

Leicester
City Council

WARDS AFFECTED
All Wards - Corporate Issue

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
Resources and Corporate Issues Scrutiny Committee
Cabinet

14 September 2006
25 September 2006

Support Services Review - Business Case for Creative Services

Report of the Corporate Director of Resources

1. Purpose of Report

To seek approval to the business case for transformational change to the Council's Creative Services. The business case is appended to the supporting information to this report.

2. Summary

The Council currently spends in excess of £2 million per annum on 'creative services' (printing graphics, photography, photocopying, enveloping and associated services). This activity and level of spend has been reviewed as part of the corporate review of all corporate services.

A detailed Business Case has been drawn up, which is attached at Appendix A. This Business Case identifies that net savings of £208,000 per annum are achievable by utilising a range of service deliver mechanisms, whilst maintaining service provision at levels which are acceptable to the Council.

This report puts to Members, for consideration and approval, the Business Case for the future delivery of each of the Creative Services to the Council in the most cost efficient and effective manner.

3. Recommendations

The Cabinet is asked to :-

- (i) note the case for change included in the business case;
- (ii) note the views of respondees expressed on the draft business case;
- (iii) approve the business case as the basis for moving forward, with the detailed arrangements for implementation delegated to the Corporate Director of Resources.

- (iv) Subject to the approval of the Business Case by Cabinet, note the implementation timetable, as detailed in paragraph 5 of the supporting information.

The Resources and Corporate Issues Scrutiny Committee is asked to consider the business case to inform any decision that Cabinet may take on the matter.

4. Headline Financial and Legal Implications

- (i) Legal Implications (Alison Mapp, Legal Services)

All employees must be kept advised of the Review in line with the Staffing Protocol for Change. It is important to note that where there are any staffing implications arising from this Review then there should also be a distinction between Council employees and agency workers as the latter receive no employment protection for changes to working arrangements arising from the Review e.g. dismissal, redundancy or protection under the Transfer of Undertakings (Protection of Employment) Regulations 2001 (or "TUPE") as amended. However no such distinction is made for the purposes of employment protection under the anti -discrimination legislation which protects all workers.

- (ii) Financial Implications (Andy Morley, Financial Services)

The report identifies net savings of £208k per annum arising from the review of the Creativity Services function. This figure excludes any savings from indirect overheads as it is assumed that, in the short-medium term, these costs will continue to be borne by the Council.

The annual savings (£208k) have been estimated on the basis of identified savings including benchmark prices quoted by external suppliers, extrapolated for the volumes currently experienced with the various in-house provisions operating across the Council.

There have been no assumptions made, at this stage, about any one-off or transitional costs, for example:

- Redundancy costs
- Costs associated with a TUPE transfer
- Costs of procuring an alternative supplier(s)
- Any additional costs during the transition period

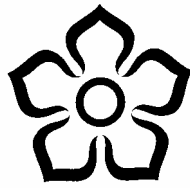
Therefore it is likely that, in practice, there would be no net savings in year 1 following the proposed review, but these savings would be realised after any one-off costs have been met.

5. Report Author/Officer to contact:

Charles Poole
Service Director (Democratic Services)
extn. 7015

DECISION STATUS

| | |
|--------------------------------------|---------------------|
| Key Decision | No |
| Reason | N/A |
| Appeared in Forward Plan | N/A |
| Executive or Council Decision | Executive (Cabinet) |



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Support Services Review - Business Case for Creative Services

SUPPORTING INFORMATION

1. Background

- 1.1. Creative Services have been reviewed as part of a wider review of all the Council's support services. It is part of phase one of that review, which also includes HR, Finance, Legal Services and ICT Services.
- 1.2. The Support Services Review is itself part of a wider business improvement programme, which aims to improve the Council's business efficiency, enhance our focus on the customer and save money by making efficiency savings.
- 1.3. Creative Services is the third service to complete the initial phase of the review, resulting in a business case for change. The proposals have been widely available since 3 July 2006, and the business case has been revised to reflect some of the comments received.

2. Process

- 2.1. The first stage of the review was to undertake an assessment of the current Creativity Works structure, costs and performance. This was extended to incorporate all Creative Services within the Council.
- 2.2. The second stage was to assess delivery options for each of the service elements against Council requirements, determine the best fit and outlines the preferred options for each element of the Business Case.

