

New Ways of Working: A Review of Responses to Central Government Grant Reductions

East Midlands Councils and the East Midlands Improvement and Efficiency Programme

*Final Report
November 2011*



Foreword

The EMIEP Programme 2008/11 has been extended to deliver a legacy 2011/13 Improvement and Efficiency Programme through East Midlands Councils, an organisation that represents the interest of local councils to government and national organisations. EMIEP is a partnership of all 46 local authorities and the 5 Fire and Rescue authorities in the East Midlands who have signed up to the challenge of making the East Midlands a leading region in improving public services and making them more efficient. EMIEP encourage both local and fire authorities to work collaboratively to achieve improvement and efficiencies through sharing best practice and innovation, building key networks and setting up regional alliances to increase buying power and therefore making efficiency savings.

In April 2011 the EMIEP Board commissioned this review to understand how East Midlands Councils are responding to their reduction in central government grant funding. The aim was to provide East Midlands Councils with information, ideas and measures that they can use to take forward their efficiency programmes.

The review has shown that the cuts in the central government grant have resulted in councils having to make tough decisions as well as being a catalyst for projects that are genuinely delivering better value for money to the public, and helping to build stronger service teams within local authorities. Councils are collaborating in new ways to successfully deliver savings, improve flexibility and resilience with minimal impact on service users. Case studies throughout this report highlight how encouraging staff to come up with ideas helps to foster a sense of ownership and collaboration and can have a huge impact on how successfully projects are delivered.

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Chair EMIEP Board

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Executive summary

All councils in the East Midlands have been affected by the reductions in central government funding; on average, real spending power will be 12% lower in 2012/13 than 2010/11. The challenge for council leaders has been how to “do more with less”. The purpose of this work was to collate best practice examples of how councils are successfully making savings while continuing to meet the needs of their communities and also to gauge how councils have managed the cuts. Best practice examples are presented in case study format throughout this report which is designed to facilitate peer-to-peer learning, providing councillors, chief executives and other interested parties with helpful information and ideas to consider in the context of their own authorities.

To collate data on how councils are addressing the reduction in central government funding an e-survey was issued to all 45 councils in the region seeking information on successful savings initiatives. 13 councils responded representing a response rate of 29% and 87 individual projects were identified. These projects were grouped into seven savings categories with the most common savings categories proving to be service rationalisation and alternative delivery models. 21 projects were selected for detailed case studies and interviews were undertaken with project leads in order to develop deeper understanding.

The overarching theme that emerged from the survey and subsequent interviews is that the budget cuts have acted as a strong catalyst for quick project implementation. Projects that had previously been debated at length seem to have acquired a new sense of direction while new ideas are being quickly translated into action.

Another positive message is councils' apparent pro-active and ambitious approach to budget reduction. Across the 13 councils that responded, the savings identified for 2011/12 exceed the budget reduction for the year, suggesting that above-target savings are both feasible and achievable. This report includes many examples of projects that have already delivered – or are on track to deliver - significant savings while maintaining service delivery, and in many cases improving quality.

Breaking down projects by savings category, the following lessons and themes have emerged:

- **Income generation** projects have highlighted how imposing fees for certain services can encourage positive behavioural change, which in turn yields further savings. Councils are also leveraging the expertise of in-house staff (e.g. solicitors) to generate income by selling their services to other organisations.
- The common theme in **Procurement** projects was the use of joint procurement to reduce costs. Councils are procuring jointly through a variety of channels including e-auctions, shared services and regional contracts. Significant savings have been achieved as a result alongside an improvement in service quality in many instances.
- **Productivity** projects have focussed on generating savings without affecting service levels, and many of the best ideas in this category have come from front-line staff. Common sense improvements such as delivering services at times when they are needed most and flexing supply to match patterns in demand have succeeded in generating savings while improving service quality. As a result productivity projects reported the highest positive impact.
- While there were relatively few **infrastructure rationalisation** projects reported, the introduction of remote working in several councils has generated significant savings in accommodation costs, releasing one-off capital savings alongside recurring savings in facilities costs such as cleaning and maintenance.
- Councils appear to be taking an increasingly robust approach to **demand management** and undertaking need-analyses to help identify which services can be scaled back.

- **Alternative delivery model** projects highlighted the growing prevalence of shared services – in all shapes and forms. There was some evidence of councils experimenting with new organisational forms such as social enterprise. However, these examples were relatively rare.
- **Service rationalisation** projects accounted for almost half the total savings reported by the 13 councils. Services most affected were street lighting and waste, while structured workforce change programmes were also widespread. Project leads stressed the importance of presenting a firm case for change and maintaining honest communication throughout as key success factors.

Taking a holistic view of all the projects identified in the work, four key learning areas were identified. These form the most useful “lessons learned” from this review; council leaders are encouraged to consider whether and how these lessons can be applied to their own councils.

- **Collaboration is a key way of achieving savings without having a negative impact on service users. Councils should consider the full spectrum of collaboration opportunities.**
Councils are collaborating in new and creative ways to successfully deliver savings with minimal impact on service users. This report includes several examples from across the full spectrum of shared services, from “soft” or virtual partnerships to fully integrated single-site services. Shared services do not have to be “big bang” to deliver significant benefits; councils hesitant towards the idea should consider how softer collaboration with other councils and third party organisations could deliver benefits - and this report proves that the benefits can be significant, including increased productivity, improved services for the end-users, greater innovation from staff, and perhaps more welcomingly, a much stronger sense of team working.
- **Councils need to build up their flexibility and resilience**
The reduction in budgets has forced councils to become leaner, more resilient and more flexible. Yet more needs to be done in this area as the prospect of further budget cuts looms. Shared services can improve flexibility and resilience purely by increasing the size of the team and breadth of expertise. However, greater flexibility and resilience can be achieved within existing teams. Remote working has emerged as a great example of how to achieve this. This report also highlights how councils can build up flexibility and resilience by applying greater pressure on external suppliers to keep costs down and improve performance.
- **Using analysis to select and support savings initiatives is incredibly helpful and effective**
The councils which have come up with the most innovative ideas on how to achieve savings are often those that have undertaken structured and robust analysis exercises – for example by going through their services one by one to review income generation potential or carefully analysing patterns in demand and thinking creatively how to flex staff rotas and assets to reflect peaks and troughs in demand. Benchmarking analysis has also been proven to be a helpful tool in building and presenting the case for change. Having analysis to fall back on – be that an impact assessment, benchmarking report or a demand-management review – has been highly useful in consultation exercises with both staff members and the public.
- **Engage front line staff: they have the best ideas and you will need them to help implementation**
This report contains several examples of how engaging front line staff has helped to generate fantastic ideas that have gone on to be implemented. This is particularly prevalent for income generation, productivity and demand management opportunities. The staff members that are closest to service delivery are often best placed to assess the aspects of the service that can be scaled back, reconfigured or improved with minimal negative impact on the service user. Encouraging staff to come up with these sorts of ideas helps to foster a sense of ownership and collaboration and can have a huge impact on how successfully projects are delivered.

Council leaders and members are invited to read this report which we hope proves a helpful source of information and ideas regarding how to address the challenges that lay ahead for East Midlands Councils. We thank all the officers who took the time to participate in the survey and subsequent interviews, as without their time and input this report could not have been written.

1. Introduction

EMIEP has appointed Capita Consulting to undertake a review of how local authorities across the East Midlands have responded to the reduction in grant funding, and how efficiency savings have been achieved. The aim of this review is to provide East Midlands Councils with information, ideas and measures to use as they take forward their efficiency programmes.

In order to gather information, Capita Consulting designed an e-survey which was sent to 45 East Midlands councils in July 2011. The survey sought information on projects that councils were undertaking in response to the reduction in grant funding. Targeted survey questions included the level of savings achieved, the cost of the projects, the impact projects were having on services and staff and lessons learnt throughout project implementation. Following a desktop review of survey responses, 26 projects were shortlisted as potential best practice case studies and project leads were interviewed to explore projects in more detail. Of the 26 projects shortlisted, 23 were successfully converted into best practice case studies.

This report aims to offer peer-to-peer learning based on the outcomes of the e-survey and subsequent interviews. A selection of best practice case studies are featured throughout this report. Detailed write-ups of all case studies can be found at the following address:

www.eastmidlandsiep.gov.uk/regional-programmes/legacy

The structure of this report is as follows: the next section sets out the challenge facing East Midlands Councils and summarises the high level findings from the e-survey. The following sections are thematically organised to allow for easy signposting. The themes are: income generation; procurement; productivity; infrastructure rationalisation; demand management; alternative delivery models; and service rationalisation. The report concludes with a summary of key themes and lessons.

Assumptions

This report's conclusions are premised on the following assumptions:

- All data and information provided by local authorities is accurate
- The DCLG settlement figures are accurate
- Respondents formed a random sample of all East Midlands councils
- Case study projects must have achieved benefits or be on track to achieve benefits

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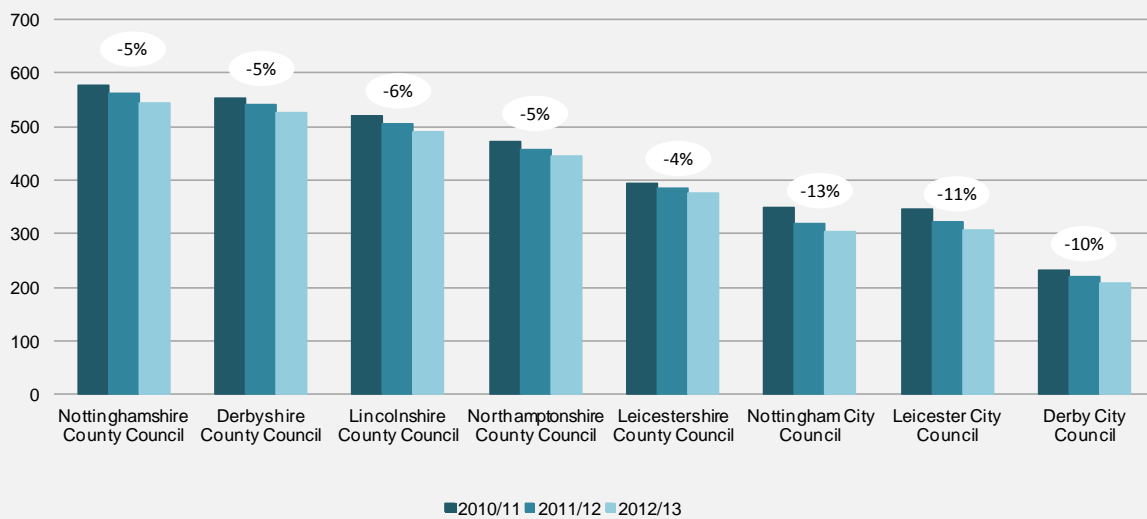
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2. Overview of the region's response

