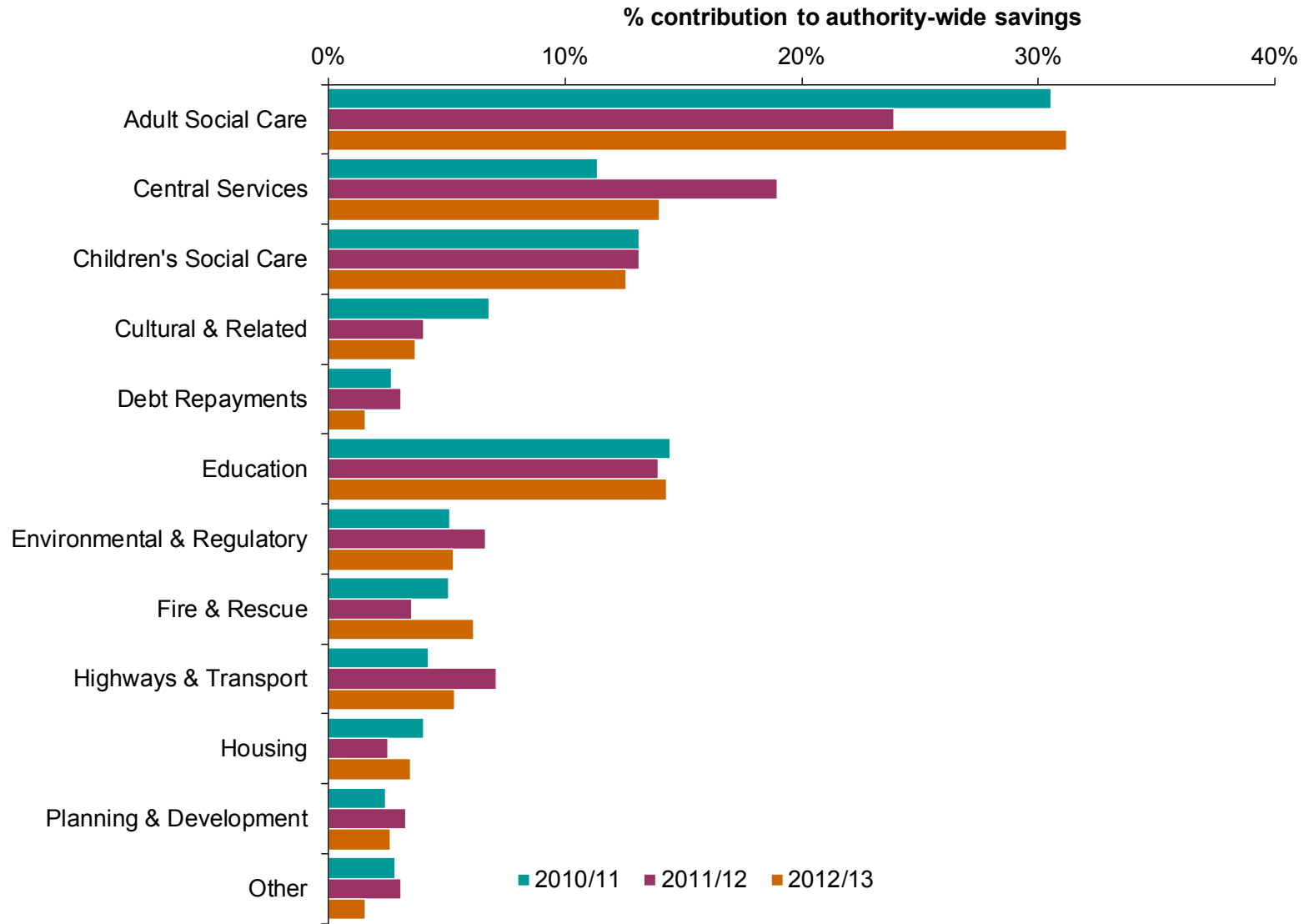
- 3.12 Although based on a relatively small sample (seven out of 30 authorities), fire and rescue authorities reported a lower level in savings in central services than other authorities, although the three year average of four per cent was double that for savings in fire and rescue activities as shown in Figure 6.

Figure 6: Average savings delivered, as a percentage of the average base budget within the relevant service area (fire and rescue authorities, n = 7)

| | 2010/11 | 2011/12 | 2012/13 | 3-year average |
|------------------|---------|---------|---------|----------------|
| Central Services | 1% | 5% | 6% | 4% |
| Fire and Rescue | 2% | 2% | 3% | 2% |

- 3.13 If we turn to the savings that made the largest contribution to average savings delivered authority wide, then we see in Figure 7 that the savings in adult social care contributed around 20 to 30 per cent, while central services contributed between 10 to 20 per cent of average authority wide savings delivered for each of the three years from 2010/11 to 2012/13. Together they contributed over 40 per cent for each of the three years. This is due to a combination of factors as these savings constituted a relatively high proportion of the respective base budgets (particularly for central services) and accounted for a high proportion of total council spending (especially in the case of adult social care).
- 3.14 Figure 7 also shows that, despite savings in children’s social care and education being fairly modest compared to base budgets for their respective service areas, the absolute size of their budgets means savings from these areas each contributed over 10 per cent of authority-wide savings delivered for each of the three years from 2010/11 to 2012/13. Conversely, cultural and related services, and planning and development services, while identified by respondents from both single tier and district councils as areas in which they have made savings, each contributed around five per cent of authorities’ overall savings between 2010/11 and 2012/13.

Figure 7: Average contribution of service areas to savings delivered authority-wide (All authorities, n = 40)



How successful have authorities been in delivering budgeted savings?

- 3.15 As part of identifying good practice in local government savings, it was important to assess how effective local authorities and fire and rescue authorities had been in achieving their planned savings targets in the financial years 2010/11, 2011/12 and 2012/13. While a strategy for making savings is clearly necessary, the savings need to be realised in practice.
- 3.16 It should be noted that authorities can balance their budgets even without meeting planned savings targets. This is because savings can be higher than planned in some service areas, which can compensate for not meeting targets in others, income may have risen, for example, from national non-domestic rates (NNDR), and/or the authority may decide to draw on its reserves.
- 3.17 This section of the report covers:
- A comparison of actual savings delivered with budgeted savings;
 - How savings patterns have developed over time.

Comparing planned and delivered savings

- 3.18 Figures 8 and 9 show the average savings delivered as a percentage variation from average savings planned by service area and type of authority (excluding county councils and fire and rescue authorities where sample sizes are too small to support this level of disaggregation). The figures show the percentage **difference** from the planned savings, so Figure 8 for example, shows that single tier councils delivered average savings in children's social care of 112 per cent **more** than planned in 2010/11 (over double) and three per cent **more** than planned in 2012/13.

Figure 8: Average savings delivered, as a percentage difference from the average savings planned for, by service area (Single tier councils, n = 18)

| | 2010/11 | 2011/12 | 2012/13 | 3-year average |
|------------------------------|---------|---------|---------|----------------|
| Children's Social Care | 112% | 11% | 3% | 42% |
| Fire and Rescue | N/A | 0% | 7% | 4% |
| Cultural and Related | -1% | 11% | -4% | 2% |
| Planning and Development | 4% | 1% | 0% | 1% |
| Education | 8% | -7% | -3% | -1% |
| Housing | -2% | 0% | -2% | -1% |
| Highways and Transport | -6% | -1% | -11% | -6% |
| Environmental and Regulatory | -4% | -7% | -23% | -11% |
| Adult Social Care | -7% | -25% | -16% | -16% |
| Central Services | 1% | -2% | -53% | -18% |

Figure 9: Average savings delivered, as a percentage difference from the average savings planned for, by service area (District councils, n = 10)

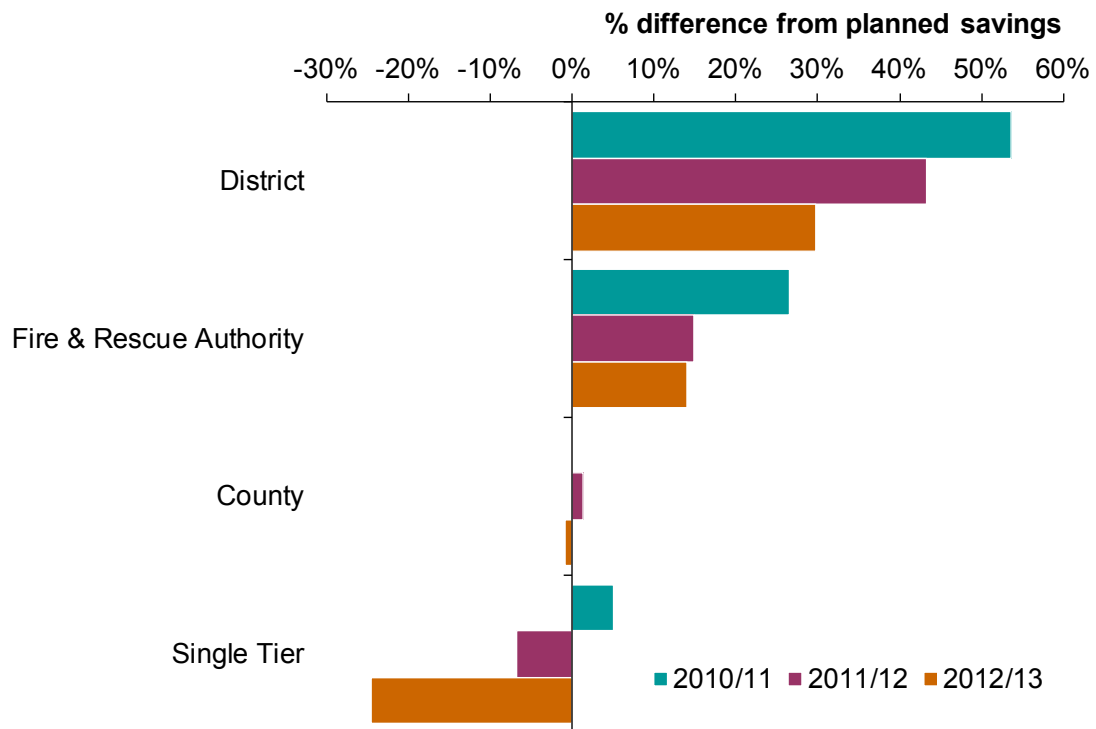
| | 2010/11 | 2011/12 | 2012/13 | 3-year average |
|------------------------------|---------|---------|---------|----------------|
| Environmental and Regulatory | 113% | 132% | 100% | 115% |
| Central Services | 30% | 31% | 9% | 23% |
| Planning and Development | -63% | 92% | 11% | 13% |
| Other | 0% | 0% | N/A | 0% |
| Cultural and Related | -1% | -13% | -3% | -6% |
| Highways and Transport | 67% | -45% | -81% | -20% |

- 3.19 As these tables show, there were some differences in the relationship of savings delivered to savings planned between service areas and between types of authorities. Figure 8 shows that single tier authorities delivered between 7 per cent and 25 per cent less than their budgeted savings in adult social care in all three years from 2010/11 to 2012/13, whereas they overachieved in children’s social care, although the scale of savings planned was much lower for the latter. (These figures are relatively robust, at least in terms of scale, given the sub-sample of single tier authorities). Savings in central services for single tier authorities were delivered at the budgeted level (i.e. between one per cent above and two per cent below planned savings in years 2010/11 and 2011/12), but this fell to more than 50 per cent below the planned level of savings in in 2012/13.
- 3.20 District councils overachieved in relation to their budgeted savings for central services and environmental and regulatory services – two of the three areas with the highest proportionate savings. The more variable level of achievement over the three years in highways and transport (from 67 per cent above planned savings in 2010/11 falling to 81 per cent below in 2012/13), and planning and development (rising from 63 per cent below to 92 per cent above planned savings over the same three year period), reflects the specific nature of these services with savings being dependent on levels of demand for services and revenue from commercial activities.

Savings patterns since 2010

- 3.21 Figure 10 shows savings delivered as a percentage difference from savings planned by type of authority, across all service areas. These percentages reflect the services delivered by different types of authorities but also illustrate a common pattern of achievement or overachievement of budgeted savings in 2010/11, relatively lower levels of achievement or underachievement in 2011/12, with this trend either continuing or levelling off in 2012/13 with the pattern varying between types of authorities.

Figure 10: Average savings delivered, as a percentage difference from average savings planned for, by type of authority (n = 38)



3.22 The trends in delivered compared to budgeted savings may reflect the changing context in which authorities were seeking to make savings. Authorities took actions to make savings in 2010/11 in the light of the new coalition government’s emergency budget. The context for subsequent savings was set by the Spending Review 2010, which required authorities to be more ambitious in their approach to securing savings. Although budgeted savings were often lower in 2012/13 than 2011/12, they were not always achieved, which may possibly reflect the limits of ‘quick wins’, particularly in central services or back office functions. The survey data shows that authorities were more likely to focus achieving savings from central services initially, rather than from frontline services which often require longer term, transformational change to make efficiency or cashable savings while retaining service quality.

3.23 The survey results do not enable us to probe this further, but it is possible to deduce a number of other reasons for budgeted savings being over or underachieved. These include savings that have been delivered earlier (or later) than expected (for example the timing of savings) possibly because of challenges in making savings, such as contract inflexibilities or incompatible IT systems taking time to unblock. An alternative cause could be inaccurate estimation of the level of savings likely to be achieved from a particular initiative, or weaknesses in project management in the delivery of approved savings.

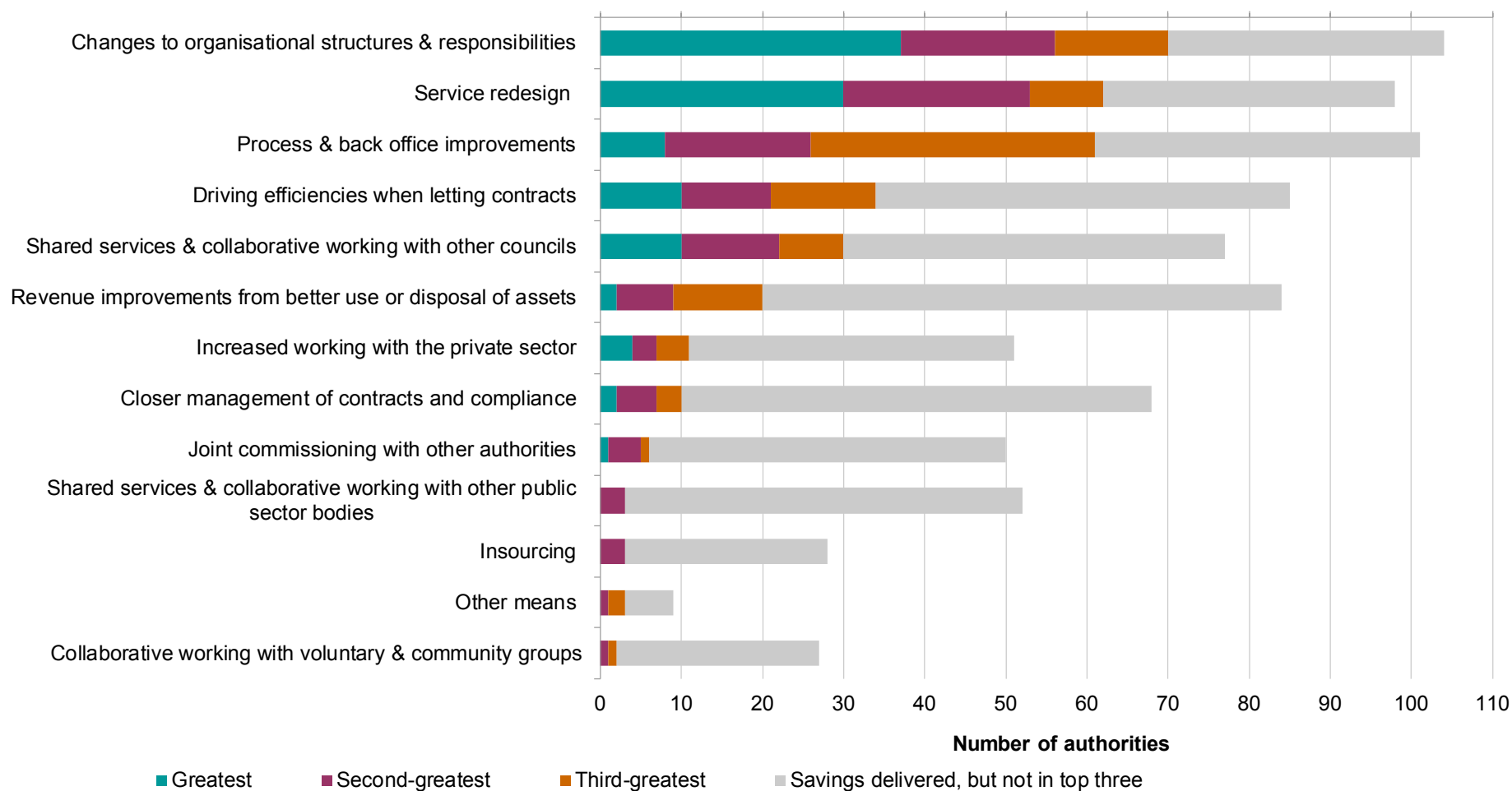
Approaches to making savings

- 3.24 An important part of the study is the identification of good practice in making efficiency and/or cashable savings so that this can be used by a wider audience of local authorities and fire and rescue authorities. For knowledge transfer of this type, it is essential to be able to identify not only what level of savings authorities made in which service areas but also how they achieved them. To do this, the survey explored the approaches that respondents used to make savings as these have the potential to be replicated in different contexts.
- 3.25 To understand the range of approaches taken to make savings, as well as the effectiveness of them, the survey asked respondents about:
- Approaches taken to delivering savings to date and how these vary between authority types and service areas;
 - The scale of savings delivered through different approaches;
 - Anticipated approaches for future savings.

What approaches have authorities used for making savings?

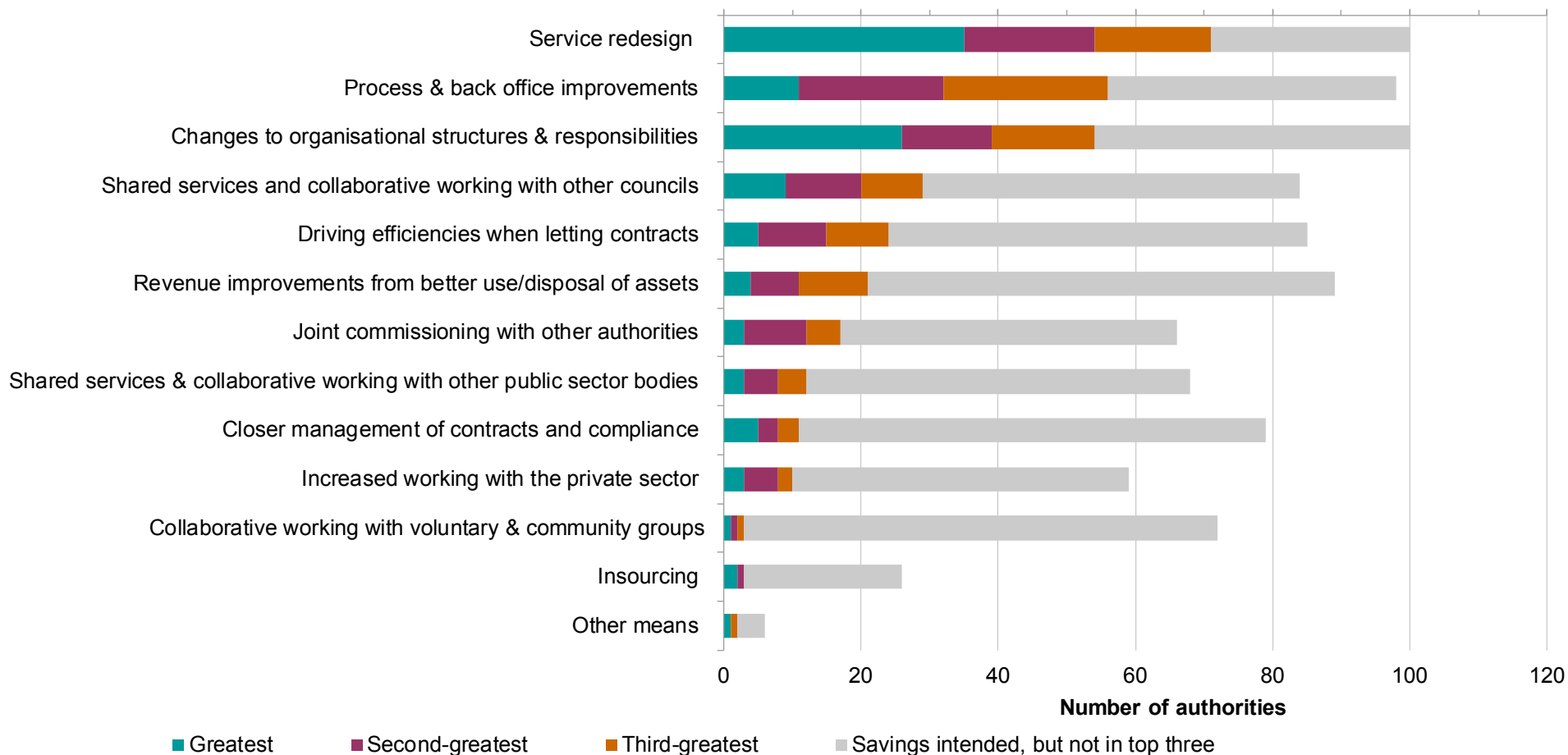
- 3.26 Authorities were asked to report on the approaches they had used to make savings and to identify the three approaches which have made the largest savings as a proportion of the authority's overall base budget. The results are shown in Figure 11 below.
- 3.27 Figure 11 shows that authorities have been using a combination of approaches to deliver significant savings. The most commonly used approaches for delivering savings across the 107 authorities that responded to the survey have been changes to organisational structure responsibilities, service redesign, and process and back office improvements. These were reported as the top three approaches used by over half of respondents to deliver the largest savings as a proportion of the authority's overall base budget.

Figure 11: Approaches used by authorities to make the largest savings as a proportion of their overall base budget; ordered by top three approaches (All authorities, n = 107)



- 3.28 Figure 12 shows that service redesign is likely to increase in the future as a key approach to making significant savings. Over 70 respondents (around two-thirds of all respondents) intend to use this as one of the top three approaches that will deliver the largest savings as a proportion of the authority's overall base budget. This trend may well reflect the longer timescale needed to implement changes through service redesign, especially if this involves transformational or system change in frontline services compared to relying on transactional change, such as through structural reorganisation of existing central and back office services without any service redesign.
- 3.29 Driving efficiencies when letting contracts is also likely to become important for both county and district councils, as is working with the private sector (for example through strategic partnering, new outsourcing arrangements, and joint ventures) for county councils, and shared services and collaboration with other councils for district councils.

Figure 12: Approaches that authorities intend to take in future to make the largest savings as a proportion of their overall base budget; ordered by top three approaches (All authorities, n = 107)



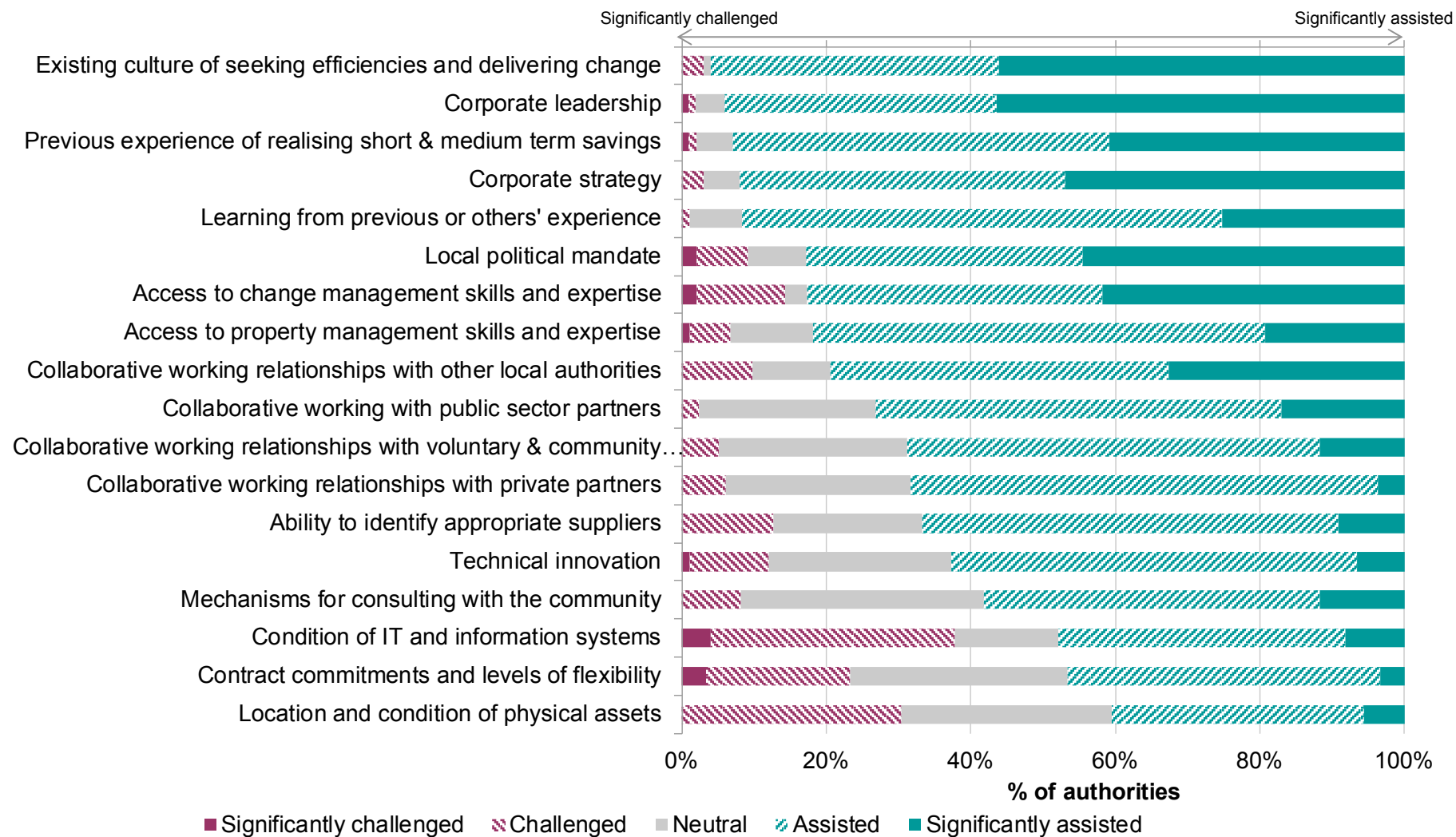
Factors that assist and challenge in making savings

- 3.30 For learning about and replicating good practice it is important to understand the enabling factors and challenges that authorities face when attempting to deliver, often considerable, savings.
- 3.31 The survey asked respondents about the degree to which a number of factors had either assisted their organisation's ability to implement the required changes to make efficiency or cashable savings, or provided challenges that needed to be addressed. These questions were asked in relation to authority-wide savings rather than for the good-practice examples. The analysis of responses to these questions enabled us to identify:
- Factors that assist and challenge local authorities' ability to deliver savings;
 - Factors that assist and challenge local authorities' ability to deliver savings through changes in approaches to commissioning.