3. Why Change

- 3.1. The assessment of the current Creative Services structure, costs and performance (through both a centralised service provision 'Creativity Works', and other procurement of such services throughout the Council) concluded that the Council's current delivery structure is not optimal, also that associated service costs can be reduced in some cases by the use of alternative service delivery mechanisms without any deterioration in service provisions.

4. Consultation

- 4.1. Consultations on the draft business case commenced on 3 July 2006. An Organisational Review utilising the protocol for organisational reviews has been initiated.
- 4.2. Views of all respondees and a summary of the key issues and management's responses are contained at Appendix 1.
- 4.3. Many of the comments received related to concerns regarding implementation of the new service, particularly in relation to potential staffing implications, culture change, management of the transition process, transparency of the decision making process and how departmental needs would be met by the new service. It is fair to say that the proposals have given rise to some notable concerns.
- 4.4. The Council's Corporate Directors' Board, as the Business Improvement Programme Board, was consulted and supported the business case on 29 August 2006.
- 4.5. The response to the consultation has resulted in some changes to the Business Case as originally drafted but has not led to a significant change in the overall direction it was proposed the Council should move.

5. Implementation

Assuming that Cabinet approve the Business Case, the major milestones for each element of the Implementation Plan are given below:-

| | Activity | Implementation Date |
|-----|--|-------------------------------------|
| (1) | Cease in-house wet ink printing and associated typesetting | 31 January 2007 |
| (2) | Procurement/Framework Contracts for External Services (x3) | 30 June 2007 |
| (3) | Co-ordination of all print procurement | 31 December 2006 |
| (4) | Digital Black and White Copying Review current short-term requirements Integration of procurement with ICT provision | 31 October 2006 to be determined |
| (5) | Digital colour copying Installation of proofing machine and procurement of bulk service. | 30 November 2006 |

| | Activity | Implementation Date |
|------|---|-------------------------------------|
| (6) | Integration of Photographic Service into Graphics function | 31 January 2007 |
| (7) | I.D. Badge Production – Transfer | to be determined |
| (8) | Citizenship Photographs | not applicable |
| (9) | Paper Sales – Revised Arrangements | 31 December 2006 |
| (10) | Photocopier Management – transfer to ICT | 31 December 2006 |
| (11) | Enveloping – transfer liaison to ICT | 31 December 2006 |
| (12) | Graphic Design – New organisational arrangements, including framework contracts | 30 June 2007 |
| (13) | Central point for corporate management of print, procured services, etc. | 31 December 2006 |
| (14) | Transfer of media advertising to H.R. Transactional Unit | To be determined within H.R. Review |
| (15) | Revised organisational arrangements for sales/sponsorship, etc. (outside scope of Review) | 31 March 2007 |

6. Recommendations

6.1. The Cabinet is asked to:-

- (i) note the case for change included in the business case;
- (ii) note the views of respondees expressed on the draft business case
- (iii) approve the business case as the basis for moving forward, with the detailed arrangements for implementation delegated to the Corporate Director of Resources.
- (iv) Subject to the approval of the Business Case by Cabinet, note the implementation timetable, as detailed in paragraph 5 of the supporting information.

6.2 The Resources and Corporate Issues Scrutiny Committee is asked to consider the business case to inform any decision that Cabinet may take on the matter.

7. Financial Implications

- (ii) Financial Implications (Andy Morley, Financial Services)

The report identifies net savings of £208k per annum arising from the review of the Creativity Services function. This figure excludes any savings from indirect overheads as it is assumed that, in the short-medium term, these costs will continue to be borne by the Council.

The annual savings (£208k) have been estimated on the basis of identified savings including benchmark prices quoted by external suppliers, extrapolated for the volumes currently experienced with the various in-house provisions operating across the Council.

There have been no assumptions made, at this stage, about any one-off or transitional costs, for example:

- Redundancy costs
- Costs associated with a TUPE transfer
- Costs of procuring an alternative supplier(s)
- Any additional costs during the transition period

Therefore it is likely that, in practice, there would be no net savings in year 1 following the proposed review, but these savings would be realised after any one-off costs have been met.