The wider context

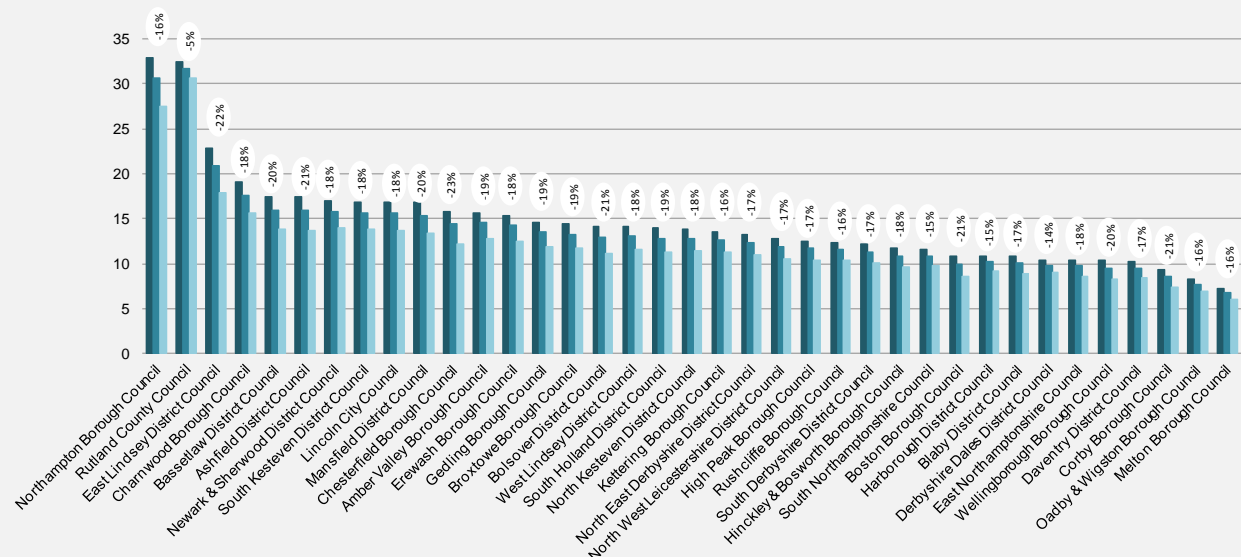
In recent years local authorities across the East Midlands have had to accommodate a reduction in their grant funding from central government, whilst ensuring that they continue to meet the needs of their communities and provide value for money. The reductions in central government funding have affected all East Midlands Councils (EMCs). However, the reductions in settlements have varied significantly across the region, ranging from 5%-23%.

Figure 1: Real revenue spending power 2010/11 – 2012/13, top 8 EMCs by revenue, £m



Note: 2011/12-2012/13 values are inflation adjusted and include transition grants. Source: DCLG; HMT

Figure 2: Real revenue spending power, 2010/11 – 2012/13, remaining EMCs by revenue, £m

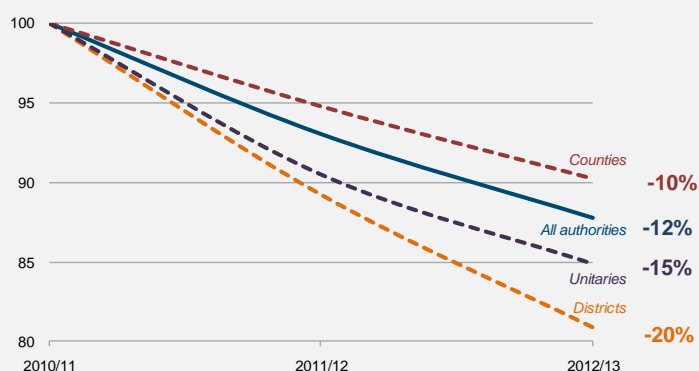


Note: 2011/12-2012/13 values are inflation adjusted and include transition grants. Source: DCLG; HMT

Figure 3: East Midlands Councils

Change in revenue spending power 2010/11-2012/13,
2010/11 prices (real terms)

(2010/11=100)



Source: DCLG; HMT

Across the region, real spending power will be 6.9% lower in 2011/12 than 2010/11 and 12.2% lower in 2012/13 than 2010/11. On average, district councils have suffered the greatest cuts in their revenue spending power.

Response to survey

To gauge how the region's councils were responding to the reduction in government grant, a survey was issued in July 2011 to 45 authorities requesting information on projects implemented in response to the reduction. **13** authorities responded to the survey representing a response rate of **29%** with **87** individual savings projects being identified, as summarised in the table below:

Authority	Number of projects identified
Derbyshire County Council	42
Northamptonshire County Council	10
Amber Valley Borough Council	10
Lincolnshire County Council	7
North Kesteven District Council	5
North West Leicestershire District Council	4
Chesterfield Borough Council	2
Hinckley & Bosworth Borough Council	2
Derbyshire Dales District Council	1
Broxtowe Borough Council	1
South Holland District Council	1
Gedling Borough Council	1
Charnwood Borough Council	1
Total: 13 authorities	87

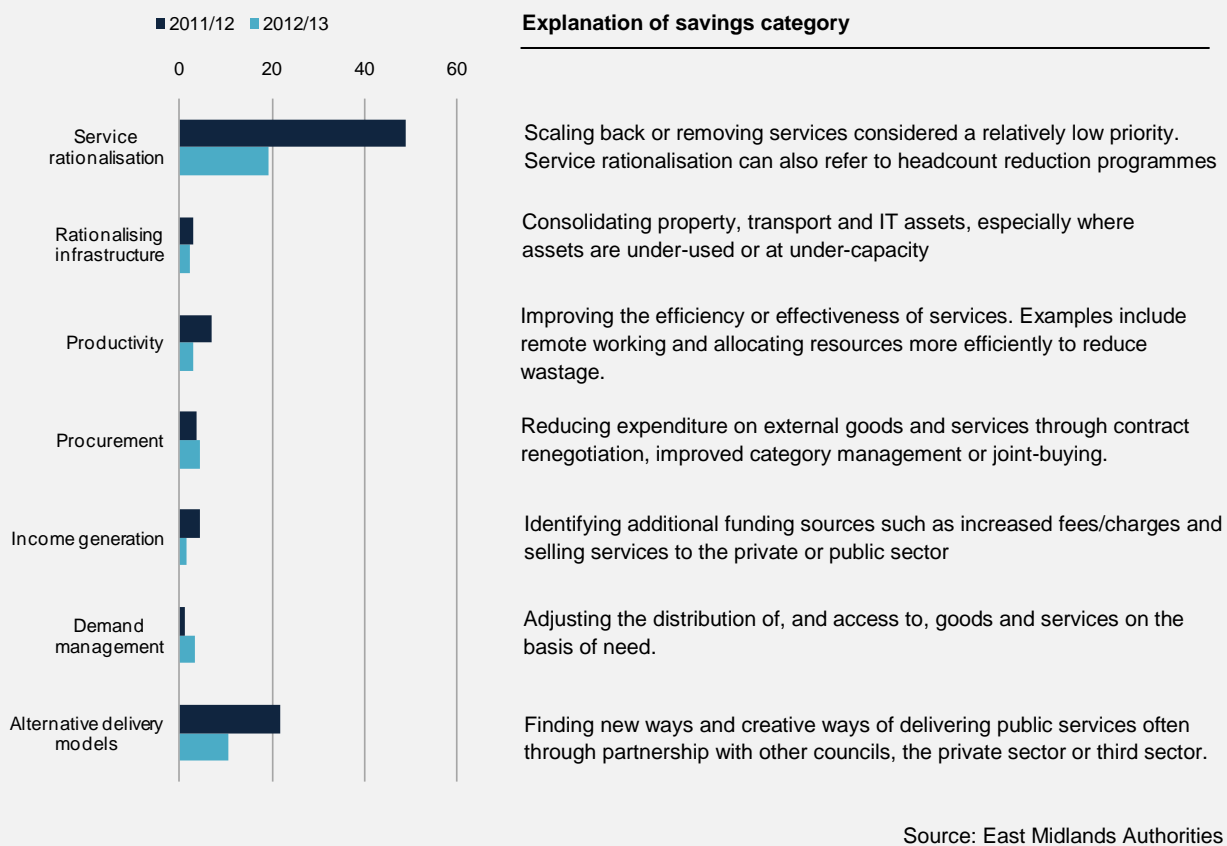
How have local authorities responded to central government grant reduction?

The survey demonstrated that authorities are pursuing a wide variety of savings projects. Service rationalisation is by far the most popular category, with 34 different projects reported generating an average annual saving of £1.07m and a total net saving of £48.8m.

The Alternative Delivery Model category was also common, with 18 projects identified. These projects were predominantly shared service initiatives. The projects generated an average annual saving of £1.18m and a total net saving of £21.9m.

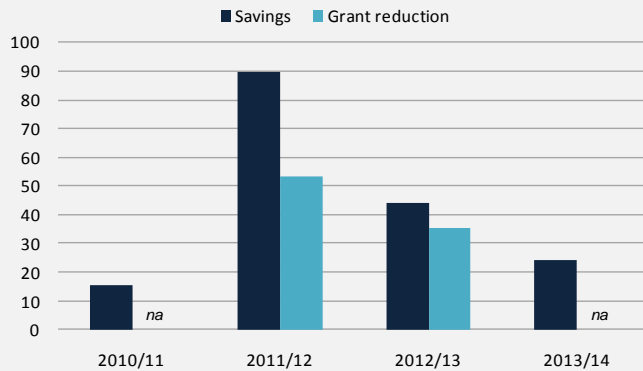
The remainder of savings identified were spread relatively evenly between the other project categories, as shown in Figure 4.