General factors assisting and providing challenges to authorities' ability to deliver savings

- 3.32 The survey asked respondents to identify the extent to which various factors assisted or challenged their ability to make savings. The results are shown in Figure 13.
- 3.33 We can see that the most important assisting factors or enablers relate to corporate and strategic leadership, including political mandate, and previous experience of delivering savings, as well as a culture of seeking efficiencies and delivering change more generally. Collaborative working relationships with other local authorities was given as a particularly important enabler by district councils. This is not surprising given the relative importance of shared services and collaborative working with other councils that the survey shows is an approach commonly used by this type of authority.
- 3.34 The most significant challenges were not simply the reverse of the enablers, for example lack of leadership or little previous experience in making savings, but were more technical factors, including the conditions of IT systems, location of assets, contractual commitments and levels of flexibility.
- 3.35 This pattern may imply that the cultural and organisational conditions to make savings are in place (at least to some degree) in many local authorities, but delivering on the planned savings may be constrained and/or delayed by rigidities in the system. These rigidities could include different IT systems affecting plans for moving to shared services and the inability to change commissioning arrangements, including through joint commissioning, until contracts are due to be renewed.

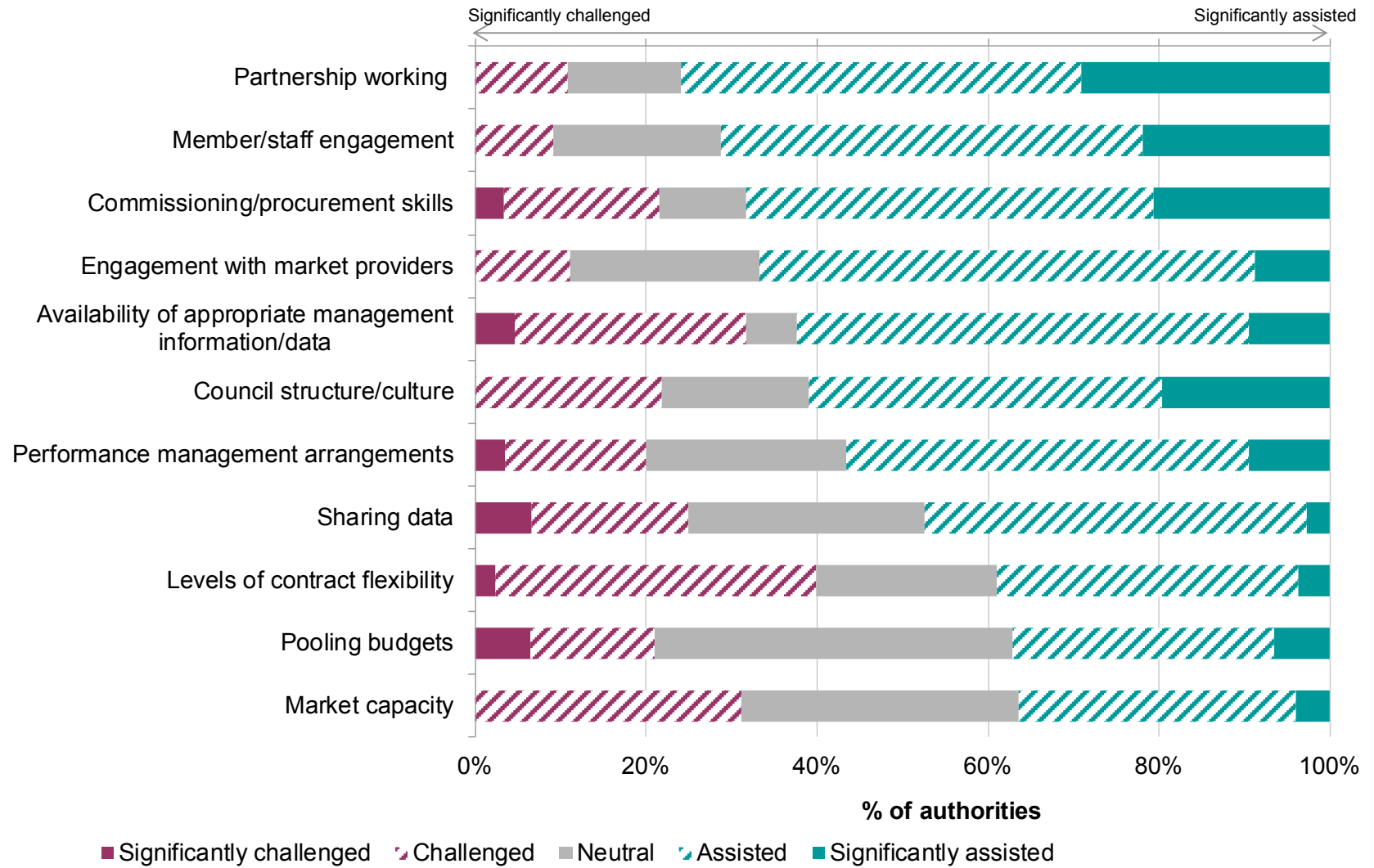
Figure 13: Factors challenging and assisting authorities' ability to deliver savings – All authorities (n = 107)



Factors assisting making savings through changes to commissioning

- 3.36 The survey also asked respondents about factors that assisted and challenged making savings through changes to commissioning practices. The findings show a similar picture for this specific question to that for delivering savings generally as shown in Figure 14.
- 3.37 The survey results show that member/staff engagement, commissioning and procurement skills, and partnership working were the most important enabling factors for assisting making savings through changes to commissioning practices. Conversely, market capacity and sharing data were reported as particular challenges to a commissioning approach. This pattern was fairly constant across all types of authority.

Figure 14: Factors challenging and assisting authorities' ability to deliver savings through commissioning – all authorities (n = 107)



Good practice examples

- 3.38 As noted earlier in this report, the survey asked each respondent to identify up to three good practice examples which were notable for the size of savings delivered or for the lessons learned in achieving them. Survey respondents were also asked to identify the three approaches that provided the greatest contribution to delivering efficiency or cashable savings within each example.

Approaches used to make savings

- 3.39 We analysed a total of 227 examples (excluding eight debt repayment examples) to explore how various approaches have been used to generate savings in specific service areas and also by the different types of authorities. This analysis is shown in Figures 15 to 17. It should be noted that these examples are self-selected by authorities so they do not necessarily reflect approaches to making savings across the whole of a service area.¹³ They are also self-defined in terms of service area, and the relative contribution of an approach to savings in each service area is self-reported. Savings through debt repayment have been excluded from this analysis as these are not savings about which a range of different approaches can be taken.
- 3.40 Figure 15 shows the percentage of examples where a particular approach has been used to make savings within the service area shown in the relevant row. For example, for the 19 authorities that provided specific examples of savings in adult social care, the table shows that 13 (68 per cent) reported service redesign as one of the approaches that delivered the greatest contribution to savings, 10 (53 per cent) reported driving efficiencies to letting contracts, and nine (47 per cent) named increased working with the private sector.
- 3.41 Overall, we can see how the main approaches used have been relevant to the key service areas in which savings have been made. So across all authorities, process and back office improvements have been the most commonly used approach to making savings in central services (in 71 per cent of the 89 examples provided), although changes to organisational structures and responsibilities (63 per cent), and service redesign (58 per cent), follow closely behind. Service redesign has been the most important approach for making savings in environmental and regulatory services (in 68 per cent of the 41 examples). This distinction helps explain why savings in central services through 'back office' approaches, have been made more quickly (particularly in 2010/11) whereas frontline services, such as adult social care and children's social care are more likely to require longer-term transformational redesign to deliver savings without affecting service quality.

¹³ For example, the self-selected example may be about looked after children specifically so the approach used may not apply or be relevant to the whole of Children's Services.

3.42 Although these patterns hold across all authority types, Figure 16 shows that the data on specific examples of savings indicate that single tier authorities were more likely to be using reorganisation of structures and management responsibilities (77 per cent of examples), and process and back office improvements (84 per cent of examples), as ways of making savings in central services. As shown in Figure 17, for central services, district councils had a noticeable emphasis on shared services with other councils (55 per cent of examples).

Figure 15: Approaches used for service examples – All authorities (n = 227, excluding debt repayment examples)

| Service area | Number of examples | Top three most common approaches taken to make savings (in % of examples) |
|------------------------------|--------------------|---|
| Central services | 89 | Process and back office improvements (71%) Changes to organisational structures and responsibilities (63%) Service redesign (58%) |
| Environmental and regulatory | 41 | Service redesign (68%) Changes to organisational structures and responsibilities (56%) Shared services and collaborative working with other councils (49%) |
| Fire and rescue | 22 | Service redesign (73%) Changes to organisational structures and responsibilities (50%) Shared services and collaborative working with other councils (23%) and Revenue improvements from better use or disposal of assets (23%) |
| Adult social care | 19 | Service redesign (68%) Driving efficiencies when letting contracts (53%) Increased working with the private sector (47%) |
| Cultural and related | 14 | Service redesign (50%) Revenue improvements from better use or disposal of assets (50%) Collaborative working with voluntary and community groups (43%) |
| Authority-wide | 10 | Service redesign (70%) Process and back office improvements (60%) Driving efficiencies when letting contracts (60%) |
| Children's social care | 9 | Service redesign (67%) Changes to organisational structures and responsibilities (56%) Shared services and collaborative working with other public sector bodies (44%) |
| Highways and transport | 9 | Service redesign (89%) Changes to organisational structures and responsibilities (67%) Process and back office improvements (56%) |
| Education | 5 | Service redesign (60%) Changes to organisational structures and responsibilities (60%) Process and back office improvements (60%) |
| Planning and development | 5 | Service redesign (60%) Changes to organisational structures and responsibilities (40%), Process and back office improvements (40%) and Increased working with the private sector (40%) |

Note – Only showing service areas with five or more examples available.

Figure 16: Approaches used for service examples - Single tier councils (n = 88, excluding debt repayment examples)

| Service area | Number of examples | Top three most common approaches taken to make savings (in % of examples) |
|------------------------------|---------------------------|--|
| Central services | 31 | Process and back office improvements (84%) Changes to organisational structures and responsibilities (77%) Service redesign (68%) |
| Adult social care | 15 | Service redesign (73%) Driving efficiencies when letting contracts (53%) Increased working with the private sector (40%) |
| Environmental and regulatory | 14 | Service redesign (79%) Changes to organisational structures and responsibilities (43%) and Process and back office improvements (43%) |
| Authority-wide | 6 | Service redesign (83%) Changes to organisational structures and responsibilities (67%) and Process and back office improvements (67%) |
| Children's social care | 6 | Service redesign (83%) Changes to organisational structures and responsibilities (67%) Process and back office improvements (50%) and Revenue improvements from better use or disposal of assets (50%) |
| Cultural and related | 5 | Service redesign (80%) and Collaborative working with voluntary and community groups (80%) Revenue improvements from better use or disposal of assets (60%) |

Note – Only showing service areas with five or more examples available.

Figure 17: Approaches used for service examples – District councils (n = 95, excluding debt repayment)

| Service area | Number of examples | Top three most common approaches taken to make savings (in % of examples) |
|------------------------------|---------------------------|--|
| Central services | 49 | Process and back office improvements (61%) Changes to organisational structures and responsibilities (55%) and Shared services and collaborative working with other councils (55%) |
| Environmental and regulatory | 25 | Service redesign (64%) Changes to organisational structures and responsibilities (68%) Shared services and collaborative working with other councils (60%) |
| Cultural and related | 8 | Changes to organisational structures and responsibilities (50%) Driving efficiencies when letting contracts (38%) Revenue improvements from better use or disposal of assets (38%) and Closer management of contracts and compliance (38%) |

Note – Only showing service areas with five or more examples available.

- 3.43 It may be that single tier authorities feel there are fewer opportunities for and/or less benefits from reorganising around common management structures and operational systems or by sharing services with other local authorities than for the comparatively smaller district councils.
- 3.44 As discussed previously, the timing of delivering savings in service areas, with longer timescales involved in planning and implementing service redesign compared to efficiency and 'back office' type approaches, may account for some of the slower progress in making savings (as a proportion of an organisation's base budget) by single tier councils compared to district councils.

Contribution of different approaches to savings

- 3.45 In addition to reporting which approaches local authorities considered to have made the largest contribution to their savings for the service examples reported in the survey, we analysed the financial data from these good practice examples to assess the likely contribution of different types of approaches to savings in specific service areas. This analysis enabled us to make direct connections between approaches and service specific savings, which were not possible from the 'whole authority' data reported in the survey.
- 3.46 In analysing the financial data from the examples, we looked at the average size of the savings delivered, in order to assess which approaches tended to result in big returns.
- 3.47 We found that service redesign was involved in relatively large average savings in the examples reported across many service areas and provided the largest average savings in five of the 12 service areas. The wide spread of service areas involved, when aligned with the large number of authorities self-reporting that service redesign was a major contributor to savings confirms that this approach is clearly very important in generating savings in the first place, and the relative sizes of the savings involved shows that the approach is also important in generating savings that have significant returns.
- 3.48 Other processes could achieve larger average savings than service redesign, but were not as consistent. This suggests that certain approaches were more effective in given service areas; for example:
- Driving efficiencies when letting contracts: very effective for children's social care (based on 9 examples) and environmental and regulatory (based on 41 examples);
 - Increased working with the private sector: very effective for adult social care (based on 18 examples) and central services (based on 89 examples), but nowhere else;

- Revenue improvements from better use or disposal of assets: very significant for fire and rescue (based on ten examples), but nowhere else.

Contribution of assisting factors to savings

- 3.49 We also analysed the financial data from the good practice examples reported in the survey to assess the likely contribution of different enablers to savings in specific service areas. As for the different approaches, this analysis enabled us to make direct connections between enablers and service specific savings, which were not possible from the 'whole authority' data reported in the survey.
- 3.50 There were three significant assisting factors that have had the broadest impact in terms of affecting the most service areas and creating sizeable savings over the three year period from 2010/11 to 2012/13. These were:
- Access to change management skills and expertise;
 - Corporate leadership;
 - An existing culture of seeking efficiencies and delivering change.
- 3.51 There is clearly a strong correlation between size of savings and having the right culture and good leadership in place, while access to change management skills is also highly important. This suggests that authorities that can improve their culture/leadership to drive and manage positive change can unlock greater savings.
- 3.52 Previous experience of realising short and medium term savings requirements and learning from previous or others' experience also had a noticeable effect, but not nearly as marked in terms of average size of savings. However, these two enablers also had the highest number of ratings more generally, indicating that while not seen as so significant in terms of the size of savings delivered, they are nonetheless regular contributors to making savings that should not be overlooked and should ideally be in place.

4 Case study findings

Introduction

- 4.1 In this section we report on the outcome of the ten case studies we examined. We briefly describe the case studies and then explore in more detail the learning from them in relation to the approaches that were adopted and the key attributes of good practice in securing savings in local government. A full write up of each case study is included in Appendix D which includes a description of each case study, the challenges involved and lessons learned, and an assessment of the savings achieved.

The case studies

- 4.2 We developed ten case studies from the examples of good practice in local government savings which authorities identified in our survey questionnaire. The sample selection was informed by agreed criteria to achieve an appropriate spread of councils in terms of type of authority, political administration, geographical coverage, policy and service areas, and the approaches adopted.
- 4.3 The final list of case studies also reflects the willingness of the authority to co-operate with the case study fieldwork, which included a visit to each authority, interviews with officials, elected members and partner organisations supported by a document review.
- 4.4 Short descriptions of the case studies are shown in this section of the report to illustrate the characteristic features in approaches to making savings.

Approaches to making savings

- 4.5 Our survey questionnaire asked respondents to identify which approaches to delivering efficiency or cashable savings they had adopted using a list of 12 possible approaches (see paragraph 3.24). Our analysis of the approaches adopted in the case studies enabled us to group those approaches under nine headings. The nine groupings are set out in Figure 18.

Figure 18: Identified approaches to delivering savings

| Approaches to delivering efficiency or cashable savings | | |
|--|--|---------------------------------|
| Approach | Including.... | Features in a case study |
| Changes to organisational structures and responsibilities | | ✓ |
| Insourcing | | |
| Process and back office improvements | New IT as a driver of change | ✓ |
| Service re-design | Early intervention Investment in prevention | ✓ |
| Better use or disposal of assets | Co-location | ✓ |
| Shared services and collaboration | ...with other councils ...with other public sector bodies Joint commissioning with other authorities and organisations | ✓ |
| Increased working with the private sector | Strategic partnering Outsourcing Joint ventures | ✓ |
| Improved commissioning | Strategic and integrated commissioning Renegotiation of contracts Closer management of contracts and compliance | ✓ |
| Increased working with the not-for-profit sector | New models of service delivery Collaborative working with voluntary and community groups | ✓ |

- 4.6 A key message from our analysis of the case studies is that many of them involved new ways of working in complex systems involving a number of organisations. We have identified five important features of these approaches to making savings.
- 4.7 The case studies include the introduction of **new policy goals** which are designed to both improve outcomes for people and communities and reduce costs. They include:
- Developing joined-up, cost-effective customer facing services;
 - Enhancing the ability of older people to look after themselves (rather than providing care for them).

Kirklees: 'One Council' approach

Kirklees' 'One Council' approach was designed to secure savings through centralising human resources and business support services and developing a customer-facing contact centre. The programme, which was embarked on in early 2010 was intended to put the council 'ahead of the curve' in responding to the government funding reductions and reflected an understanding that it could not continue to be a 'collection of services run independently'.

A key feature of the approach was an Innovation and Efficiency Programme comprising three strands:

- A reduction in the number of senior managers;
- The creation of a single central support unit and the automation of human resources and payroll functions;
- A review of back office functions across the council.

The Innovation and Efficiency Programme has delivered £20 million of savings over three years, contributing approximately half of the total savings the council needed to make over this period.

Securing all-party support for the programme was critically important to ensure its sustainability, including full discussion at full council. Good governance and project management, including active member scrutiny has also been important.

"The One Council approach is getting it right first time for staff and customers."
(Elected Member)

4.8 The case studies also include the introduction of **new models of service delivery**, such as:

- An increased role for the private sector, such as the provision of a service for vulnerable older people or through new environmental services contracts;
- New roles for non-for-profit organisations, such as a charitable learning trust and a community-run leisure centre.

Hertfordshire: Social care access

Hertfordshire County Council has developed a new Social Care Access Service with Serco through its Customer Transformation Board, a joint initiative with the company. This includes referral management, eligibility assessment, service finding and scheduled care reviews. This builds on a programme of outsourcing adult social care services dating back to care homes in 1992 and the homecare service in 1998.

The new arrangements are generating close to the planned net savings of £1 million per year.

Around 100 staff have been transferred to Serco, including the council's senior operational manager. Staff from Serco, the council and the main homecare service provider are co-located. The main savings have been realised through reduced staff costs achieved by agreed changes in process. Customer satisfaction levels have been maintained throughout the process, the length of the enablement process has been reduced and there is improved recording of triage decisions.

A key challenge was overcoming initial scepticism from members and officers about a private company running a service for vulnerable adults. This was achieved through the presentation of a business case to Cabinet that included plans for assessing and managing risks and reassurances on safeguarding.

"It was important to get every interested party signed up and on board from the start and to get the contract right. A lot of discipline and rigour came from the Serco side."
(Senior Officer)

Buckinghamshire: Learning Trust

The Buckinghamshire Learning Trust delivers a range of services to schools in the county including professional development, consultancy and advisory services and governor support. It is a fully independent body, with 12 of its 20 trustees being elected by schools.

Buckinghamshire Learning Trust is on track to make savings, which at present are set to be £1 million over a three year period.

The idea to establish a trust was originally developed by three headteachers who concluded that an organisation free from the constraints of a local authority would be able to improve services and partnership working. The approach also involves a new approach to commissioning. The contract between the council and the trust is built around the delivery of improved outcomes for young people and are planned to increase year-on-year.

The transition is taking time to bed down and staff in both Buckinghamshire Learning Trust and the council are adjusting to the changes in accountability and service delivery. It is clear, however that a significant cultural shift is under way. Consistent and sustained communication with partners has been critically important in delivering this initiative.

“You have to justify, lobby and negotiate for each penny of the Trust’s money you are spending. Every penny we don’t spend is money we can spend on children.”
(Chief Executive)

- 4.9 The **role of new technology** was also crucial in many of the case studies, including:
- The shift to an online customer-facing service;
 - The use of customer insight, gained from a new interface with citizens, to inform service design.

Sheffield: Housing benefit channel shift to online

Sheffield City Council’s decision to move 90 per cent of housing benefit claimants to an online system within two years was designed to both save money and improve service quality. Capita, to which the council had outsourced its revenue and benefits service, provided confidence that the shift would deliver savings and their knowledge of service users enabled the approach to reflect user needs in a targeted way.

The council has met its target to save £0.5 million in 2012/13 and a further £1 million in 2013/14 through channel shift.

Housing partners played a key role in helping their residents to adapt to the online forms. The cabinet member for finance was instrumental in keeping the elected members informed about progress and the response from users. Elected members were invited to test the new system for themselves.

The two year target of 90 per cent was met within one year. Two years later over 99 per cent of claims are made online.

“There’s always a suspicion that any change is for the benefit of the organisation. This change did help the organisation, but it genuinely helped people process their claims too.” (Elected Member)

Barnet: Outsourcing customer services group

The outsourcing of Barnet's back office services is part of a long-term transformation programme. The partnership with Capita covers all the council's back office services including procurement, customer services, finance, human resources, information systems and revenues and benefits.

Savings are being secured through a determined focus on procurement, the relocation of some functions and radical service re-design.

The partnership guarantees Barnet savings of £125.4 million over ten years.

Central to Barnet's approach is an ambition to combine these savings with improved service quality. A single customer account is being created with an ambition to achieve a level of responsiveness matching that provided by Amazon. Enhanced customer insight is also being obtained which will help drive the next phase of transformation.

Sustained political and managerial leadership has been key to implementing this approach. The use of competitive dialogue has also been important.

"The real prize is a new relationship with the customer." (Chief Executive)

- 4.10 **Preventative activity** and early intervention was important, such as through the contribution of reablement to independence and reducing the numbers of looked after children.

Brighton and Hove: Reablement service

Brighton and Hove's reablement service is one strand of the council's approach to using preventative approaches and early intervention as way of keeping people active and reducing the demand on statutory services. It comprises a six to eight week programme to enable older people to regain their confidence and independence after a period in hospital.

In 2013/14, 202 people completed a reablement service course and of these, 70 per cent were able to live at home with no or less support after receiving the service. This resulted in saving the council around £313,000.

This approach was originally introduced on a phased basis. Following a review of the adult social care function, the council decided to significantly increase the scale of the reablement service. Many places adopt a selective approach to reablement, but Brighton and Hove has adopted an 'open door' approach on the principle that everybody is entitled to it.

The main challenge the council faced in increasing the scale of the operation was overcoming traditional attitudes to care among health and care professionals and among relatives and carers.

"Reablement represents a fundamental challenge to many people's understanding of what constitutes care." (Senior Manager)

Manchester: Looked after children

Manchester has secured savings in its children's services budget through an integrated approach to commissioning services for looked after children, with an increased emphasis on the use of foster care. This builds on the council's track record in securing savings through re-modelling services and reducing demand.

The council's expenditure of looked after children was comparatively high and it was over-reliant on residential care which is expensive and achieves relatively poor outcomes for the children concerned.

The council projected it would achieve a net saving of £1 million for 2013/14 after significant investment in additional foster care provision.

The integrated approach to commissioning represented a shift from a provider role (of children's homes) to a commissioner (of foster care). An important focus of activity was on influencing the market for foster care through 'market warming' events with independent fostering agencies. Key features of the process were achieving a shift in political thinking as the council had opened a new home as recently as 2006, and involving young people through a co-design approach.

"We had to convince the market that we were going to do something different and ask them to do something different." (Senior Officer)

4.11 The importance of **collaboration** between different organisations, including:

- Between health and social care;
- With other public sector partners;
- With business partners and community groups.

Merseyside Fire and Rescue Authority: Joint control centre

Merseyside Fire and Rescue Authority and Merseyside Police have established a joint command and control centre. The move is in part a response to a realisation during the public disorder in summer 2011 that there was limited capacity to support joint working between the two services. It is also intended to reduce costs.

The authority is closing its existing control room and the police are moving from five separate sites. Co-located operators will handle emergency calls for the two services, which will be able to share joint command rooms in the event of significant incidents. The fire and police services are committed to using the centre as a spring board for improved inter-operability.

It is estimated that savings of at least £0.2 million per year will be achieved through these measures.

A key challenge has been for the two services to move from co-operation on individual incidents to more comprehensive collaboration. This has highlighted different cultures and working practices between the blue light services. A lesson from this project has been the need to avoid 'mission creep' by focussing on a realistic set of objectives and logging more complex opportunities which may delay progress for exploration later.

"Take opportunities to share immediately where you can, but don't try to build Rome in a day." (Senior Officer)

North Dorset: Leisure centres

In the face of acute financial pressures North Dorset District Council has fundamentally reviewed its services, particularly discretionary services. Its approach to the funding and management of leisure centres has been very responsive to local needs and capacity.

The council has saved £556,000 per year from the new approach to two leisure centres.

In Gillingham, the council provided a local partnership with a capital grant to re-build the leisure centre. The partnership now runs the centre, has enhanced its facilities and is developing a business case for a community hall. In Blandford, the council responded to a local campaign to save the leisure centre by contracting with a private company to run the centre. The costs are met by the district, county, town and parish councils. The company's commitment to working closely with the local community was a key factor in its appointment.

A key factor in both cases was the effort the council put into developing and maintaining links with other local interested parties. The changing role of user groups – from campaigning to monitoring delivery has also been important. All of this takes time and requires a level of trust.