8. Legal Implications (Alison Mapp, Legal Services)

All employees must be kept advised of the Review in line with the Staffing Protocol for Change. It is important to note that where there are any staffing implications arising from this Review then there should also be a distinction between Council employees and agency workers as the latter receive no employment protection for changes to working arrangements arising from the Review e.g. dismissal, redundancy or protection under the Transfer of Undertakings (Protection of Employment) Regulations 2001 (or "TUPE") as amended. However no such distinction is made for the purposes of employment protection under the anti -discrimination legislation which protects all workers. (Alison Mapp, Senior Solicitor, Legal Services)

9. Equalities Impact Assessment

- 9.1. The figures show that compared with the Council’s workforce as a whole.
- 9.2. There is no evidence to suggest that the proposals will have an adverse impact on particular under-represented groups; however, the implementation process will need to continue to monitor this in order that ongoing equality impact assessments can be made at appropriate points in the process.
- 9.2. There is no evidence to suggest that the proposals will have a disproportionate impact on service users.

10. Risk Assessment

- 10.1. The changes proposed are substantial and implementation will be a significant issue. When coupled with the savings expectations this is inevitably a high risk project which requires effective management to succeed.
- 10.2. A full risk analysis is included in the business case.

11. Other Implications

| OTHER IMPLICATIONS | YES/NO | Paragraph References Within Supporting information |
|---------------------|--------|--|
| Equal Opportunities | | |

| | | |
|-------------------------------|-----|---|
| Policy | Yes | Delivery of continuous improvement in a well managed organisation is a key priority of the corporate plan |
| Sustainable and Environmental | No | |
| Crime and Disorder | No | |
| Human Rights Act | No | |
| Elderly/People on Low Income | No. | |

12. Background Papers – Local Government Act 1972

JMCL Draft Business Case.

13. Consultations

Consultations have taken place with staff, Trade Unions and Corporate Directors through the Business Improvement Project Board in accordance with the Organisational Review protocols as detailed in the Business Case.

14. Report Author

Charles Poole
Service Director (Democratic Services)
extn. 7015

Support Services Review – Creative Services Review – Key Themes and Issues arising from the Consultation

| | Comment | Management Response |
|----|--|--|
| 1. | <p>I have now read the Business Improvement Plan.</p> <p>Having waited such a long time for its publication, it is extremely disappointing to find it so poorly prepared and littered with irrelevant and inaccurate information.</p> <p>Before staff can be expected to make any constructive comment, all of the recommendations and statements need to be cross referenced with evidence.</p> <p>It also raises the question of how the document came to be approved by the Project Board. I can only assume they had sight of a different report. If this is the case, can I request that this report is made available to all members of staff.</p> <p>Given the tight deadlines involved in the review, could you please pass on a fully cross referenced report or the report passed by the Project Board as a matter of urgency.</p> <p>Finally, could you also clarify the confidentiality of the document as it is already being circulated in other areas of the council.</p> | <p>The examination of the information in the draft Business Case has been the subject of detailed review in the Finance Sub-Group formed out of the Staff Liaison Group.</p> <p>This is the document which was approved by the Project Board.</p> <p>To allow sufficient time for staff to fully consider the report, the consultation period was extended by three weeks.</p> <p>The documentation is now not confidential having been both issued to staff and trades unions and posted on the Intranet.</p> |
| 2. | <p>The CD contains reams of data, which may or may not be relevant. However, unless the information is accurately cross referenced it is virtually impossible to know exactly where to look, or to know whether the information is actually there.</p> <p>At least one member of the Project Board has circulated the Business Improvement Plan document to their team.</p> | |
| 3. | <p>Could you point me in the direction of where the benchmarking information is located on the DVD. The folder labelled "bench marking" only seems to contain information on a limited sample of print jobs from Creativity Works.</p> | <p>That file on the CD contained data on specific jobs. The overall benchmarking with other organisations was based on data compiled by JMCL in other similar projects – public and private sector – and which is, therefore, commercially protected.</p> |