Figure 4: Total net saving by project type, 2011/12-12/13
n=87 projects



What has been the impact?

Figure 5: Total savings identified and grant reduction from previous year, 2010/11-13/14 (£m)
n=13 local authorities



Source: East Midlands Authorities

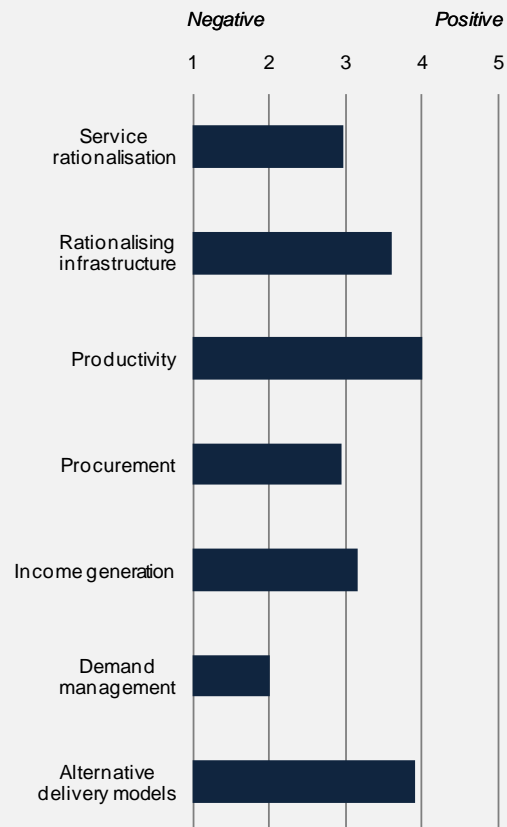
Across the 13 authorities surveyed, the savings identified for 2011/12 exceeded the budget reduction for the year. The same is true for 2012/13 - albeit to a lesser extent, although it should be noted that further savings are expected to be identified over the course of the next year.

Despite the fact that savings are not fully realised and estimates could be revised downwards, this nevertheless paints a broadly positive picture: authorities are being pro-active and ambitious in their budget reduction strategies and above-target savings are both feasible and achievable.

In terms of project impact, the picture is more mixed. Productivity and Alternative Delivery Models are reported to be delivering the most positive impact while Demand Management reported the least positive reported impact (although the sample size for demand management projects is particularly small – just two in this case). Perhaps surprisingly, Service Rationalisation projects on the whole reported a neutral impact.

A regression analysis was undertaken to explore if a correlation existed between total net saving and project impact however no meaningful relationship was found. This may be due to the small sample size (only 63 projects responded to the question on project impact) and the fact that there was a large disparity in project savings which may have skewed the analysis results.

Figure 6: Average actual impact by project type
n = 63 projects



Source: East Midlands Authorities

How successfully have savings projects been implemented?

Significant savings have been delivered – or are on track to be delivered – at the 13 authorities which responded to the survey:

- 2011/12: £90m
- 2012/13: £44m
- 2013/14: £24m

The over-arching theme that emerged during interviews with project leads is that the budget cuts have acted as a strong catalyst for quick project implementation. Projects that had previously been debated at length have acquired a new sense of direction while new ideas were being quickly translated to action.

There are a number of success stories where projects are delivering savings above and beyond the target set. Just as impressive are projects which are having a positive impact on service delivery, through, for example, higher productivity or better team working. Some of these successes are presented in case study form throughout this report, and can be found in the blue shaded boxes.

The following sections of the report are organised by project type in the order below:

- Income generation;
- Procurement;
- Productivity;
- Infrastructure rationalisation;
- Demand management;
- Alternative delivery models; and
- Service rationalisation.

Each section begins with key themes, followed by a summary of how authorities are pursuing projects in this area, a breakdown of delivered benefits, a selection of case studies and finally a section bringing together the key learning areas that have emerged from this work for councillors, chief executives and heads of service of East Midlands councils to consider how these lessons may apply to their authorities.

3. Income generation projects

Seven projects were identified as income generation; two key themes emerged from the project descriptions and subsequent interviews with project leads. Firstly there is a strong recognition that in some authorities savings alone are not sufficient to meet the reductions in funding; it is also necessary for some authorities to increase their capacity to generate income. Second, if designed correctly, income generation initiatives have the power to encourage positive behaviour by users and customers, in some cases reducing demand for other services. Income generation projects can therefore in some circumstances be more effective than savings projects in filling the budget gap.

How are local authorities generating income?

The two most popular areas for income generation appear to be parking charges and Planning fees. Parking fees have been increased in a number of councils, with North Kesteven and Amber Valley introducing evening and weekend parking, while Derbyshire has introduced new on-street parking schemes and implemented new parking charges at countryside sites.

In Planning Departments, North Kesteven has begun to charge for pre-planning advice to reflect more accurately the staff-cost of issuing advice to applicants. Derbyshire has introduced fees for developers who exceed their agreed timescales which has acted as an incentive for developers to complete work on time as described in the case study on the right. Previously, there was no charge to developers who did not keep to timescales, despite the fact that the Council had to keep undertaking inspections of the development, representing a significant cost to the Council.

Among the more innovative ideas for income generation is the example of Hinckley and Bosworth's Shared Legal Service maximising the expertise of its in-house staff as described in the case study on the next page. By bringing together the experience of solicitors from four different councils, the service has been able to leverage the collective expertise of its legal staff to generate income by becoming a service provider to external organisations. Amber Valley's approach of taking a holistic review of all income generating opportunities has resulted in a wide range of initiatives, including charging for lost/stray dog services (which were previously free of charge and consequently encouraged careless behaviour and repeat offenders) as described in the case study on the next page.

Case study: Derbyshire Developer Contributions

Many residential estate street developments were not being completed by developers within the agreed time limit contained in the road adoption Agreement. This resulted in ongoing technical inspection and administrative activity by Council officers sometimes for prolonged periods with no additional revenue being received. The Council introduced a revised fee structure whereby if a development took longer to complete than anticipated developers were given the option of extending their Agreement period and paying an additional fee. This involves a simple reminder system contacting developers whose Agreements have expired (or are about to) and offering them an extension of time. This encourages developers to complete their streets in a timely fashion and ensures that where delays are encountered the Council recovers its reasonable costs in continuing to deal with the project. Developers generally understand that it is not acceptable for the public purse to subsidise inspection of their delayed works subject to the additional sums involved being proportionate, this has involved introducing a degree of flexibility into the fee calculation method. The set up process has been relatively simple and additional fees are now being received. There is also scope to introduce a more sophisticated Agreement monitoring and reminder process in the future.

What has been the impact?

The income that these projects have generated has gone straight to the centre or, as in the case of Hinckley & Bosworth Shared Legal Services, been reinvested to further increase the income generating potential of the project. The indirect benefits of certain projects has been behavioural change: dog owners in Amber Valley now have a financial incentive not to act carelessly, developers in Derbyshire have an incentive to submit planning applications which have realistic timelines and stick to them, while residents and developers at North Kesteven have an incentive to fully research their proposed developments before seeking pre-planning advice, which means a reduction in cases that waste officers' time.

In this way, income generation projects are delivering savings and positive impact above and beyond the raw income they generate.

How were these initiatives implemented?

Income generation opportunities were identified by either completing holistic reviews of all services (e.g. Amber Valley) or as part of existing projects (e.g. Hinckley and Bosworth). Service leads were tasked with implementation. All of the case studies featured in this section were delivered as internal projects, within current budgets and without external support.

Case study: Amber Valley - Holistic review of income generating opportunities

Amber Valley Borough Council undertook a holistic review of income generation opportunities across its services. The Council identified a range of projects which are on target to deliver additional revenue income of £118,000 per annum. These projects include:

- *Reviewing car parking charges and introducing a two-tier system, generating c.£50,000 per year in increased revenue;*
- *Ensuring that charges for pest control services either cover costs or generate a profit, with reduced rates for those less able to afford the service;*
- *Installing one café and refurbishing another, generating approximately £20,000 per annum between the two cafés;*
- *Increasing environmental enforcement activities in response to resident requests, generating income through fixed penalty notices;*
- *Asking businesses to contribute to the Amber Valley Business Club, saving £2,000;*
- *Introducing charges for advertising space on the Council's regeneration calendar;*
- *Ceasing provision of free dog waste bags, generating savings of £7,500 per annum;*
- *Introducing charging for some stray and lost dog services, discouraging careless behaviour by owners;*
- *Reducing the amount of free energy conservation advice offered by Housing, saving £3,500.*

Case study: Hinckley & Bosworth Shared Legal Services

In April 2010, four small District/Borough Council legal teams (Blaby, Hinckley and Bosworth, North Warwickshire and Oadby and Wigston) decided to share their legal services through a "virtual model" hosted by Hinckley. This has broadened the variety of specialisms within the team, resulting in more cases being undertaken in-house that would have previously gone to the private sector. This saving is estimated at up to £200,000 annually. The team is increasingly generating additional income by selling its services to other organisations. Cashable savings from the project have been invested in employing a Planning solicitor, filling a skills gap in the team and significantly increasing efficiency in Planning casework. Savings are also being invested in a new case management system will further increase the capacity of the team by reducing routine work, providing further efficiency and income generating opportunities.

Income Generation: Key Learning Areas

- A holistic review of income generation opportunities ensures a structured and comprehensive approach to services and minimises the chance of potential opportunities being overlooked.
- Consider removing free services, especially when they encourage sub-optimal behaviour. Use income generation initiatives as a lever to encourage behavioural change.
- Engage front line staff – some of the best ideas in the featured case studies came from them.
- Maximise the expertise of your specialised staff (e.g. solicitors). The income generation potential of specialised staff is greatly increased by pooling across councils.
- Although not featured here, previous reviews of income generation opportunities in local government have identified sharing expensive capital assets as a key income generator.

4. Procurement projects

The key theme common to the procurement projects reported by survey respondents was the use of joint procurement to achieve economies of scale.

How are local authorities reducing their procurement costs?

