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**INTEGRATED SERVICES AND BUSINESS IMPROVEMENT  
PROGRAMMES**

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**Report of the Chief Executive**

**1. Introduction**

- 1.1 This report describes how a number of streams of work are being co-ordinated into a comprehensive Business Improvement Programme and seeks approval for the mandate for this major programme of work.
- 1.2 This report deals with the relationship between the Business Improvement Programme (BIP) and the Integrated Service Programme (ISP) and describes the proposed approach to two significant change programmes affecting the Council in the next 3 years. Approval is requested for the programme management support and resource requirements.

**2. Summary**

- 2.1 The Children Act, 2004, requires the Council to appoint a Director of Children's Services and a Director of Adult Services; and makes stipulations about the functions for which each is responsible. The Council is responding to this requirement, and on 27 June 2005 Cabinet approved (in outline) the anticipated future shape of the Council.
- 2.2 There are a number of strategic drivers as to why the council is undertaking a Business Improvement Programme covering all Departments.
- (a) The Corporate Plan sets out the strategic objectives and key priorities for the Council. Key Priority 11 gives a commitment to optimise the use of council resources in support of service delivery with the outcome of the most effective and efficient use of the council resources based on knowledge of what the community wants. Also allied to this is Key Priority 14, which commits to managing the council well with the outcome of good use of public resources. Key Priority 15 commits the council to providing a prompt, accurate and accessible service to improve the economic well being for customers.

- (b) Deliver savings to meet members' aspirations of a more efficient organisation and low tax increase.
  - (c) An efficiency target of £6.4bn in efficiency gains has been set for the local government sector, which has to be achieved over three years to 2007/08 translating to 2.5% year on year. The target came out of the Gershon Review.
  - (d) The Customer Access Strategy commits the council to improving access to services, including the efficiency and effectiveness of enquiry handling, to ensure that there is a consistent level of service regardless of the chosen access method.
- 2.3 Work is already underway to pull the various strands of this work together into a single business improvement programme, and a programme manager has been appointed on a 3-year term.
- 2.4 Given the scale of change inherent in implementing the requirements of the Children's Act, and the Business Improvement Programme, it is important to ensure close integration of the two pieces of work. This will provide a coherent framework for member oversight, member scrutiny, and staff consultation on all aspects of both programmes.
- 2.5 The scale of activity the authority is embarking on with these two programmes, along with other current major pieces of work including Job Evaluation and Building Schools for the Future, is significant and far beyond that of many of other councils. Whilst there is some internal capacity within the organisation to support ISP and BIP it is limited and as such there is a need for additional resources to successfully deliver these programmes through to completion.

### **3. Recommendations**

#### 3.1 Cabinet is asked to:

- (a) Note the arrangements for the co-ordination of a number of related streams of work into a comprehensive Business Improvement Programme and Integrated Services Programme, as set out in the supporting information;
- (b) Ask the Town Clerk to consult relevant members and set up appropriate arrangements for scrutiny of the two programmes;
- (c) Mandate the Business Improvement Programme with the vision, objectives, scope and approach set out in the supporting information.
- (d) Note the programme funding and resources already in place and approve the approach to funding the shortfall set out in paragraph 6.7 of the supporting information.

- (e) Note that departments are preparing efficiency plans that may require significant investment in infrastructure, particularly IT, and to consider creation of a substantial “spend to save” fund when considering the 2006/07 budget.

**4. Financial and Legal Implications**

- 4.1 These are included in the supporting information.