| | Comment | Management Response |
|----|--|--|
| | <p>I am particularly interested in the bench marking exercise that took place in comparing LCC with other Authorities, as well as Commercial companies.</p> <p>It would also be helpful if you could post the terms of reference the consultants were given at the start of their work, and any information about how the Project Board audited their progress. Hopefully this information will give staff a better understanding of how the final report was arrived at.</p> | <p>The Terms of Reference for JMCL were as follows:-</p> <p>The Project Board reviewed progress by JMCL at periodic Project Board Meeting, narrowing down through an Options Appraisal the options for future service delivery.</p> <p>Copies of all the documentation have been made available to staff and trade unions.</p> |
| 4. | <p>Again, I can find no evidence to support this statement.</p> <p>Presently the Authority buys the paper via ESPO contract 129. This is specific to Creativity Works and, benefits from bulk buying for the Reprographics Section. To keep prices to a minimum, the suppliers are only contracted to deliver to one delivery point (Creativity Works). If JMCL's proposals were actioned, individual sections would be buying from standard ESPO contracts which, would see paper prices increase between 10.5 and 25% to the Authority.</p> <p>I was surprised to learn that the administrative burden is not recovered. Given that Creativity Works "mark up" all paper sales the administrative costs are more than covered.</p> <p>It would also be of interest to find out, how scores of different sections, raising individual purchase orders would lessen the administrative burden and cost.</p> <p>There are other implications around environmental issues, but I am not sure whether such issues were addressed in the terms of reference.</p> | <p>Whilst the direct price of the paper from ESPO, via the relevant contract, would be more expensive than the Creativity Works ESPO contract price, nevertheless there would be compensating savings in admin, handling, etc., which could offset these costs.</p> |
| 5. | <p>I've discussed the BIP creative services business case with Ann Branson and Housing don't have any fundamental issues with the proposed changes</p> | <p>No comment</p> |

| | Comment | Management Response |
|----|---|---|
| 6. | <p>I need to clarify and expand upon my previous comment regarding the BIP creative services business plan.</p> <p>I would like to stress that when I said that 'Housing don't have any fundamental issues with the proposed changes', I was not inferring that this view was necessarily shared by individual members of Housing or MCU. I understand that individual staff members will be making their own representations in due course.</p> <p>The intention of the statement was to express an overview that, although it's obviously a real setback for anyone adversely affected, the proposed changes will effectively have little logistical impact upon the operations of Housing per se (save for the designers issue) as the department will still be able to source the relevant services it requires, albeit from potentially different / restructured suppliers.</p> <p>My understanding is that in the event of design services being centralised, as a unit we will have the opportunity to present a case for retaining localised designer(s) - the status quo effectively being maintained in terms of access, but with a different, as yet unspecified, line management structure being in place.</p> <p>I have a general concern that the question of service charges for centralised/localised designers hasn't been raised in the BIP creative services business plan, as this raises the thorny issue of whether or not our clients will be expected to pay for a service that has, when available, hitherto been free to them when accessed via Housing's MCU.</p> <p>In the event of charges being applied across the board for design services I suspect we would have problems encouraging clients to utilise the service - potentially leading to increased levels of DIY design work being carried out</p> | <p>The future funding arrangements for this and other services proposed to be centralised is under corporate consideration.</p> |

| | Comment | Management Response |
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| | by clients themselves (not a state of affairs we'd want to encourage given our corporate ID objectives). | |
| 7. | <p>P.4(ii) Would having a central print procurement point benefit an internal print shop reducing costs and increasing work volume? The consistency and accountability mentioned would surely be easier to achieve with an on-site printing facility, with the added benefit of speedier delivery.</p> <p>P.5(4.2) Why were advertising and media buying excluded from the review? If they were so good as to be in no need of restructuring, it was surely up to JMCL to tell us so.</p> <p>P.6(5.1(iii) If £545,000 really is being spent on external print work, why is this amount of work getting away from us? Just think what a difference this would make to our profits. Who is responsible for this?</p> <p>P.6(5.2) The printing presses still have several years of life left in them. Machines of this age (8 years) are regularly bought second hand . Only the guillotine is in need of replacement in the short to medium term.</p> <p>P.7(6.2) Why has partnership with external print companies been ruled out? Others have found it to be highly successful with regard to investment and sharing of print work.</p> <p>P.11(7.3)(i) If we are in profit , why are we getting the worst of this review's recommendations?</p> <p>P12(7.4(ii))/P.16/8(ii) Perception of outdated equipment due to lack of investment in new technology since the formation of CW. How have we gone from under – charging for print work to over- charging? This would</p> | <p>The benefits of immediacy from in-house provision have to be weighed against the cost reductions achieved through the service being provide elsewhere. The contract specification for these services to be provided by third party suppliers also needs to address these concerns.</p> <p>Addressed to the triage description in the Business Case.</p> <p>This arises from the decision some years ago that Creativity Works would stand or fall by its own service provision and costs. The £545k is the outworking of Departments determining that the external market is preferable to Creativity Works – on service and/or cost grounds.</p> <p>Noted, but these are not the only factors which have to be taken into account.</p> <p>Partnership options will be considered as part of the implementation process.</p> <p>The profit is a reflection of the charging rates rather than costs.</p> |