There is widespread appreciation of the positive impact that scale buying can have on costs. Authorities are using a variety of methods to achieve this:

- eAuctions:** The Government's Procurement Service collaborative e-Auctions allows any public sector body to join an organised e-Auction where volumes are aggregated across all participants. Once bidding has completed, the final price is often greatly reduced. The auctions are conducted online, bidders are pre-qualified and quality scores are typically built into the auction process as bid weightings. Read about Derbyshire's experience with collaborative e-Auctions in the case study on the right.
- Joint procurement within shared services:** Both "soft" shared services (where just management is shared) and "hard" shared services (where services are fully integrated) are coordinating their procurement and tendering contracts as one organisation. Further detail on shared services can be found in the section on Alternative Delivery Models.
- Expanding shared procurement units:** For example the shared procurement unit of Bolsover, Chesterfield and NE Derbyshire was expanded to include Ashfield and Mansfield.
- Regional contracts:** Joining with other councils in the region to tender for a contract for the whole region. Northamptonshire's Independent Sector Placement Contract is a prime example of this; more information can be found in the case study on the next page.

Case study: Derbyshire review of Laptop & PC Commissioning

In 2009, Derbyshire decided to use the OGC's collaborative e-Auction service to procure a contract for PCs, laptops and IT maintenance. By joining with 47 other public sector organisations in the bid, the Council achieved significantly greater cost savings than it would have realised by bidding as a single authority. The collaborative e-Auction required far less effort than the alternative of a traditional organisational procurement, a representative from Derbyshire was able to attend an organised visit to the manufacturers to evaluate the hardware on offer, and the turnaround time to delivery was very quick. The savings per unit combined with a highly efficient and reliable maintenance service has meant that it is more cost-effective to fully replace old kit than to repair it if it breaks down; this has increased the rate at which the Council's IT infrastructure is being upgraded. The fact that Derbyshire is certain that it will use the collaborative e-Auction service again when the current contract expires is testament to the council's satisfaction and confidence in the service.

What benefits are being achieved?

Joint procurement is delivering significant cost savings across the board. Derbyshire saved almost 50% on the unit cost of a PC and c.20% on the unit cost of a laptop by using a collaborative e-Auction. With approximately 2,000 units being purchased each year, this is a significant and recurring saving. Further savings continue to be realised through the manufacturer's warranties and comprehensive maintenance that were offered as part of the contract. The recently established Joint ICT Service between Bolsover, Derbyshire Dales and North East Derbyshire District councils has saved £70,000 through scale buying already, while the regional contract for independent foster and residential care has saved £2m as a result of joint buying.

Equally as important, increased buying power arising from joint procurement has resulted in improved service and consistency from suppliers. The Joint ICT Service reports that, for the first time, it is in a position to challenge vendors. Bidders in e-Auctions have a strong incentive to issue quality

guarantees in order to receive preferential weightings in the auction. Northamptonshire's regional contract has ensured that all foster and residential care users across the region receive the same treatment – for example children and young people now receive the same amount of pocket money whereas before there were huge disparities. In this way, joint procurement is delivering far-reaching benefits beyond the cost-saving.

How are these initiatives being implemented?

The key to success in the procurement case studies featured in this section was pro-active planning and coordination. For shared service procurement, it was crucial to have clear knowledge of when the relevant contracts of all parties were coming up for renewal. In the case of Northamptonshire, when a contract was established where one did not exist before, various workshops were held to establish the parameters of the contract. It soon became apparent that trying to collectively draft a document with 9 authorities was extremely difficult, so Northamptonshire took responsibility for drafting and then took the draft contract to the other councils in the group for comment and critique. This proved a far more effective approach.

Case study: Northamptonshire Independent Sector Placement Contracts

Northamptonshire has joined with seven other councils to establish a regional framework contract for independent sector foster and residential care provision. Six out of the eight councils are currently using the contract, with the other two having the opportunity to opt in at a later date. The contract covers approximately 80% of all foster and residential care, and runs from April 2011 for four years. The new contract has saved around £2m in total, with Northamptonshire alone saving £500,000, and the contract guarantees no inflationary increases. Service quality has improved and providers are reporting increased satisfaction, while disparities across the region have also been ironed out to ensure fairness. One good example is young people's savings and pocket money, which is stipulated in the contract to ensure all young people and children in foster care receive the same treatment. A regional team has been established to monitor the contract, and the new monitoring process has given the Council a greater degree of control. Establishing a regional framework contract can deliver great benefits but does require a lot of work to set up.

Procurement: Key Learning Areas

- Joint procurement not only generates significant savings, but also can improve the service from suppliers and performance consistency. All authorities should be exploring how they can achieve greater economies of scale through procurement.
- Consider using the Government's Procurement Service collaborative e-Auctions. They are open to all public sector organisations and are particularly effective for IT procurement. Both small and large authorities can benefit. The use of e-Auctions also removes much of the time and bureaucracy associated with running a full procurement.
- Remember to be flexible with specifications. For example, if IT equipment and services are being procured, refrain from specifying a particular brand or model. Focus instead on performance and outcomes as this ensures a high level of competition among potential bidders thereby helping to drive down prices while ensuring quality is maintained.
- When attempting to draft a regional contract, it is sometimes helpful to get one party to lead the actual drafting with opportunities for consultation and feedback from the wider group at a later stage. This can save a significant amount of time and effort from all parties however this does require councils to be willing to give up some control and may challenge authorities' views on acceptable degrees of political sovereignty.

5. Productivity projects

The productivity projects reported by authorities attempt to improve efficiency while not detrimentally affecting quality or service coverage.

How are local authorities maximising productivity?

Three key areas were identified:

1. Making the most of assets

Productivity can be increased by sweating or sharing assets. Amber Valley rescheduled its recycling rounds to get the same level of coverage with 4 vehicles per day rather than 5 and also consolidated its plastic recycling banks, as outlined in the case study on the right. In other parts of the country, councils have successfully shared assets to increase productivity. Derbyshire is calling on members of the community who own heavy equipment that is capable of snow clearing (e.g. farmers with tractors) to volunteer to help with snow-clearing efforts, see the case study on the next page.

2. Allocating resources more efficiently

The key to allocating resources more efficiently is matching supply with patterns in demand. Amber Valley redesigned staff rotas for the street cleansing team who now have an extended Sunday shift to reflect the fact that the Saturday markets and evening revelry create the most litter. Derbyshire is looking to draw on under-utilised parks department staff to help with the snow-clearing effort during winter – that way ensuring that staff members across the council (not just within teams and departments) are allocated most efficiently. Likewise Derbyshire has imposed a clear prioritisation strategy for winter street maintenance to ensure resources are focused on primary roads where demand is highest.

3. Bringing people together in single teams to reduce duplication and raise the productivity of whole team

Numerous councils have realised the benefits of bringing personnel with similar expertise together into a single team. For example, Lincolnshire's Managing Workforce Programme identified core competencies required by business support across the organisation then ensured the central business support staff possessed these competencies to the consistent standard required to deliver the service effectively. A key aspect of Northamptonshire's Preventative Services project has been bringing together all commissioners of "services for people" into a single team. This has drastically reduced duplication thereby raising the team's productivity and ensured that support to community members is as integrated across different support areas as possible. When establishing the Leicestershire Shared Service for Revenues and Benefits, working groups were held to identify and adopt the most efficient practices from each individual team. This approach of learning best practice and quickly implementing successful initiatives can have a quick impact on team productivity.

Case study: Amber Valley Street Cleaning & Recycling Review

Amber Valley Borough Council identified a number of productivity projects within its street cleaning and recycling services. The Council increased the time street cleansing vehicles were used and reworked the staff rota, allowing the fleet to be reduced from 6 to 3 vehicles while retaining similar service standards and all 6 operatives. After a successful pilot period the new rota was fully implemented, achieving savings of up to £55,000. The Council also worked with its recycling providers to reschedule recycling rounds, resulting in the same level of coverage with 4 lorries per day instead of 5. A further review of plastic recycling banks showed that some were costing as much as double the value of the recyclable material collected. The Council removed these costly sites and focused on providing the larger banks at well used sites, retaining suitable geographical coverage and over 80% of capacity. By undertaking thorough analysis and where appropriate, dialogue and consultation with suppliers and service users, the Council has improved efficiency while not detrimentally affecting quality or service coverage.

What benefits are being delivered?

The key benefit of the productivity projects described in this section is that they were able to generate savings without having a detrimental effect on services – in fact, in many cases, they actually improved services. In this way they are “common-sense” projects that appeal to council leaders, staff members and the public alike. Amber Valley’s street cleansing staff members are positive regarding their new rotas and residents are more satisfied with the council’s street cleansing effort. In Derbyshire, focussing snow-clearing efforts on secondary roads during daytime hours when there are fewer parked cars on the roads ensures minimal disruption to residents and raises the chances that their roads will receive pre-treatment. Because many of these productivity raising ideas came from front-line staff and residents, successful implementation has demonstrated authorities’ willingness to listen and turn ideas into action. This sends a very positive message to both staff and the community alike.

Case study: Derbyshire Winter Street Maintenance

Derbyshire County Council has re-designed its approach to winter street maintenance to prioritise its treatment of roads and to make appropriate use of under-utilised staff in local district councils. The road network has been split into primary roads which will continue to be treated 24/7 and secondary roads which will be treated during normal business hours (with pre-treatment wherever possible), when there are fewer parked cars on the roads, allowing the heavy snow machinery to move around more easily. The Council has made joint arrangements with other district councils in the area to utilise staff from the Parks Department at no extra cost. These staff members are often under-utilised during periods of heavy snow and their labour can be efficiently redirected to the snow clearing effort. The Council has also engaged with other community members to help with snow clearing, particularly those that have access to heavy machinery, such as farmers. These measures are expected to have a notable impact on the efficiency of snow-clearing and public satisfaction.

Productivity: Key Learning Areas

- Undertake a productivity analysis: are you matching supply to patterns in demand? Can you flex your staff and assets to more accurately reflect peaks and troughs in demand?
- Deliver services at a time when they are needed most (e.g. street cleaning on Sundays). You can significantly raise productivity by simply doing something at the right time.
- Analyse the level of skills and competencies needed to be productive in a particular team and focus on bringing everyone up to these required skill levels
- Ensure there processes are in place whereby ideas can be suggested by front-line staff on how productivity can be improved – they are closest to service delivery so often have the best ideas on how services can be improved. Perhaps consider a competition to motivate staff to come up with ideas.
- Appreciate the value that can be created by sweating or sharing expensive assets; consider contacting councils in your area to discuss if assets can be shared.

