

**SAVINGS & EFFICIENCY PROGRAMME**

**2009-2013**

**1 Introduction**

If Lancaster City Council is to meet the financial targets set out in its Medium Term Financial Strategy (MTFS), then it must be clear and focused in how it will achieve these targets. It is recognised that these cannot all be agreed and delivered at the same time and that any Savings and Efficiency Programme must be delivered in a phased approach over the period of the MTFS. This Programme therefore provides the framework within which the Council will work to identify a range of savings and efficiency options to meet these targets and should be read in conjunction with the Revenue Budget Strategy 2010/11, which Cabinet agreed on 23 June 2009.

**2 Context**

All councils are facing severe challenges to ensure that they can deliver services that meet the needs of their communities within the limited resources that are available to them. It is likely that over the coming years, this position will become more challenging with a predicted reduction in government support. The Council has already set itself on-going savings targets of £1.3m over the next 2 years and no doubt this target will increase further when the 3 year draft revenue budget has been prepared and government have issued their annual grant support details.

The Council can no longer look at tackling this deficit funding problem in a piecemeal manner and needs to adopt a more radical and challenging approach to how it manages its limited finances. This work has already begun but savings of this magnitude cannot be achieved without prioritising and challenging the way that we currently operate. Difficult decisions will be needed and the Council needs to accept that it can no longer do everything that it currently does but must ensure that its resources are targeted to the needs of the public and provide value for money.

**3 Objective & Principles**

Underpinning this strategy are a number of key objectives and principles that support, and are consistent with, those already set out in the Council's Medium Term Financial Strategy and the Capital Investment Strategy, namely :-

- The Council should have good financial information that shows how it spends its money in particular against corporate priorities and statutory services.

- Resources should be directed to delivering clear council priorities and statutory services that meet the needs of its communities.
- Services provided/enabled by the Council should have clear service delivery standards that the public understand and that officers are resourced to deliver.
- Services provided/enabled by the council should be cost effective and provide value for money.
- Opportunities for improved partnership/collaborative working should be pursued.
- Opportunities for improved use of technology should be maximised.
- Any windfall income should be set aside firstly to meet existing liabilities or to invest in projects to generate future savings - Invest to Save Projects.

## 4 Programme

The strategy to generate savings and efficiencies pulls together a number of actions currently being pursued by the Council and previously agreed by Cabinet in the Revenue Budget Strategy 2010/11. These are :-

### 4.1 Understanding What We Spend Our Money On

If the Council is to ensure that its limited resources are focused on delivering its corporate priorities then it needs to understand how it currently spends its money. This should be the starting point in any strategy to identify areas for savings and efficiencies.

The council has started to refine how it records and presents its financial information. Cabinet has already received a first draft of how the current year's budget has been allocated to its priorities, or against other functions not aligned to priorities. As this year's budget exercise continues, further work will be done to test out and refine this information.

***Options for savings and efficiencies should be guided by the principle that they should focus on non priorities in the first instance, but also that services provided meet expected and clearly defined service delivery standards, which reflect community needs and statutory requirements.***

### 4.2 Performance Management

If understanding how the council spends its money is the first step in preparing savings and efficiency options, the second step must be to ensure that the Council can react positively to information about performance and spending variations.

Firstly, it is important that a thorough review is undertaken in July each year by each individual Cabinet member, shortly after the year end information is available, to ensure that spending variations are explained, understood, and acted on as appropriate. This is crucial in determining if there are any on-going revenue budget implications that will

impact on the base budget and that could offer savings and efficiencies without changes to service delivery and current standards.

Secondly, Cabinet members should be clear of in-year performance variations that present themselves through the PRT quarterly reports and any other informal service monitoring arrangements Cabinet members have in place. Are services being delivered to agreed service standards and public expectations? Are they indeed still set at the right levels and service standards? Do they still meet recognised needs? Are they being delivered in the most cost effective manner? Does the council have the capacity and skills to deliver them or is some redirection of resources into priority areas required?

These questions form the basis of the challenge and scrutiny that Cabinet should routinely follow throughout the year within their portfolios and in so doing, performance management is integrated into Cabinet routines throughout the year to contribute to the process of identifying savings and efficiencies options.

#### 4.3 **Improved Partnership Working and Collaboration**

The Council has already acknowledged that it can't provide for all the needs of its communities itself. It must work with its partners to remove duplication and make better use of economies of scale and the limited scarce resources and skills that are available. This process will particularly focus on 2 strands, namely :-

- **Shared Services**

The Council has been working with other councils in Lancashire under the banner of Team Lancashire. Some work is now being targeted within specific clusters; as an example the Council has been working with Preston City Council to identify potential areas where efficiencies can be generated through joint working and a shared service approach. Other arrangements are in place to take forward services with other local authority groups, such as with Civil Parking Enforcement or Licensing management.

To give focus, a phased programme of services should be developed for consideration, supported by Team Lancashire where appropriate. The extent and scope of any service activity included within the programme will be informed by preparing separate business cases and only be progressed where there are demonstrable benefits and efficiencies to be achieved. The development of such a programme will need resourcing and this could be considerable for any major proposals – opportunities for external support will be drawn on wherever possible to help with this. Other more minor opportunities may be deliverable fairly readily, however. Such resources will be taken account of in developing the programme.