| | Comment | Management Response |
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| | <p>certainly have had an impact on sales. Presses are one-colour because the bulk of the work is one colour. The comment about printing to the edge of the paper is applicable to copiers rather than presses. It suggests a lack of understanding of the print industry. Any printer will tell you that you can, but it is best approached by printing on over-sized paper with a bleed-off and trimming down to size afterwards.</p> <p>Comments on the savings gained by the replacement of equipment on pages 12 and 16 are contradictory.</p> <p>General Comments</p> <ul style="list-style-type: none"> • Is this JMCL'S only set of proposals? No 2 and 3 options? • How can CW afford to employ so many agency staff (more expensive option than taking them on as LCC employees) when 'regular' staff are facing redundancy? • Little consultation with Repro Staff, just one brief visitation by JMCL. • Little effort made over the years to promote internal print sales, both inside and outside the council. Customers that should at least have come to us for a quotation were allowed to go direct to outside printers. Some of these were only recovered after our protest. • We were making a profit before we became part of CW and managing our own finances. There was a perception at the time that we were being used to subsidise loss-making sections of CW. • If it comes to the worst, will we get retraining in order to acquire a reasonable post through the re-deployment scheme? | <p>The single colour presses deal with work which is most suited to them and which is channelled in that direction rather than being externalised. Regard also needs to be taken of cost where, for example, corporate stationery on the current in-house provision can be printed two up on SRA3, whereas in the commercial market place, it can be printed eight up (or more) leading to much reduced machine running times.</p> <p>These proposals were put forward after other options had been ruled out as not being viable. Agency staff are not subject to the same employment protection provisions as permanent staff.</p> <p>JMCL made themselves available to staff. There has been considerable consultation on the proposals. As stated above, Creativity Works has adopted a stance of standing or falling on its own merits (cost/service). Efforts have been made through account handling staff to generate additional work and attract it back inside.</p> <p>There are well established procedures within the Council to mitigate the effects of job losses, which would be followed to the full.</p> |
| 8. | Creativity Works BIP Business Case / Discussion Document / <u>Part 1</u> | |

| | Comment | Management Response |
|--|--|--|
| | <p>2.0 The draft refers 'current and future business requirements' of the council. In the light of the possible expansion of Link to fortnightly and more tangible, but still incomplete comm's and marketing review, how can the draft predict future service requirements with any accuracy? Also, how does the authority hope to achieve 'consistency' with in-house / out-house / multi agency approach?</p> <p>2.0 Can you provide evidence of the 'in-depth' 'cost analysis' particularly with respect to photography, as the text refers often to print and design but not photography? At the original meeting that introduced both the JMCL and this whole process, I asked if we would be able to see a breakdown of the photography undertaken by LCC staff other than by Creativity Works and also work procured through 3rd party suppliers. Reading through the document I can find very little evidence of any attempt to gather this, let alone any figures. Can you show me where the bench marking information for photography is?</p> <p>3.0 (V) Can you explain on what information was obtained, to conclude that there is enough 'new' (?) photography for a half post? Especially with regards to above mentioned apparent lack of information gathering. With regards to the Image library, presumably there will be costs to administrating it, the cost Limehouse's maintenance agreement and the cost of commissioning new images (both procurement admin and actual fees) as well as legal/admin costs establishing copyright ownership of future images, Again, the information regard to this appears to be missing.</p> <p>Also, with regards to the comments made in 7.4 (Vi) could you explain your definition of 'image</p> | <p>If Leicester Link is expanded, the effect on Creative Services will be addressed within the new organisational arrangements. The greater degree of centralisation will address the issue of consistency.</p> <p>This has been addressed as part of the Finance Sub-Group process within the Liaison Group.</p> <p>Addressed as above.</p> |