6. Infrastructure rationalisation projects

There were relatively few reported projects (six in total) that focus exclusively on infrastructure rationalisation. However, it is clear that authorities across the region are integrating infrastructure rationalisation into other projects.

How are local authorities reducing their infrastructure costs?

Authorities are approaching infrastructure rationalisation from three directions:

1. Identification of under-used buildings and consolidation/rationalisation where appropriate

Authorities are analysing their property estates to identify which buildings are underused and can be consolidated with other buildings. This analysis is most effective when coordinated with headcount reduction programmes, as Lincolnshire County Council has successfully delivered as part of its Managing Workforce Change programme. Lincolnshire ensure that the staff numbers within each council building are tracked whilst reorganisations are undertaken, to ensure under occupancy of buildings can be tackled and further savings realised.

2. Offering staff more flexibility...and demanding more flexibility from suppliers

Across the region, authorities have successfully implemented remote-working, as detailed in the case study on the right, resulting in accommodation needs being scaled back. At Leicestershire's Revenue & Benefits Shared Service staff members are required to work a minimum of 40% from home and a rota is in place to ensure that staff in the office do not exceed the number of desks available (which is significantly less than the total size of the team). Lincolnshire's Total Facilities Management Programme delivered significant savings by pooling departmental budgets and tendering a single contract for the whole authority. A key improvement in the contract was building flexibility into the terms and conditions to allow downsizing if the Council finds itself with surplus facilities or under-occupancy.

3. Reducing energy costs relating to infrastructure

Energy cost reduction has been sought across a number of councils by installing smart meters as outlined in the case study on the next page, and rationalising the street lighting estate (more detail is provided in the section on service rationalisation on page 27).

Examples of remote working across the East Midlands

Four small District and Borough Council legal teams decided to share their legal services through a "virtual model" hosted by Hinckley. In this model, all the solicitors join together to form a single team, but members mainly work remotely, usually coming into the office once each week. Library resources are pooled, and a single contract manager monitors and manages the allocation of work and also provides administrative support. Despite often working remotely, the team members have reported a much increased sense of team work and cooperation. This demonstrates that much can be achieved without a highly formal partnership, and remote working makes it possible for authorities far away to work together in an effective shared service.

The revenues and benefits services of three councils have joined together to form a Shared Revenues and Benefits Service. Innovative working practices were established across the shared service allowing for flexible, multisite working. Employees spend a minimum of 40% time working from home. This has increased staff productivity, reduced accommodation costs and led to a significant drop in sickness absence.

What benefits are being achieved?

Accommodation costs have been reduced by consolidating infrastructure, both in terms of rental cost but also facilities costs such as cleaning and maintenance. In Lincolnshire for example, £2m revenue savings have been generated by rationalising the property estate and a further £2m worth of capital savings has been successfully released.

The introduction of remote working has further reduced the need for accommodation but has also been welcomed by staff. Productivity, staff satisfaction and retention rates have increased while sickness and absenteeism has fallen.

The energy-saving measures that councils have taken are also generating significant cost saving: Lincolnshire's Energy Management and Efficiency project is projected to produce a recurring saving of £719,000 annually. Equally as important is the reduction in the council's carbon footprint. Indeed, for many authorities it is the positive environmental impact of switching off some street lights that is proving a very powerful message during consultation with the public on the issue.

Case study: Lincolnshire: Energy management and efficiency

Lincolnshire County Council took action to reduce its £11m annual energy bill and potential Carbon Tax liability of £965,000. The Council identified smart meters as a mechanism for identifying energy usage levels at half hourly intervals, providing the data required to enable the effective management of energy use. Initially the project was rolled out to council buildings and was later implemented in Lincolnshire schools following consultation with the County Schools Forum. The contract was let in two parts, with providers identified for the installation and a separate supplier awarded the energy management contract. Over 1000 meters have been installed during the summer of 2011 and the costs of monitoring the meters are £30 per annum for each meter, while the ongoing savings are estimated to be 10% per annum, delivering significant savings and much wider environmental benefits for a relatively small investment. The campaign element of the project is also beginning to change the behaviour of buildings managers, heads and governors, who are increasingly considering energy efficiency factors as part of the facilities management decision making process.

Rationalising Infrastructure: Key Learning Areas

- Embrace remote working. Consider running a pilot to assess impact and staff appetite. Speak to other councils that have successfully introduced remote working initiatives to understand the process of implementation and key lessons learned. Advances in IT mean that it is increasingly easy to monitor and manage staff productivity remotely.
- Ensure that a property review is integrated into any change/headcount reduction programme. Change programmes can provide a good opportunity to relocate staff or introduce remote working.
- Avoid decisions based on short term costs. For example, energy smart meters may require investment in installation costs and around £30 per unit per annum to monitor but generate long-term recurring revenue savings and lead to positive behavioural change.

7. Demand management projects

Demand management in the context of local authority service delivery is defined as management of the distribution of, and access to goods and services on the basis of needs. Demand management is a highly effective way of ensuring that limited resources are allocated where they are most needed.

How are local authorities managing demand more effectively?

The examples below demonstrate the approaches that some local authorities are taking to demand management.

1. Going through spending line by line and assessing necessity of spend

This structured approach to demand management has been used by some authorities, including North Kesteven District Council as detailed in the case study on the right. The focus during these exercises is on eliminating waste and reducing spending that is not directly providing benefit to communities. Demand management questions should not just be based on whether a service should be scrapped or retained, but on whether the level of service is appropriate. Extending vehicle leasing from 5 to 7 years is a great example: a council needs vehicles, but does it need new vehicles every 5 years?

2. Analysing patterns in demand and reconfiguring supply to reflect these patterns more effectively

This theme has been addressed previously in the procurement section. Indeed, demand management is an essential step in the procurement process and should be undertaken before a specification is drafted so that needs are fully assessed and understood. The example in this section relates to garden waste collection as outlined in the case study on the next page. Amber Valley carried out analysis and concluded that there was little demand for garden waste collection between December-February so collection services during these months were terminated.

3. Renegotiating Service Level Agreements (SLAs)

Taking a tougher negotiation stance with suppliers and reassessing specifications before renegotiating contracts has been implemented at a number of councils, for example, Amber Valley's review of SLAs as described in the case study on the next page.

Case study: North Kesteven Reduction in Supplies & Services Budgets

In North Kesteven District Council, Heads of Service examined their services and suggested how expenditure could be trimmed through reducing waste and scaling back services. The resulting list of proposals, including cancelling subscriptions, undertaking more legal work in-house and extending the lease on vehicles from 5 to 7 years, was put forward for public consultation in July 2010. Key recommendations are currently being delivered and are on track to generate £1m of savings in the 2011/2012 financial year – equivalent to a 10% budget reduction. By giving the Heads of Service ownership for delivering savings within their departments, and encouraging them to engage their entire teams, council staff feel empowered to deliver the savings and report a sense of achievement.

What benefits are being achieved?

As the case studies in this section demonstrate, effective demand management can lead to significant savings – ranging from £75,000 at Amber Valley to £1m at North Kesteven.

The key benefit of undertaking a demand management exercise – which can also be thought of as a needs analysis – is that it sends out the right message to customers and suppliers: councils are taking a rational and fair approach to cutting back on their spending.

Case study: Amber Valley consolidation of green bins

The Council provided a year-round green bin service for garden waste. Following detailed analysis and consultation with garden waste subscribers, who pay £40 a year for green bin collection, the Council has decided to stop collections between December and February, as the service is not well used during this period. This more closely matches the provision of the service to customer demand, increasing efficiency and the allocation of resources.

Case study: Amber Valley Review of Council Funding for SLAs

The Council completed a review of the Service Level Agreements (SLAs) and grant funding arrangements in place with a range of partners in order to drive savings whilst retaining services at an appropriate level. The Council successfully renegotiated its SLA with Belper Leisure Centre Limited and renegotiated the Council's contribution to the Destination Management Partnership. The Council also entered into discussions with partners who received grant funding in return for delivering services to local residents. The dialogue centred on the necessity for savings to be realised as the only other alternative was wholesale cuts in service. This resulted in the successful renegotiating of SLAs, to the satisfaction of both parties. These renegotiations are delivering approximately £75,000 of annual savings.

Demand Management: Key Learning Areas

- The key lesson of demand management is focussing on need. With each area of spend or service, start at the top by asking if the service is needed at all, then go down layer by layer to assess if the level of service that is currently being delivered is genuinely required. Can it be scaled back somehow without impacting service users?
- A needs analysis is a highly useful exercise but it needs to be balanced with consultation with staff and the public. By undertaking the analysis first, you demonstrate that you have taken a rational approach and it can greatly inform discussions during the consultation phase.
- Ensure demand management is being integrated into your procurement process (pre-specification).
- Review your SLA agreements regularly and continue to exert pressure on suppliers to improve performance and challenge price increases.

8. Alternative delivery models

Alternative delivery models aim to find new and creative ways of delivering public services. Increasingly, government is exploring how new organisational forms such as social enterprises and employee owned models can deliver public services more efficiently and effectively than traditional in-house models (a good example of this is the Decent and Safe Homes (DASH) Project profiled on the next page). While the survey highlighted some other examples of councils moving in this direction, more widespread was the increasing adoption of shared services.

How are local authorities adopting alternative delivery models?

Several shared services were profiled in survey responses, ranging from a “soft partnership” where just leadership is shared (see Broxtowe case study to the right) to “virtual shared service” such as Hinckley & Bosworth’s Shared Legal Services (see case study on page 13) to fully integrated services where Council teams have relocated to a single site, such as in Leicestershire’s Shared Revenue and Benefits Service.

Some councils are beginning to appreciate the role that social enterprises and community organisations can play in the delivery of public services. Northamptonshire’s Preventative Services project is exploring how greater support can be provided to social entrepreneurs who are contributing to preventative services by running youth centres, community cafes and nurseries for example, and how flexibility can be introduced into the procurement process so that these organisations are able to formally bid for contracts from the council.

What benefits are being achieved?

