

Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

Corporate Services
Director: Nigel Stewart



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1 March 2010

AUDIT COMMITTEE – 5 MARCH 2010 @ 11.00 AM

I enclose herewith item 5 (**BEST VALUE REVIEWS**) and item 15 (**RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY**) which were marked to follow on the above agenda.

Nigel Stewart
Director of Corporate Services

TO FOLLOW ITEMS

- 5. BEST VALUE REVIEWS**
Report by Head of Improvement and Strategic HR (to follow) (Pages 1 - 6)

- 15. RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY**
Report by Governance and Risk Manager (Pages 7 - 8)

AUDIT COMMITTEE

Councillor Gordon Chalmers
Councillor David Kinniburgh
Councillor James Robb
Christopher Valentine

Councillor Mary-Jean Devon
Councillor Andrew Nisbet
Ian M M Ross

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ARGYLL AND BUTE COUNCIL**AUDIT COMMITTEE****CHIEF EXECUTIVE'S****5 March 2010****Service Reviews**

1. Summary

- 1.1. The following report informs the Audit Committee of the procedure and guidance for service reviews and related governance structure.

2. Recommendations

- 2.1. It is recommended that the Audit Committee note the approach being taken by the Council to carry out service reviews.

3. Detail

- 3.1. In June 2009, the Council began a three year rolling programme of service reviews. This approach is a component part of the Council's planning for a challenging budget and securing best value for the organisation. Guidance was issued in June 2009 for these reviews to be carried out (attached at Appendix 1).
- 3.2. Reports were carried out initially by Heads of Service, then subjected to scrutiny by members of the senior management team, followed, if necessary, by further external scrutiny to ensure an objective and thorough approach was taken.
- 3.3. Following discussion by SMT, the service reviews were presented to the Budget Working Group for deliberation by elected members during the 2010/11 budget process.
- 3.4. SMT has since agreed to establish a Transformational Project Board which will comprise members of the SMT and other senior managers. This will enable the Council to have a tightly co-ordinated strategic management approach to considering the fundamental issues facing service delivery, given the exceptionally challenging financial outlook. It will provide the strategic context for BV2 preparations and build on the Improvement Plan, which is almost complete. Member input to this process will be through Senior Members and Officers Group (SMOG) and reports taken to the Executive when decision making is required at member level.
- 3.5. The Transformational Board will consider
 - Strategic Council wide initiatives
 - A programme of service reviews

- Efficiency and effectiveness of corporate resource.
- 3.6. All service reviews will therefore be considered initially by the Transformational Project Board and then reported to SMOG. The 2009 service review guidance will be re-examined in light of the experience gained over the past year. Specific reference to Equality Impact Assessments, partner consultation and HR issues will be highlighted. It is also proposed that the project management methodology developed by the Business Improvement Team be applied to the process.
 - 3.7. The initial programme of reviews is attached as Appendix 2. However this will be reviewed following issues identified during the 2010 budget process i.e. some reviews to be carried out on a more radical basis and consider whether the timing of reviews should be adjusted i.e. bring forward children services review.
 - 3.8. This report outlines the current approach but it needs to be noted that both the guidance and programme of reviews is due to be reviewed in early course by the new SMT.

4. Conclusion

- 4.1. The Council is in the process of implementing a robust approach to transformational change in light of the strategic challenges it faces at a time of significant financial pressure.

5. Implications

- | | | |
|------|------------|---|
| 5.1. | Legal | None |
| 5.2. | Financial | The implementation of effective service reviews is an important component part of the Council's financial planning. |
| 5.3. | HR | The impact of service reviews on employees will be carried out in line with the appropriate HR policies |
| 5.4. | Equal Opps | Equality Impact Assessments will be required for all reviews. |
| 5.5. | Policy | None |

For further information contact:

Jane Fowler
Head of Improvement and Strategic HR
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Appendix 1

Guidance Note on Service Review Programme

Purpose

The purpose of the reviews is to identify options for a 15% reduction in the revenue budget of the service. A focus should be on identifying at least 4% being in relation to efficiency savings. The balance of savings will relate to reductions in the budget for that service.

Timescale

The review has to be completed to influence the 2010-11 planning and budgeting process. The deadline for completing the reviews is 30 September.

Governance and Reporting

Each review should be carried out by a project team with a balanced set of skills and experience and sufficient independence to challenge the existing service arrangements. A designated lead officer should be nominated to take responsibility for managing the review and project team.

A PID in summary form should be completed at the start of the project. This should not extend to more than 2 sides of A4. A template is attached. This will confirm details of project team, lead officer, how the project will be carried out, timescale and risks.

SMT will act as the project board for all reviews. The PID should be submitted to SMT. Monthly progress reports based on the attached template must be completed at the end of June, July and August. The draft final report should be submitted to SMT at end of September

Process

The mobilisation stage of reviews will cover appointing a lead officer, assembling a project team and preparing and approval of the PID.