| | Comment | Management Response |
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| | <p>manipulation'?</p> <p>3.0 (VI) ID Badges have a material and labour cost wherever they are produced so why is it being flagged up as a cost saving in 5.1(i)?</p> <p>4.0 (VII) With regard to citizenship, the financial summary figures table shows zero income. This is wrong as an income of some 10 to 12 K is generated annually. This does cast doubt on the validity of any of the figures contained throughout this document.</p> <p>11 Budgetary Implications. There is no figure given for any full year savings for 'design and photography' could you explain the benefit to the authority?</p> <p>Creativity Works BIP Business Case / Discussion Document / <u>Part 2</u></p> | <p>Addressed as above.</p> <p>Addressed as above.</p> |
| 9. | <p>Please supply report in plain English. Clarify data. Clarify future structure.</p> <p>Who is officially assuming responsibility and authorship of this report? When will it be signed and therefore claimed? Who signed off these accounts as being a true reflection of CW business dealings? What was HR involvement?</p> <p>Who was on the project board? Please supply a list of names.</p> <p>What were the criteria and agendas that determined the remit of the board? Who was CW representative? What was criteria for choosing project board?</p> | <p>The report once submitted and published becomes 'owned' by the Service Director (Democratic Services)</p> <p>All the figures within the report have been validated by the Finance Sub-Group. H.R. involvement comes into play through the Staff Liaison Group.</p> <p>The Project Board comprised Charles Poole, Cathy Loughead, Chris Saville, Mark Bentley, Martin Male, Paul Akroyd, Paul Clark, Sarah Hornbuckle, Sarah Short, Shaun Knapp, Suzanne Wood, Viv Bolland. These persons were identified as being the appropriate stakeholders.</p> |

| | Comment | Management Response |
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| | <p>Request copies of minutes of all meetings.</p> <p>Staff consensus is that this crisis has been bought on largely by lack of effective management. Why has this situation been allowed to develop? In hindsight, would anything have been done differently?</p> <p>Request explanation on the perceived poor financial position of CW</p> <p>Interface between Accura and FMIS is not reliable. Clarify figures.£30,000 wasted on accura. Why was this not investigated more and a system that actually works and is relevant bought?</p> <p>Perceptions from cross section of our clients - Who were interviewees?</p> <p>Appendix A missing</p> <p>Point 7.4 (i) explain please. (ii) drop prices!</p> <p>Jobs - overemphasis of Diwali guide and citizenship throughout. We feel these are not at all representative of our work.</p> <p>Has costing exercise been done to compare design/print/photography with outside companies and Housing/Regen and Culture design sections? Show evidence of benchmarking.</p> <p>Why are we so unaware of our uncompetitive pricing policy? Surely this is a management issue. Why is it not routinely done as in other similar businesses? Why do we under-recover costs?</p> <p>Why do we have such huge overheads?</p> | <p>Creativity Works in particular and Creative Services as a whole have not been comprehensively reviewed for an extended period of time. During the intervening period technology, procurement processes and the Council's needs in this area have all changed. A thorough review was, therefore, appropriate</p> <p>Accura works very effectively. It is, however, being used primarily as an invoicing/recharging tool rather than utilising the full range of functionality which would be required by a commercial printer.</p> <p>Benchmarking information has been obtained, including with commercial quotations.</p> <p>Pricing policies have been reviewed and, as appropriate, adjusted in certain areas.</p> |

| | Comment | Management Response |
|-----|---|---|
| | <p>Compare costs (overheads) of same size company externally. Why are CW spending so much on agency staff and their associated costs when short-term contracts are the councils preferred option would be cheaper, and why are full time, fully trained staff being lost?</p> <p>Why are consultants not reporting back to us?</p> <p>How will security badges be guaranteed secure if the work is produced off-site or distributed to various agencies?</p> | <p>The Consultants' report has now been handed over to the Service Director.</p> <p>These will be produced elsewhere in the Council. This is not a core Creative Services activity.</p> |
| 10. | <p>Administration Section</p> <p>Creative Services Business Case (First Draft – July 2006)</p> <p>8. Recommendations (vii) High Impact:Administration & Management “...the other recommendations will have a dramatic impact on Management and Administration. The main effects will be lower direct headcount within CW” Determine – number of posts to be lost, and proposed roles, responsibilities and organisational structure of the rationalised Administration.</p> <p>3. Executive Summary (ii) “Print procurement becomes a single central activity...” (xii) “A central print point to be established to provide advice, take orders and manage the print function..” clarify! – does this mean the same activity? (xii) does this not resemble the existing management and administration structure for Reprographics?</p> <p>7. Findings (i) Para 2 “It is very important to note that this does not provide any indication as to whether the charges are in line with</p> | <p>This will be addressed in detail as part of the implementation process.</p> <p>This will be a small unit dedicated to the procurement activity.</p> |