Significant benefits are reported across all the shared services profiled:

1. Revenue savings

All shared services reported a reduction in duplication as a result of teams joining together. This allowed the number of staff to be reduced leading to significant savings, for example, the Joint ICT Service between Bolsover, Derbyshire Dales and North East Derbyshire Districts reduced headcount from 43 to 31 generating savings of £200,000 (details in the case study on the next page) while Leicestershire’s Shared Revenues and Benefits Service is expected to generate £1.2m of salary savings over six years as outlined in the case study on page 24. In both of these cases, the reduction in staff was achieved through natural wastage and no redundancies were required. Another significant area of savings arising from shared services is joint procurement, more detail of which can be found in the Procurement section of this report.

2. Greater flexibility and resilience

One of the oft-quoted reasons for establishing a shared service is to achieve greater flexibility and organisational reliance. Both are achieved simply by having a larger single team: sickness and

Case study: Broxtowe Joint ICT Service

Broxtowe, Newark and Sherwood, and Rushcliffe Council ICT teams joined in a formal partnership in July 2011, under the leadership of a common Chief Information Officer (CIO). Previously, ICT teams were reporting to Heads of Service without a professional ICT background. As a result, external consultants were commissioned for any projects related to ICT strategy. In addition, due to the lack of a senior strategic ICT lead, collaboration between councils in this area was a challenge. The ICT Lead at Broxtowe took on the role of CIO for all three councils, with the cost of the position shared between them. The CIO was given control of resourcing across the three councils and became the single reporting point for all ICT teams. Each Council brought something to the partnership, for example the replication of successful initiatives at Broxtowe to the other two councils has brought operational improvements. It is estimated that through sharing tools, establishing a common ICT desk and legal case management system, the three councils collectively achieved cumulative savings of over £260,000.

absence can be covered more easily, strategic planning becomes more feasible, and the risks associated with single members leaving are greatly reduced. Staff benefit from greater flexibility: they have the freedom to choose when to take leave while also having the opportunity to work remotely. Through sharing of knowledge and undertaking more training in-house, the expertise of staff can be increased. This also raises the flexibility and resilience of the team as a whole.

3. Improved services for the customer

The shared services profiled in this report have all succeeded (or are on the road to succeeding) in improving the quality of service. In the case of Hinckley and Bosworth's Shared Legal Service, savings generated were reinvested to employ a specialist planning lawyer. This improved the efficiency of planning case resolution, to the benefit of the planning department and the end-users (residents and developers). Often by joining together to create bigger teams, shared services are able to access new technology that would otherwise not have been available to them due to limited scale. The size of the Leicestershire's Revenue and Benefits Shared Service has allowed it to access the technology required to introduce electronic billing, a service it hopes to launch in the near future. This will allow residents to view their bills and claims online. Other improvements in service have been reported in shared IT services, where service desk efficiency has improved by identifying and adopting the best practices of the partner authorities in the service.

4. Learning and development opportunities for staff

The prospects for in-house training, mentoring and coaching, and simply "learning from one another" have all improved in the shared service teams featured in this report. The project lead of Hinckley & Bosworth's Shared Legal Service reports:

"...the real success of this initiative has been the sense of team work and cooperation developed amongst the team members – many of whom had previously worked in isolation. For the first time, junior members of the team are receiving mentoring and coaching support from more experienced members in areas such as

Case study: Joint ICT Service

Bolsover, Derbyshire Dales, North East Derbyshire District councils have come together to establish a Joint ICT Service with the two aims of saving money and mitigating risks arising from reduced IT staffing levels. A successful bid for £97,000 of RIEP funding set up the accommodation and infrastructure links between the four main sites. A centralised Service Desk was established as a single point of contact with technicians based at each main site on a rota basis to ensure familiarity and resource flexibility within the service. Phase 1 of the project joined North East Derbyshire with Derbyshire Dales and Phase 2 brought Bolsover District into the service. Union and staff representatives sat on both the Project Team and Project Board to ensure staff views were adequately represented and open and honest communication was sustained throughout. Savings of £200,000 per year were realised through a reduction of staff from 43 to 31, achieved entirely through natural wastage – there was no redundancy programme. Further savings are being driven out through joint procurement and common infrastructure systems and there is now significantly greater flexibility and resilience in the service.

Case study: Derby City Council – Decent & Safe Homes (DASH)

Decent and Safe Homes (DASH) was awarded £200k EM IEP funding to develop a new Local Lettings Agency service across Derbyshire. This enhanced service launched in October 2010 and is delivered through a partnership between DASH, providing inspection and accreditation, and Derventio Property Management Services (DPMS) and is currently being rolled out in four Derbyshire Local Authority Areas. Bringing together the award-winning DASH and not-for-profit lettings and property management agency DPMS to ensure that landlords meet their legal obligations for letting decent and safe accommodation, and tenants have greater housing choice to access high quality homes at affordable rent levels. DASH and DPMS are working closely with local authority partners to ensure priority households can take advantage of the wider housing options available. The DASH Standards Award gives local authorities and tenants a guarantee of high quality service. In addition to the service improvement, the project is expected to deliver up to £2m savings for 100 homes and is a great example of how local authorities can work with the private sector to deliver better value for money.

advocacy and confidence. Job satisfaction and team morale have increased greatly...

The Chief Information Officer (CIO) of Broxtowe's Shared ICT Service also reports how shared learning has resulted in operational improvements being delivered quickly. Likewise, the project lead of Northamptonshire's Preventative Services project has noted how bringing all the commissioners into a single team has greatly improved learning and development while generating some "very interesting ideas" on how service delivery can be improved.

Case study: Leicestershire Shared Revenues & Benefits

The revenues and benefits services of Hinckley and Bosworth Borough Council, North West Leicestershire District Council and Harborough District Council have joined to form a Shared Revenues and Benefits Service located in a single site with a single workforce. The three councils worked together to develop the shared service, mapping out each council's processes and adopting the best and most efficient practices for the single team. These joint exercises encouraged ownership amongst all those involved. Flexible working conditions – employees spend a minimum of 40% time working from home – have been widely welcomed by staff and have increased productivity, reduced accommodation costs and led to a significant drop in sickness absence.

£520,000 of RIEP funding enabled the appropriate systems to be put in place, and over the next six years, the reduction in the number of staff needed to manage the new service will release £1.2 million of salary savings, while joint IT contracts are estimated to save £900,000, and further savings are generated from joint procurement in areas such as printing and stationary. The scale of the new service will also allow the councils to invest in new technology, including electronic billing.

Alternative Delivery Models: Key Learning Areas

- Shared services do not have to be "big bang" to work: soft or "virtual" partnerships can yield significant benefits. Remote working makes it possible for services located far away from each other to collaborate.
- If considering a shared service, it is important to have clarity early on in the business planning stage of who the partners are. Getting commitment and buy-in from the Senior Management Team at an early stage greatly helps the process.
- Working together to identify and adopt the most efficient practice from each member helps to foster a sense of collaboration and joint ownership.

9. Service rationalisation projects

Service rationalisation projects were by far the most popular project category among survey responses with 34 individual projects identified and total projected savings accounting for c.49% of all projects reported.

How are local authorities rationalising or reducing services?

There were broad similarities between how authorities are pursuing service rationalisation projects; the majority of respondents are following at least one of the following strategies, with many undertaking all three.

1. Removing and scaling back services to the public

Consultations with the public are ongoing for a wide variety of service reductions. Popular areas for scaling back include street lighting (either through turning street lights off or removing them entirely), reducing the opening hours of libraries, reducing waste collection frequency, consolidating recycling points and reducing rural bus subsidies.

2. Staff rationalisation

Staffing costs are being reduced by structured workforce change programmes such as Lincolnshire's Managed Workforce Change Programme and NW Leicestershire's Senior Management Restructure as detailed in the case study to the right. Equally, several authorities including North Kesteven and Amber Valley are carrying out reviews of their vacant posts.

3. Benchmarking

Several councils are increasingly using benchmarking to assess which services are "over-generous" compared to other authorities in the region. Benchmarking was used by Amber Valley to identify that its business rates were among the most generous in the region as outlined in the case study on the next page. Likewise, Derbyshire County Council's awareness that it was one of the few authorities not requiring client contributions to personal budgets acted as a strong catalyst to introduce the charges as detailed in the case study on the next page. In both cases, providing benchmarking information to service users helped make the case for change.

Case study: NW Leicestershire: Senior Management Restructure

When a number of senior directors left NW Leicestershire Council voluntarily, the Council took the opportunity to restructure the senior management team in order to reduce management costs and make the team more efficient. The project focused on designing a leaner organisation structure suited to what NW Leicestershire Council will look like in the future, rather than what it looks like today. With the help of an experienced and independent external advisor (an ex-Chief Executive), a proposal was put forward to the Senior Management Team and then full council detailing the rationale for the new structure, which included reducing the senior management team from 3 directors and 9 heads of service to 1 director and 5 heads of service. Throughout the project, continuous consultation and meetings were held with affected staff and trade union representatives to ensure staff concerns were taken into account. The staff reduction resulted in on-target savings of £470,000. Although the new team has been in place for less than six months, heads of service are successfully delegating more work to their teams.

What benefits are being achieved?

Service rationalisation is, unsurprisingly, generating significant savings. Lincolnshire's Managing Workforce Change Programme has already delivered £2.1m worth of saving through the Senior Management Review with the wider staff reductions on target to deliver £26.4m by the end of the next financial year. Such significant reductions in headcount will continue to deliver savings through rationalised infrastructure and lower facilities costs.

While redundancy programmes have inevitably been painful for councils and especially for the individuals involved, some councils have tried to use them as an opportunity to introduce leaner processes and more flexible working practices. In this way, the staff that remain are building more sustainable and resilient teams. As already mentioned throughout this report, remote working is a great example of councils integrating new working practices into organisational design. To help in this process, the focus of senior management teams has been on the future, posing questions such as: how have the demands on the authority changed, how are they likely to change over the next 3-5 years, and what is the best way to structure the organisation to effectively operate in this new context.

Case study: Amber Valley: Review of discretionary rates

Amber Valley Borough Council reviewed the level at which it provides National Non-Domestic Rates (NDR, also known as business rates) discretionary relief to certain classes of property such as charity shops, recognising that it was one of the most generous authorities in this area. The review began with consideration of the 74 groups who would be affected. If the discretionary element were withdrawn, the scheme would see the rate relief for these organisations reduced from 100% to 80%. This meant that these organisations would be paying between a few hundred pounds to just under £2,000 more per annum. The Council then consulted the 74 organisations affected (who would be given 12 months notice). Of these, 69 understood and accepted the Council's position, and five appealed through the appeals process that the Council had put in place. In each case the appeal ruled that the removal of the discretionary element would not make the organisation unviable. The project has delivered £50,000 annual savings from the 74 organisations and the Council is now considering eight other categories of discretionary rates and payments for review.