"The way members have worked together on this and been clear about what the council can and cannot do has been a key factor in what we have done."

(Senior Officer)

North Somerset: Parks and street scene

North Somerset Council has achieved savings through an integrated approach to its parks and street scene contract. The council initially had three contracts for different functions. It extended some contracts to align their end dates and proceeded with a single integrated contract. Savings have been achieved through efficiencies, increased flexibility, reduced overheads and moving to a resource-based contract.

Annual savings from service remodelling and introducing the new contract totalled £765,000 in 2013/14.

At the same time a number of local communities have taken over responsibility for local floral displays and the contractor has supplied bedding plants to support this local initiative. The contract also encourages the contractor to work with social enterprise, providing employment opportunities for young people.

The procurement process was well-planned over two years. It included market testing and community consultation. Strong project management and governance have been important in enabling this change in commissioning, including member scrutiny panels to provide constructive challenge.

"Bidders were not simply asked to provide a price for carrying out certain tasks; they were asked for a price to provide a certain amount of resource which can be used flexibly to carry out a range of tasks." (Council Officer)

4.12 The level of change required in examples such as these is significant and multi-dimensional. In our conclusions section we suggest that it is helpful to think of a spectrum of savings initiatives from traditional to transformative approaches. Our case studies are towards the more transformative end of that spectrum and the next section explores the attributes necessary to successfully plan and deliver projects of this type.

The key attributes of effective savings and efficiency initiatives

4.13 From our analysis of the case studies we have identified six key attributes of effective local government savings and efficiency initiatives. They are:

- High quality, sustained leadership;
- Close and effective partner relationships;
- Robust governance and effective programme management;
- Recognising the importance of culture and ways of working;
- Community responsiveness;
- The initiative being part of a longer journey.

4.14 Figure 19 lists the case studies and summarises our analysis of the nature and key attributes of the approaches adopted.

Figure 19: Approaches and key attributes of case studies

| Authority | Example of good practice | The main approaches | The key attributes |
|--------------------------|--|--|---|
| Barnet | Outsourcing of the council's Customer Services Group | <ul style="list-style-type: none"> • Increased working with private sector • Process and back office improvement | <ul style="list-style-type: none"> • Leadership • Part of a longer journey • Governance and programme management |
| Brighton and Hove | Reablement service | <ul style="list-style-type: none"> • Service re-design • Shared services and collaboration | <ul style="list-style-type: none"> • Part of a longer journey • Culture and ways of working |

| Authority | Example of good practice | The main approaches | The key attributes |
|---|--|--|--|
| Buckinghamshire | Buckinghamshire Learning Trust | <ul style="list-style-type: none"> • Increased learning with non-for-profit sector | <ul style="list-style-type: none"> • Partner relationships • Part of a longer journey |
| Hertfordshire | Social care New Ways Transformation Programme | <ul style="list-style-type: none"> • Service re-design • Process and back office improvements • Increased working with private sector | <ul style="list-style-type: none"> • Part of a longer journey • Culture and ways of working |
| Kirklees | One Council Approach | <ul style="list-style-type: none"> • Process and back office improvements • Increased working with private sector | <ul style="list-style-type: none"> • Leadership • Culture and ways of working • Partner relationships |
| Manchester | Integrated commissioning for looked after children | <ul style="list-style-type: none"> • Service re-design • Improved commissioning • Increased working with the private sector | <ul style="list-style-type: none"> • Partner relationships • Leadership • Part of a longer journey |
| Merseyside Fire and Rescue Authority | Joint Control Centre (with Merseyside Police) | <ul style="list-style-type: none"> • Process and back office improvements • Better use of assets • Shared services and collaboration | <ul style="list-style-type: none"> • Governance and programme management • Culture and ways of working |
| North Dorset | Leisure centres | <ul style="list-style-type: none"> • Increased working with the private sector | <ul style="list-style-type: none"> • Leadership • Partner relationships |

| Authority | Example of good practice | The main approaches | The key attributes |
|------------------------|--|--|--|
| North Dorset continued | | <ul style="list-style-type: none"> Increased working with the not-for-profit sector | <ul style="list-style-type: none"> Community responsiveness |
| North Somerset | Commissioning of parks and street scene services | <ul style="list-style-type: none"> Improved commissioning | <ul style="list-style-type: none"> Leadership Governance and programme management Partner relationships |
| Sheffield | Channel Shift in relation to housing benefit | <ul style="list-style-type: none"> Process and back office improvements Improved commissioning | <ul style="list-style-type: none"> Leadership Partner relationships Culture and ways of working |

4.15 The following paragraphs explain each of these attributes in more detail.

Leadership

4.16 Effective leadership, both political and managerial, is frequently cited as a key success factor in initiatives such as efficiency programmes, but the case studies we have explored in this research have enabled us to be clearer about what this means in practice.

4.17 It can mean a preparedness to think ahead and to think differently about how a council works. This was the case in relation to the 'Future Shape' report which was approved by Barnet Council's cabinet in 2009. It provided the strategic context for the One Barnet Programme, approved in 2010, which included a number of more focused propositions, including the outsourcing of the Customer Services Group. Similarly in Kirklees, the determination of the political and managerial leadership to 'get ahead of the curve' of the savings required cleared the ground for the authority's One Council approach.

4.18 In some circumstances sustained leadership is crucial. In Barnet, for example, the journey from the development of the 'Future Shape' report to coming into operation

of the partnership with Capita was led by three chief executives and three leaders. Ensuring that each new leader had an opportunity to review the approach and take ownership, as well as maintaining continuity, is a key factor, as is the need to ensure that a programme such as this is not seen to be associated with just one or two people.

- 4.19 In other places the most important leadership task has been to secure cross-party support. In North Dorset, for example, a shared political view of what the council can and cannot do was critical in creating the conditions for the introduction of new approaches to the provision of leisure services. And in Kirklees, the leader of the council (with a minority administration) secured all-party backing for the proposed savings approach by demonstrating that it was not being driven for party political reasons, ensuring that it was discussed at full council and arranging for council officers to lead press briefings.
- 4.20 The role of individual leaders can be instrumental in ensuring the success of an initiative. In Sheffield, for example, the then cabinet member for finance maintained a close watching brief on the implementation of the housing benefit channel shift. He also played a vitally important role in allaying the concerns of other councillors that the change would have a detrimental impact on their constituents.
- 4.21 Similarly in Manchester, the leadership and support of a group of well-informed members was seen as having been important in introducing the new approach to commissioning services for looked-after children. Achieving this required a significant shift in members' thinking: the council was opening children's homes as recently as 2006 and many councillors were sceptical about the scope for influencing the foster care market.

The leadership task can involve....

-a preparedness to think differently about what a council does and how;**
-sustaining momentum through changes;**
-securing cross party support for an initiative;**
-a central role for an individual leader in allaying concerns.**

Partner relationships

- 4.22 All the projects covered by our case studies involved key partners outside the council – from the public to partner organisations. How these relationships with partners are managed is an important factor in the success of efficiency and savings initiatives. In some cases the role of a supplier as a partner in the process was also important.
- 4.23 In Buckinghamshire, for example, the idea of an independent learning trust was first floated by a group of school headteachers. Extensive engagement with schools took

place to both develop the concept and build support for it. Schools are also involved in the trust's governance arrangements, with 12 of the 20 trustees elected by them.

- 4.24 In Sheffield, housing providers helped residents adapt to online forms by providing hands-on support on the doorstep using mobile technology.
- 4.25 The importance of community engagement and consultation is highlighted by the judicial review of the Barnet outsourcing programme which focussed on the adequacy of the consultation. The council has subsequently developed a more structured approach to public engagement and is pursuing what it describes as an 'aggressively' transparent approach.
- 4.26 In Kirklees, the council's 'It's Time to Talk' initiative is seen as having established a good understanding of the financial challenge facing the council – with well over 10,000 people involved up to Christmas 2013. In North Somerset, priority was given to community engagement and it was evident that views were reflected in the tender documentation for the new parks and street scene contracts.
- 4.27 Engagement with young people was crucial for Manchester in developing its new approach to commissioning services for looked after children. This included discussions with the Manchester Youth Forum and with children in foster care and residential care through the Children's Rights Service.
- 4.28 Staff engagement is an important and often sensitive feature of savings and efficiency programmes. The case studies highlight the importance of regular communications with staff. In Kirklees, for example, the introduction of the Innovation and Efficiency Programme proved to be a watershed in industrial relations which have improved since. Business support review briefings were cascaded through managers, but the council is increasingly inviting staff to direct briefings. In Sheffield, preparation for the channel shift included a combination of staff briefing and training.
- 4.29 The case studies also illustrate the potential for involving contractors in the design and delivery of efficiency and savings projects.
- 4.30 Sheffield had already outsourced its revenue and benefits service to Capita which recommended the move online as a way of securing savings. The company was able to use its knowledge of service users and experience from elsewhere to inform the council's approach, including targeting different people and communities in different ways.
- 4.31 In Hertfordshire, when the county council decided to extend its outsourcing contract to improve enablement and access to social care, it decided to do so through the

Customer Transformation Board, a joint body with Serco that develops business cases for new and redesigned services. Serco ultimately secured the contract and has invested in the new delivery model and subcontracted aspects of the service to local voluntary sector organisations.

- 4.32 Finally, the competitive dialogue process which Barnet used to select the provider for the outsourcing of its Customer Services Group is seen to have delivered significant benefits in terms of both cost and the nature of the service provided.

Managing partner relationships can include....

-partner organisations and other local councils;**
-community engagement and consultation;**
-staff engagement and training;**
-engagement with particular groups such as young people and looked after children;**
-co-designing solutions with business partners.**

Governance and programme and project management

- 4.33 Many of the examples explored in the case studies involve a large number of partners as well as a complex mix of reforms and interventions. This means that fit for purpose governance arrangements and high quality programme and project management are often important features of successful projects.
- 4.34 North Somerset, for example, saw their project management systems, including the use of PRINCE 2 and project boards, as a key success factor.
- 4.35 The programme and project management arrangements deployed in Kirklees included an active member scrutiny role, the involvement of the chief executive and leader in the design of the programme, and the secondment of a senior manager to lead the implementation.
- 4.36 Getting important governance issues sorted early is seen as a key success factor in the establishment of a joint fire/police control centre in Merseyside. This included being clear that the fire service would be project lead and landlord with the police as a tenant. Avoiding mission creep is also an important part of the Merseyside experience. The focus was on opportunities for sharing that could be delivered within the agreed timescale, with more ambitious possibilities logged, but not allowed to derail the project plan.

Governance and programme and project management can involve....

-ensuring that the right people are involved;**
-avoiding mission creep.**

Culture and ways of working

- 4.37 The success of the proposed expansion of reablement in Brighton and Hove was hinged to a significant extent on changes to the way care staff work. The concept of older people being expected to help themselves rather than being helped by others, was difficult for some staff and family members to accept. The council delivered an intensive programme of briefings and roadshows. But encouraging staff to 'sit on their hands' is a challenge and remains so.
- 4.38 This is just one example of the cultural issues that must be worked through if councils are to secure efficiencies and savings.
- 4.39 The introduction of the Social Care Access Service in Hertfordshire had to overcome scepticism from members and officers about the role of a private company in running a service for vulnerable adults. The work to develop the joint control centre in Merseyside revealed more significant cultural differences than might have been expected between two 'blue light' services. And Kirklees Council is investing in skills development and behavioural change to enable the successful implementation of its Innovation and Efficiency Programme.

Having regard to culture and ways of working can involve....

....keeping at it over a long period of time;

....investing in skills development and behavioural change;

....not assuming that two organisations working in a similar field will not have significant cultural differences.

Community responsiveness

- 4.40 Significant changes to which services are delivered and how can be as challenging to service users and local communities as they are to councillors and council staff. How councils respond to the community in these circumstances can influence the effectiveness of the project concerned.
- 4.41 The way in which North Dorset Council acted on the response to its policy on leisure services is a good example. That response reflected the different needs and capacity of different communities and resulted in one leisure centre being run by a community group and another by a commercial operator.
- 4.42 North Somerset responded positively to the evident appetite from local groups to take over the planting and maintenance of the floral displays in their local community and the successful contractor offered to supply bedding plants to the groups at no cost.

Community responsiveness can involve....
....recognising that change can be as challenging to service users and communities as it is to councillors and staff;
....respecting the different needs and capacity of different communities.

Part of a longer journey

4.43 A clear message from many of the case studies is that good practice in securing efficiencies and savings in local government is not a quick fix and that many successful initiatives are part of a longer journey. For example:

- The context for outsourcing Barnet's Customer Services Group was set in a report on the future shape of the council four years' earlier;
- Reablement in Brighton and Hove was initially introduced on a pilot basis;
- The creation of the Buckinghamshire Learning Trust was the latest development in a number of initiatives to enable services to generate income;
- Manchester City Council has a track record of making savings through re-modelling services and was keen to apply this experience to looked after children;
- Hertfordshire has been moving towards a commissioning approach and improving the use of assets and technology to manage changing demands in a cost-effective way since 2010.

Better for less

4.44 A key question in the debate about responses to reductions in public expenditure is the extent to which it is possible to achieve improved outcomes at less cost. These case studies include a number of examples where it has been possible to secure better for less, including outcomes such as:

- Improved customer service and better information for councillors and staff following the outsourcing of Barnet's Customer Services Group;
- More older people living independently for longer as a result of the reablement programme in Brighton and Hove;
- An increased use of foster care and reduced use of residential provision in Manchester as a result of Manchester's new approach to commissioning.

5 Key findings and conclusions

Introduction

- 5.1 This section of the report sets out our key findings and conclusions. It:
- Summarises our findings on the approach councils are currently adopting to securing savings;
 - Sets out a framework for understanding how the approach to securing savings is developing over time;
 - Summarises our findings about what constitutes good practice in local authority savings;
 - Provides a short commentary on the position in district councils.

Local authority savings: the current picture

- 5.2 The authorities that responded to our survey reported that the service areas in which they have made the most significant savings to date were central services, adult social care, and environmental and regulatory services. Looking forward they envisage that fewer savings are likely to be achieved in central and environmental and regulatory services, that adult social care will remain important and that children's services will become increasingly important.
- 5.3 Councils reported that they have used a combination of approaches, of which the top three were changes to organisational structure, process and back office improvements and service re-design. The latter approach was seen as becoming increasingly important. Securing savings through improved contracting has been significant, as has working with the private sector and shared services (particularly in the case of district councils).
- 5.4 Effective corporate and political leadership was cited by the councils that responded to the survey as the most important enabling factor in securing savings, as well as the council having established a culture of securing savings and delivering change more generally. Conversely, the survey identified rigidities in the system, such as the existence of different IT systems and contractual arrangements, as key barriers to realising savings.
- 5.5 This picture is confirmed by our analysis of the examples councils quoted in their response to our survey. This showed, for example, that over two-thirds of the

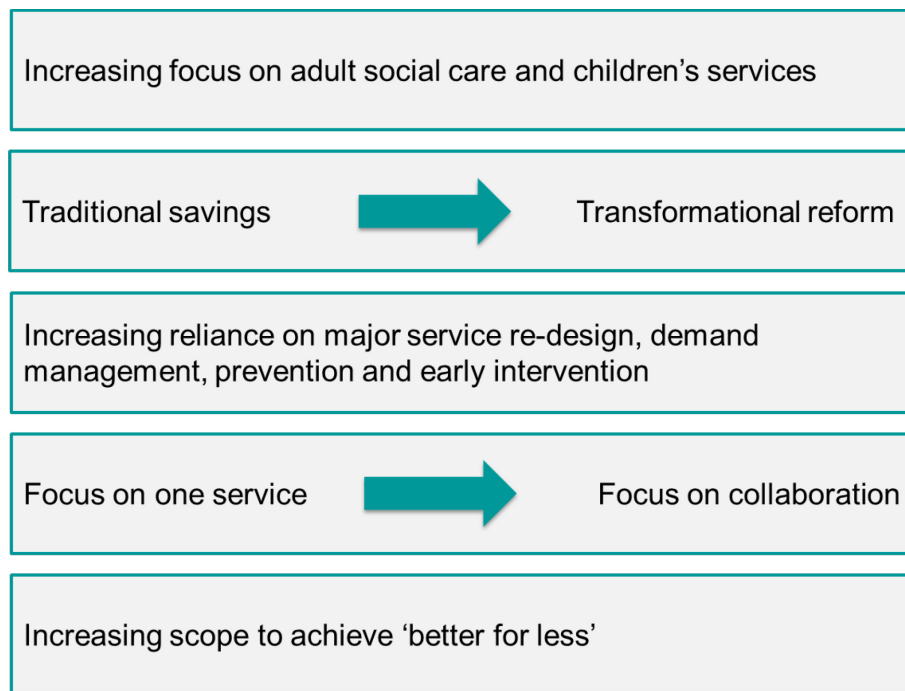
councils that provided social care examples, identified service redesign as the approach that delivered the biggest contribution to savings.

- 5.6 Overall, on the basis of the response to our survey, councils either achieved or exceeded their budgeted savings in 2010/11, but under-achieved in 2011/12. Our analysis suggests that this reflects a combination of factors, most notably the likelihood that (as the name suggests) quick wins were identified early and that securing savings in areas such as adult social care and children's services is more challenging and complex because of the service pressures, increasing demand and the level of public interest. This is a key factor in our conclusions on the changing picture in local authority savings which we explore in more detail below.

Local authority savings: the changing picture

- 5.7 Drawing together and analysing the findings from our initial literature review, the interviews with interested parties, the survey, and case studies, we have developed a spectrum of ambition and complexity to help make sense of the approaches councils are adopting to securing savings and efficiencies (see Figure 20) and how those approaches are evolving over time.
- 5.8 At the core of the spectrum is an increasing reliance on major service re-design and approaches such as demand management, prevention and early intervention. This is enabling a shift from traditional savings to transformational reform. This in return requires a shift from seeking savings in a single service to a wider, more collaborative approach. At the same time, and as part of this development, councils are increasingly focussing their attention in relation to savings on adult social care and children's services. Our work also suggests that the speed at which councils are moving across the spectrum is increasing and that the further along the spectrum they move, the greater the potential to achieve 'better for less'.

Figure 20: Spectrum of ambition and complexity in making cashable savings



5.9 The main elements of the spectrum are:

- That in securing savings, councils are focussing increasingly on adult social care and children's services;
- The shift from 'traditional approaches' such as organisational change, shared services and function-specific outsourcing to more transformational change such as strategic commissioning and pan-public sector initiatives, particularly between health and social care;
- The increased importance of approaches such as demand management, preventative activity and early interventions in the service re-design that councils are undertaking in order to achieve savings;
- The fact that approaches of this type will almost certainly involve more than one council service and more than one local agency working in partnership with the council.

5.10 In thinking about the implications of this spectrum it is important to note that:

- The different elements of the spectrum interact and are dependent on each other. It is clear from our work, for example, that securing savings in adult social care requires transformational reform based on approaches such as preventative activity involving both the public and community sectors;

- Activity at the right hand side of the spectrum is more likely to achieve better outcomes at less cost, but requires considerable planning, collaborative work and both organisational and cultural change.

5.11 A key conclusion arising from this study is that if councils are to secure the level of savings now required, they must continue to move across this spectrum. The next section explores the attributes of successful savings programmes at the ambitious end of the spectrum.

What does good practice look like?

5.12 From our analysis of the survey and the ten case studies we have identified six attributes of effective local government savings and efficiency programmes. They are described in detail in Section 4, but in summary they are:

- **High quality, sustained leadership:** both political and managerial which is attuned to the particular place and circumstances;
- **Close partner engagement:** including co-design with local communities and business partners;
- **Effective governance and programme management:** including clarity about the scope of the project and mechanisms to avoid mission creep;
- **Paying attention to culture and ways of working:** reflecting the scope and scale of change which many service re-design programmes require;
- **Community responsiveness:** including developing and building on the capacity and enthusiasm of the community to meet local needs;
- **Being part of a longer journey:** projects at the ambitious end of our spectrum are not a quick fix.

5.13 While none of these attributes are particularly novel in their own right, our case study work shows that where they are applied in combination, the impact is considerable. For example, effective governance arrangements can provide a vehicle for sustained leadership. And close partner engagement is often necessary to address cultural change. Further, the more ambitious the savings initiative, the more these attributes need to operate in relation to each other and the more likely it is that the initiative will be the latest stage of a longer journey. Realising ambitious savings requires long term planning, effective delivery management, and typically significant cultural change. So this is not a quick fix.

- 5.14 The extent to which the specific examples we have examined are replicable by other councils depends where on our spectrum a council is. What this work has shown, however, is that there is a menu of approaches to delivering efficiency or cashable savings (see paragraph 4.5) and a set of attributes which effective savings programmes should adopt (see paragraph 5.12). Both sets of findings should be of value to councils and their partners when they take stock of their savings and efficiency programmes.

The position in district councils

- 5.15 The picture in relation to savings is different in district councils, when compared to counties and unitary councils, reflecting their size and the nature of their statutory responsibilities. The main areas in which they report having pursued savings are in central services and environmental and regulatory services. They are comparatively successful in achieving budgeted savings, having typically over-achieved in relation to these two main areas.
- 5.16 Shared services and collaboration with other councils is a far more significant approach for securing savings for districts than it is for other types of council. Improved contracting is also significant. These approaches are more important for districts than many of the other approaches, and given the nature of the service they provide, this looks set to continue.
- 5.17 The district council experience in relation to shared services is important, and the scope of collaboration and sharing looks set to increase as they move across our ambition spectrum. It is also likely that districts will become important players in the design and delivery of programmes initiated by county and unitary councils.

Conclusion

- 5.18 As already noted, it is helpful to describe the range of approaches councils have adopted to secure savings and efficiencies as a spectrum ranging from more traditional approaches to radical service transformation. If councils are to continue to achieve the level of savings required of them, they must move towards the radical end of that spectrum.
- 5.19 We have identified a number of attributes which are key features of realising successful savings. The issues covered by these attributes are: leadership, governance and project management, culture and ways of working, community responsiveness and the initiative being part of a longer journey. These attributes are often required to operate in combination with each other and, the more ambitious the

savings initiative, the more likely is that that these attributes will all need to be present.

- 5.20 A key feature of savings initiatives at the ambitious end of our spectrum is that they involve cultural change, collaboration between different agencies and sustained leadership. These all require time to achieve; they are not a quick fix. But they are also features of ways of working which are most likely to enable councils and their partners to achieve improved outcomes at less cost.

Appendix A – Survey questionnaire

Survey sent to local authorities in May 2013

Good practice in delivering local government savings questionnaire

Welcome to the good practice in delivering local government savings survey.

Thank you for taking part in this survey.

This survey comprises the first stage of a study commissioned by the Department of Communities and Local Government (DCLG) to identify good practice in delivering savings in local government, which do not impact upon frontline services or the voluntary and community sector. The survey is being conducted by an independent research team from Shared Intelligence and Grant Thornton UK LLP.

The aim of this study is to provide useful evidence to the local government sector about how these types of savings can be delivered, and to disseminate good practice identified via the study across the sector. The end product will be a short report which will cover the survey findings and provide more detailed examples of good practice which the research team will explore following this survey. The results of the survey stage of the study will not identify respondents. Your co-operation in completing this survey and contributing to this piece of research is important so that we have a robust overview of practices across the sector.

This survey is confidential to the independent research team. DCLG will receive an aggregated, anonymised dataset and any quotes or examples used in reporting of this survey will be anonymised to ensure that individual responses cannot be identified. However, there is an opportunity to leave your contact details to be involved in further research into specific good practice examples at the end of this survey. Any good practice cited in the final report will be anonymised unless the respondent is happy for their organisation to be identified.

Before completing the survey, please keep the following in mind:

- More than one individual may need to contribute to answering this survey. We suggest that completion of the survey is co-ordinated and signed off by the Chief Finance Officer. Where authorities share Section 151 officer posts, please complete a separate questionnaire for each individual authority;
- This is a detailed survey and will take around one hour to complete. However, your unique link saves your progress page by page, allowing you to return to the survey at any time and continue where you left off. Please do not share your unique link with anybody who you do not want to be able to view or edit your responses;
- You can access a printable version of these guidance notes. We strongly recommend that you print a copy or keep these notes open whilst completing the survey.

Whilst completing the survey, please keep the following in mind:

- Unless otherwise stated, the questions refer to the time period since the start of 2010/11. Provisional outturn for 2012/13 is acceptable;
- The service areas used in this survey are the headings used in the General Fund Revenue Account reporting;
- Where text responses are not applicable to your organisation, please write in 'n/a';
- Questions marked with an asterisk (*) are mandatory;
- To navigate the survey, please use the 'Back' and 'Next' buttons at the bottom of each page, rather than the 'Back' and 'Forward' buttons in your Internet browser programme.

The survey will remain open until Wednesday 19 June 2013, so please submit your response on or before that date.

In the event of any questions or difficulties completing this survey, please contact Shared Intelligence by telephone or email. If your query is about a specific question it would be helpful for you to quote the reference code at the bottom of the survey page when you make contact.

The ‘savings’ definitions to be used in the Good practice in delivering local government savings study

This study is concerned with local government revenue savings which contribute to the deficit reduction. While we recognise the importance of all savings that are being delivered, this study is focusing on:

- a) efficiencies which have increased service levels or productivity for the same level of revenue budget;
- b) and also ‘cashable savings’.

A cashable saving relates to revenue expenditure only and is:

- a) neutral in its impact on service delivery;
- b) a planned and sustainable reduction to a base budget;¹
- c) measurable against evidence that it has been achieved in line with what was planned.²

The survey begins by asking respondents to identify specific instances of individual good practice, before moving on to look at wider recent experience and future prospects across the respondent’s organisation, including some of the key enablers and challenges.

Footnotes:

1. A planned and sustainable reduction to a base budget is planned and agreed by a Council in advance of delivery with clearly defined budget holder accountability.
2. For the purpose of this study, the following are not deemed cashable savings and are out of scope for this survey:
 - a) Changes that impact to the detriment of the **level** of front-line service provision. This includes a reduction to the frequency of service delivery. The only exception to this is where it has been possible to decommission a service which has been rendered obsolete by an efficiency measure;
 - b) Changes that impact to the detriment of the **quality** of front-line service provision. This includes where there is a poorer performance against quality related performance measures, or where customer feedback provides evidence that the council’s quality standards have reduced;
 - c) Changes that impact to the detriment on the level and quality of service provided by the voluntary and community sector;
 - d) Changes that relate to an increase in charges paid by service users.

In addition, we are not capturing information about unpredictable events that have generated savings or increased income that have been used to meet a planned savings target, as these are unlikely to be replicable elsewhere through good practice.