- **Lancaster District Local Strategic Partnership (LDLSP)**

The Council has already made a firm commitment to working with its key partners within the LDLSP to contribute to delivering the priorities included in the Sustainable

Community Strategy and the Lancashire Local Area Agreement. It is hoped that as the LDLSP continues to develop, all its partners will be able to make efficiency savings by removing duplication, adopting smarter procurement and benefitting from economies of scale and the joint use of scarce resources and skills. This includes project delivery and programme management support.

The Partnership also offers opportunities to bid for additional government funds, linked to delivering its priorities, but such funds can only be accessed with the involvement of LSPs. Examples include the Migrant Impact Fund.

#### 4.4 **Commissioning and Procurement**

Commissioning of local authority services is gaining a higher profile – in simple terms it means how councils decide *what* services should be provided, to meet the needs of their communities / districts. It follows that de-commissioning of services may be one way of making savings.

Procurement focuses more on *how* and *who* should provide such services – once a decision has been made to provide them. The council currently doesn't have a Commissioning Protocol and this will be considered as an area for development in future.

Also being progressed under the Team Lancashire banner are efficiencies generated through the Lancashire Procurement Hub. The use of regionally negotiated framework agreements are starting to reap rewards and it is anticipated that initiatives such the Agency Worker agreement, currently being finalised, will generate some additional cashable savings for the Council.

Arrangements are in hand to ensure that procedures and processes are strengthened to identify and capture such savings from procurement activities, so that that they can be verified and included in the base budget.

#### 4.5 **Improving How We Do Things (Business Process Re-engineering)**

This strategy has already referred to above the need for cabinet to challenge the way it delivers its services either directly or in partnership. Business Process Re-engineering is the process that examines and reviews what we currently do, with a view to identifying options for achieving the same outcomes and outputs more efficiently for less money or less risk.

In particular this means that everything the Council does is open to challenge and it should consider the following as a means of identifying savings and efficiency options:-

##### **Better Use of Technology/ICT**

- Can manual systems be computerised?
- Are we making the best use of the systems that we have bought?
- Are staff skilled and trained in the use of the systems they use?
- Can we learn lessons from other users?

- Improved use of telephony and multi-functional devices ( printers, scanners photocopiers etc)
- Improved ways for storing and managing information flows, and system accessibility (Electronic Document Management Systems).
- More generally, sharing or exchanging accurate information efficiently and effectively, and making it available to those who need it.

### **Access to Services/Self Help**

- Can we make our services better accessible to those who want/need to use them?
- Can services be made more accessible and cost-effective by providing and offering them online 24/7?
- Are some services accessible at times or places when it's not cost effective for them to be so?
- Are staff well trained to respond at the first point of enquiry?
- Can more service activities be delivered better through our customer service centres?

### **Capacity and Skills**

- Is the council's workforce skilled to deliver its agreed priorities?
- Do we have flexible HR policies to allow managers to manage effectively?
- Is there capacity within services to deliver council priorities?
- Is the council's workforce structured effectively?
- Should common skills be brought together? (e.g. Marketing & PR)

### **Council Assets**

- Does the Council need all its current assets to deliver its priorities?
- Could resources be generated through asset sales into priority services?
- Are our assets fit for purpose or a drain on resources?
- Opportunities for sharing assets with partners and voluntary groups

## **4.6 Charging for Services**

For many discretionary services, charging is one way of providing income to offset the costs of provision, and can also be a way of improving fairness (i.e. the principle that those who use a service should pay for it). Wherever possible, charging should seek to at least cover the costs of service provision, and/or make a return on assets used, unless other policy objectives or statutory requirements support an alternative.

## **4.7 Other Initiatives**

This programme acknowledges that there are, each year, a number of factors that are outside of the Council's control but have a real bearing on the annual budget setting and consequently on the extent of savings and efficiencies that need to be identified. It is

important therefore that whilst they cannot be controlled, they need to be fully understood and considered, in bringing forward savings and efficiency options.

Each year, Cabinet should be mindful therefore to the following (although this list is not exhaustive):-

- Annual local government finance settlement
- Annual national pay award and other economic factors
- Treasury Management - Borrowing and Investment interest movements
- Demand for and changes to statutory council services generally

## 5 **Benefits/Outcomes**

The effective development of this programme will have a number of benefits and outcomes, namely:-

- Improved information on which to base decision-making
- Clarity and focus for identifying, developing and prioritising savings and efficiency options (and any resources needed for this)
- Minimising real reductions to services, through achievement greater efficiency
- Meeting the council's financial targets for savings and efficiencies
- Improved value for money and Use of Resources assessments
- Improved partnership working and community leadership

Ultimately, this programme should enable Cabinet to establish a range of savings and efficiency options, in reasonable time, which can then be consulted on, amended (as budget prospects develop and in response to consultation, as appropriate), and finally recommended to Council.

## 6 **Summary and Conclusion**

It is clear that the Council needs to take a positive approach for identifying options of savings and efficiencies.

There is however a need for the council to remain flexible in its approach to react to changing financial circumstances. It is therefore necessary that any list of options for savings and efficiencies are ranked in priority order and extensive to the extent that they can act as a contingency to meet last minute requirements if necessary. Options included in the list must be realistic for achievement and in considering any options it is important that cabinet are mindful to the risks involved with each and those included in the Corporate Risk Register.