Case study: Derbyshire County Council Review of Street lighting

Derbyshire County Council has identified a reduction in street lighting hours as an opportunity to realise significant cost savings and reduce the Council's carbon footprint. A detailed and thorough Impact Assessment was undertaken to measure the impact of switching selected street lights off between 12am and 5am. Public consultation is currently ongoing and a decision is expected before the end of the year. To date, there has been a surprisingly positive response from the public with the majority of people citing the environmental benefits as a key reason for support. If the measures are implemented, an annual recurring saving of c.£400,000 is estimated alongside a reduction in energy consumption on the affected lights of approximately 48%.

Service Rationalisation: Key Learning Areas

- Honest and open communication is of the utmost importance during consultations with staff members. Regular meetings (one-to-one where possible) and union and staff representation on project boards are both reported to have helped during difficult consultation periods, which need to be very carefully planned.
- It's important to present a firm rationale for the need for change – this is where upfront impact assessments, benchmarking and needs-analysis can help explain sensitive service cuts.
- Where appropriate, it is important to establish a robust appeals process early on in the process.
- Plan the timing of rationalisation activities thoroughly and take advantage of the most appropriate times to undertake these activities where this is possible, especially when considering organisational restructuring. Embarking on a change programme before vacancies are filled reduces the number of staff affected.

10. Conclusions

This review set out to understand how East Midlands Councils are responding to the reduction in central government grant funding. The aim was to provide East Midlands Councils with information, ideas and measures that they can use to take forward their efficiency programmes. While the response rate to the survey was lower than anticipated, possibly due to the timing of the survey, it has still been possible to draw out some compelling conclusions which it is hoped constitute helpful learning for Council officers and members alike.

Firstly, collaboration has emerged as an overriding theme; councils are collaborating in new ways to successfully deliver savings with minimal impact on service users. Throughout this report, there have been examples of council teams working together internally, such as Northamptonshire's Preventative Services Commissioning team, as well as several examples of teams joining across council boundaries. The full spectrum of shared services – from “soft” or virtual partnerships to fully integrated single-site services – has been profiled in this report. The benefits of greater collaboration have included increased productivity, improved services for the end-users, greater innovation from staff, and perhaps more welcomingly, a much stronger sense of team working.

Greater collaboration has often led to higher flexibility and organisational resilience - the second theme that has come through from both the survey and interviews. We have seen how shared services have made teams more flexible and resilient purely by increasing the size of the team and breadth of expertise, but it is important to stress that greater flexibility and resilience can be achieved within existing teams and without making changes to the structure or size of the team. Remote working has come through as a great example of how to achieve increased flexibility while delivering many benefits: improved productivity, higher staff satisfaction and an improved bottom line through reduced accommodation costs. These proven benefits suggest that remote working is an option that council leaders should be considering seriously. Concerns about how to manage staff productivity remotely are increasingly being addressed by advances in IT which make it possible to monitor productivity remotely, for example by getting live updates on case progress. The report has also highlighted how applying greater pressure on external suppliers to improve performance and keep costs down can also improve flexibility and resilience.

All councils are being faced with the challenge of how to get more for less. The councils producing the most innovative ideas are often those that have undertaken structured analysis exercises – for example by going through their services one by one to review income generation potential or carefully analysing patterns in demand and thinking creatively how to flex staff rotas and assets to reflect peaks and troughs in demand as accurately as possible. Benchmarking analysis has also been proven to be a helpful tool in building and presenting the case for change. Having analysis to fall back on – be that an impact assessment, benchmarking report or a demand-management review – has proven highly useful in consultation exercises with both staff members and the public. That leads to the third key lesson to emerge from this work: projects that are rooted in this type of rigorous analysis have greater chances of success.

Fourthly, there have been many examples of where engaging front line staff has helped to generate fantastic ideas that have gone on to be implemented. This is particularly prevalent for income generation, productivity and demand management opportunities. The staff members that are closest to service delivery are often best placed to assess the aspects of the service that can be scaled back, reconfigured or improved with minimal negative impact on the service user. Case studies throughout this report have highlighted how encouraging staff to come up with these sorts of ideas helps to foster a sense of ownership and collaboration and can have a huge impact on how successfully projects are delivered.

Finally, despite the short term pressures to make savings as quickly as possible, council leaders are encouraged to keep a firm eye on the future. Lincolnshire's Energy and Efficiency Project demonstrated how the upfront and annual cost of smart meters – which may initially seem high to many heads of service when hundreds or thousands of units have to be fitted – can be easily covered as the meters pay for themselves through the savings generated over time.

Keeping in mind what the future will look like is particularly important during change programmes and organisational restructuring. To minimise the amount of times that a council has to undertake these often painful exercises, council leaders are encouraged to think carefully about what the demands will be of the council 3, 5, or 10 years into the future. Focusing on collaboration, flexibility and resilience, as described in the paragraphs above can be a helpful place to start.

Are East Midlands Councils ready for the future challenges that lay ahead, 2012/13 and beyond?

Although by no means providing a comprehensive coverage of the whole region, this report has painted a broadly positive picture: projects undertaken by the 13 councils in this report are on track to deliver greater savings than the budget reduction in those councils, suggesting that these councils at least are taking a pro-active and comprehensive approach. And although highly challenging, the cuts in the central government grant have proved to be a strong catalyst for projects that are genuinely delivering better value for money to the public, and helping to build stronger service teams within local authorities. Without the pressure to save money, some of these projects would not have been initiated and the benefits not delivered, which adds somewhat of a silver lining to the very challenging conditions that East Midlands Councils are facing on a day-to-day basis.

11. Appendices

East Midlands local authorities

Local authorities within the scope of this review:

- Amber Valley Borough Council
- Ashfield District Council
- Bassetlaw District Council
- Blaby District Council
- Bolsover District Council
- Boston Borough Council
- Broxtowe Borough Council
- Charnwood Borough Council
- Chesterfield Borough Council
- Corby Borough Council
- Daventry District Council
- Derby City Council
- Derbyshire County Council
- Derbyshire Dales District Council
- East Lindsey District Council
- East Northamptonshire Council
- Erewash Borough Council
- Gedling Borough Council
- Harborough District Council
- High Peak Borough Council
- Hinckley & Bosworth Borough Council
- Kettering Borough Council
- Leicester City Council
- Leicestershire County Council
- Lincoln City Council
- Lincolnshire County Council
- Mansfield District Council
- Melton Borough Council
- Newark & Sherwood District Council
- North East Derbyshire District Council
- North Kesteven District Council
- North West Leicestershire District Council
- Northampton Borough Council
- Northamptonshire County Council
- Nottingham City Council
- Nottinghamshire County Council
- Oadby & Wigston Borough Council
- Rushcliffe Borough Council
- Rutland County Council
- South Derbyshire District Council

- South Holland District Council
- South Kesteven District Council
- South Northamptonshire Council
- Wellingborough Borough Council
- West Lindsey District Council

Survey methodology

An excel-based survey was sent out in July 2011 to the chief executives of the 45 East Midlands councils. The survey was divided into two sections. The first section sought information on the Local Authority including the overall budget reduction strategy and the exact reduction in DCLG settlement. The second section requested information on individual savings projects that councils were implementing or planned to implement. Respondents were asked to describe projects, place them in a category based on the type of saving, identify the costs and benefits and estimate the project impact. There were ten sheets provided in the excel workbook with the option of requesting further sheets if more than ten projects were identified. Respondents were given one month to complete and return the survey to Capita Consulting. Reminder emails were sent in recognition of the fact that the survey was being undertaken during the summer period when holidays are more common.

The survey responses were pooled into a single excel file and each project assigned with a unique identifier code to allow analysis and review to be undertaken. Following a review of survey responses, a short-list of projects was selected for further exploration, with the intention that these projects would form the basis of best practice case studies. The criteria for short-listing were:

- Projects have delivered benefits or are on track to deliver benefits
- The largest total savings in each category

In addition to the above criteria, at least one project from each Local Authority that responded to the survey was selected. Following consultation with East Midlands Councils IEP, the short list of 35 projects was reduced to 25, with a further 3 projects added to the shortlist at a later date.

During late August and throughout September, the project leads of the nominated projects were contacted by Capita Consulting, by both email and phone, and a mutually convenient time was arranged for a case study interview. At this stage five projects either declined to participate or remained unreachable after several attempts to make contact.

Case study interview methodology

Before the interviews commenced, an interview guide was developed by Capita Consulting and agreed with East Midlands IEP. The interview guide was divided into six sections:

- Understanding the wider context and specific challenge
- Understanding the solution
- Savings and benefits
- Evaluation and lessons learned
- Transferability and scalability
- Next steps

All interviews undertaken followed the interview guide. Interviews were conducted by Capita Consulting during the period August - October 2011. Interviews were conducted by phone or face-to-face depending on what was mutually convenient for both parties and lasted between 30-45 minutes.

Following the interview, a case study was written by Capita Consulting. All case studies were presented in the following structure and limited to 1 page of A4:

- Introduction
- What was the problem?
- What did the project do?
- What benefits were achieved?
- What can other councils learn from this experience?

Case study drafts were sent to project leads for review, to check it for accuracy but also to ensure that project leaders were happy with the content and how the project was portrayed.

In total 21 detailed case studies were completed. The case studies in this report are summarised versions of the detailed case studies described above.