Section A: Authority information

This information will be used to help the research team understand who has responded to the survey, and to allow the research team to look at whether there are any differences in the responses of different types of authorities. Where response rates allow, the analysis may be presented according to type of local authority (fire authorities may be analysed separately).

This data will remain confidential to the research team and will not be shared with Department of Communities and Local Government.

1) Name of authority
(Optional)

2) Type of authority*

Note: Responses from County Fire and Rescue Authorities should be part of the parent local authority response.

- Metropolitan
- London Borough
- Other Unitary
- County Council with Fire and Rescue Authority
- County Council without Fire and Rescue Authority
- District Council
- Metropolitan Fire and Rescue Authority
- Combined Fire and Rescue Authority

3) Role of lead respondent*

- Chief Executive
- Director of Resources
- Chief Finance Officer
- Principal Finance Officer
- Chief Fire Officer
- Other (please specify): _____*

Note: Questions marked with an asterisk (*) are mandatory.

Section B: Examples of specific savings

A key aim of this survey is to explore good practice examples of where savings have been delivered that have not impacted on the level or quality of frontline services, or the voluntary and community sector.

To start with, please choose up to three examples of where you have already delivered such efficiency or cashable savings. You might want to choose examples which you think are notable for the size of saving delivered (in absolute terms or relative to budget size), or the lessons learnt in achieving them. Please provide some detail on the size of these savings, including at their early stages.

Example 1

4) Service area of example*

- Adult social care
 - Central services
 - Children's social care
 - Cultural and related
 - Debt repayment
 - Education
 - Environmental and regulatory
 - Fire and rescue
 - Highways and transport
 - Housing
 - Planning and development
 - Other (Please specify the service area of the example)*
-

5) Please briefly describe this specific example:*

6) Why have you chosen this example?

7) In this example, what approaches has your organisation taken to delivering efficiency or cashable savings?*

(Select all that apply)

Changes to organisational structures and responsibilities

Process and back office improvements e.g. introduction of new technologies, business process re-engineering

Service redesign

Revenue improvements from better use or disposal of assets e.g. reduced property maintenance costs or reduced debt repayment costs

Shared services and collaborative working with other councils e.g. shared chief executive post, front-line service collaboration with neighbouring authorities

Shared services and collaborative working with other public sector bodies e.g. shared back office service delivery with other bodies, collaboration with NHS

Increased working with the private sector e.g. strategic partnering, new outsourcing arrangements, joint ventures

Joint Commissioning with other authorities e.g. through health and wellbeing strategy

Driving efficiencies when letting contracts e.g. renegotiation of terms

Closer management of contracts and compliance e.g. using contract break clauses, enforcing compliance with contract standing orders

Insourcing e.g. delivering recycling service in-house when it had previously been outsourced

Collaborative working with voluntary and community groups

Other means of achieving efficiencies/cashable savings which do not impact upon the front line (please specify)

Of the approaches to delivering efficiency or cashable savings that you specified, please indicate the three that provided the greatest contribution to savings in this example.

Please ensure that you only select one approach per column, for the first three columns.

Note: Approaches are as outlined in question 7

| | Greatest contribution to savings | Second-greatest contribution to savings | Third-greatest contribution to savings |
|------------|---|--|---|
| Approach 1 | 1 | | |
| Approach 2 | | 2 | |
| Approach 3 | | | 3 |

8) For this example, please provide data on savings delivered in and planned for the years 2010/11 until 2015/16, net of costs:

Please round values to the nearest pound. Enter the data in full e.g. '78500', rather than '78.5K' or other shorthand. Net savings may be a negative value in some years. Please enter '0' if no savings are planned.

Note: 'Base budget' is defined here as the budget for the specific service chosen as an example before savings targets are agreed / savings are delivered.

| | Base budget (£) | Budgeted savings (£) | Savings delivered (£) |
|---------|------------------------|-----------------------------|------------------------------|
| 2010/11 | | | |
| 2011/12 | | | |
| 2012/13 | | | |
| 2013/14 | | | |
| 2014/15 | | | |
| 2015/16 | | | |

9) In this example, to what degree have the following factors either assisted your organisation's ability to implement the required changes to make efficiency or cashable savings, or provided challenges that needed to be addressed?

| | Strongly challenged | Challenged | Neutral | Assisted | Strongly assisted | N/A | D/K |
|---|---------------------|------------|---------|----------|-------------------|-----|-----|
| Ability to identify appropriate suppliers | | | | | | | |
| Access to change management skills and expertise | | | | | | | |
| Access to property management skills and expertise | | | | | | | |
| Collaborative working relationships with other local authorities | | | | | | | |
| Collaborative working relationships with private partners | | | | | | | |
| Collaborative working relationships with the voluntary and community sector | | | | | | | |
| Collaborative working with public sector partners | | | | | | | |
| Condition of IT and information systems | | | | | | | |
| Contract commitments and levels of flexibility | | | | | | | |
| Corporate leadership | | | | | | | |
| Corporate strategy | | | | | | | |
| Existing culture of seeking efficiencies and delivering change | | | | | | | |
| Learning from previous or others' experience | | | | | | | |
| Local political mandate | | | | | | | |
| Location and condition of physical assets | | | | | | | |
| Mechanisms for consulting with the community | | | | | | | |
| Previous experience of realising short and medium term savings requirements | | | | | | | |
| Technical innovation | | | | | | | |

10) Please point us towards any online information on this example by pasting one or more web links below:

(Optional)

1: _____

2: _____

11) Can you provide us with another example?*

Yes

No

If respondent answers yes, repeat questions 4-11 for subsequent examples. The number of examples requested is capped at three. When complete, skip to question 27.

27) What lessons has your organisation learnt from your programmes of delivering efficiency or cashable savings in this/these service area(s)?

Section C: Experience of delivering savings

In Section B, we looked at specific good practice examples. In this section, we are interested in finding out about your wider experiences of identifying and implementing savings across all of your authority's activities.

Please think about the general service areas where your authority has already delivered such efficiency or cashable savings, either in individual service areas or across the range of the authority's activities.

28) In which service areas has your organisation already delivered efficiency or cashable savings?*

(Select all that apply)

- Adult social care
- Central services
- Children's social care
- Cultural and related
- Debt repayment
- Education
- Environmental and regulatory
- Fire and rescue
- Highways and transport
- Housing
- Planning and development
- Other (please specify)

Of the service areas (above) where your organisation has recently delivered efficiency or cashable savings that you specified, please indicate the three that have delivered the greatest savings as a proportion of the base budget for your organisation overall. This is the budget before savings targets are agreed / savings are delivered.

Please ensure that you only select one service area per column, for the first three columns.

| | Greatest proportional savings | Second-greatest proportional savings | Third-greatest proportional savings |
|----------------|--------------------------------------|---|--|
| Service area 1 | 1 | | |
| Service area 2 | | 2 | |
| Service area 3 | | | 3 |

29) Overall across your organisation, what approaches has the organisation taken to delivering efficiency or cashable savings?*

(Select all that apply)

Changes to organisational structures and responsibilities

Process and back office improvements e.g. introduction of new technologies, business process re-engineering

Service redesign

Revenue improvements from better use or disposal of assets e.g. reduced property maintenance costs or reduced debt repayment costs

Shared services and collaborative working with other councils e.g. shared chief executive post, front-line service collaboration with neighbouring authorities

Shared services and collaborative working with other public sector bodies e.g. shared back office service delivery with other bodies, collaboration with NHS

Increased working with the private sector e.g. strategic partnering, new outsourcing arrangements, joint ventures

Joint Commissioning with other authorities e.g. through health and wellbeing strategy

Driving efficiencies when letting contracts e.g. renegotiation of terms

Closer management of contracts and compliance e.g. using contract break clauses, enforcing compliance with contract standing orders

Insourcing e.g. delivering recycling service in-house when it had previously been outsourced

Collaborative working with voluntary and community groups

Other means of achieving efficiencies/cashable savings which do not impact upon the front line (please specify)

Of each of the approaches to delivering efficiency or cashable savings that you specified (above), please indicate the three that provided the greatest savings as a proportion of the base budget for your organisation overall. This is the budget before savings targets are agreed / savings are delivered.

Please ensure that you only select one approach per column, for the first three columns.

| | Greatest proportional savings | Second-greatest proportional savings | Third-greatest proportional savings |
|------------|--------------------------------------|---|--|
| Approach 1 | 1 | | |
| Approach 2 | | 2 | |
| Approach 3 | | | 3 |

30) Overall across your organisation, to what degree have the following factors either assisted the organisation's ability to implement the required changes to make efficiency or cashable savings, or provided challenges that needed to be addressed?

| | Strongly challenged | Challenged | Neutral | Assisted | Strongly assisted | N/A | D/K |
|---|---------------------|------------|---------|----------|-------------------|-----|-----|
| Ability to identify appropriate suppliers | | | | | | | |
| Access to change management skills and expertise | | | | | | | |
| Access to property management skills and expertise | | | | | | | |
| Collaborative working relationships with other local authorities | | | | | | | |
| Collaborative working relationships with private partners | | | | | | | |
| Collaborative working relationships with the voluntary and community sector | | | | | | | |
| Collaborative working with public sector partners | | | | | | | |
| Condition of IT and information systems | | | | | | | |
| Contract commitments and levels of flexibility | | | | | | | |
| Corporate leadership | | | | | | | |
| Corporate strategy | | | | | | | |
| Existing culture of seeking efficiencies and delivering change | | | | | | | |
| Learning from previous or others' experience | | | | | | | |
| Local political mandate | | | | | | | |
| Location and condition of physical assets | | | | | | | |
| Mechanisms for consulting with the community | | | | | | | |
| Previous experience of realising short and medium term savings requirements | | | | | | | |
| Technical innovation | | | | | | | |

31) Focusing specifically on cashable savings and efficiencies delivered through changing commissioning practices, to what degree have the following factors either assisted your organisation's ability to implement the required changes, or provided challenges that needed to be addressed?

| | Strongly challenged | Challenged | Neutral | Assisted | Strongly assisted | N/A | D/K |
|---|---------------------|------------|---------|----------|-------------------|-----|-----|
| Availability of appropriate management information/data | | | | | | | |
| Commissioning/procurement skills | | | | | | | |
| Council structure/culture | | | | | | | |
| Engagement with market providers | | | | | | | |
| Levels of contract flexibility | | | | | | | |
| Market capacity | | | | | | | |
| Member/staff engagement | | | | | | | |
| Performance management arrangements | | | | | | | |
| Pooling budgets | | | | | | | |
| Sharing data | | | | | | | |

Section D: Future savings

32) Over the next five years, in which service areas is your organisation looking to deliver efficiency or cashable savings?*

(Select all that apply)

- Adult social care
- Central services
- Children’s social care
- Cultural and related
- Debt repayment
- Education
- Environmental and regulatory
- Fire and rescue
- Highways and transport
- Housing
- Planning and development
- Other (please specify)

Over the next five years, of the service areas you specified (above) as looking to deliver efficiency or cashable savings in, please indicate the three in which you plan to deliver the greatest savings as a proportion of the base budget for your organisation overall.

Please ensure that you only select one service area per column, for the first three columns.

| | Greatest contribution to savings | Second-greatest contribution to savings | Third-greatest contribution to savings |
|----------------|---|--|---|
| Service area 1 | 1 | | |
| Service area 2 | | 2 | |
| Service area 3 | | | 3 |

33) Overall across your organisation in the next five years, what approaches are planned to deliver efficiency or cashable savings?*

(Select all that apply)

Changes to organisational structures and responsibilities

Process and back office improvements e.g. introduction of new technologies, business process re-engineering

Service redesign

Revenue improvements from better use or disposal of assets e.g. reduced property maintenance costs or reduced debt repayment costs

Shared services and collaborative working with other councils e.g. shared chief executive post, front-line service collaboration with neighbouring authorities

Shared services and collaborative working with other public sector bodies e.g. shared back office service delivery with other bodies, collaboration with NHS

Increased working with the private sector e.g. strategic partnering, new outsourcing arrangements, joint ventures

Joint Commissioning with other authorities e.g. through health and wellbeing strategy

Driving efficiencies when letting contracts e.g. renegotiation of terms

Closer management of contracts and compliance e.g. using contract break clauses, enforcing compliance with contract standing orders

Insourcing e.g. delivering recycling service in-house when it had previously been outsourced

Collaborative working with voluntary and community groups

Other means of achieving efficiencies/cashable savings which do not impact upon the front line (please specify)

Over the next five years, of the approaches to delivering efficiency or cashable savings that you specified (above), please indicate the three approaches that you expect to deliver the greatest contribution to savings for your organisation overall:

Please ensure that you only select one approach per column, for the first three columns.

| | Greatest contribution to savings | Second-greatest contribution to savings | Third-greatest contribution to savings |
|------------|---|--|---|
| Approach 1 | 1 | | |
| Approach 2 | | 2 | |
| Approach 3 | | | 3 |

Section E: Overview of savings

In this section, we are interested in ascertaining a summary of the current position in terms of the efficiencies and cashable savings that have been delivered to date.

34) Please tell us about general progress that your organisation is making by service area, net of costs.

You may need to use the scrollbar below the table to see the rightmost columns for 2012/13.

Please round values to the nearest pound. Enter the data in full e.g. '78500', rather than '78.5K' or other shorthand. Net savings may be a negative value in some years. Provisional outturn for 2012/13 is acceptable.

Note: Again, these should be within the scope of the efficiency/cashable savings definitions. 'Base budget' is defined here as the budget for the service area before savings targets are agreed/savings are delivered.

Q 34 (continued)

| | Base budget (£) 2010/11 | Budgeted savings (£) 2010/11 | Savings delivered (£) 2010/11 | Base budget (£) 2011/12 | Budgeted savings (£) 2011/12 | Savings delivered (£) 2011/12 | Base budget (£) 2012/13 | Budgeted savings (£) 2012/13 | Savings delivered (£) 2012/13 |
|------------------------------|----------------------------|---------------------------------|----------------------------------|----------------------------|---------------------------------|----------------------------------|----------------------------|---------------------------------|----------------------------------|
| Adult social care | | | | | | | | | |
| Central services | | | | | | | | | |
| Children's social care | | | | | | | | | |
| Cultural and related | | | | | | | | | |
| Debt repayment | | | | | | | | | |
| Education | | | | | | | | | |
| Environmental and regulatory | | | | | | | | | |
| Fire and rescue | | | | | | | | | |
| Highways and transport | | | | | | | | | |
| Housing | | | | | | | | | |
| Planning and development | | | | | | | | | |
| Other (please specify below) | | | | | | | | | |
| TOTAL | | | | | | | | | |

Section F: Further research on good practice

Finally, we would be very interested in doing some more detailed work with respondents via telephone surveys and a small number of case studies. To reiterate, any examples cited in this phase of the study will be anonymised unless the respondent's organisation is happy to be identified.

35) If you are willing for the research team to contact you or an alternative contact for a telephone interview to explore the savings your organisation has delivered and how they have been achieved, please provide contact information in full below: These details will remain confidential to the research team.

Full name: _____
Email address: _____
Telephone number: _____

Who have you provided contact details for?

- Myself
- An alternative contact

36) If you are willing for the research team to contact you or an alternative contact as a Good Practice case study, which will require a study visit from the research team, please provide contact information in full below:

These details will remain confidential to the research team.

Full name: _____
Email address: _____
Telephone number: _____

Who have you provided contact details for?

- Myself
- An alternative contact

Appendix B – Detailed survey method

Survey piloting

A draft version of the survey was piloted with a small number of local authorities, with feedback suggesting that the survey design was sound and the questions were clear but that pulling information together from various parts of the authority might take longer than an hour. In response to these findings, the survey was shortened and accompanying guidance notes were refined to provide more detail to support authorities in completing the survey.

The online survey was launched on Thursday 23 May 2013 and closed on Friday 12 July 2013 (open for approximately seven weeks). In total, 383 authorities were invited to complete the survey (353 local authorities and 30 metropolitan and combined fire and rescue authorities), initially via email to their chief executives, with follow-up telephone calls and email reminders to chief finance officers and/or Section 151 officers where appropriate. The survey received 107 responses across all authority types.

Survey response

The online survey to all local authorities in England was actively managed to improve response rates, including: proactive encouragement to respond, timely following-up on queries, encouraging authorities to prioritise the examples section, and an extension of the deadline.

Although the final response rate was under one third, there was a good mix of different authority types amongst those that did respond. This assures us that the findings presented in this report give a reasonable insight into how savings are being made across the sector and provide a basis for developing an understanding of what constitutes good practice i.e. replicable examples of where savings had been delivered that have not adversely impacted on the level or quality of frontline services, or the voluntary and community sector and which were notable for the size of saving delivered (in absolute terms or relative to budget size), or the lessons learned in achieving them. (This does not require the statistical representation of all authorities that would be necessary for generalising the quantitative findings on levels of savings).

A breakdown of response rates by authority type is provided below:

| Authority type | Total population | Survey respondents | Response rate |
|---|-------------------------|---------------------------|----------------------|
| London borough | 33 | 11 | 33% |
| Metropolitan | 36 | 14 | 39% |
| Other unitary | 56 | 16 | 29% |
| County | 27 | 10 | 37% |
| District | 201 | 46 | 23% |
| Metropolitan and combined fire and rescue authorities | 30 | 10 | 33% |
| TOTAL | 383 | 107 | 28% |

The survey generated 235 examples of delivering savings and there were a sufficient number of examples worthy of follow-up to form case studies for sharing learning with others in the local government sector. Eight of the examples were on debt reduction specifically. These were excluded for the analysis of approaches to making cashable savings, leaving 227 examples as the sample for this analysis.

Factors affecting response rates

The timing of the survey period was much later than originally proposed for a variety of reasons, including to avoid Financial Settlement (November/December), the Budget and Year End (March/April), and local elections (March/April). This is likely to have had an impact in terms of a longer period of pressure to deliver savings, as well as the announcement of expectations for future savings from local government as part of Spending Review 2013.

However, feedback from authorities during the survey period confirmed that many were still struggling to collect such wide-ranging and detailed information from across the organisation, particularly in the context of competing pressures on officers' time. Of the 28 authorities that explicitly declined to complete the survey, the majority of these were due to lack of time/resource; around one-fifth felt that the survey was not a priority or don't fill out surveys, while one-fifth had concerns about how the findings of the survey might be used.

Data quality

The online survey was designed to identify where and how authorities had made efficiency and/or cashable savings and captured the following four types of data:

- Details of one or more **specific examples of delivering efficiency or cashable savings** (approaches taken, factors assisting implementation and providing challenges, savings planned and delivered);
- Experience of **delivering efficiency or cashable savings at authority level** (service areas, approaches taken, factors assisting implementation and providing challenges, savings planned and delivered);
- Plans for **future efficiency or cashable savings** (service areas, intended approaches);
- A **financial overview**, comprising budgets and savings by service area from 2010/11 to 2012/13.

The data captured was therefore a mix of factual information, experiences, perceptions, financial records (audited and provisional) and projections. Our analytical methods reflect the difference between these types of data, and findings presented in our report distinguish between them.

A series of quality assurance processes were applied to the financial data received. Some records were subject to more than one of the processes described below:

- Zero values in financial data were reviewed and removed where appropriate so as not to decrease the accuracy of averages. For example, where the authority entered zero for service areas that they did not deliver, these were removed. In contrast, where authorities had entered zero for savings budgeted and subsequently did achieve savings, this was assumed to be an accurate representation of the situation;
- Financial data were corrected where there appeared to be an anomaly, and the correct value was identifiable by surrounding data, examples, and other qualitative information available. For example, in one case, values were entered as '000 and required adjusting by a factor of 1,000;
- Financial data that were not interpretable by surrounding data, examples, and other qualitative information available were removed – for example, negative base budgets in areas other than planning and development, and highways and transport;
- In a small number of cases negative budgeted savings' values were removed from the data base and in one case the sign was reversed;
- In four cases where budgeted savings were greater than the base budget adjustments were made: in one case the savings values were reduced by a factor of 10 and in a further case the base budget was increased by a factor of

10; in two further cases the savings values or the base budget were removed from the database;

- Financial data provided under the 'other' category were reviewed individually. Entries were reallocated or removed, depending on whether they represented cashable savings, or fell under existing classifications;
- Where savings delivered were identical to savings budgeted (66 of the savings examples and 22 of the survey returns), and in the absence of more accurate information, we could not justify adjusting or removing these and so they were retained;
- There were also data issues specific to the examples' financial data. In several cases actual savings were entered for future years; these values were deleted from the database.

Appendix C – Definition of cashable savings

The ‘savings’ definitions to be used in the Good Practice in Local Government savings study

This study is concerned with local government revenue savings to contribute to public sector spending reduction targets. While we recognise the importance of all savings that are being delivered, this study is focusing on:

- a. efficiencies which have increased service levels or productivity for the same level of revenue budget;
- b. and also ‘cashable savings’.

A **cashable saving** relates to revenue expenditure only and is:

- a. **neutral** in its impact on service delivery;
- b. a planned and sustainable reduction to a base budget (please see Note 1);
- c. can be measured to evidence what has been achieved in line with what was planned.

Please see Note 2 for detail on what is not defined as a cashable saving.

Notes for Survey Respondents

Note 1

A planned and sustainable reduction to a base budget is with clearly defined budget holder accountability that was planned and agreed by a council in advance of delivery.

Note 2

For the purpose of this study, the following are not deemed cashable savings and are out of scope for this survey:

- a. Changes that impact to the detriment of the **level** of frontline service provision. This includes a reduction to the frequency of service delivery. The only exception to this is where it has been possible to decommission a service which has been rendered obsolete by an efficiency measure;
- b. Changes that impact to the detriment of the **quality** of frontline service provision. This includes where there is a poorer performance against quality related performance measures, or where customer feedback provides evidence that the council's quality standards have reduced;

- c. Changes that impact to the detriment on the level and quality of service provided by the voluntary and community sector;
- d. Changes that relate to an increase in charges paid by service users.

In addition, we are not capturing information about unpredictable events that have generated savings or increased income, that have been used to meet a planned savings target, as these are unlikely to be replicable elsewhere through good practice.

Appendix D – Case studies annex

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1. Barnet

This case study explores the London Borough of Barnet's outsourcing of its back office services through a partnership with Capita. The aim of the contract, which commenced in September 2013, is to deliver an improved service to residents, councillors and staff at less cost to the council.

The context

The outsourcing of Barnet's Customer and Support Group is part of a long-term programme of transformation and cost-reduction at the council. The ambition of this programme was set out in a report on the 'Future Shape' of the council which was agreed by Barnet's cabinet in 2009. A more focused set of propositions – the One Barnet programme - was agreed by the council in 2010.

The council has now introduced a commissioning council structure and is pursuing an ambition to become a citizen-centred council with a goal to develop:

- A new relationship with citizens;
- A one public sector approach;
- A relentless drive for efficiency.

"The scale of change we are seeking is on a par with that between Blockbuster and Netflix, between a high street presence to an on-line service."

(Chief Executive)

The main elements of One Barnet are:

- The outsourcing of the Customer and Support Group;
- The creation of the Barnet Group, a Local Authority Trading Company, to deliver its housing and some social care services;
- The agreement of shared services arrangements, including a joint Director of Public Health and a shared legal service with Harrow;
- The creation of a joint venture company to provide developmental and regulatory services.

The council is now focused on its financial position beyond 2015/16 and is carrying out a comprehensive Priorities and Spending Review.

The Customer and Support Group

The Customer and Support Group partnership with Capita covers all the council's back office services: corporate procurement, customer services, estates, finance,

human resources, information systems, revenues and benefits and transformation capability. A competitive dialogue process was used to identify the best strategic partner for these services, with final tenders received from two bidders: BT and Capita.

The partnership has been structured to secure both significant savings and a number of other objectives central to the council's ambitions, including:

- Up-front investment in service improvement;
- New standards of customer service;
- The co-design of services with users and improved customer insight.

The savings (see below) are being secured through:

- A determined focus on procurement;
- Cost-reductions including the relocation of services to Capita's centres of excellence (which provide economies of scale, expertise and resilience);
- Radical service re-design.

“This is second generation outsourcing. It is not just about doing things cheaper. It is important to understand how the different elements fit together in order to deliver genuine transformation.” (Chief Operating Officer)

The improved levels of customer service (for residents, staff and members) are particularly important to the council. The ambition is to provide a single customer account with levels of responsiveness matching that provided by companies such as Google and Amazon. The enhanced customer insight that can be secured through this approach is being used to re-design services and drive further change from a resident perspective.

Important elements of the approach include an on-line citizens' portal, more sophisticated analysis, and a deeper understanding of the needs of individuals and groups. Central to this is a £2.3 million investment in the data gathering and storage platforms required to undertake the analysis required to develop policy and commissioning strategies.

In total 223 staff were transferred to Capita under Transfer of Undertakings (Protection of Employment) (TUPE) regulations. Of these, 78 staff have secured roles in the council, ten have been redeployed within Capita and five have left. In total 130 staff were confirmed at risk of redundancy (compared with the business case assumption of 203). They have been supported through the process with career support and training, including outplacement training sessions, interview skills workshops and CV skills workshops.

Savings

The Customer and Support Group partnership guarantees Barnet savings of £125.4 million over ten years. As a result of the competitive dialogue process, this is a higher level of saving, delivered earlier than was envisaged in the original business case and reflected in the council's medium term financial strategy. The council has been able to use these upfront savings to reduce the council tax burden for 2014/15 and freeze it for 2015/16.

The drivers of this approach

There are two linked drivers for this approach:

- The imperative on the council to make savings and implement its medium term financial strategy;
- To enhance its customer insight, provide a higher level of customer service and provide better information for members and staff.

The combination of the two drivers lies at the heart of the council's strategy, and the significantly improved customer insight combined with a focus on co-design is key to shaping the next phase of the council's transformation programme.

“The real prize is a new relationship with the customer.” (Chief Executive)

The challenges, what has worked well and what has worked less well

This is a radical programme which inevitably attracted opposition. This was compounded by the high profile nature of the council's original thinking which attracted both support and opposition at a national level. The slogan, the 'Easy Council' meant that Barnet became a lightning rod for political debate about the future of council services. Consequently, the implementation of the Customer and Support Group strategic partnership was delayed by six months as a result of a judicial review which focused on the adequacy of the council's consultation.

Reflecting on the approach it adopted, the council is now developing a more structured approach to public engagement and consultation, and is pursuing an 'aggressively transparent' approach to programmes such as this. It is clear, however, that while effective branding can provide coherence and help develop momentum, it can also galvanise interest and opposition to an extent that makes a programme such as this extremely difficult to manage.