| | Comment | Management Response |
|--|---|--|
| | <p>the external market”?</p> <p>(ii) Para 2 “A basket of items Was exposed to market testing(i.e benchmarking) utilising <u>actual</u> costs from within CW compared to prices in the commercial sector.” Is this not contradictory? What is meant by actual costs, how were these deduced? Is this the actual cost of one unit of production i.e. wages, materials, floor space, heat light etc, without Departmental overheads? Can the benchmarking exercise be published and circulated for all in an accessible format?</p> <p>7.3 Para 3 Re appendix C – data as verified by Financial Services.(relevant expenditure and income for both CW and other spend in LCC) Explain these figures, do they reconcile to FMIS? Why is there no income from these activities? Why does media only show external income?</p> <p>General Questions What happened to the alternative business cases put forward by the Design and Photography Sections of CW? Why was there no feedback on these?(positive or negative) Would alternative businesses cases be accepted for consultation at this stage?</p> <p>Departmental overheads incoming form Resources on FMIS = £206,000(based on headcount) Net savings – full year, identified by closing services and reduction in head count , in business case = £238,000 What are the <u>actual</u> savings to Resources and LCC?</p> <p>Define terminology – “frame work contract” Baseload” “Spot market”</p> <p>We request a copy of the financial data CD accompanying the business case in an accessible format, PC’s in Admin do not have winzip software.</p> | <p>Benchmarking data is being made available to staff.</p> <p>Yes, they are taken from FMIS.</p> <p>The alternatives were considered but, for the reasons explained in the report, the proposed recommendations were the most cost effective and efficient.</p> <p>The savings have been calculated using direct costs only (i.e. those which can be saved).</p> |

| | Comment | Management Response |
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| 11. | <p>Alternative Business Improvement Programme (Based on comments by the staff of Creativity Works -1st draft.</p> <p>Purpose</p> <p>The intention of these proposals is to provide a cost effective & competitively priced Creative Service, without resorting to the destructive re-structuring proposed by JMCL. They can be implemented without dismantling the infrastructure & workforce of CW & consequently would be easier to undo if found to be ineffective.</p> <p>Proposals - hi-priority</p> <ol style="list-style-type: none"> 1. Revision of pricing structure, ensuring competitiveness by regular comparisons with external printers. 2. Active promotion of CW's services e.g. newspaper ads., Yellow Pages. Internal promotion - calendars, notepads etc. with CW logo/extension no., e-mails, emphasis on savings to be made by use of CW & campaign to discourage D.I.Y. artwork & bulk photocopying. 3. Blocking of orders to outside printers/graphics companies etc. CW to be central procurement point for all print, copying & design services. 4. Tightening of quotation procedure for quicker response. <p>Proposals for longer term consideration.</p> <ol style="list-style-type: none"> 1. Reduce overheads by relocating as much of CW as possible to lower ground floor, if necessary by moving the | <p>Any change to pricing structure is meaningless unless the costs are directly affected. The Section could make a huge 'profit' by inflating charges, but the cost to the Council Tax payer remains unchanged. If that cost can be reduced, then it is incumbent on the authority to do so.</p> <p>Promotion of Creativity Works services is not required if all Council work is channelled through that quarter.</p> <p>Accepted.</p> <p>Accepted.</p> |

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| | <p>Housing Rest Room &, perhaps, the Faith Room to the mezzanine floor (a more convenient location for the former).</p> <p>2. Investment in new equipment- replacement of photocopiers (new lease arrangement?) & guillotine (2nd hand purchase?). If greater versatility is required, consideration should be given to the purchase of such items as 2-colour printing equipment, digital plate maker & booklet making equipment.</p> <p>Recommendation</p> <p>A minimum of 2 years should be allowed to give the above proposals time to demonstrate their effectiveness, before any more radical options are considered.</p> | <p>As indicated in the report, such investment will not achieve savings when compared to a highly developed and competitive commercial market place.</p> <p>Unfortunately that would result in a cost to the Council in excess of £400,000 compared to other proposed options.</p> |
| 12. | <p>Museum Service Response to Creative Services Review</p> <p>Consolidated comments from Museums Management Team and Design Team. Comments are restricted to these areas which directly impinge on the Museum Service.</p> <p>Comments on Recommendations</p> <p>(i) Low Impact: Paper sales, Photocopiers and Enveloping</p> <p>No comment</p> <p>(ii) Low Impact: ID Badges and Citizenship</p> <p>No comment</p> <p>(iii) Medium Impact: Digital Copying</p> | |