**5. Other Implications**

<u>Other Implications</u>	<u>Yes/No</u>	<u>Paragraph References within Supporting Papers</u>
Equal Opportunities	No	
Policy	Yes	Proposals in this report will deliver a key policy priority of improved efficiency.
Sustainable and Environmental	No	
Crime & Disorder	No	
Human Rights Act	No	
Elderly People/People on Low Income	No	

**6. Report Author/Officer to Contact**

**Cathy Loughhead**  
**BIP Programme Manager**

**DECISION STATUS**

<b>Key Decision</b>	No
<b>Reason</b>	N/A
<b>Appeared in Forward Plan</b>	N/A
<b>Executive or Council Decision</b>	Executive (Cabinet):

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**Report of the BIP Programme Manager**

**SUPPORTING INFORMATION**

**1. Background**

- 1.1 The Council is embarking upon 2 major change programmes:
- (a) The Integrated Services Programme (ISP) (which will implement the requirements of the Children's Act); and
  - (b) A Business Improvement Programme (BIP), designed to improve the Council's strategic capacity to deliver services, improve its customer focus, and reduce costs.
- 1.2 The 2 programmes have clear inter-linkages:
- (a) The ISP will deliver a reconfigured organisational structure for the delivery of Children's and Adult and Community Services by April 2006. The phasing of the BIP will need to reflect this time-frame;
  - (b) The BIP has, as one of its key projects, a review of the Council's support services and will be informed by the configuration and functional requirements of the new departments.
  - (c) A clear outcome of the ISP is to evidence real and proposed efficiencies in the way services are delivered.
- 1.3 Both programmes will impact to a greater or lesser extent upon the staff in the departments affected and comprehensive communications, union and staff association involvement and organisational development strategies will be integral components of both programmes to facilitate engagement of, and minimise anxiety to, staff.
- 1.4 This report therefore describes how the management of the two programmes will be integrated.

## **2. Integrated Services Programme**

- 2.1 The prime objective of this project is to deliver a reconfiguration of services for Children and Young People, and for Adults and Community Services.
- 2.2 The principal driver for service integration is the Children Act, 2004 and the outcomes framework detailed within "Every Child Matters". This statutory framework requires the Council to develop and adopt a single plan for children and young people, and to have this in place by April 2006.
- 2.3 A considerable amount of scoping and preparation for this service integration has already been undertaken by the Leicester Federation of Children's services, chaired by the Chief Executive and involving all the partner agencies in the city serving children. This work will be built upon as the programme progresses.
- 2.4 In parallel to the children's services integration, adult services will be reconfigured taking into account their drivers for service development and inter-dependencies with partner agencies (including the options for the delivery of adult learning, and the proposed reconfiguration of the Primary Care NHS Trusts within the City).
- 2.5 The project plan will direct itself to the key milestones as outlined in the service development strategies, but the first significant one of these is the appointment of the 2 corporate director posts for Children and Adult services as early as possible before April 2006.
- 2.6 The programme director for this review is the Chief Executive, and the programme manager is Leslyanne Freeman (who has been appointed externally specifically for the purpose).

## **3. Business Improvement Programme**

- 3.1 At the core of the programme is a vision of what type of Authority we want to be:
  - An Authority that, as part of its core business, has the strategic capacity to deliver services.
  - An Authority that determines the design and delivery of the strategic capacity around a robust business case, function by function, with no pre-disposition to any particular method.
  - An Authority that delivers better service outcomes
  - An Authority that delivers services with improved customer focus

- An Authority that delivers services more efficiently, providing better value for money to the taxpayer
- An authority that recognises people are our greatest asset and that quality services can only be delivered by a highly motivated and diverse workforce.

### 3.2 The programme strategic objectives

- Improve business processes
- Enhance customer focus
- Deliver efficiency savings
- Maintain and/or improve corporate assessment in relation to the use of council resources

It is recognised that these objectives are high level at this stage and must be developed into specific deliverables if they are to be meaningful and measurable. This will be done when the Project Initiation Document is developed for the Programme and further expanded when the individual projects within the programme are initiated.

### 3.3 Programme benefits

An initial assessment of the business benefits has been made in relation to programme and is detailed below. Further work on benefit identification and quantification will be undertaken as each project within the programme is initiated and a Project Initiation Document is produced and departmental efficiency plans are developed.