The council's approach to staff engagement is seen as having been far more effective, with a programme of briefings and presentations ensuring that staff understood the programme, the drivers behind it and the implications for them.

It is also significant that over the period from the agreement of the 'Future Shape' report to the launch of the Customer and Support Group strategic partnership, the council has had three leaders and three chief executives. The sustained commitment to the principles underpinning the approach has been crucial in ensuring the leadership necessary to drive change of this scale. An important aspect of this has been ensuring that new leaders had the time and information necessary to review the approach and take ownership of it.

The competitive dialogue process is also pointed to as a success. It has led to both a contractual commitment to bigger and earlier savings than were originally envisaged, and to the introduction of new elements, such as the development of a new system of providers across the voluntary and community sector, to which residents can be signposted through the new citizens' portal.

Finally, the council faces a continuing challenge in ensuring that as much attention is given to improved customer insight and the contribution to longer-term service redesign - as to the harder edged implementation of other aspects of the programme – such as the relocation of various functions – and securing the associated savings.

Lessons and replicability

There are a number of significant lessons from Barnet's experience in putting this strategic partnership in place.

It is important to start early. This is not a quick fix. The procurement process and the implementation process both take a significant period of time. Developing an approach such as this and securing the benefits from it is a four to five year project.

The starting point should be the customer perspective, whether that is the citizen, a business, a councillor or a member of staff. The focus of delivering improved outcomes for customers drives the design of a process which will lead to significant savings.

Sustained leadership is necessary to secure the successful implementation of a programme of this type and scale. If it becomes associated with just one or two people that sustainability will not survive a change in political or managerial leadership.

“At times it was an uncomfortable ride.” (Council Leader)

As noted previously the high profile 'One Barnet' brand was both an asset and a hindrance. It provided coherence to a number of strands of work, reinforcing the focus on improved outcomes for citizens. It also attracted a high level of interest and opposition beyond people and communities directly affected by the proposals.

“You can never be too open. We now practice aggressive transparency.”
(Chief Operating Officer)

The Barnet experience also highlights the importance of upfront investment, and the dependence on high quality advice from external advisers. Barnet officers also point to the importance of the medium term financial strategy. The change programme must be embraced in the same process and document.

Customer and Support Group - part of the One Barnet framework: Financial details

| | |
|--|--|
| <p>Background</p> | <p>The One Barnet Framework was approved by the council in November 2010. This is the overall name for the major change projects running across the council, aiming to make sure that the council can continue to provide high quality and efficient services over the next 10 to 15 years.</p> <p>One of the projects within this Framework is the Customer and Support Group, set up with the aims of reducing back office costs and improving customer services to residents.</p> |
| <p>How did the Council respond to the budget challenge?</p> | <p>As government grants to local authorities continued to fall, the council recognised that significant savings were required across all council services, including customer and support services. In 2011, the council decided to look for an external provider to run the Customer and Support Group, discussing options with two potential providers, BT and Capita.</p> <p>The Customer and Support Group covers the following areas:</p> <ul style="list-style-type: none"> Customer Services Estates Finance Human Resources and Payroll IT Infrastructure and Support Procurement Revenues and Benefits Commercial Services <p>The Customer and Support Group project is expected to contribute to the Council's corporate priorities by delivering:</p> <ul style="list-style-type: none"> • Better services with less money – contracting for guaranteed standards and levels whilst reducing the operating cost of the services by at least 45 per cent in real terms over the period of the partnership; • Sharing opportunities and responsibilities – enhancing the ability of customers to access and engage with the Council whilst giving them greater control; • A successful London suburb – an enhanced insight function helping them; • To analyse the needs of the borough in more detail enabling the commissioning of services targeted to specific needs. |

| What are the savings? | Guaranteed savings | Total over 10 years (£millions) | Annual equivalent saving (£millions) |
|---|---|--|---|
| | Savings on core transferring services | 70.1 | 7.01 |
| | Procurement savings | 46.9 | 4.69 |
| | Council Tax collection | 8.4 | 0.84 |
| | Total | 125.4 | 12.54 |
| What has been delivered to date? | The contract commenced on 2 September 2013 and will provide the guaranteed savings as identified above. | | |
| Are the savings sustainable? | The contract guarantees a cashable financial benefit of £125.4 million over a ten year period. | | |
| Is it replicable (financial aspect) | A similar contract could be put in place at other local authorities. However, it is a major undertaking and the implementation process takes a significant amount of time. | | |
| Is the council's review of savings plans robust? | Savings plans are clearly set out within the business planning and budget setting process. These are reviewed on a regular basis to ensure that they remain deliverable and are in line with the direction of council policy. Savings are separately identifiable in the medium term financial plan and are monitored through the quarterly monitoring reports. | | |
| Other financial efficiencies | In addition to the £70.1 million of financial benefits against the core services, the Capita contract includes guaranteed procurement savings of £46.9 million over the contract term. These will be achieved by getting a better deal from those areas where the Council currently contracts services from third parties. Capita is also guaranteeing increased Council Tax collection rates providing a further £8.4 million over the contract term. The contract also includes approximately £8 million investment in areas such as information technology and customer services. | | |
| Key documents | Business Case (including paper to Cabinet on 6 December 2012) Customer and Support Group contract Performance monitoring reports Medium Term Financial Plan | | |

2. Brighton and Hove

This case study explores the part that reablement has played in the strategy that Brighton and Hove Council has adopted to provide high quality adult social care services in the face of significant financial pressures and growing demand.

The context

In common with many councils, Brighton and Hove faces an increase in the numbers of people that will require adult social care services, and the individuals that do require care are more likely to have increasingly complex needs. In 2012/13 the council's gross expenditure on adult services was £105.4 million, a 6 per cent reduction since 2010/11.

In November 2009 adult social care faced an overspend of £800,000 and had a target of £2 million savings over the next six months. As part of a wide-ranging value for money project facilitated by external consultants, an increase in the number of people undertaking reablement was identified as one of a number of ways of achieving financial sustainability.

This is one strand of a long-standing commitment on the part of the council to deploy preventative services and early intervention as a way of keeping people healthy and well and reducing the need for statutory services. This approach is central to the council's Better Care Fund plan which focuses on the delivery of an integrated model of care for frailty across the city.¹⁴

Reablement

Reablement is a six to eight week programme of social care support to help people regain their confidence and independence, often after a period in hospital. It helps people to learn or re-learn skills necessary for daily life and may also involve identifying the need for aids and adaptations to enable somebody to live independently.

This approach was introduced in Brighton and Hove on a phased basis. It was piloted in October 2008 with a small team of 20 homecare worker volunteers working alongside care managers and occupational therapists. Following the success of that initiative, reablement was rolled out more widely from March 2009 through a new 'Community Solutions' team comprising home care workers, occupational therapists, occupational therapist assistants, care managers and a technician.

¹⁴ <http://www.england.nhs.uk/ourwork/part-rel/transformation-fund/bcf-plan/>

Of the first 48 people to benefit from the service, 17 needed no further care and 12 people reduced their care (saving around £2,065 a week).

Following the recommendation in the value for money review, the council agreed to significantly increase the number of people undertaking reablement. In order to achieve this objective, the council adopted an ‘open door’ approach to reablement, operating on the principle that everybody is entitled to it. This contrasts with the approach adopted by other councils who are more selective in who they choose for the process. This means that more people receiving a reablement service in Brighton and Hove ultimately require care than in many other councils but overall more people benefit.

The council also put significant effort into making sure that relevant health and social care staff in hospitals and social care teams understood the new approach and the reasons for it. This included roadshows in hospitals and attendance at social work team meetings.

“Many care professionals find the idea that older people should be encouraged and expected to look after themselves difficult to accept.” (Senior Manager)

During 2012/13 242 people completed a reablement service course and of these 66 per cent were able to live at home with no or less support after receiving the service. Around 86 per cent of the people who were discharged from hospital in 2012/13 and received the service were still living in their own home 91 days after being discharged.

Reablement continues to be one of the council’s adult social care priorities with a commitment from them to make *“full use of short-term reablement, equipment and assistive technology to promote independence to enable people to fulfil their potential”*.

Savings

In 2013/14, a total of 202 people completed a reablement service course and of these, 70 per cent were able to live at home with no or less support after receiving the service. This resulted in saving the council around £313,000.

The drivers of this approach

There are two linked drivers for this approach:

- The imperative on the council to make savings and implement its medium term financial strategy, and in particular to meet the adult social care savings target;
- The council’s ambition to improve the wellbeing of older people by enabling them to live independent lives for as long as possible.

“Reablement represents a fundamental challenge to many people’s understanding of what constitutes acceptable care.” (Senior Manager)

Challenges/lessons

The main challenge the council faced in increasing the scale of its reablement process was challenging traditional attitudes to care among health and care professionals, and relatives and carers. Considerable time and effort went into training social work teams and their managers. This is a continuing challenge as there is still resistance to this approach from staff and relatives.

“In essence we were teaching staff to sit on their hands to enable older people to re-learn the skills to look after themselves.” (Senior Manager)

A second challenge was the need to counter professional demarcations and ensure that multi-disciplinary teams genuinely work in a flexible way. This also took time and effort.

The decision the council took to adopt an open door approach to reablement was an important one, but added to the complexity of the implementation challenge.

The key lesson from the Brighton and Hove reablement experience is that successful implementation takes time and effort. The decision to implement it as a key part of the council’s strategy was taken following a pilot. And considerable time was devoted to addressing the significant cultural challenges that were involved.

Brighton and Hove City Council – Reablement: Financial details

| | | | |
|---|--|----------------------------|----------------------------|
| Background | <p>In 2009 adult social care faced an overspend of £800,000 and had a target of £2 million savings over the next six months, with an annual savings target of £1 million. Reablement was part of the solution to meet cashable budget savings whilst maintaining core services within adult social care at a time of increasing demand for services.</p> | | |
| How did the Council respond to the budget challenge? | <p>The 2012/13 and 2013/14 budgets included plans to reduce the number of people placed in residential care - options to include the use of sheltered accommodation/extra care housing, 'Shared Lives' and other accommodation. It was jointly commissioned with housing to deliver extra care capacity to meet the need identified in the city. In the future, Brighton and Hove City Council faces a reducing number of people aged over 65, but an increased proportion of people aged 85 plus with high and complex needs which puts further pressure on existing resources.</p> | | |
| What are the savings? 2012/13 | Annual budget | 2012/13 (£millions) | 2013/14 (£millions) |
| | Budget (net) | 52.6 | 52.6 |
| | Annual cashable savings in year | 0.264 | 0.313 |
| | Annual cashable savings relating to prior year (assumption benefit lasts one year) | - | 0.264 |
| | Cashable savings total | 0.264 | 0.577 |
| | Cumulative cashable savings | 0.264 | 0.841 |
| What has been delivered to date? | <p>Savings under enhanced reablement and better use of assisted technology to reduce numbers into residential/nursing homes. In a trial period in 2009, 48 people out of 57 referrals were successfully reabled, with 17 people needing no further care package and 12 people reducing their care hours. This amounted to an overall reduction of 124 care hours per week with an estimated saving of £2,065 per week. This has been rolled out across the service and in 2012/13, a total of 242 people completed a reablement service and of these two thirds were able to live at home with no or less support after receiving the service. In 2012/13, the total reduction amounted to over 4,500 hours; an estimated saving of £264,000 over the year. In 2013/14, a total of 202 people completed a reablement service and of these, 70 per cent were able to live at home</p> | | |

| | |
|---|--|
| | with no or less support after receiving the service. The reduction amounted to around 5,400 hours, with an estimated saving of £313,000. |
| Are the savings sustainable? | Reablement has helped to reduce the need for adult social care contact hours for those already receiving care. People are helped to learn or re-learn skills necessary for daily life and live independently. The annual savings are generally recurrent as the adult is able to live independently for longer, estimated by the council at one year benefit. |
| Is it replicable (financial aspect) | There may be opportunities for other local councils to make similar savings. The key elements are: taking a fundamental review of the way in which services are delivered and the level of services needed, transforming the perception of traditional adult social care from one that is just caring for the adult, to one that encourages older people to look after themselves. |
| Is the council's review of savings plans robust? | Savings plans were signed off by the Section 151 officer as part of financial management processes. A risk and robustness review of savings plans was carried out. Savings are separately identifiable in the 2013/14 budget and are monitored by directorate management teams and the executive. The savings for reablement are based on underlying assumptions for which some averages have been used. |
| Other financial efficiencies | Recommission Home Care to a new specification and let contract from 1 June 2012. |
| Key documents | Reablement adult social care and housing overview and scrutiny committee 3 September 2009 2012/13 and 2013/14 budget books Independence at home community care budget savings data for 2012/13 and 2013/14 |

3. Buckinghamshire

This case study explores Buckinghamshire County Council's new commissioning arrangement, starting in August 2013, with Buckinghamshire Learning Trust to deliver a range of services across the county to schools and early years services such as continuous professional development, consultancy and advisory services, and schools' governor support.

The context

Buckinghamshire County Council's response to local government savings has been to see it as an opportunity to look at ways of transforming how it delivers services. Setting up the charitable trust, Buckinghamshire Learning Trust was the logical continuation of the direction the council was already headed in with many of its schools and early years services that it had already started to transform from being dependent solely on local authority finance to those that could generate commercial income as well. At Buckinghamshire County Council, rather than look for 'savings' or to make 'cuts', the main driver was to look for ways to generate revenue through the delivery of services in order to offset any potential impact of cuts, and create a more commercial culture and approach to the delivery of services.

"We've got it wrong in local government as all we ever talk about is savings and not income." (Commissioner)

Within the context of local savings, the council had already been through a process of 'salami slicing' which hadn't been working effectively. Looking for a more effective solution, the council undertook an options appraisal process in which they considered six possible options for the future of schools and early years services. This included a straightforward outsourcing service, continuing in-house, using an existing charitable trust, and setting up a new one. The review found that *"form needed to follow function"* and the option of setting up a new charitable trust was selected.

The idea for a new charitable trust had originally come from three local headteachers. Their aim was to create a new organisation that would be free from local government constraints and could achieve the dual aim of ensuring at risk services continued to be delivered while at the same time actually improving services and partnership working.

Buckinghamshire Learning Trust

“We’re very ambitious to be outstanding.” (Chief Executive)

To move towards Buckinghamshire Learning Trust, the council undertook a great deal of engagement with schools across the county to scope out the idea and build support for it. Involving schools from the outset was integral to the new arrangement; of the 20 trustees, 12 are elected by the schools. They include representatives from academies, grammar schools and maintained schools.

Buckinghamshire Learning Trust delivers a range of services to schools and early years services including:

- Continuous professional development;
- Early years improvement service;
- School advisory and consultancy services;
- Specialist teaching service;
- Music service;
- Schools governor support;
- Schools financial management advisory service.

Buckinghamshire Learning Trust also works closely with Buckinghamshire County Council to *“fulfil its statutory duties for raising attainment and securing the best possible future for children and young people”*.¹⁵

Buckinghamshire Learning Trust started delivering services on 1 August 2013, although the new chief executive officer was recruited earlier in the year to help with the set up. As a charity, Buckinghamshire Learning Trust is able to bid for resources that the local authority cannot bid for and access new income streams, such as gift aid. Its chief executive comes from a commercial background and is highly motivated to transform the way the service is run, to ensure that service standards are very high and that they are delivered in a business-like way.

“Our ambition is to achieve a surplus in line with those achieved in the private sector.” (Chief Executive)

The objective to generate a surplus is driven by a desire to have more flexibility on how Buckinghamshire Learning Trust achieves its ambition to reduce educational inequality and the attainment gap. Having a surplus and building a reserve is part of that strategy.

¹⁵ <http://www.learningtrust.net/>

Buckinghamshire Learning Trust was deliberately set up with a high degree of autonomy which comes not only from its status as a completely independent and separate company from the council, but also through the way that former local authority services are commissioned from it. The contract between Buckinghamshire County Council and Buckinghamshire Learning Trust is built around the delivery of improved outcomes for children and young people. The delivery mechanisms for how those outcomes are achieved are left entirely at the discretion of Buckinghamshire Learning Trust. The outcomes are ‘ratcheted’ to increase year-on-year, meaning Buckinghamshire Learning Trust has to continue to deliver more for the money it receives from the local authority.

Inherent within the strategy to build a service which is efficient and generates a surplus was a drive to look at where savings could be made.

To achieve those savings, Buckinghamshire Learning Trust applied the following principles:

- Assessing each vacancy as it arose to decide whether the post should be filled or cut;
- Looking at achieving the maximum impact from every post, including considering merging and changing roles, and also paying more where it was needed;
- Making sure the best deal was obtained for everything procured, and asking for more from suppliers;
- Reducing the amount managers could spend without either deputy chief executive officer or chief executive officer sign off;
- Transforming the culture into one where members of staff would aim to spend less than their budget, rather than the historical approach of ‘use it or lose it’ that applied under the local authority.

“You have to justify, lobby and negotiate for each penny of the Trust’s money you are spending. Every penny we don’t spend is money we can spend on children.”
(Chief Executive)

The savings

The savings at present are set to be £1 million over a three year period, and Buckinghamshire Learning Trust is on track to make those savings. If needed, there is scope to make further savings as the amount of grant paid to Buckinghamshire Learning Trust is agreed on an annual basis.

As the relationship between the local authority and Buckinghamshire Learning Trust is linked by a service level agreement only, there is no incentive for Buckinghamshire Learning Trust to repatriate any savings made, but instead plough savings into

reserves to be used specifically for the purpose of improving outcomes for children and young people in Buckinghamshire.

The drivers of this approach

Currently, around 40 per cent of Buckinghamshire Learning Trust's income is through the Dedicated Schools Grant, around 40 per cent through commercial contracts, with another 20 per cent through other income. In time, the aspiration is to shrink the grant element and grow the commercial one. Within the national context of continued reductions in local authority budgets, this shift will safeguard Buckinghamshire Learning Trust and the services it provides.

The scope to boost Buckinghamshire Learning Trust's income by boosting its commercial income is growing. At a national level, the on-going academies and newer free schools initiatives mean that while the statutory functions of the local authority remain the same, schools have more freedom and flexibilities to trade and buy services in areas such as continuous professional development, governor services and the music service.

In addition to boosting revenue through increased sales of services with Buckinghamshire, as Buckinghamshire Learning Trust becomes more established, it plans to offer its services to other local authorities in the area, either delivering services on their behalf or through developing a consultancy and advisory offer.

Key challenges and what's worked well

Schools across Buckinghamshire were reliant on a number of local networks to disseminate the message about the changes that were occurring, which meant that sometimes information was patchy.

In addition, because the transfer of services from Buckinghamshire County Council to Buckinghamshire Learning Trust took place over a short time period, Buckinghamshire Learning Trust has continued to use council systems for finance, human resources, IT and payroll, which have not been as well suited to its needs as its own system might have been. As such, Buckinghamshire Learning Trust will assess its options for the future carefully, and it may choose to provide its own solutions for those areas of the business.

A TUPE consultation with staff took place in early 2013, and negotiations went well although there were some concerns among staff about the transfer of pensions. However, staff pension rights were transferred over in full from Buckinghamshire County Council to Buckinghamshire Learning Trust, although Buckinghamshire Learning Trust has altered its approach to pensions going forward. People in specialist, professional roles are still offered the Local Government Pension Scheme

(as Buckinghamshire Learning Trust is an affiliated body to the scheme), but for more generic, non-specialist staff joining, they are no longer offered the Local Government Pension Scheme.

The transition will take time, and staff within both Buckinghamshire Learning Trust and the local authority are still adjusting to the changes in accountability, delivery and attitude.

It is early days for Buckinghamshire Learning Trust, but there's no doubt that a massive cultural shift is underway. The move is strongly supported by Buckinghamshire Learning Trust's trustees, its executive and the council. For other staff, as long as they can see how the changes will improve the service they are delivering, they will support the transformation. Buckinghamshire Learning Trust's staff have a strong 'public sector ethos' and see themselves as people who help schools and children.

Initial reaction to the work Buckinghamshire Learning Trust is undertaking with its national leaders of education and local leaders of education to narrow the attainment gap has been positive, including some early indicators from Ofsted.

Lessons and replicability

It's still very much early days for Buckinghamshire Learning Trust, but there is confidence that the changes are working, and also that Buckinghamshire Learning Trust will be able to do more than the local authority could achieve by virtue of its ability to generate revenue, make a surplus on services, and use that surplus to deliver improved outcomes for children and young people.

Some of the key lessons learned through this process are:

- The new chief executive could have ensured Buckinghamshire Learning Trust was using the right systems from the beginning if he had been in post longer prior to Buckinghamshire Learning Trust starting trading;
- Communicating to a large number of interested parties requires strong and consistent channels across the board – where channels are not consistent the message can get distorted;
- Consistently highlighting how the change from local authority to Buckinghamshire Learning Trust delivered services will benefit the service users and young people – this change is not just about saving money.

The Buckinghamshire Learning Trust model is replicable, but only where there is sufficient scale to make it worthwhile. For local authorities where school improvement has been heavily cut as a service area and capacity is limited, it might make more sense for them to partner with other local authorities on a joint venture.

Buckinghamshire Learning Trust anticipated its model would be ready to be franchised before the end of 2014, or at the very least be in a position to have a consultancy offer advising other trusts or potential trusts how to set up, operate and ultimately improve outcomes for schools, children and young people.

Buckinghamshire County Council - New commissioning arrangement: Financial details

| | | | |
|---|--|--------------------|---|
| Background | <p>The County Council has a medium term financial plan with the aim of keeping council tax at as low a level as possible for residents and placing importance on value for money. The challenging financial climate has meant the county council needed to make reductions, and sought to increase efficiency, especially for back office services, manage demand and generate more income, rather than reduce public services.</p> <p>The reductions in central government funding have meant that the county council has had to make savings of around £85 million over the four year period 2010/11 to 2013/14, with £15 million of further savings planned in 2014/15 and a similar level of savings each year envisaged in the medium term.</p> | | |
| How did the council respond to the budget challenge? | <p>The council recognised the need to do things in a different way by looking at ways of generating revenue through delivery of services in order to offset any potential impact of cuts, and to create a more commercial culture and approach to delivery of services.</p> <p>This challenges traditional thinking that focuses on savings, rather than developing income.</p> | | |
| What are the savings? | Annual budget | (£millions) | Notes |
| | Savings in 2013/14 | 0.587 | Excluding Dedicated Schools Grant activities – relating to the transfer to Buckinghamshire Learning Trust |
| | Savings in 2013/14 | 0.512 | Dedicated Schools Grant activities - relating to the transfer to Buckinghamshire Learning Trust |
| | Future annual savings forecast for 2014/15 | 0.111 | Additional income (increasing to £0.151 million by 2017/18) |
| What has been delivered to date? | Buckinghamshire Learning Trust has been delivering services since August 2013. In the year to 31 March 2014, savings of £1.1 million were made. | | |

| | |
|---|--|
| Are the savings sustainable? | Income generation of £111,000 each year, rising to £151,000 in a four year period, and there is scope to make further savings as the amount of grant paid to Buckinghamshire Learning Trust is agreed on an annual basis. There is no reason why they should not continue to do so. |
| Is it replicable (financial aspect) | The commissioning arrangement is replicable at other authorities only where there is sufficient scale to make it worthwhile, although there are other options such as partnership with other authorities on a joint venture. Buckinghamshire Learning Trust anticipated its model would be ready to be franchised in late 2014, advising other potential trusts how to set up and operate on a consultancy basis. |
| Is the council's review of savings plans robust? | Based on fully developed Business Cases which included identified risks. |
| Other financial efficiencies | None directly – but see the question on replicability above. |
| Key documents | Buckinghamshire Learning Trust Business Case |

4. Hertfordshire

This case study explores Hertfordshire’s New Ways Transformation Programme, an ‘alternative delivery model’ in making savings through the creation and outsourcing of a new model for social care access.

The context

Since early 2010, Hertfordshire has been preparing to be a ‘council for the future’, taking a pro-active approach to redesigning the way services are delivered and outcomes achieved including improving the use of assets and technology, and considering alternative providers to manage changing demands in a cost-effective way. One of the first areas of focus concerned access to adult social care. The focus of the work has been to improve and reduce the cost of *“access to adult social care by improving the customer journey”*.

Hertfordshire now considers itself to be largely a commissioning council but without a rigid view of how services should be delivered, always looking for the best solution for the service in question. This approach has enabled the council to make over £165 million of savings across the council in the four years ending in March 2014. The demographic group predicted to rise most in size in Hertfordshire is the older population. Both the number and proportion of older people is set to increase over the coming years – by 2025 the number of people aged 75 and over is expected to increase from 82,000 to 116,000. This increase will not be evenly spread across the county with expected increases of around 60 per cent in some districts.

The council and its partners recognise that an increased amount of support will be needed from both the health and social care sectors to support these growing numbers. As stated in Hertfordshire forward’s sustainable community strategy ‘Hertfordshire 2021: A Brighter Future’: *“New levels of service provision will be required and communities will need to adapt to these changing demographics, not least in supporting the high number of people over 75 living alone. Of these almost 60 per cent have a limiting long-term illness and it is predicted that the number of older people who have dementia will rise by 15 to 25 per cent over the coming decade. Older people will need to be supported in their homes, utilising technological advances that support independence”*.

The pressure on budgets combined with this demographic change and Hertfordshire’s commitment to supporting older people to maintain independence meant that finding a cost-effective model for the delivery of adult social care was vital.

New Ways Transformation Programme

Hertfordshire has outsourced the provision of the majority of adult social care services starting with care homes in 1992 and with the homecare service outsourced in 1998. In 2011 it decided to extend this approach to a county-wide service to improve enablement and access to social care.

It made sense to pursue this through the Customer Transformation Board, a joint Hertfordshire County Council initiative with Serco that develops business cases for new and redesigned services. This is part of the ‘shared and managed services contract’ with Serco, which covers IT, finance, and a customer service centre/website. (It now includes a children’s contact service as well as access to adult social care.)

“We have a strategic partnership with Serco - not a service contract. It’s about the co-design of services and joint problem solving.” (Senior Officer)

The business case for commissioning a new model for accessing adult social care was prepared by senior managers and presented to a Cabinet meeting in June 2011. This had to demonstrate the benefits of the approach as well as assurances on safeguarding and managing risk. The business case was accepted by Cabinet, which approved an investment of £2.5 million from the Invest to Transform Fund, which was set up to provide the capacity to invest in programmes which release efficiency savings. This investment was matched by Serco as the main contractor.