Detailed versions of the case studies can be found here:
www.eastmidlandsiep.gov.uk/regional-programmes/legacy

Data repository of survey responses and future savings projects

One of the aims of this work was to share experiences and ideas between councils. To help facilitate this going forward, a data repository of the 87 projects highlighted in the survey has been created with the hope that more projects will be added to the depository in the future. The depository is an excel-based file and is presented in a simple table format; an extract is shown on the following page. This file will be uploaded onto the East Midlands IEP website (see link above) and will be available to download from December 2011. The table can be easily searched and filtered using the following fields:

- Local Authority
- Project name
- Project description
- Type of project (e.g. Procurement, Alternative delivery model, Service rationalisation)
- Service area (e.g. Cultural, Highways and transport)
- Start and end date
- Type of saving (one-off / recurring and revenue / capital)
- Total net saving
- Impact on service users
- Impact on LA staff
- Lessons learned
- Project contact name, telephone and email

Presenting the data in this way means that interested parties can quickly locate projects that are relevant to them. For example, a Procurement Manager might want to view all procurement projects being undertaken by East Midlands Councils – s/he can filter by the “Type of project” field and view all procurement related projects in the table. Alternatively, a Chief Executive about to embark on a service rationalisation programme may be interested to read the “Lessons learned” from the implementation of service rationalisation projects elsewhere in the region; selecting the appropriate field in the “Type of project” column will bring up all service rationalisation projects in the data repository (there are currently 34), including the lessons learned.

Extract from savings project repository

Filter buttons allow for easy sorting/filtering

Local Authority	Project name	Project Description	Type	Service area	Start date	End date	One-off / recurring	Revenue / capital	Total Net Saving	Impact on Service Users (f = negative, 5 = positive)	Impact on LA Staff (f = negative, 5 = positive)	Lessons Learned	Project Contact Name	Project Contact T	Project Contact Email
Derbyshire Dales District Council	Joint ICT Service	Joint ICT Service between Derbyshire Dales District Council, North East Derbyshire District Council, and Bolsover District Council	Alternative delivery models	Central services		01/01/2011	Recurring	Revenue	0				Nick Blaney		nick.blaney@n-derbyshire.gov.uk
Chesterfield Borough Council	Leisure	Leisure transformation project. Review of people, processes and technology related to our two Leisure Centres	Service rationalisation	Other services	01/08/2011	01/12/2011	Recurring	Revenue	1.65	4	3	too early at this stage.	M.Evans	01246-345292	Mark.evans@chesterfield.gov.uk
Chesterfield Borough Council	Shared procurement unit	The expansion of our shared procurement unit from three to five Councils.	Procurement	All services	01/05/2011		Recurring	Revenue	2.55	3	2	Communication is vital and allowing/allocating sufficient time and resource to service the procurement.	Mark Evans	01246-345292	mark.evans@chesterfield.gov.uk
North Kesteven District Council	Supplies & services budgets	General reduction in the overall budgets allocated across the Council for various supplies & service expenditure.	Procurement	All services	01/04/2011	31/03/2013		Revenue	0.733	3	2	Father opportunities may arise once the culture change is embedded, and becomes the norm, allowing for greater procurement efficiencies and budgetary control.	Helen Eaglen	01529-414155	helen_eaglen@n-kesteven.gov.uk
North Kesteven District Council	Service Review	A review of potential partnering arrangements and/or internal restructuring, to meet the current economic climate	Service rationalisation	Cultural	01/04/2011	31/03/2012	Recurring	Revenue	1.499	3	2		Helen Eaglen	01529-414155	helen_eaglen@n-kesteven.gov.uk
North Kesteven District Council	Establishment Review	Review of vacant posts within the establishment	Service rationalisation	All services	01/04/2011	31/03/2012	Recurring	Revenue	0.328	3	3	Single opportunity to rationalise establishment without affecting current working arrangement	Helen Eaglen	01529-414155	helen_eaglen@n-kesteven.gov.uk
North Kesteven District Council	Service rationalisation	Review of non priority services areas	Service rationalisation	Environmental	01/04/2011	31/03/2011	Recurring	Revenue	0.542	1	3	Further review of non priority services have delivered further savings	Helen Eaglen	01529-414155	helen_eaglen@n-kesteven.gov.uk
North Kesteven District Council	Additional Income generation	New Fees for pre planning application advice, and a review of car parking charges	Income generation	Highways and transport	01/04/2011	31/03/2011	Recurring	Revenue	1.108	1	3		Helen Eaglen	01529-414155	helen_eaglen@n-kesteven.gov.uk
Lincolnshire County Council	Managing Workforce Change Programme	With the significant reduction in spend for 21/12, a single programme has been established to manage the staff reductions required. Through a structured approach to the several staff consultations underway, the programme has delivered significant benefit (and continues to do so) whilst managing the change required to leave an authority fit for purpose for the future. The Programme is being delivered utilising existing resource from the council hence no cost has been shown.	Service rationalisation	All services	01/10/2010	01/01/2011	Recurring	Revenue	26.4	3	3	Exemplar staff consultation programme. Has taught the authority about the practical implications of the latest employment law's. Methodology for consulting with unions. How best to communicate with staff. How to forecast savings accurately. Programme has demonstrated the benefits from investment in change management and programme capacity.	David O'Connor	01522-552316	david.oconnor@lincolnshire.gov.uk
Lincolnshire County Council	Property Rationalisation	The rationalisation of the property estate by identifying under used buildings. This has been supplemented by the introduction of work styles to further reduce down accommodation requirements. NOTE: BOTH REVENUE AND CAPITAL COST AND SAVING ARE DELIVERED. ONLY REVENUE SAVINGS ARE SHOWN, BUT THERE IS A FORECASTED £2m (GROSS) RELEASE OF CAPITAL ALSO.	Rationalising infrastructure	Central services	01/08/2009	01/03/2016	One-off	Revenue	0.2	5	5	Rationalisation of property estate as large as Lincolnshire is very time consuming. With a limited market in Lincolnshire, a detailed property strategy has been developed which has had to link to wider economic regeneration strategy.	Tony Corner	01522-553099	tony.corner@lincolnshire.gov.uk
Lincolnshire County Council	Support to the Business	Review of how business support services (including secretarial and administrative services) are provided to the Council. This includes a holistic re-structure of both the services provided, where they are provided from and how they are paid for.	Alternative delivery models	All services	01/04/2010	31/03/2016	Recurring	Revenue	1.213	5	3	As non-business support services change, the evolution of how support is provided is time consuming and benefits long term.	Andrew Hancy	01522-554031	andrew.hancy@lincolnshire.gov.uk
Lincolnshire County Council	Total Facilities Management	Rationalisation of current estate management services (including both soft and hard FM) into a single provider. This produces a cost saving and a single point of contact approach. Estate Management can also be planned alongside a single partner. By understanding areas of high energy usage, investment can be targeted to deliver significant savings. The installation of Smart Meters (LEP funded) has enabled such a saving to be achieved as it improves understanding of energy usage and also changes behaviours. The benefit shown is Net of LCC spend, but the LEP grant was £233K for the installation of Smart Meters including Districts. A recurring £719K saving is forecast.	Rationalising infrastructure	All services	01/10/2010	31/03/2012	Recurring	Revenue	1	3	4	Analysis base line expenditure on FM has proven to be very difficult, with multiple contracts across multiple areas.	Tony Corner	01522-553099	tony.corner@lincolnshire.gov.uk
Lincolnshire County Council	Energy Management and Efficiency		Rationalising infrastructure	Central services	01/04/2010	01/04/2012	Recurring	Revenue	0.54	3	4	With the property estate requirements in flux (as a result of service changes) the delivery of Energy Savings takes time.	Tony Corner	01522-553099	tony.corner@lincolnshire.gov.uk
Lincolnshire County Council	Next Generation Platform	By undertaking a holistic review of how ICT services and equipment is provided / used at LCC, significant savings and service improvements can be achieved. These savings are through improved governance, re-tendering of some services and revised operation model.	Rationalising infrastructure	Central services	01/04/2010	01/04/2012	Recurring	Revenue	1.75	5	5	Changing cashable benefit from non-cashable benefit has required LCC to work with Partner very closely.	David O'Connor	01522-552316	david.oconnor@lincolnshire.gov.uk
Lincolnshire County Council	Whitelabel	Review of post is delivered, received and couriered around the County to deliver improved services and significant savings. This will result in a re-tender of services, and new infrastructure to handle incoming services.	Procurement	Central services	01/04/2011	01/04/2013	Recurring	Revenue	0.437	4	4		Sharon Cuff	01522-553281	sharon.cuff@lincolnshire.gov.uk
Broxtowe Borough Council	ICT Shared Services	To introduce a shared ICT Service between Broxtowe Borough Council, Newark and Sherwood District Council, and Rushcliffe Borough Council. Initially rationalising management structures creating a single CIO position over the three authorities followed by introduction of common strategy, policies, procedures, and standards. The use of a common governance arrangement and aggregate resource planning tool along with a common performance framework aim to enhance service provision, create greater resilience and ensure improved links with the business are achieved	Alternative delivery models	Central services	12/07/2011	01/04/2016	Recurring	Revenue	1.08	4	4	It is early days however the importance of ensure that senior stakeholders are on board is essential - the change could not be delivered through operational managers. With no real funding progress will be measured how ever this will help the desire to ensure that all employees are given the opportunity to come on board. The strategy will need to manipulate replacement programmes and system upgrades to deliver the change over the medium to long term (i.e. 2/3 years and 4/5 years).	Kevin Powell	0115-9173214	kevin.powell@broxtove.gov.uk
South Holland District Council	Shared management Project	Having already appointed a Joint Chief Executive with Breckland District Council, Terry Higgins, we developed an innovative proposal for a shared senior management team - despite the Councils not sharing a common boundary.	Rationalising infrastructure	All services	01/09/2021	01/03/2011	Recurring	Revenue	1.2	3	3	Strong leadership at the member level is a significant factor in success for projects of this nature. Shared management does not require a common boundary. Rapid introduction of change is challenging, but can reduce the risk of mission creep and loss of momentum.	Roger Wilkin	01382-656388	roger.wilkin@breckland-sholland.gov.uk
Gedling Borough Council	Gedling Transformation Programme	A business process review of all service areas to identify and deliver efficiencies in front line services; the creation of a customer service centre to improve satisfaction levels; the centralisation of common administrative and financial roles to deliver efficiencies and robustness of service support; review of senior management structure.	Alternative delivery models	All services	01/04/2010	31/03/2013	Recurring	Revenue	1.685	5	4	Strong corporate leadership and ownership of a major change programme such as this is essential. Targets for the project in terms of timescales and financial savings need strong positive management to ensure delivery.	Mark Kimberley	0115-9013990	mark.kimberley@gedling.gov.uk