There benefits of undertaking the programme fall into 3 non-exclusive categories:

- (a) Business Improvement - the Council will get the most out of its resources i.e. people, time, money, physical infrastructure and technology. There will be a reduction and/or rationalisation in management overheads and support costs. The Council will improve its commissioning, procurement and purchasing. The Council will achieve Corporate Plan priorities 11 and 14 by the delivery of high quality services that represent value for money.
- (b) Enhanced Customer Focus – improved Customer access and services and the benefits of contact centres, CRM and e-Government programmes will be realised through the redesign and full integration of back office processes into customer service. The Council will achieve Corporate Plan priority 15.

- (c) Achievement of Efficiency Savings – the council will achieve the required efficiency savings that will provide financial stability and the opportunity for resources to be redirected to priority services.

### 3.4 Programme Scope

Within the programme the following services and existing reviews have been included within the scope of the Business Improvement Programme because they provide the greatest capacity to deliver the programme objectives and because of their contribution to the delivery of the Integrated Services Programme. Also there is an integral relationship between back office and front line service delivery and it is imperative that we make the best possible use of the capacity available to provide quality services that represent value for money:

- (a) The Customer Access Strategy – given the scale of potential change arising from the two programmes it will be essential to ensure that customer access and focus is central and that strategies currently in place are reviewed, to both inform and to respond this major change programme. The Project Director is the Corporate Director of RAD, Tom Stephenson
- (b) The Support Services Review – this review was approved by the Cabinet on 27 June 2005, and will review the Council's back-office services. Deloitte have been engaged to provide specialist project management services for this review and the project director is the Chief Finance Officer, Mark Noble;
- (c) The Procurement Review – this review is one of (originally) 3 efficiency reviews launched by the administration in 2004. Some savings from this review have already been achieved, and the Corporate Procurement Team, who work will be refocused to meet the expected needs of the business improvement programme, supports the work. The project director is the Head of Financial Strategy, Steve Charlesworth;
- (d) The Property Reviews – this includes the programme of area property reviews and the review of centrally located administrative buildings, which has been directed by the Service Director (Property), Lynn Cave;
- (e) The Resource Management Systems Replacement project – funding for this project was provided in the 2005/06 capital programme, approved by Cabinet 26/09/05, to contribute to the integration and replacement of various back-office systems, including the Council's main Financial Management Information System (FMIS). There is a clear link between this project and the Support Services Review of financial services and therefore the development of the two business cases will link to ensure all possibilities and service options have been thoroughly considered. This project will form the backbone of the Council's

business improvement programme in 2008/09 and beyond. The Project Director is Chief Accountant, Andy Morley;

- (f) An Information Management Project - the first stage of which has been to establish procedures for the implementation of the Freedom of Information Act. The next stage will be to assess and procure a corporate electronic document record management system, for which funding has been made available in the capital programme. The Project Director is the Corporate Director of RAD, Tom Stephenson;
- (g) Departmental efficiency reviews, which all departments are being expected to undergo as part of the overall programme.

It should be noted that this is not a fixed or exhaustive list and the programme scope may need further reviewing to ensure the right functions are being reviewed and at the right time to deliver the programme's strategic objectives.

### 3.5 Programme Approach

It is recommended that Programme be divided into the following 5 stages.

Stage 1: Programme Strategy and Structure – Vision, objectives, scope, delivery architecture, approach and initial assessment of benefits and risk (the majority of which has been detailed within this document)

Stage 2: Programme Initiation – Mobilisation, planning and completion of reviews/projects up to stage 2 i.e. business case and preferred option development (including technical/service solution and delivery strategy)

Stage 3: Programme Implementation – Planning and implementation of business cases and preferred options

Stage 4: Monitoring and Review – Regular monitoring and review of the programme to ensure it remains on track

Stage 5: Business Realisation – Delivery and documentation of agreed targets and benefits to demonstrate real achievement that can be proven to external scrutiny

As the projects within the programme may be initiated at different times and have their own distinct project timetable it will be the case that projects will be at different stages within the overall programme.