The Social Care Access Service was developed in partnership with Serco as an extension to the shared and managed services contract and went live in April 2012. Referral management, eligibility assessment, service finding, and scheduled care reviews were transferred from the Older People and Physical Disability service to Serco, as part of the council’s shared managed service contract. Serco now carries out the initial assessment and then makes the necessary links to information and advice, one off solutions such as equipment or to the enablement homecare service provided by Goldsborough Home Care. Where a one off solution or enablement is not likely to meet needs, people are referred to the council’s in-house adult care service, which is responsible for arranging long-term support through personal budgets.

Change, efficiencies and savings

Serco was responsible for the original implementation work with support from the council’s business improvement team.

Around 100 adult care staff have been transferred to Serco. The senior operational manager took an active decision to apply for the comparable Serco job rather than

the client one in council. The staff from the organisations involved in this enablement service pathway – Serco, Goldsborough Home Care and the council – are based in one office and branded as ‘ Hertfordshire Care Partners’.

The original contract is now expanding with Serco sub-contracting with other private and voluntary sector organisations such as Tunstall and The Red Cross to provide telecare and response services, which started in September 2013.

Hertfordshire planned net savings from the new arrangements of £1 million per year arising from a set of improvements. Although there was some time slippage, actual savings are ‘fairly close’ to those forecast. (See the attached financial assurance information for more details).

“The collaborative nature of this change was essential to its success including the delivery of substantial savings.” (Senior Officer)

The main savings have been through reduced staff costs made possible through agreed changes in process. The redundancy scheme that was introduced enabled *“almost 100 per cent voluntary redundancies”*. TUPE was applied to the staff transfer resulting in unchanged pay rates and conditions of service (although job roles became more flexible as part of the integrated approach).

Technology using an e-marketplace has been introduced to the frontline service as part of the arrangements with Serco This has high levels of usability and functionality and requires all providers to be appropriately accredited to give confidence to users. Planned enhancements include allowing proxy access on behalf of users and linking the IT system to the back office to enable virtual direct payment funds to be held on the system and drawn down by service users.

“It (the new model) involves a triage process and needs excellent information and experienced staff to be available.” (Senior Officer)

The Social Care Access Service is part of the wider health and community services’ New Ways Transformation Programme which is monitored by the council’s Partnership and Quality Unit which *“is citizen-focused and promotes positive customer experiences, excellent performance and quality outcomes”*. This unit reports to a joint council/Serco ‘Partnership Integration Board’, which is responsible for commissioning and contract monitoring.

Quality monitoring of the Social Care Access service has shown that the new approach has led to improved recording of triage decisions and agreed thresholds for safeguarding alerts. The Partnership and Quality Unit has also reported that the overall outputs for enablement are good although the performance and value for money of this service needs improvement. Enablement was reduced from a six week service to a four week service in January 2013 and the performance in reducing care on exit has been maintained since then.

Surveys show that customer satisfaction has been maintained throughout the changes and focus groups with carers have found that most say that they appreciate and value the service, support and advice they have received from the ‘Getting it right’ carers project, which is linked to part of the wider contract.

The drivers of this approach

There are three linked drivers for Hertfordshire’s approach to making savings while improving access to adult social care services:

- A corporate approach to the further development of customer facing services through commissioning alternative delivery models;
- The imperative on the council to make savings;
- The council’s existing strategic partnership with Serco.

The interaction of these drivers enabled the council to pursue a strategic commissioning approach to reducing costs, while maintaining or increasing service quality and improving access to adult care. The improvements have contributed to a wider programme of transformational change.

The challenges, what has worked well and what has worked less well

The greatest challenge was the initial scepticism from some members and officers. Although Serco’s contract already covered IT, payroll, financial management and customer services, there were concerns that social care access represented a major departure from these. Serco suggested that this would naturally come out of its innovative approach to customer services, but members and officers had to be convinced of this.

Concerns about a private company, running a service for vulnerable adults were also allayed through the contractual process and specification as well as the specific partnership arrangements that have been set up between the council and Serco. The requirements of the contract were tied down in detail at the outset. The delivery model built on the Lean review of Older People and Physical Disability teams, which reported to Cabinet in 2012, and included all methods, the volumes expected and the efficiencies expected.

Concerns were also overcome through the presentation of a business case to Cabinet that included reassurances on safeguarding and plans for assessing and managing risks.

The strategic partnership between the council and Serco has worked well. Serco was involved in the development of the business case for the Social Care Access Service from its role on the Customer Transformation Board. On winning the contract

it injected investment finance into the new delivery model and has reinvested a portion of the returns it is contracted to keep. It has also expanded the partnership through sub-contracting services to voluntary sector organisations (such as telecare to the Red Cross).

“It was important to get every interested party signed up and on board from the start and to get the contract right. A lot of discipline and rigour came from the Serco side.” (Senior Officer)

Joint management arrangements and performance indicators were also agreed between Serco and the council. The Partnership Integration Board, which is the heart of the system of partnership governance, receives reports from both the Serco senior managers meeting and the relevant Hertfordshire County Council senior management board.

The performance monitoring has shown no loss of quality and that targets have been met. There are penalties for Serco if targets are missed so the risks are with them, as the contractor.

Lessons and replicability

There are a number of lessons from Hertfordshire’s approach to developing and delivering the Social Care Access Service through the New Ways Transformation Programme. These are replicable to other ‘savings through change’ programmes and include:

- The New Ways Transformation Programme is part of a wider council approach to service redesign in Hertfordshire. As part of the Social Care Access Service and related housing solutions service projects, Serco is delivering a new customer-services technology platform. This will ultimately be used right across all Hertfordshire County Council services;
- It was possible for the council to develop partnership arrangements for managing the Social Care Access Service with and through Serco from the start of the transformation project as there was already a well-established strategic management partnership in place;
- Careful consideration was given to the contractual process and specification to enable the council to have the outcomes it wanted to be delivered. Governance and performance management arrangements have ensured these have been delivered in practice;
- Cultural change throughout the council was required to ensure acceptance of ownership and accountability of the new working arrangements. A clear business case, accurate modelling and reassurances to elected members on

safeguarding, risk management and quality assurance were all important to securing this.

Hertfordshire County Council - New Ways Transformation Programme (Older people and physical disability): Financial details

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| Background | High population rise since last census; cuts as a result of government spending reviews so an identified need for a council-wide savings programme delivering £163 million annually by 2015/16 – with £172 million having been delivered to date. | | |
| How did the council respond to the budget challenge? | <p>Recognised need to do things in a different way to deliver transformational savings and to deliver a more effective service to the customer.</p> <p>Built on learning from existing Lean reviews: the ‘new’ idea was to get the contractor to collaborate. Contracted with Serco for IT, payroll, facilities management and customer services. Their bid was competitive but was also clearly highly imaginative and agreed to the clause whereby they would help in developing business cases that would involve process change, TUPE of staff and new computer systems.</p> <p>Not surprisingly there was scepticism within the council and members and officers needed convincing – but that is good in terms of the validity and reliability of the savings as it meant that Serco had to get over a high hurdle of plausibility. Their own injection of £2.5 million to match the council's £2.5 million was a clear commitment, as was their agreement to absorb changes arising from demography.</p> <p>Joint programme board and much learning transfer involved. Serco ran the implementation but with support from a new Hertfordshire County Council business improvement team that is still in place and now able to work on other things.</p> <p>Council claims that neither side could have achieved the savings without the collaboration of the other.</p> | | |
| What are the savings? | Annual budget | (£millions) | Notes |
| | Original budget | 25.8 for 2011/12 | This does not take into account £2.5 million capital investment in 2011/12 funded from the Invest to Transform Fund matched by Serco. |

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|---|--|----------------------------------|--|
| | Budget for 2012/13 | 24.3 | |
| | Annual savings forecast | 1.5 for 2012/13 1 for 2013/14 | Original estimates reported to Cabinet 20 Jun 2011 when the 3 business cases were in – development – i.e. only ‘guaranteed’ payback of the £2.5 million capital injection. |
| What has been delivered to date? | <p>Reductions in headcount were delivered ahead of schedule with recurrent savings estimated at £1 million being delivered annually on staffing costs. That is down on the original estimate by about £0.5 million but in line with the on-going estimate.</p> <p>New computer systems coming in line now – transforming customer service but without reduction in quality – according to all the key performance indicators, which are unchanged.</p> | | |
| Are the savings sustainable? | They appear to be sustainable at the level achieved and given the effective nature of the relationship and the ‘gain sharing’ principles demonstrably in place there is no reason why they should not continue to do so. | | |
| Is it replicable (financial aspect) | <p>The investment of Hertfordshire County Council’s £2.5 million from the invitation to tender was approved by Cabinet in June 2011 on the basis that the new IT systems would underpin further business cases as well as supporting the council’s day to day business and, in particular, its channel shift strategy. This was reiterated in Jan 2012 when the Health and Adult Care Cabinet Panel was advised that the new customer services technology platform would ultimately be used right across all council services.</p> | | |
| Is the council's review of savings plans robust? | <p>Shared governance structure from the start.</p> <p>Based on fully developed business case, including identified risks</p> <p>Clearly some savings not achieved but these have been explained.</p> | | |
| Other financial efficiencies | None directly – but see the question on replicability above. | | |
| Key documents | <p>Cabinet reports and minutes plus extracts from business case</p> <p>Extracts from Integrated Plan</p> <p>Presentation information by Hertfordshire County Council</p> <p>Interview notes</p> | | |

5. Kirklees

This case study explores Kirklees' 'One Council' approach to making savings through centralising human resources and business support functions, and developing a customer facing contact centre.

The context

The One Council approach adopted by Kirklees in early 2010 was, in the words of one senior officer *“a response to the storm coming”* as councillors knew that, with public sector savings on the horizon, the council could not continue to be *“a collection of services run independently”*. Such a model was considered to be neither efficient nor delivering a consistent, high quality level of services to customers.

“We had to get ahead of the curve of the cuts – otherwise we would always be playing catch-up.” (Elected Member)

An essential part of Kirklees' One Council approach, the Innovation and Efficiency Programme aimed to take a strategic, forward looking approach to improving service quality and efficiency through changes in procurement, the council's asset strategy and IT services. The Innovation and Efficiency Programme had all-party support and was designed to strike a balance between the support needed by individual services and a whole council approach. This has required considerable flexibility given both the range of services and the diversity of the 410,000 Kirklees' population, spread over four main towns and extensive rural areas.

The Innovation and Efficiency Programme also contributes to delivering on Kirklees Council's fourth strategic priority: *“Provide effective and productive services - Ensuring services are focused on the needs of the community and delivering excellent value for money”*.¹⁶

The Corporate Plan covers a period when the council needed to make £40 million (2010/11 – 2012/13) of savings. Following a series of cross-cutting reviews, it was decided that the priority should be to achieve 50 per cent of these savings (£20 million) through central cross cutting projects and avoid service reductions. There has been extensive community consultation about the corporate priorities and proposed savings through an initiative called It's Time to Talk. This process is now being used to review the current Corporate Plan for 2014/15 and beyond.

¹⁶ The other three priorities as stated in the council's corporate plan 2011/12 – 2013/14 are Enhance life chances for young people, Support older people to be healthy, active and included, and Business growth and jobs.

The Innovation and Efficiency Programme

The Innovation and Efficiency Programme was developed in 2009/10 and driven by the council's senior leadership team— involving senior managers and the political leadership of the council. It was comprised of three main strands initially:

- Senior management review – council wide management restructuring to reduce the numbers of directors, assistant directors and service heads through voluntary redundancy and retirements;
- Unifying support services – setting up a new central unit, to reduce the number of staff required while retaining some links to departments, and automating HR and payroll functions;
- Business support review – by introducing a common approach to back office functions across the council and giving each directorate a series of tools (e.g. for generic job descriptions) to enable more flexibility in the deployment of administrative and secretarial staff between departments with oversight from a small central team.

Two additional strands of the Innovation and Efficiency Programme, which are outside but related to this case study of savings, are the more recent IT Powerhouse Project and implementation of a single SAP business system to replace existing financial, HR and other business control systems, which will radically change back office working practice and processes to make further savings, efficiencies and change, and the channel shift strategy to improve customer experience by enabling more customer contact on-line and by phone, including through two new customer service centres in Huddersfield and Dewsbury.

“The One Council approach of shared services like payroll, HR and admin (for departments) also applies in contact centres for our customers.” (Senior Officer)

Change, efficiencies and savings

The Innovation and Efficiency Programme is seen as a success by members and officers alike, a number of whom observed that *“it has taken out more in efficiencies than expected”*. It has generated £20 million of direct savings together with an estimated £60 million of indirect savings resulting from a more strategic approach, more efficient systems and processes, and less duplication throughout the authority.

“The [Innovation and Efficiency Programme and Powerhouse] projects mean that savings will come through behavioural change.” (Elected Member)

The senior management review reduced the number of directors from eight to five (including the new post of Director of Public Health) and lifted assistant directors and service heads into more strategic roles. (The number of assistant directors was reduced from 28 to 13, with a reduction from 105 to 65 for heads of service). The authority managed to broadly match the number of requested redundancies with those needed for the restructuring, avoiding any compulsory redundancies and enabling some new recruitment and promotion to senior management posts. There is a widely held view that the senior management review should be counted as a successful change programme, rather than *“just a savings exercise”*.

“We have established a unified officer leadership of the council.” (Senior Officer)

The business support review started with a target of generating £5.2 million in efficiencies and cashable savings. The first focus was to reduce the number of secretarial staff through the introduction of generic job descriptions and flexible deployment across departments, but this met with considerable resistance from secretarial staff, their managers and trade unions. After a year’s work, revised proposals were produced with more clarity about the objectives of the exercise and a set of principles about how these would be achieved.

An employment relations panel led the process of reducing staff numbers and identifying vacancies that existing business support staff could apply for. The outcome of the business support review is considered successful overall - with no compulsory redundancies and only ten or eleven individuals on lower grades.

A number of staff affected by the business services review found jobs in the new customer service centres in Dewsbury (opened in August 2012) and Huddersfield (July 2013). These encourage and actively support customers to ‘self-serve’ using a *“new philosophy about staff mingling with customers”*. Business services staff were trained in the personal and communication skills needed to work in the customer service centres. Vacancies were also held so that these staff could apply and they were encouraged to do so through recruitment presentations.

The Innovation and Efficiency Programme has delivered £20 million of savings over three years. Some of these savings, particularly in relation to the business support review took longer to realise than expected, mainly because of industrial relations and staff communication. (See financial assurance information at the end of this case study for more detail). These process improvements and ‘back-office’ savings represent around 50 per cent of the total required over this period and enabled Kirklees to protect frontline services. However, several officers mentioned that most of the back-office savings have now been made and that changes to frontline service areas will be inevitable from 2013/14.

The council is now focused on its financial position beyond 2014/15 and recognises the scale of the challenge to get down to 80 per cent of current net spending. The

approach being put in place is to consider statutory obligations and necessary functions using the notion of the essential or core council. But as one councillor said, *“This leaves the question of how we provide the rest – we will have to work with the community through It’s Time to Talk and [the business sector] through economic regeneration.”*

The drivers of this approach

There are three linked drivers for Kirklees’ approach:

- The imperative on the council to make savings and implement its Corporate Plan;
- Moving to the ‘One Council’ approach – within the authority and to improve customer service;
- The political and senior officer leadership of the Innovation and Efficiency Programme.

The interaction of these drivers enables the council to pursue a strategic approach to reducing costs while maintaining or increasing service quality and improving outcomes for citizens and communities. In terms of the case study examples, the drivers mean that process improvements and back-office efficiencies contribute to a wider programme of transformational change.

“The One Council approach is getting it right first time for staff and customers.”
(Elected Member)

The challenges, what has worked well and what has worked less well

The greatest challenge to the implementation of the Innovation and Efficiency Programme was the difficult relationship with the trades unions. Kirklees’ workforce is 85 per cent unionised and the opposition to the business support review and proposed changes to secretarial staffing probably delayed the process by over a year. On the other hand, there is general agreement that industrial relations in Kirklees reached a ‘watershed’ and have since improved. This is in part due to the learning that took place around discussions about proposals with the unions and communications with staff generally. For example, the business support review briefings were cascaded through managers; in hindsight, direct briefings would have been better, as shown by one briefing with all business support staff in the Town Hall, albeit it late in the process.

The strength of political leadership to drive the One Council approach and the Innovation and Efficiency Programme was very important to its success. This depended on the leader of the council (with a minority Labour administration) managing to secure all-party backing for the approach by being clear that he was not

using it for political purposes, discussing it at full Council and de-politicising media coverage by using senior officers to give press briefings. Support for making savings was helped by a commitment to protecting frontline services and avoiding compulsory redundancies.

This political leadership was complemented by good governance and project management arrangements to implement the Innovation and Efficiency Programme. These included an active member scrutiny role, the new chief executive, appointed in 2010 (having been the finance director since 2009), taking a leading role in working with the leader of the council to design the Innovation and Efficiency Programme, and a senior manager (Head of Legal Services) being seconded to lead the implementation of the business support review.

“The Innovation and Efficiency [project] was fundamentally the responsibility of the senior leadership team.” (Senior Officer)

All who were involved in the leadership and management of the Innovation and Efficiency Programme gave out consistent messages about its importance in bringing about transformational change through its contribution to the One Council approach and delivering on corporate priorities. This emphasis on cultural and organisational change – as opposed to simply making cuts – helped to secure all-party approval, as well as motivating senior and middle managers and other staff affected by the changes.

There is evidence that the Innovation and Efficiency Programme has helped to drive behavioural change through improving cross-cutting services both within departments and through the customer service centres. However, the council recognises that there is still some way to go for the skills development and behavioural change that is needed to make ‘One Kirklees’ a reality. There is now a programme in place to up-skill the staff involved in the business support changes so that the new processes work effectively. As a councillor pointed out, this approach is needed across the authority to develop specific skills (e.g. in using new IT systems) and also to develop ‘One Council thinking’, particularly among middle managers who may be responsible for a specific service in one part of Kirklees.

“Staff in a new organisation need tools and to be empowered to do the job.”
(Elected Member)

“It [One Council approach] is a different way of working – we can give the street cleaners mobiles to report pot holes but the middle managers are the most difficult (to change).” (Elected Member)

The council knows that engaging with the community over the level of savings required is a challenge. The ‘It’s Time to Talk’ initiative has worked well with over 10,000 people involved up until December 2013. To date this has focused on the

priorities for Kirklees to develop the Corporate Plan and suggest how these could be delivered, including co-production with more input from the private and voluntary sector and local communities. This approach to community engagement may well become more challenging as savings targets increase.

“The test [for It’s Time to Talk] will be when we have to make more service cuts.”
(Council Officer)

Lessons and replicability

There are a number of lessons from Kirklees approach to developing and delivering the Innovation and Efficiency Programme to make savings through process improvements and back-office efficiencies. These are replicable to other ‘savings through change’ programmes and include:

- Show how making the savings and efficiencies required contributes to the bigger picture – e.g. by helping to drive transformational change (as in a ‘One Council’ approach) which in turn improves the quality and efficiency of public services for citizens and communities;
- Ensure there is clear visible leadership for the initiative – from politicians and senior management – and that this senior leadership send out consistent messages;
- Plan and monitor the expected savings, with regular reporting to enable political scrutiny and project management;
- Communicate with staff and trade unions from the outset in an open and transparent way – and allow time for the results of consultations to be used and proposals to be refined;
- Build in skills development to ensure structural and process change is accompanied by behavioural change to make ‘new ways of working’ a reality;
- Develop community engagement processes that are inclusive and credible and can influence priorities and how savings are made.

Kirklees Council - Innovation and Efficiency Programme: Financial details

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| Background | Long history of understanding of the need to respond to potential consequences of reductions in funding, plus the national economy situation – budget shortfall of £40 million. | | |
| How did the council respond to the budget challenge? | <p>Commissioned a 2009 Deloitte review – the Mirror Report which highlighted a variety of issues.</p> <p>Introduced an Innovation and Efficiency Programme in 2009 covering three areas:</p> <ul style="list-style-type: none"> • Management restructuring; • Unification of support services; • Business support to produce a common approach. <p>This was to be managed by a new Innovation and Efficiency Service (which had its own assistant director) and delivery plan, monitored quarterly by the performance team. Used PRINCE.</p> <p>The overall Innovation and Efficiency Programme was overseen by its own Programme Board.</p> <p>Voluntary redundancy programme resulted in 2010.</p> <p>Review of managers and associated support, the latter against a background of opposition.</p> <p>Innovation and Efficiency Programme finally superseded in 2012 by the Powerhouse programme as the only remaining project; covered replacing all the separate core business systems into a single integrated one, with a SAP system being chosen after a full tender exercise. This required a capital injection of £6 million with payback in less than 6 years. Included a service transformation programme to realise the full benefit from SAP. In practice this has resulted in further support service changes.</p> <p>Innovation and Efficiency Service was disbanded in November 2013 when SAP went live.</p> | | |
| What are the savings? | Annual budget | (£millions) | Notes |
| | Original budget for savings from Innovation and Efficiency Programme | 27.7m by end 2012/13 | |

| | |
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| <p>What has been delivered to date?</p> | <p>£17.4 million to end of 2012/13. Council acknowledges that this is considerably short (25 per cent) of the original target as above. For instance, there was a shortfall in 2012/13 of £2.5 million (39 per cent) against the year's target of £6.5 million.</p> <p>The council has identified further savings of £3.6 million for 2013-16, and after taking these into account, recognised the remaining shortfall of £6.7 million as a bottom-line cost pressure for the 2013-16 medium term financial plan update, which is taking a more realistic view of what can be achieved.</p> <p>The issues appear mostly to be related to timing; speed of implementation and speed of getting a return, and the need to retain some support earmarked for removal in order to be able to support the much increased level of change required. An exercise was also required to remove double counting.</p> <p>These are a comment on (1) the validity/reliability of the original savings estimates and (2) the council's ability both to identify and to respond to changed circumstances given the continued issues with IT. This point latter was a major reason for the Powerhouse business case as improved IT would enable the release of support-related savings, thus ensuring eventual delivery of the planned savings, if rather delayed. The council recognises that this will require culture change.</p> <p>The approach to Powerhouse suggests that lessons have been learned.</p> |
| <p>Are the savings sustainable?</p> | <p>In so far as they have been achieved, yes they are, as they have been removed from budgets and the council spending outturn is within the lower budgets.</p> |
| <p>Is it replicable (financial aspect)</p> | <p>Not internally, as it has already been done council-wide.</p> <p>Should be replicable at other councils, as long as the scope for reducing the levels of management and business support has not already been exploited – i.e. only fully effective as an approach for virgin territory.</p> |
| <p>Is the council's review of savings plans robust?</p> | <p>It appears that a full business case approach has only been taken with the Powerhouse element as of 2012. Monitoring of the procurement element of the savings proved more difficult than anticipated and early targets were optimistic.</p> <p>The Powerhouse project has been subject to full scrutiny.</p> |
| <p>Other financial efficiencies</p> | <p>None</p> |

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| Key documents | Mirror Report (produced with the assistance of Deloitte) Powerhouse Cabinet reports Cabinet minutes Programme board minutes Performance monitoring reports Position statement produced by the council for the case study review Interview notes |
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6. Manchester

This case study explores Manchester City Council's approach to making savings through an integrated approach to commissioning services for 'looked after children' with an increased emphasis on increasing the availability and use of foster care in Manchester.

The authority-wide context

Manchester's strategy for making savings relies on a two-pronged approach of making efficiencies and reducing demand. This has been in place since the 2008/09 banking crisis when the need to make savings raised the question of how to continue providing universal services in a context of rising demand. As one senior officer put it:

"We want to spend less because we need less." (Senior Officer)

There is a recognition that although the authority has reduced the cost of services considerably over the last five years, there is a need to make more progress on reducing demand, especially as savings targets are becoming increasingly challenging. This means that, in general, there is now relatively less money in universal services compared to specific targeted services.

Children's services and looked after children

Children's services account for a large proportion of Manchester City Council's total budget, which means that significant savings need to be found to achieve overall budget reductions. Savings of £45 million were planned and delivered in children's services over 2011/12 and 2012/13. This has risen to further savings of £22 million for children's services planned over 2013/14 and 2014/15 (out of £80 million total savings).

Manchester has a track record of making savings through re-modelling services (for example, the authority used early years funding for a new, commissioned approach resulting in a £29 million service now being run for £7 million, without closing any Sure Start centres). The council recognised that savings from looked after children was a high risk area where it would be more difficult to model changing demand and make reliable cost assumptions

The council's looked after children service had a budget provision of approximately £60 million in 2012/13, some 45 per cent of the budget for children's services. The number of looked after children in Manchester is high compared to other cities nationally and other authorities in the Greater Manchester conurbation. A high proportion of these are in residential care, which is expensive compared to foster care and has been shown to result in poorer outcomes for children. Many of the

children in care are placed outside of the city which also affects outcomes negatively. There are also concerns that children should be coming into care earlier and moving out more quickly, as the council has evidence that this would also improve outcomes.

The authority identified looked after children as a service where it should be possible to make savings through a transformational approach of reducing demand; by addressing the root causes of family breakdown, and improving outcomes for children by re-balancing spend towards foster care placements in the city and away from residential placements.

This approach was part of general shift the council has been making since 2010/11, which includes establishing an 'Investment Fund' – a single budget to enable integrated commissioning and delivery of cashable benefits across service boundaries.

“You treat it [spend] as investment, track it and get a return. It’s been a very helpful process, even within the council as it’s brought different skills together.”

(Senior Officer)

The integrated approach to commissioning

The integrated approach to commissioning was developed to apply these principles to making savings in the looked after children budget through reducing demand and improving outcomes for children. The five work streams within the approach are:

- Reducing demand – reducing the need for placements by developing effective early interventions, particularly multi-systemic therapy for the 11 to 17 age group;
- Foster care – recruiting up to an extra 100 foster carers in Manchester to focus on the needs of teenage young people;
- Residential homes – a phased withdrawal from residential homes as the need for residential beds decreases following recruitment of new foster carers;
- Permanence – speeding up the adoption process. Improving services to care leavers including access to education, employment, training and housing;
- Contract efficiencies – achieving efficiencies on existing contracts and re-commissioning services for care leavers.

Taken together, the successful implementation of these work streams was expected to generate savings of up to £15 million over four years (2012/13 to 2015/16).

Investment, change and savings

The implementation of an integrated approach to commissioning in looked after children services represented a further move for the council from provider (of children's homes) to commissioner (of foster care) to become a 'net-commissioner' and work with the market (for foster care) in a new way.