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| | <p>No comment</p> <p>(iv) High Impact: Wet Ink Print</p> <ol style="list-style-type: none"> 1. If printing is outsourced or even if it remains in-house there is a need for flexibility to meet the different needs, particularly for specialist printing work. The museum service has experienced major problems with single contract suppliers, e.g. cleaning where the quality of service has been very poor and we have been unable to use other companies due to the single contract and procurement rules. It is suggested that there are is a bulk printing supplier but also at least two other print suppliers to avoid problems experienced with single contracts. 2. There is a need for flexibility when LCC employees using the LCC purchasing system are working with other partners regionally and/or working with grant aided projects. <p>For example the Renaissance in the Regions grant is administered through Leicester Museums. Due to procurement rules we have had to use Leicester ESPO to supply materials for events and activities in Lincoln.</p> <ol style="list-style-type: none"> 3. What is covered by wet ink print needs clarifying. Much Museums print is specialised graphics production, not standard 2d print. The exhibition graphic needs can be very diverse and would need maximum flexibility in where and how it is sourced. There are no issues with how exhibition 2d print (posters flyers) is sourced but exhibitions graphics are a different proposition. <p>(v) High Impact: Photography</p> | |

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| | <p>If photography remains in-house or if externalised then either way there needs to be a good range of photographers including specialist photographers and we should not be tied to one particular photographer or company for specialist work.</p> <p>(vi) Mixed Impact: Design</p> <p>Serious concerns re the specialist museum design team. While there is an identified post for 2D design within the Museum Exhibitions team this is a specialised function and cannot be divorced from the 3d Design and general exhibition development process.</p> <p>(vii) High Impact: Management and Administration</p> <p>We have no problem with basic 2d print being procured centrally but have issues with centralisation of specialised exhibition print which generally requires a lot of discussion between Design and suppliers.</p> <p>The majority of the printing costs in this area are for large scale digital printing used in display and exhibition graphics.</p> | |
| 13. | <p>BUSINESS IMPROVEMENT PROGRAMME CREATIVE SERVICES BUSINESS CASE VERSION 2 More Disgruntled Comments From Reprographics</p> <p>P.7(3xii) Customers would not be able to make corrections/alterations to work sent to external printers once production has started, except at inflated cost. Also they would make no effort to make the best of poor quality D.I.Y. artwork.</p> <p>P.10(5.2) Internal print machines not at the end of their useful lives. JMCL should be challenged to prove otherwise.</p> <p>P.12(6.3) Nothing "fair-handed" about this report. We are making a reasonable profit (total 73k), yet we are to be</p> | <p>D.I.Y. artwork would be stopped as part of the proposals. There needs to be a more disciplined approach within the Council to authorise corrections.</p> <p>The profit referred to arises from charging levels. What is important is the cost to the Council of obtaining these services.</p> |

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| | <p>closed down, while loss-making sections are left relatively untouched.</p> <p>P.13(6.4) Any further information from the other authorities that have gone down the out-sourcing route on the state of their procedures & infrastructure beforehand?</p> <p>P.16(7.4) Fatuous comment about printing to the edge of paper has not been removed.</p> <p>Why was "Alternative Business Programme" so completely ignored? It was not intended as a joke. Discourteous not to mention it.</p> <p>Presentation of incomplete table of quotes "work in progress" was disingenuous, obviously intended to have shock value- to silence opposition to JMCL plan. Figures supplied by JMCL & Beaumanor Press are unrealistic (how can comp. slips cost more than letterheads?) & unsustainable-they would quickly go out of business. Obviously aware of our review & its recommendations-getting their bid in for the external print contract. How can we have any faith in JMCL's conclusions if they can't/won't supply the figures to back them up?</p> <p>Would it not be better to try to improve business by bringing Graphics and/or admin down to the lower ground floor to reduce overheads, bringing more work back in by blocking orders to outside printers at time of ordering & assessment of print charges to find where (if anywhere) we are overcharging, before implementing JMCL's more drastic & irreversible changes, because once they have been fully enacted there will be no going back (no print room, equipment or staff), whether they work or not.</p> | <p>This is addressed as part of these comments.</p> <p>The work in progress has now been updated and completed.</p> <p>The wet ink equipment can only cope with a given capacity however much work is blocked from going outside.</p> |