#### **4. Joint Programme Management Arrangements**

4.1 To ensure the successful delivery of the Business Improvement Programme (BIP) and the Integrated Services Programme (ISP) sophisticated and robust management arrangements need to be in place. These include:

- (a) A Programme Board has been established to provide the strategic overview and direction of both programmes. The Board comprises of the Corporate Directors' Board, supported by the Head of Communications, Service Director (HR), and the 2 Programme Managers, will act as the programme board for both the ISP and the BIP (a structure chart for the programmes is attached at Appendix 1);
- (b) Individual projects within the ISP and BIP may require their own project boards (depending on their status within the Council's project management standards);
- (c) Member reference group (Cabinet sub-group) has been established to give political guidance on the reviews as they progress with the following terms of reference;
  - To oversee the Council's overall approach to the development of children's and adults' services and the improvement of business efficiency.
  - To give guidance, on behalf of the administration, on the development of the business improvement programme and the Integrated Services Programme.
  - To monitor the progress of both programmes, and to monitor the delivery of savings agreed in efficiency plans.
  - To oversee the Council's response to the Government's value for money agenda.
- (d) Appropriate arrangements for scrutiny committees to scrutinise the developing proposals are also proposed – it is recommended that the Town Clerk discuss this further with relevant members, with a view to ensuring focussed scrutiny of each of the 2 programmes.
- (e) Critical to the achievement of the project outcomes is the effective engagement of and consultation with stakeholders, including the trade unions. A single forum for steering and advising on staff consultation is proposed for both programmes. This forum will link into and not replace the existing departmental consultative frameworks;

- (f) Each programme will have access to the Programme Management Office, (managed by the BIP programme manager) comprising of:
- Business process re-engineering team (cost accounting support, business process re-modelling support and HR support);
  - Accountant for the programme;
  - Communications support;
  - Administrative support

The Programme Management Office will support in the first instance both the ISP and BIP. An initial estimation of the minimum resources required to support the work is detailed below within then overall resourcing plan for both Programmes.

The advantages of a consolidated corporate resource to support a range of major projects/programmes has been recognised and further investigatory work will be undertaken in relation to the options, benefits and funding arrangements for a permanent corporate project management office.

## **5. Key Issues**

5.1 Members' attention is particularly drawn to the following:

- (a) The 2 programmes are wide-ranging, and probably represent the most significant structural change in the Council since LGR. They need to be recognised as such, and one of the early tasks will be to consider whether or not any existing reviews or activities can cease or be re-timetabled to redirect resources into the two programmes;
- (b) It is expected that in any service reconfiguration exercise, models of organisational design and ways of working will be examined in order to realise the most efficient and cost effective ways of delivering the service and this will be a key objective of the ISP project and as well as those efficiency savings identified within the BIP. Whilst budget planning for the next 3 years is at an early stage, it is anticipated that these savings will need to materialise in 2007/08. The Council will seek to manage particularly the HR implications as sensitively as possible. It is expected however that the programme will over a period of time result in a reduction of the present number of posts;
- (c) Such major programmes inevitably are accompanied by risk, which will need to be managed carefully in each constituent project. Further work on risk identification, quantification, mitigation and contingency will be undertaken when the Project

Initiation Document is developed for each Programme and further expanded when the individual projects within the programme are initiated and departmental efficiency plans are developed.

- (d) The Cabinet report approving commencement of the support services review has already identified outsourcing of some functions as a potential option. Outsourcing will be considered (on its merits) as an integral part of the support services review.

## **6. Financial and Legal Implications**

6.1 A number of specific resources are already available to the 2 programmes, consisting of:

- (a) £400,000 set-aside for the Support Services Review;
- (b) £240,000 for the Integrated Services Programme;

6.2 These resources will be used to pay for:

- (a) Both internal and external project management support;
- (b) For the Programme Management Office;
- (c) To assist departments in developing and implementing departmental efficiency plans

6.3 The role of the Programme Management Office (PMO) is to provide:

- Technical Support, including Business Process Re-engineering
- Tracking and reporting
- Information management
- Cost accounting
- Risk and issue tracking
- Quality control
- Change control

The PMO will support in the first instance both the ISP and BIP.