This approach is seen as successful with officers reporting that the council is ahead of where they thought it would be in terms of influencing the market for foster care.

"We had to convince the market we are going to do something different and ask them to respond to the challenge – we did this through decommissioning of some children's homes. That was a turning point in us influencing how the market responds." (Senior Officer)

In practice this meant holding several 'market warming events' with well used independent fostering agencies. The children's services manager responsible for leading the integrated commissioning initiative made a presentation at these events to explain the need for more foster carers in Manchester, particularly for older children and (if they can be identified earlier) for a shorter period of time. Initially the independent fostering agencies didn't recognise the issue and felt they could already meet the council's needs for foster care. It took several discussions and presenting children's views from consultations before the providers started responding to the challenge.

"They [the providers] have now proved they can come up with foster carers in Manchester that meet need. One provider did a pop up shop to recruit in Wythenshawe. That came from us being specific and being able to give evidence about not meeting need and turning children down. We are much better commissioners – not just about finding children a bed but about [being able to say] the child needs a, b and c. Providers have responded well – it's an investment opportunity for them." (Senior Officer)

Working with interested parties – elected members, trade unions, and children and young people who may be affected - has been a part of the implementation of the looked after children strategy. Closing children's homes to reduce residential provision has required a shift in political thinking from elected members, as Manchester was opening homes as recently as 2006. There is a view amongst some members that the council should be looking after more children, based on knowledge about individual children's experiences and/or a concern that little can be done to change unsafe family environments. However this view is outweighed by more strategic considerations based on evidence of poor outcomes for children placed in residential care homes.

Manchester has a no-compulsory redundancy policy and there is a commitment to redeploy staff from closed children's homes elsewhere in the service. There are regular monthly meetings with trade unions to update and discuss the strategy to keep staff and the trade unions on board.

Engagement of young people, including through a co-design approach has been helpful in developing and refining the strategy. Discussions took place with Manchester's Youth Forum and with children in foster care and residential care through the Children's Rights Service. One idea from these discussions - to mothball one children's home so it could be reopened with a spike in demand – has been adopted, as has the principle that young people must not be moved out of residential care without a plan, even though that has delayed closure in one instance.

At the same time as closing children's homes and increasing the availability of foster care to meet children's needs, the council has been working with families as part of its wider Troubled Families Programme. This provides multi-agency interventions to reduce the number of looked after children or enable them to be looked after at an earlier stage and for a shorter time.

The integrated approach to commissioning has been successful in significantly increasing the number of foster carers and reducing the use of residential provision. Six residential homes had closed by December 2013 with a further home to close by March 2014. The council projects it will have achieved £1 million out of a planned for £4.6 million savings target for 2013/14. This is a net saving of £1 million, after significant investment in additional foster care provision and targeted interventions. Financial details are provided at the end of this case study.

The drivers of this approach

The most important drivers for Manchester's integrated approach to commissioning were:

- Keeping a focus on children's needs and improving outcomes for children, including taking a 'whole-system approach' to safeguarding children;
- Elected members' commitment to a process which prioritised making the changes safely;
- The need to reduce budgets and make significant savings;
- The council-wide, twin-track approach of reducing demand and improving efficiencies;
- Becoming a net-commissioner of services, taking an investment approach and working with the foster-care market to help the council come up with a solution.

The challenges, what has worked well and what has worked less well?

The greatest challenge has been to deliver the looked after children strategy and make the planned savings in the face of rising demand for children needing placements. It is agreed that the strategy is working in terms of decommissioning children's homes and increasing foster care capacity through recruitment by providers. But there has been a significant – although unexplained - growth in the number of younger children coming into system over the past 15 months, which has meant that some assumptions of cost have not proven to be reliable.

The authority has responded to this situation by carrying out some re-phasing and modelling of looked after children savings within the wider context. Work will also continue to try to reduce the number of looked after children, particularly through the Troubled Families Programme. Although there are positive results from this to date, the full impact will take time to show.

“We have to hold our nerve to see the strategy through.” (Senior Officer)

A key response to this challenge is to understand and agree how to manage risk over a longer term. This needs the support of members – who have agreed one-off funding in 2014/15 from reserves, subject to further evaluation and scrutiny of placements - as well as from partners so, as one officer put it: *“there is shared ownership of parenting across the city”*.

Getting elected members' support for the integrated commissioning approach was a considerable challenge given the views of some members about the desirability of children's homes and others' scepticism about whether it would be possible to influence the foster care market sufficiently to make the targeted savings.

The need to reduce budgets helped secure member support for the approach although the proposed process was challenging for some politicians. Officers responded to these concerns by providing evidence about the savings that could be expected from re-balancing provision towards foster-care in Manchester as well as the likely improvement in outcomes for children.

“We weren't in the practice of decommissioning [children's homes] when we had investments ... we weren't used to being sophisticated. We said to members we should be commissioning based on evidence, not just innovation e.g. cost benefit analysis ... We were able to give members confidence through this.”

(Senior Officer)

The leadership and support of “*a group of well-informed members committed to the outcomes*” was important, as was assuring members that the commissioning and re-modelling of looked after children services would be done safely and be quality-assured. These principles were developed by the Director of Children’s Services and agreed with members at an early stage.

“We can cut and balance the books easily but the intelligent approach is doing it safely. You’ve got to do assiduous work to take members with you.”
(Senior Officer)

The Scrutiny Committee has established a members’ task and finish group to oversee the looked after children strategy. This has helped members’ understanding of the approach and allows involvement and input through constructive challenge on progress.

The multi-agency approach has been essential for joint commissioning and joint investment but this is sometimes a challenge to put into practice. While partners – including other authorities in the North West Consortium - tend to be generally supportive of the approach, their own organisational cultures, strategies and timescales are not necessarily compatible with those of the city council.

External circumstances and close working with the partners have helped overcome this challenge. The 2008 recession is widely regarded as having shifted partners’ understanding about the importance of joint investment to benefit the city as a whole, and paved the way for the Manchester Investment Board. Being able to link the integrated approach to the new Care Quality Commission agenda and working with police on risk management have helped the establishment of a multi-agency safeguarding hub.

Lessons and replicability

There are a number of lessons from Manchester’s approach to developing and delivering the integrated approach to commissioning to make savings through reducing demand and commissioning/decommissioning provision to meet needs. These are replicable to other ‘savings through change’ programmes and include:

- Pursue a strategy that aims to reduce demand for services as well as making efficiencies and improves outcomes for service users
- Take a multi-agency approach to making savings through setting up mechanisms for joint investment and commissioning;
- Invest time and skills in market stewardship to work effectively with independent sector providers;

- Provide elected members with the evidence for and feedback from a 'savings through change' initiative, which prioritises the needs and safety of users to secure their leadership and scrutiny;
- Engage service users and staff through a range of consultation methods.

Manchester – Looked after children: Financial details

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| <p>Background</p> | <p>The council approved a two year budget plan (2013/14 and 2014/15) in response to the two year financial settlement issued by the government in January 2013. The council's budget plan included a two year savings package designed to achieve approximately £78 million of savings across the two years.</p> <p>The council's looked after children service had a budget provision of approximately £60 million in 2012/13, some 45 per cent of the budget for children's services. The revenue budget impact of a growing population was estimated at £3 million to £5 million over the period to 2016.</p> <p>The council set out its integrated commissioning strategy for looked after children in November 2012. The council's strategy is to:</p> <ul style="list-style-type: none"> • Safely reduce the numbers of children requiring Council funded care; • Commission a greater range of local placement provision to meet needs and provide greater choice; • Reduce the number of children looked after in placements outside of the city; • The council's initial feasibility financial modelling identified potential cost reductions of between £10 million and £15 million by 2015/16 based on implementation of the strategy. |
| <p>How did the council respond to the budget challenge?</p> | <p>The council recognised that it faced a number of challenges in this area:</p> <ul style="list-style-type: none"> • A greater number of children in care per head of population when compared to other core cities and statistical neighbours; • 51 per cent of looked after children were placed out of area in residential and foster care, with the likelihood of poorer outcomes; • A continued increase in referral rates to the service. <p>The council developed a looked after commissioning project and this was approved through existing governance arrangements, including the Young People and Scrutiny Committee. This project is in the context of the council's wider public service reform agenda. It builds on the Community and Whole Place budget work designed to reduce and better manage demand for high cost public services. The looked after children strategy is closely aligned to work with 'Troubled Families' which has a proven impact on reducing numbers of children in need and those with child protection status. The looked after children project comprises five key work streams, based around the care pathway:</p> <ul style="list-style-type: none"> • Reducing demand – reducing the need for placements by developing effective early interventions, particularly multi-systemic |

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| | <p>therapy for the 11 to 17 age group;</p> <ul style="list-style-type: none"> • Foster care – recruiting up to an extra 100 foster carers to focus on the needs of teenage young people; • Residential homes – a phased withdrawal from residential homes as the need for residential beds decreases following recruitment of new foster carers. Future provision to be local and offer better value for money; • Permanence – speeding up the adoption process. Improving services to care leavers including access to education, employment, training and housing; • Contract efficiencies – achieving efficiencies on existing contracts and re-commissioning services for care leavers. <p>These work streams are inter-related; for example reducing residential care provision, which can cost three times the cost of a foster care placement, is dependent on recruiting additional foster carers. Foster care provision is likely to lead to better outcomes for looked after children in addition to achieving financial savings.</p> <p>The Council analysed the number of looked after children in internally and externally managed foster and residential care, trends in these numbers and future projections based on expected population growth. Scenario planning including financial modelling was undertaken, with scenarios using different assumptions in the following key areas:</p> <ul style="list-style-type: none"> • Timing of recruitment of foster carers; • Timing of impact of multi-systemic therapy in reducing demand for care services; • Timing of the decommissioning of residential beds. <p>Each scenario modelled led to the achievement of £13 million in savings by 2016/17, with the phasing of savings dependent on which scenario was deliverable. These savings would be realised by:</p> <ul style="list-style-type: none"> • Investing up to £1.3 million in multi-systemic therapy investing in additional foster care provision; • Decommissioning seven managed residential homes and four partnership homes; • A reduction in staff of around 120 full time equivalents. <p>The savings planned from implementation of the looked after children strategy formed part of the council's budget proposals which were subject to scrutiny and public consultation.</p> <p>The council invited multi-systemic therapy practitioners to discussions in December 2012 and these discussions informed the tendering and procurement process which commenced in February 2013. The council launched a high profile campaign to recruit new foster carers, consulted each individual child affected by residential home closures, developed movement plans for the affected children and provided staff</p> |
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| | briefings and consultation. | | | |
| What are the savings? | Looked after children | 2012/13 (£millions) | 2013/14 (£millions) | 2014/15 (£millions) |
| | Budget | 57.3 | 52.7 | 48.0 |
| What has been delivered to date? | Planned savings | | 4.6 | 4.7 (9.3 cumulative) |
| | Analysis of planned savings | 2013/14 (£millions) | 2014/15 (£millions) | Total (£millions) |
| | Additional foster care (investment) | (1.7) | (0.7) | (2.4) |
| | Focussed interventions (investment) | (0.3) | (0.9) | (1.2) |
| | Contractual savings | 0.2 | 0.4 | 0.6 |
| | Reduction in external residential provision | 1.4 | 3.6 | 5.0 |
| | Decommissioning of Manchester City Council residential homes | 4.9 | 2.4 | 7.3 |
| | Total | 4.6 | 4.7 | 9.3 |
| | | 2013/14 Planned savings / (investments) (£millions) | 2013/14 Projected savings / (investments) (£millions) | Variance (£millions) |
| | Additional foster care (investment) | (1.7) | (2.5) | (0.8) |
| | Focussed interventions (investment) | (0.3) | (0.2) | 0.1 |
| | Contractual savings | 0.2 | 0.2 | 0 |
| | Reduction in external residential provision | 1.4 | 0.6 | (0.8) |
| | Decommissioning of Manchester City Council residential homes | 4.9 | 2.8 | (2.1) |
| | Total | 4.6 | 1.0 | (3.6) |
| <p>Up to the end of December 2013, the council's strategy has been successful in significantly increasing the number of foster carers and reducing the use of residential provision. Six residential homes had closed by December 2013 with a further home to close by March 2014. The council projects it will have achieved £1 million out of a planned for £4.6 million savings target for 2013/14. This is a net saving of £1 million, after significant investment in additional foster care provision.</p> <p>The pace and scale of delivery of the strategy has proved challenging</p> | | | | |

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| | <p>to deliver within the originally envisaged timescale. In particular, the multi-systemic therapy interventions originally envisaged from October 2013 were scheduled to commence from March 2014 due to difficulty in recruiting a provider that could meet the council's requirements. As anticipated, the council's population has continued to grow, as have referrals to the service, and it has not proved possible to fully contain this additional demand. The overall number of looked after children has increased by 57 (5 per cent) since initial financial modelling took place in November 2012. The profile of placements has been in line with the strategy to increase the use of foster care and reduce the number of residential placements, but nevertheless the overall increase in placements has brought budgetary pressures. The timescale for closure of residential homes has been slower than anticipated.</p> <p>In response to these challenges officers have:</p> <ul style="list-style-type: none"> • Formed a 'city wide resource panel'; all children and young people currently placed in external residential placements are being reviewed to determine whether such placement remains appropriate; • Introduced a new process to ensure greater rigour in relation to approval for new external residential placements, with all such placements now subject to approval of the Head of Safeguarding and review by the Director of Children's Services and City Treasurer; • Planned an audit of all new foster care placements made in the four months to the end of January 2014 in order to understand any underlying causes of the recent growth in such placements; • Provided reports to directorate management, strategic management and council members on the savings delivered, challenges faced and future planned activity. |
| <p>Are the savings sustainable?</p> | <p>The council has secured savings from the decommissioning of residential homes and the achievement of contract efficiencies, and these savings are sustainable. Further savings will be delivered as the third phase of decommissioning homes is delivered to December 2014.</p> <p>The council faces demand pressures that place the savings associated with the looked after children strategy at risk.</p> <p>However, mitigating actions are in place to manage demand and much now hinges on how successful the multi-systemic therapy programme is in preventing those children and young people on the boundary of the care system requiring placements.</p> <p>The council is investing in targeted interventions with Troubled Families and it is anticipated that work in this area will also help to reduce demand for council-funded care.</p> |

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| Is it replicable (financial aspect) | There may be opportunities for other local councils to make similar savings. The key elements are taking a holistic approach to managing demand for care services for children and young people, and increasing foster care capacity whilst reducing residential placements. |
| Is the council's review of savings plans robust? | Savings plans were subject to scrutiny at various stages in the preparation of the 2013/14 and 2014/15 budgets. These were based on informed assumptions as at November 2012, although some are not now being realised as anticipated. Regular reporting and review at directorate management, strategic management and executive member level is taking place, with mitigating actions being taken. |
| Key documents | <p>Looked After Children Integrated Commissioning Strategy (Young People and Children Scrutiny Committee 13 November 2012)</p> <p>Looked After Children Commissioning Strategy Financial Modelling Budget and Business Planning 2013 to 2015 Directorate for Families, Health and Wellbeing and Directorate for Children and Commissioning Services (Young People and Children Scrutiny Committee 19 February 2013)</p> <p>Looked After Children Commissioning Strategy Update (Young People and Children Scrutiny Committee 5 March 2013)</p> <p>Provision of Multi-Systemic Therapy for Young People in Manchester Invitation to Tender (March 2013)</p> <p>Looked After Children Update to Manchester City Council Star Chamber (27 January 2014)</p> |

7. Merseyside Fire and Rescue Authority

This case study explores Merseyside's joint command and control centre established by the Merseyside Fire and Rescue Authority and Merseyside Police, which is planned to deliver reduced running costs, improved service delivery and greater interoperability between the two services. It also briefly covers the Toxteth 'My Place Firefit' hub which used the decommissioning of an old fire station to deliver community benefits.

The context

Interoperability is a key theme for the 'blue light' services whilst they also face the pressure of reductions in public expenditure.

The decision to establish the joint command and control centre in Merseyside was taken six months after the public disorder of summer 2011. The response to the incidents in Merseyside demonstrated the effectiveness of close working relationships between the emergency services. It was acknowledged nationally that Merseyside had responded very effectively. However it also highlighted the limited capacity of the existing 'Gold/Silver command suites'; a more protracted incident may have posed capacity problems.

At the same time, Merseyside Police, was reviewing options for centralising and consolidating their contact/control centres. The fire and rescue authority decided that a co-terminus relationship with other emergency services in Merseyside provided significant opportunities to improve the service to the public at less cost.

The joint control centre

The total cost of the project is £8.8 million, with the cost split based on the proportion of space occupied. Based at the fire and rescue headquarters, the move to the new centre will enable the fire and rescue service to close their existing control room. The police will move from their five separate sites to bring all their control room assets under one roof.

The facility is designed to create a collaborative working environment in which emergency calls for the two services will be handled by co-located operators. There is also a facility to share joint command rooms in the event of significant incidents and events.

Both fire and police are confident that they will be able to provide a better service from the new centre, and are committed to using it as a springboard for improved interoperability between the two services.

“A fundamental principle that became the mantra from the outset was that the absolute priority was to get the services together under one roof in as short a time as possible, conducive with due diligence and safety.” (Senior Officer)

Savings

The construction of a joint centre enabled the two services to share capital and project management costs. They have also been able to share resilience costs associated with, for example, security and power supply. It is estimated that savings of at least £0.2 million a year will be achieved. These include savings attributable to:

- Fixtures and fittings as a result of joint procurement;
- Reception and other facilities management costs;
- The disposal of the redundant control centres.

The sale of the fire service’s old control room is expected to generate £0.7 million. The police do not anticipate generating any capital receipts in the short term.

Important elements of the process to deliver the new control centre include:

- Early agreement of a governance structure with the fire and rescue service as project lead and landlord, with the police as tenants;
- Agreement on terms for the development agreement (for the building phase) and a tenancy agreement, together with a service level agreement between the two services;
- The agreement and drafting of a security protocol setting out steady state management of security including staff vetting and reflecting the higher level security requirements of the police.

Challenges

The key challenge involved in pursuing this initiative is how to move beyond cooperating on incidents to more comprehensive collaboration. This highlights very different working practices between the two services. Key to addressing this was extensive engagement with staff in both organisations to identify cultural differences and explore ways of working towards new shared approaches.

“Take opportunities to share immediately where you can, but don’t try to build Rome in a day!” (Senior Officer)

There were inevitable differences between the organisations over design and building processes, including, for example, the fact that police security has a different level and priority compared with security arrangements at the existing fire centre. However, pragmatic solutions were found to all concerns.

Lessons and replicability

A key task in pursuing this project was how to gain momentum in the face of challenges such as the different security requirements of the police and fire and rescue services. In order to achieve this, priority was given to establishing a realistic project scope and avoiding ‘mission creep’. Achievable opportunities to share infrastructure – such as secure power supply, structured cabling, wi-fi and telephony were agreed. But the difficulty of making progress in other areas – such as computer aided dispatch – was not allowed to derail the overall project plan. The ambition remains to explore the scope for further, deeper integration and harmonisation once the joint centre is in steady state.

“The belief here is that a lot of innovation will be driven from the bottom up, working alongside each other, starting with identifying how systems and procedures can be improved.” (Senior Officer)

Two key decisions by the emergency services in Merseyside shaped the direction of this project and have implications for the nature of similar developments elsewhere. First, the fire and rescue authority was faced with a choice between joining the other fire and rescue services in the north-west in the North West Fire Control Centre Project based in Warrington or the joint centre on Merseyside. Working jointly with police colleagues, it concluded that the local option offered the best combination of service improvements and efficiency savings for their particular circumstances. Second, the ambulance service (which is regionally based), and involved in early discussions, decided that their business plans and timelines limited their involvement to local emergency planning staff only.

Toxteth ‘My Place Fire Fit’ Hub

The Merseyside Fire and Rescue Authority was at the point of refurbishing an old fire station to include community facilities in Toxteth - one of the country’s most deprived communities. This coincided with Liverpool City Council being successful in winning a Big Lottery ‘My Place’ grant to refurbish the derelict Toxteth Sports Centre to create a youth zone.

It made sense, rather than refurbish two old buildings, to combine the projects to create a wholly new facility – Toxteth Firefit Hub – incorporating a new fire station youth zone facility in a new combined building. The hub shares many facilities and includes a communal foyer, the fire station (including offices), firefighter accommodation, and a range of facilities to support the youth zone including a sports hall, gym (shared with firefighters), dance studio, classrooms, café, chill-out room, and a studio/small cinema.

The facility has been built on land owned by the city council. The development was managed by the fire and rescue authority (total cost £6 million approximately). The

Fire Authority made the same investment it would do for a new fire station (£2.8 million) and Liverpool City Council made a small capital contribution of £0.6 million and fronted a successful bid to secure Big Lottery funding of £2.3 million. A charitable company has been set up to run the youth zone element of the project involving young people themselves, four local housing associations, local community representatives, the fire authority and the city council and City of Liverpool College. This new model of service delivery allows the city council to maintain service delivery in a unique way using the fire service brand in the face of major financial pressures. Significantly improved outcomes have been secured through the relocation process, including:

- The provision of facilities for young people in various age ranges from 6 to 11 year-olds through to a Prince's Trust programme for 16 to 18 year-olds;
- A controlled level of adult access is available and provides an income source;
- Crime has reduced in the area by 40 per cent and over 700 young people joined in the first six weeks;
- Membership of the gym has health benefits for young people in the area. In six months of operation the centre has gained over a thousand members.

The centre has been used by Everton Free School and Everton in the Community to teach twenty pupils who have been excluded from other schools.

The fire service sees significant benefits in the arrangements including:

- Using fire fighters as role models for young people;
- The value of co-location to achieve close working between different agencies, most notably the fire service and youth service;
- Delivering a recruitment pipeline for firefighters of the future. 80 per cent of the 24 staff have been recruited locally with many of them local young apprentices.

Lessons from this initiative include:

- The importance of getting fit for purpose governance arrangements in place;
- The way in which a tight timetable can stimulate innovation.

8. North Dorset

This case study explores North Dorset District Council’s approach to the funding and management of leisure centres in its area, including one which is now managed by a private company and another which is owned and managed by a community partnership.

The context

In the face of acute financial pressures since 2005/06, North Dorset District Council has had to fundamentally review the services it provides, particularly discretionary services including leisure centres. The council has done this in a way which responds to local needs and capacity. This case study focuses on two different models which have been pursued in the area:

- The Riversmeet Leisure Centre in Gillingham which is now run by a community group, the Three Rivers Partnership;
- The Blandford Leisure Centre which is now managed by SLM Everyone Active, a private company.

“Our relationship with the user group and other partners has evolved over time. The time we have devoted to building trust across the partners was absolutely crucial in driving this forward.” (Senior Officer)

Riversmeet

The Three Rivers Partnership was established in 2003 and it has developed close partnership working with North Dorset District Council and Gillingham Town Council.

The core objective of the partnership is to promote the wellbeing of the area, including *“the provision of...facilities in the interests of social welfare for recreation and leisure time occupation...”* The opportunity to reconstruct a purpose-made leisure facility clearly fell within its remit.

With the support of a £4 million capital grant from the district council, the partnership has re-built the leisure centre in Gillingham and over 500 volunteers were involved in the process. The bulk of the grant was awarded by the district council in December 2008 and the new centre opened in September 2010.

“We still have some difficult business decisions to take but are determined to get the sums right so that we can press ahead without further delay and re-open the facilities as soon as possible.”

(Three Rivers Partnership Annual Report May 2009)

The centre has a competition standard 25-metre six lane swimming pool, extensive changing facilities, a large sports hall and a fitness suite. It also has a number of multi-purpose rooms.

The financial viability of the centre is by no means secure and it depends on some funding from Gillingham Town Council. However the partnership considers the centre to be a success. The promotion and development of leisure facilities remains one of its priorities and it is now developing a business case for a community hall.

North Dorset District Council no longer contributes towards the cost of the centre. In 2007/08 it spent £354,850 on running costs for the original centre before it closed.

Blandford Leisure Centre

Blandford Leisure Centre was scheduled to have its funding from the district council removed from April 2010. But following a local campaign, funding was secured for a further 10 years, and as a result of a procurement process SLM Everyone Active was chosen to operate the centre for 10 years from February 2011.

The council was keen to appoint a provider that had a good reputation for managing local authority leisure facilities and SLM fit the bill perfectly. By using the private sector, the council was able to obtain the greatest efficiencies as SLM are able to use their collective purchasing power across the group to benefit local facilities. In addition, SLM has a long history of working together with local authorities and the community as a whole, ensuring that local centres provide the services that the community values. The fact that SLM had engaged local groups through various consultative committees was an important factor in appointing SLM as the service provider.

The relationship with SLM is complemented by partnership agreements with an adjacent school, the county council and a number of town and parish councils. Following the conversion of three squash courts into a modern gym (the cost of which was supported by a number of organisations including the council) the school has retained the old gym for its use. The cost of the fee charged by SLM is met by the district, county, town and parish councils. Since February 2011, the number of people using the gym has increased considerably, particularly as a result of the gym conversion. Closer working with the school is also developing; for example, SLM now carries out the booking for outdoor facilities which are managed by the school.

“The council was prepared to make a significant financial contribution to make this work and secure financial savings in the medium term.” (Senior Officer)

In December 2012, the council agreed to remove a number of break clauses in the contract with SLM. This is intended to give the company room to invest further in the centre during the remaining years of their contract. It exposes the council to financial risk, but other funders have confirmed their continuing contribution.

In 2010/11 the cost to the council of running the leisure centre was £356,500. The current cost to it is £155,270.

Challenges and lessons

A key feature of these developments has been the need to maintain effective links with a range of partners, community organisations, a school, the county council, and the town and parish councils – each of which has different interests, capacities and resources. The changing role of user groups – from campaigning to monitoring and delivery – has been important. The initial perception of SLM, as a private company seeking to make a profit from leisure centre management, was also an issue which required careful handling.

“The way members have worked together on this and been clear about what the council can and cannot do has been a key factor in what we have done.”

(Senior Officer)

Key to addressing these issues was the importance of taking time to build trust with these key partners. This cannot be rushed. Maintaining the level of engagement remains an important task. Town and parish councils and community groups, for example, are now routinely involved in the council’s budget discussions.

The mixed economy of North Dorset’s approach is important. They have not sought to impose a one-size-fits-all model, but have responded to different community-led and commercial opportunities. The council considers that this agility is critically important in the current financial and policy climate.

Lessons the council has learned from this include the need to be absolutely clear what it is prepared to do and what it is not prepared to do. The mixed economy route means that different communities perceive that they are being treated fairly.