The second stage of the review will be establishing a baseline or "as is" position. This should cover revenue budget, resources, performance and risks. Any known service issues should be clarified.

Benchmarking should be carried out to identify costs, resource and performance for the same or similar service in other organisations. This benchmarking should identify the gap between the Councils position and average or best in class.

In addition to benchmarking project teams should consider the use of other tools to assist in identifying options e.g. value engineering, ZBB, lean principles and BPR.

The Council is committed to continuous improvement and learning from other organisations. Benchmarking will be one way of identifying opportunities to improve service/reduce costs by comparing our costs, resources and performance with other organisations and learning from that. In addition services should consider as part of each review good/better/best/innovative practice adopted by other organisations and evaluate the opportunity to learn from these approaches and change practice in Argyll and Bute.

The final stage of the review is to identify the savings option and compile these into a report for SMT. Options should be assessed to show impact on corporate / service objectives and identify issues relating to deliverability and risk as well as identifying the budgeting savings. For each saving option the “to be” position in respect of budget, reserves, performance and risks should be estimated. A draft implementation plan should also be included in the final report.

Requirements for community engagement should be identified as part of the final report which should also outline how it is planned to carry out the required community engagement. The requirement for community engagement should also be included in the implementation plan. Any potential impacts on equalities and sustainability should be considered in outline terms as part of the review and included in the final report. Where a requirement for a full equalities impact assessment is identified and a need for further work on sustainability is identified the proposed approach and timescale for these should be included in the final report and implementation plan.

The “to be” statement as part of the final report should outline the impact on performance.

Bruce West
Head of Strategic Finance
17 June 2009

Appendix 2

Programme of Service Reviews

	Year 1	£m	Year 2	£m	Year 3	£m
Chief Executive Improvement & HR Strategic Finance Corp Mgt			Improvemt & HR	1.9	Strategic Fin Corporate Mgt	1.0 0.6
Corporate Services Democratic Service & Govt ICT & Financial Services Legal & Protective Services Directorate Costs	DSG Phase 1 Legal	1.2 1.4	DSG Phase 2 Public Protection Directorate	1.2 1.7 0.2	ICT & FS	4.5
Community Services Education Performance & Planning Children & Families Adult Services Community Regeneration NPDO	Educ Phase 1 Older People Learning Dis	36.6 12.4 2.1	Educ – Phase2 Older People Learning Dis	36.7 12.5 2.1	Plan & Perf Children & Fams Other Adult Com Regen NPDO	17.0 11.5 4.9 5.0 12.5
Development Services Planning Strategic Transport & Economic Development School & Public Transport Directorate Costs	Sch/Public Trans	8.0	Strat Transport & Ec Dev	0.6	Planning Directorate	2.4 1.1
Operational Services Roads & Amenity Facility Services	Operations Waste Mngmt	5.7 5.3	Operations Waste Mngt CCJ Other Facility Ser	5.8 5.4 -0.7 3.6	Streetscene Network & Env Design Marine & Air Property Leisure Fleet Directorate	4.2 -0.6 -0.1 1.0 0.5 2.8 -0.2 0.6
Total		72.7		71.0		68.7

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Risk Management and Business Continuity Strategy

1 INTRODUCTION

- 1.1 The Governance and Risk Manager has been instructed to provide an updated report on the progress being made with the implementation of the Council's Risk Management and Business Continuity Strategy.

2. RECOMMENDATIONS

- 2.1 The Committee note the terms of this report.

3. DETAIL**3.1 Risk Management**

The Strategic and Operational Risk Registers have now been updated for financial quarter 4 and can be viewed in Pyramid.

The review of the current risk management policy and strategy document is ongoing and the first draft, taking account of the recommendations in the audit report and the ongoing development of the strategic and operational risk registers within Pyramid has been presented to the Risk Management Group for comment by end February 2010. The Chief Executive has also been asked for comments.

The document will then be presented to the SMT along with a programme giving details of (a) a programme of individual meetings with Directors and Heads of Service by end April 2010 and (b) a series of training seminars for third tier managers, operational staff and presentations to Members either at Area Committees or Business Days by end September 2010.

3.2 **Business Continuity**

The Incident Control Room training for administrative staff has been arranged for 16 March 2010 in the Council Chamber and will be run by the Governance and Risk Manager and the Emergency Planning Officer.

The training will involve a general overview of Business Continuity and Emergency Planning and the relationship between the two during an incident. Setting up the incident room and the testing of the action logging management system which has been developed by IT.

It is anticipated that around 12 admin staff will attend, most are attached to the area emergency response teams but some from Kilmory have agreed to attend.

3.3 **Training Course**

The risk management training course led by Gallagher Basset in January was a success with all attendees giving positive feedback on the benefit to them.

All attendees passed the course and their certificates have been issued. It is hoped the Gallagher Basset will be able to provide a further course later in the year.

Iain Jackson
Governance and Risk Manager