The advantages of a corporate resource to support a range of major projects has been recognised and therefore once funding and management arrangements are in place it is envisaged that the PMO and its remit could be expanded to include the governance of all projects with significant corporate impact or risk if funding for it is available.

6.4 Resourcing plan for both Programmes – Over 3 years

The following table represents the minimum resource requirements to initiate the two programmes and is based on activities over the next 3 years.

Activity Area	Resources	Total Costs	Funding available
<b>BIP</b>	Programme Management	£141,801	£184,341 RAD/CEO
<b>Programme Management Office</b>	Cost Accountant	£76,302	£76,302 RAD(in kind)
	HR Senior Support	£42,075	
	HR Advisor	£17,402	£17,402 RAD(in kind)
	Project Support Officers (3)	£197,664	
	Programme Administrator	£27,675	£6,000 RAD
	Clerical & Admin Support (1.5)	£69,174	
	Communications Support	£40,055	
	PMO - On Costs 30%	£183,644	
<b>Support Services Review</b>	Project Management	£340,000	£400,000 – Cabinet 08/11/04
• <b>HR Review</b>	Project Management	£66,000	£39,000 R&C (in kind)
	HR Advisory Support	£45,051	
• <b>Finance Review</b>	Project Management	£49,308	
• <b>ICT Review</b>	Project Management	£115,059	£39,000(in kind)
<b>Procurement Change Project</b>	Project Management	£30,000	
<b>Property Reviews</b>	Project Management	£40,000	
<b>ISP</b>	Programme Management	£115,000	£210,000 Cabinet Report 11/07/05 (split between EdLLL and SCH)
	Transition Costs	£90,000	
	Project Management Children's Services	£70,000	£30,000 DFES
<b>Supplies &amp; Services</b>		£60,000	
<b>Contingency</b>		£80,000	
<b>TOTAL</b>		<b>£1,896,210</b>	<b>1,002,045</b>

The spend profile of the total spend is split: £712k in 2005/06; £722k in 2006/07; £299k in 2007/08 and £163k in 2008/09.

- 6.5 By means of utilising additional resources there is significant provision to resource the programme in to 2006/07. However given the emerging scale and complexity of the programme it is clear that management arrangements will need to extend beyond this period, this is estimated to require £0.9m to resource the programme to completion.
- 6.6 Whilst these resources at first sight appear substantial, members are reminded that this is a programme of major transformational change and should also be seen within the context of the substantial spend usually associated with major projects (e.g. BSF). Delivery will require considerable input of internal as well as external resources, which will be transforming business processes costing many millions of pounds. Inadequate resourcing would expose the programme to major risk in meeting its objectives, particularly in relation to the achievement of savings. We will continue to monitor this in the light of experience, and seek to use internal rather than external resources where possible. There is always the danger of new external developments and surprises that may create need for urgent internal support. The position will be kept under review.
- 6.7 It should be noted that the next stage in a number of reviews is to prepare business cases, and such business cases may involve investment in order to release savings. Such investment cannot yet be identified, but will need to be justified on the basis of future savings.
- 6.8 The suggested approach to funding the resources gap is:
- Assess existing reviews, reprioritise where possible and redirect resources
  - To the extent that this is not possible, fund the difference from the expected under spend in 2005/06 budgets. As reported to Cabinet in September, under-spends of over £1m are anticipated arising from interest on cash balances exceeding forecasts. This provides a one-off funding injection to see the programme to completion.
- 6.9 In addition to the above, resources will also be needed to enable departments to deliver their own efficiency plans. These may require significant infrastructure investment (e.g. in IT) and members are asked to consider creation of a substantial “spend to save” fund when considering the 2006/07 budget.

## **7. Consultation**

- 7.1 All departments have been consulted via Corporate Directors' Board.

## **8. Report Author/Officer to Contact**

**Cathy Loughead**  
**BIP Programme Manager**

# ISP/BIP – PROGRAMME STRUCTURE