North Dorset – Leisure centre funding and management: Financial details

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| Background | <p>As a result of the council's ability to raise council tax being capped in 2005/06, the council experienced the impact of financial austerity at an earlier date than many. This resulted in an extensive review of the delivery of its services, particularly those of a discretionary nature including the provision of leisure services.</p> <p>The council ran four leisure facilities at the start of the process. The focus of this report are the solutions devised for facilities in Gillingham and Blandford.</p> <p>At Gillingham the district council provided capital for the redevelopment of the leisure centre. This is now run and financed by a community group, The Three Rivers Partnership at no on-going cost to the council.</p> <p>At Blandford, the council has outsourced the leisure provision to a private sector company SLM, with a profit sharing element within the contract. The contract is funded by the council with contributions from Dorset County Council, Blandford Town Council and a number of parish councils.</p> | | |
| How did the council respond to the budget challenge? | The council undertook a review of its leisure provision, including extensive consultation and the involvement of the private sector and community groups to continue these activities | | |
| What are the savings? | Annual budget | £ | Notes |
| Gillingham Facility | Original budget | 354,850 | Spend from the 2007/08 budget book, the centre closed on 31 March 2008. |
| | Current budget (2013/14) | 0 | The leisure facility is now run by the Three Rivers Partnership at no cost to the council. |
| | Annual savings | 354,850 | |
| What are the savings? | Annual budget | £ | Notes |
| Blandford Facility | Original budget | 356,500 | Spend from the 2010/11 budget book. External contractor from 2011/12. |
| | Current budget (2013/14) | 155,270 | The leisure facility is now run by an external contractor. |
| | Annual savings | 201,230 | |

| | |
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| <p>What has been delivered to date?</p> | <p>The leisure facility at Gillingham has been rebuilt using capital funding including a partial loan from the council. There is a risk that the loan will not be repaid. There is no cost to the council for the running of this facility with a revenue saving in the region of £400,000.</p> <p>The Blandford leisure service has been outsourced to an external contractor with contributions to the contract cost from Dorset County Council, Blandford Town Council and smaller contributions from a number of parish councils.</p> |
| <p>Are the savings sustainable?</p> | <p>Gillingham. Yes, although should the Three Rivers Partnership run into difficulties, this may be an issue for the council.</p> <p>Blandford. There is a risk that the county council, town council and the parishes are unable to continue to support North Dorset in funding the contract. If the council has to fund the full contract price, this will reduce the savings available. The contract allows for a profit share with the council. The service is becoming more profitable, thus reducing the council's risk.</p> |
| <p>Is the council's review of savings plans robust?</p> | <p>No issues identified.</p> |

9. North Somerset

North Somerset Council is a unitary authority which borders Bristol City Council, Bath and North East Somerset Council and Somerset County Council.

Background

Following the announcement of a reduction in funding for all local authorities, North Somerset Council carried out some analysis to inform their medium term financial plan covering 2011/12 to 2014/15. The analysis identified that the council might need to make the equivalent of 30 per cent savings in each directorate across the council. Each directorate carried out an internal analysis of where savings could be made. The Directorate of Development and Environment identified that they could make cashable savings from three of the contracts they procured services for. These were for:

- Grounds maintenance;
- Arboriculture (trees);
- Street cleansing (street scene).

The three contracts were for the maintenance of 900 hectares of green infrastructure and over 600 hectares of parks and public open spaces - spread over approximately 1,100 separate sites across the area - as well as the street cleansing of 1,100 kilometres of roads and pavements.

The Directorate of Development and Environment had 'traditional' contracts (i.e. which specified service frequencies), in place for the provision of the three services. A council analysis of contract performance found a number of inefficiencies such as all the streets being cleaned with the same frequency despite areas outside the town centre not requiring the same level of cleaning as those in the town centre. In some cases, streets were being cleaned in spite of obstacles preventing the most effective cleaning, such as parked vehicles. As a result of the analysis, the council identified opportunities to reduce the overall cost for the three service contracts. Following further detailed analysis, a two-year planning process was put in place to re-tender these services more cost-effectively.

The parks and street scene contract

Each of the three contracts was approaching its expiry date although the individual end dates were different. Therefore the council extended the necessary contracts in order for them to be coterminous (the expiry date for which was March 2013) and then procured these services under one combined contract. The single contract was in the form of a resource-based contract, which asked the contractor to specify the service that could be provided for £2 million (after applying the 30 per cent target

reduction to £2.8 million - the combined costs of the three original contracts). The aim of the new parks and street scene contract, which commenced on 1 April 2013, was to deliver greater efficiencies and effectiveness through integration of service delivery and reduction of contract overheads.

“Bidders were not simply asked to provide a price for carrying out certain tasks; they were asked to provide a price to provide a certain amount of resource, which could be used flexibly to carry out a range of duties. In some ways it is tantamount to having an in-house resource, but not actually directly employed.”

(Council Officer)

Core operations from the existing contracts were transferred into this new contract in order to maintain overall acceptable levels of service delivery. These included grass cutting, sports pitch maintenance, tree safety works, and beach, trunk road and town centre street cleansing. These are programmed works and are associated with clearly identified performance measures (e.g. town centres must be continuously attended by a street cleansing operative during certain hours).

Flexibility has been built into the contract to enable other ‘non-core’ tasks to be a ‘flexible resource’ so staff can be redirected to deal with tasks as they arise at no additional cost. A key component of this approach are the seven environmental support teams (each staffed by two people) which can provide a rapid response to, for example, residents’ complaints, as they can be redirected to particular areas or activities to ensure that overall standards of service are maintained.

North Somerset Council maintains higher levels of street cleansing in the town centre and busier areas in response to localised needs through adopting a risk-based approach to identify the best fit between community needs, and type and level of service provided.

In response to the need to make some savings on the costs of formal flowerbed displays, local groups and organisations within North Somerset showed an appetite to take over planting and maintenance of the floral displays in their local communities. Through the procurement of this contract, the council has managed to secure the annual supply of 25,000 bedding plants from the successful contractor to support these community initiatives.

“This arrangement [for the flowerbeds] has the added value of enhancing the already strong community spirit as the volunteers work together to coordinate this activity and Portishead has won a number of awards in the ‘Best in Bloom’ competitions. We [the Council] are very proud of the results achieved.”

(Council Officer)

The new contract also requires the contractor to work with social enterprises to deliver the contract and the contractor proposed working with Groundwork UK to do this. The council has also asked the contractor, in the first instance, to consider drawing employees from the council's smaller scale social enterprise contract – which provides work experience for people who find it difficult to get back into employment.

Nature of savings

Internal data analysis of the council's budget found savings of £765,000 were required in the parks and street scene operational areas to meet the council wide target of 30 per cent. Savings of nearly £0.5 million were achieved in 2012/13 through service re-modelling (prior to letting of the new combined contract). Analysis showed that additional savings could and needed to be achieved in 2013/14 but this would need more radical changes to the contracts to realise the potential efficiencies (see financial assurance details below).

The single parks and street scene contract provides efficiencies and effectiveness through greater integration of service delivery, outcome-based street cleansing and increased economies of scale reducing contract overheads. Cashable savings are also made through developing alternative modes of service delivery, notably through working with the local community to put in place a co-production approach to the maintenance of formal flowerbeds - with the contractor providing bedding plants as part of the contract and using volunteers for their maintenance.

The council anticipates further savings over the life of the contract, including savings resulting from a reduction of waste to landfill. The contract incentivises the contractor to recycle and reduce the amount of waste sent to landfill, which is projected to generate cashable savings of £55,000 in 2013/14 (Year 1) rising to over £1.1 million during the seven years of the contract.

The drivers of this approach

The key drivers of North Somerset's approach to making savings from the development of a new combined natural environment contract included:

- Public sector financial savings targets as the over-riding driver for the reduction in the council budget. There was a corporate decision to reduce expenditure by 27 per cent over four years. The 2011/12 to 2014/15 medium term financial plan identified the need to make budget savings in parks and street scene operational areas of £765,000;
- A desire to improve service efficiency and local responsiveness of the parks and street scene services, including use of community involvement and working with social enterprises.

The challenges, what has worked well and what has worked less well?

The main challenge was for the council to continue to provide acceptable levels of service delivery in parks and street scene with a 30 per cent budget reduction.

This challenge was addressed by the council first identifying the scope for savings through efficiencies, increased flexibility and reduced overheads and, secondly, moving to a resource-based contract as a means of realising these.

The contract design and specification were carefully designed to ensure the council would receive sufficient staffing resources from the contractor to safeguard the successful delivery of the contract. The new contract enabled a higher level of street cleansing in the town centres and busier areas in response to localised needs, flexibility was incorporated into the contract to enable all other tasks to be carried out, a risk-based approach to target the provision on the basis of need was used, and they adopted a contract monitoring and inspection regime that was responsive to the public's needs.

The procurement process was well planned. The council allowed two years to plan the procurement exercise and undertake both community consultation and market testing before the contract was let. For example, consultation indicated that residents were unhappy at the potential loss of formal flowerbeds as a cost-saving measure. Background information in the tendering documents noted this issue and asked potential bidders to propose a solution that delivered the required cost savings while meeting the community's desire for the formal plantings to continue.

Finding a suitable contractor to deliver the three combined services may have been a challenge. However, this was mitigated by the council carrying out market testing and developing a well-written contract specification, which enabled suitable bidders to be identified. The council had enough time to plan and to manage or reduce any potential risk in this area.

There were some challenges for the contractor in terms of consolidating three workforces. Although some employees were transferred across to the new contractor ensuring no detriment to terms and conditions, the new arrangement required a degree of cultural change. As the contract was resource-based and designed to be responsive to local needs and demands, employees have had to adjust to working in this flexible way whereas previously they were used to working to a set schedule of maintenance or cleaning. These challenges have been successfully managed by the contractor.

In terms of public opinion, the council has been able to preserve the look and feel of the parks and street scene services delivered, so there has been no known adverse impact as a result of the new contract. The absence of complaints is being used as a

proxy for residents being happy with the arrangements; the contractor works closely with the volunteers and the various volunteer groups have given the council positive feedback as they are happy to carry out the bedding and maintenance as they can participate in 'In Bloom' competitions at a lower cost to the taxpayer.

Lessons and replicability

There are a number of lessons, which can be learned from this case study. First, there is the potential for contracts to be consolidated to achieve efficiency savings or economies of scale. However, this requires research and market-testing to inform the specification and procurement process. Secondly, sufficient time needs to be allowed to plan service changes and consult communities about these.

There is agreement within the council that the changes have benefited from strong leadership from elected members and robust project management. Member governance panels are used to help manage and review all major schemes and projects. North Somerset Council also establishes member scrutiny panels for schemes and projects to provide challenge. Strong project management systems and the use of methodologies such as PRINCE2 and project boards help the council plan, monitor delivery and increase efficiency when undertaking larger projects.

Community engagement and consultation was particularly strong. North Somerset Council and its elected members listened to the community and ensured their views were heard and addressed within the tender documentation. The council took an innovative approach to the consultation concerns within the invitation to tender by specifying what the loss to the community would be as a result of the new contract, and asked for solutions from the bidders. They also took the opportunity to use the contract to drive innovative arrangements with social enterprises, including the provision of employment opportunities for people who experience disadvantages in the labour market.

This case study is potentially replicable to other authorities and North Somerset Council is already using it to inform changes to their internal processes and procedures more generally. Since the arrival of a new chief executive in November 2013, a transformation programme has been developed. One aspect of this is a review of the procurement function, and as the procurement process used for this case study has been highlighted in the council as good practice, it is being used to inform their overall procurement design and strategy.

North Somerset – Parks and street scene contract: Financial details

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| <p>Background</p> | <p>The 2011/12 to 2014/15 medium term financial plan identified the need to make 30 per cent budget savings across the council. The council commenced a commissioning process two years ahead of existing contract expiry. Its objectives were to make cashable budget savings whilst maintaining core services.</p> |
| <p>How did the council respond to the budget challenge?</p> | <p>The council reviewed the existing budget for the three contracts described above. It started a two-year planning process to review opportunities to deliver economies of scale, models for service delivery and sustainability. It decided to combine all three contracts into one natural environment contract with effect from 1 April 2013. The contract is for seven years with a potential seven-year extension. The council started with the original budget of £2.8 million, deducted the 30 per cent target reduction and tested the market.</p> <p>The council asked bidders to specify the level of service that could be provided for £2 million. The tender also asked bidders to include details of added value. This resulted in a fixed price contract award. It achieved a 27 per cent annual saving to the council. The new contract:</p> <ul style="list-style-type: none"> • Achieves the budget reduction challenge; • Provides annual cashable savings of £0.8 million; • Includes areas of core service delivery which are important to the council; • Includes a surplus resource which is used according to demand; • Includes added value services – 25,000 bedding plants handed to local community groups; • Requires the contractor to work with social enterprise to help people back to work. |

| <p>What are the savings?</p> | <table border="1"> <thead> <tr> <th data-bbox="785 203 1241 248">Annual budget</th> <th data-bbox="1241 203 1420 248">(£millions)</th> </tr> </thead> <tbody> <tr> <td data-bbox="785 248 1241 315">Original budget</td> <td data-bbox="1241 248 1420 315">2.8</td> </tr> <tr> <td data-bbox="785 315 1241 405">Current budget (2013/14)</td> <td data-bbox="1241 315 1420 405">2</td> </tr> <tr> <td data-bbox="785 405 1241 524">Annual savings</td> <td data-bbox="1241 405 1420 524">0.8</td> </tr> </tbody> </table> | Annual budget | (£millions) | Original budget | 2.8 | Current budget (2013/14) | 2 | Annual savings | 0.8 |
|--|--|----------------------|--------------------|-----------------|-----|--------------------------|---|----------------|-----|
| Annual budget | (£millions) | | | | | | | | |
| Original budget | 2.8 | | | | | | | | |
| Current budget (2013/14) | 2 | | | | | | | | |
| Annual savings | 0.8 | | | | | | | | |
| <p>What has been delivered to date?</p> | <p>In advance of the contract award, the council took the opportunity to re-model existing services ahead of the new contract. Savings achieved in 2012/13 - £485,000. A further annual reduction in budget of £280,000 was achieved in 2013/14, making a total annual reduction of £765,000.</p> | | | | | | | | |
| <p>Are the savings sustainable?</p> <p>Is it replicable (financial aspect)</p> | <p>The savings are sustainable for the duration of the contract. It is a fixed price contract for seven years. The annual savings are recurrent as they are an annual reduction in spend.</p> <p>Additional annual savings amounting to £130,000 are planned for the period 2014/15 to 2016/17.</p> <p>The contract includes a provision for inflation. Contract uplifts are set at Retail Prices Index less 3 per cent. This is capped at zero.</p> <p>There may be opportunities for other local councils to make similar savings. The key elements are:</p> <ul style="list-style-type: none"> • Combining contracts for a group of services and making efficiencies in areas such as overheads; • Taking a fundamental review of the way in which services are delivered and the level of services needed; • Using a reduced budget as a start point for contract negotiation and asking bidders what they can provide for a fixed price. | | | | | | | | |

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| <p>Is the council's review of savings plans robust?</p> | <p>The Section 151 officer signed off savings plans as part of financial management processes. A risk and robustness review of savings plans was carried out. Savings are separately identifiable in the medium term financial plan and are monitored by directorate management teams and the executive.</p> |
| <p>Other financial efficiencies</p> | <p>As part of the contract, the contractor has been given a direct financial incentive to reduce the amount of waste sent to landfill. A target reduction in landfill has been agreed. If this is not delivered a contract penalty is imposed. If the contractor exceeds the agreed target, the council and contractor share the benefits on a 50:50 basis.</p> <p>The council estimates that the total revenue saving in relation to reduced disposal costs over the life of the contract could be in the region of £1.1 million.</p> <p>The council is currently reviewing processes to evidence reductions in landfill.</p> |

10. Sheffield

This case study explores Sheffield City Council's channel shift initiative. The programme began in April 2012 with a target to move 90 per cent of the council's housing benefit claimants from a paper-based to online system by the end of a two year phase-in period.

The context

“Saving money was a necessary prerequisite, but success was not just measured by how much money we saved.” (Chief Executive)

Sheffield City Council's decision to adopt channel shift was driven by the need for the council to find up to £200 million in savings, but was designed for the outcome of improving the housing benefit claim service and experience for users.

The council felt that the growing nature of 'self-service' online transactions for a number of different services including banking and retail meant there was a clear two-fold logic behind channel shift. First, it would save money but second, and more importantly, it met people's increasing expectation to be able to do things online in a place and at a time that suits them.

“I'd be really annoyed, for example, if I couldn't renew my tax disc with the DVLA online!” (Chief Executive)

Prior to channel shift, the council had closed a centrally based cash office at the third attempt. It had failed on the previous two occasions due to the strength of opposition to the closure. By the third attempt, the pressure to save money prevailed. The experience with the cash office proved helpful as its closure, while controversial at the time, did not inconvenience residents who could still make cash payments at their local post office branch. It showed that withdrawing a facility or option works as long as the alternative means that residents are not adversely affected and are able to access a service in a way that suits them.

Channel shift

Channel shift started in April 2012, but was deliberately phased in over a two-year period, to allow people time to adjust to the change in the service. During this period, traditional access channels such as telephone and in person were maintained.

In 2009, Capita took over the delivery of the council's outsourced revenues and benefits service. One of the contractual requirements was the introduction of a self-

service option, given the increasing prevalence of an ‘e-citizen’ approach being looked at elsewhere, such as in Newcastle.

By 2012, the financial landscape for local authorities was changing, and the council asked Capita for help with reducing the cost of its contract. Given their role across the country as a contractor for a number of different local authorities, Capita were well placed to be able to suggest that the move to an online self-service would deliver savings.

“There’s always a suspicion that any change is for the benefit of the organisation. This change did help the organisation, but it genuinely helped people process their claims too.” (Former Cabinet Member for Finance)

The council knew that if channel shift didn’t work, there would be serious implications not only for the council and Capita, but for residents too if there was a delay in payment of benefits. Given the potential risk, the decision to minimise publicity was taken to allow the service to manage the transition as smoothly as possible. However, the target of 90 per cent of claims moving to online was achieved by the end of the first year – well ahead of the two year target. Now, two years in, more than 99 per cent of claims are made online.

“[The success] took some of us by surprise – we didn’t think it would work... but actually it’s almost all done online now.” (Manager)

Getting the public on board was crucial to channel shift’s success. The service’s knowledge of its users and experience from elsewhere helped to inform the approach, which was built around targeting different people in different ways. Methods used to inform the public of the upcoming change included mail shots, attending forums and help groups, and making sure that partners – in particular social landlords – were able to advise their tenants about the changes.

“The arm’s length management organisation [Sheffield Homes] did a lot of work with their vulnerable customers, which meant they could offer direct support and also be firm about channel shift.” (Executive Director)

Housing partners were able to go out and help their residents adapt to online claims by filling them out then and there on people’s doorsteps using mobile technology. This worked well, and the system will be improved in the future with the introduction of the option to fill out the forms when mobile devices are ‘offline’. Once connectivity is restored, any data entered during the offline period is picked up and uploaded onto the server.

The pace of the change from paper to online for benefits claimants is shown in the table below. This shows the percentage of ‘e-claims’ moving from 29 per cent in April

2012 to 78 per cent in September 2012. It also shows that the pace of change for the 'change in circumstance' form from paper to online was considerably slower, rising from 9 per cent in April 2012 to 31 per cent in September.

Progress from paper to online: Sheffield City Council housing benefit claims and 'change in circumstance' form returns, April to September 2012

| | April 2012 | May 2012 | June 2012 | July 2012 | Aug 2012 | Sept 2012 |
|---|-----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
| Number of e-claims | 540 | 997 | 860 | 1149 | 1225 | 1149 |
| Percentage of e-claims | 29% | 55% | 65% | 71% | 76% | 78% |
| Number of e-change in circumstances | 271 | 575 | 578 | 749 | 733 | 857 |
| Percentage of e- change in circumstances | 9% | 14% | 23% | 28% | 26% | 31% |

Savings

The council set an initial target to save £0.5 million in 2012/13 and a further £1 million in 2013/14. As the service is delivered by Capita, these savings have been made through the contract.

“What started out as a contractual saving has now been realised.”

(Executive Director)

The drivers of this approach

There were three main drivers behind Sheffield City Council's decision to adopt channel shift:

- 'The burning platform' – there was a clear and immediate need to save money across all areas of council activity;
- Using the change as an opportunity to actually improve the quality of the offer to residents;
- A longer term objective to build up data on service users to allow the council to deliver a more flexible, tailored and intelligent service.

Challenges

Although there has been success through the number of claims now being dealt with online (99 per cent), the demand on the call centre has remained high throughout. Part of the reason for this is the sharp spike in demand for the call centre was driven by central government policy changes including those related to housing benefit and changes to council benefit.

Thirty-thousand people across Sheffield were affected by the change to council tax benefit, and a significant number were also affected by the removal of the spare room subsidy, which continues to present a challenge in Sheffield, as not all residents who are under-occupying have been able to find a smaller home.

The change from paper to online for benefits claimants is still not complete. While new claims have moved almost entirely online, paper still prevails for the change in circumstance form. However, plans are in place to make the change in circumstance online process simpler, coupled with a more concerted effort from Capita and the council to encourage more service users online.

Prior to the shift, there was some nervousness among elected members that the change would have a negative impact on the lives of their constituents. The Cabinet Member for Finance was instrumental in reassuring his colleagues that channel shift would work.

“You have to step back [from the anxiety] and look at how people are doing things these days. With the growth of technology, this was the right time to do this.” (Former Cabinet Member for Finance)

The Cabinet Member for Finance kept a close watching brief on progress, and received regular updates – initially every two weeks – to be confident that the shift was working and people were not suffering. Elected members were invited to test the new system themselves in dedicated workshops run by Capita. Once elected

members had done this, and seen how easy and intuitive the online form was, they were able in turn to reassure their constituents.

What's worked well?

Part of the success of channel shift is undoubtedly down to the council's resolve to 'make it happen'. While every care was taken to ensure vulnerable claimants still had access to support and advice, the council was equally determined to promote self-service as the default option. This meant the removal of paper forms from First Point walk-in centres and local housing offices. In their place, self-service terminals were available, with actual help on hand from an adviser to guide claimants through the online process.

Another change which made self-service more attractive was introducing a triage system at First Point centres. Walk-ins were assessed under the triage system to ensure people were quickly directed to a self-service terminal. In addition, an appointment system was set up for people that wanted to see someone about their claim. Prior to self-service, residents could ask to see someone there and then, and wait to see them. Under the new system, an appointment had to be made which might be the following week. It therefore made sense for users to go with self-service, in order to ensure their claim was processed more quickly.

"Before self-service, there would be huge queues out the door at First Point. Now, when you go there, there's hardly any queue at all."
(Former Cabinet Member for Finance)

To date there have been no significant complaints from members of the public about channel shift. The most recent satisfaction survey undertaken with revenues and benefits users showed an overall satisfaction rate of 75 per cent.

The council and Capita knew that one of the keys to success was getting staff on board. To ensure this, there was staff training, and briefing started before the introduction of channel shift in April 2012.

"If staff believe in the product and in the idea, they're more willing to assist customers." (Capita Contract Manager)

About six months into Channel Shift, Sheffield was visited by a delegation from Portsmouth City Council, who had all of the initial doubts and anxieties about moving to an online claim system. The fact that Sheffield staff and councillors were able to point to their own experience as an example of success not only reassured the Portsmouth delegation, but showed Sheffield councillors and staff that what they had done was really working.

Lessons and replicability

Sheffield City Council's housing partners were particularly important in easing the transition. The former arm's length management organisation, Sheffield Homes, as well as other local housing associations, offered intensive support to claimants living in their homes who were often among the most vulnerable.

Keeping the voluntary and community sector onside is also important. For example, there was initial opposition from debt counsellors who were worried the change would mean their clients lost income. That didn't happen, but more reassurance from the outset would have been helpful.

Given the success of channel shift, there is considerable scope to replicate the approach across other areas of the council's services. As long as broadband coverage continues to grow, and people continue to use smartphones and the internet more, it makes sense to move as many services as possible across to maximise the impact of channel shift.

There are still improvements that can be made to the council's website to make the online application process even simpler. At present, applicants have to click through a number of times to get to the right place and navigation could still be improved.

Sheffield City Council - Channel shift: Financial details

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| Background | <p>Since 2010, Sheffield City Council has estimated that the funding the council receives from central government has been reduced by 30 per cent. Due to this reduction, rising demand for services and other pressures has meant that the council has had to find approximately £180 million in savings.</p> <p>In the medium term financial strategy presented to the Cabinet in October 2012 a gap of £50 million was estimated for 2013/14 with the cumulative gap of £117 million by 2016/17.</p> | | |
| How did the council respond to the budget challenge? | <p>The council's approach to balancing the budget was based on a strategic approach to the identification of savings proposals following certain principles set out in the medium term financial plan.</p> <p>One scheme identified was the channel shift scheme. The council recognised that there had been a shift in the way people transact with a variety of organisations with on-line self-service transactions becoming increasingly popular. Technological advances meant that the council's revenues and benefits service was in a position to offer customers a full range of self-service options. A two-year strategy was put in place to promote self-service as the primary channel for customers to interact with the service.</p> <p>The council concluded that a major shift away from resource intensive in-person and telephone transactions would result in cost reductions and make a significant contribution to the budget savings needed. It was expected that savings of £500,000 would be achieved in 2012/13, and a further £1 million in 2013/14.</p> | | |
| Expected savings | Year | (£millions) | Notes |
| | 2012/13 | 0.5 | Transitional period therefore full year savings would not be achieved. |
| | 2013/14 | 1.0 | Expected savings to be achieved through re-negotiated Capita contract |
| What has been delivered to date? | <p>The contract has only just been re-negotiated. The savings in 2012/13 were not realised. Savings of £242,000 were included within the council's finances in 2013/14 with £492,000 of savings being projected for 2014/15.</p> | | |

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| Are the savings sustainable? | The Capita contract is due for renewal from 2016. Due to the service re-design savings should be sustainable. |
| Is it replicable (financial aspect) | There are no reasons why this could not be replicated at other authorities. Sheffield's success has been due to the commitment of members, council officers and Capita, though the financial savings have been realised later than Sheffield would have hoped. |
| Is the council's review of savings plans robust? | All financial plans signed off by Section 151 Officer. |
| Other financial efficiencies | None directly – but see the question on replicability above. |
| Key documents | Cabinet member report outlining the business case for channel shift Revenues and benefits affordability data |