

## **Committee: Overview and Scrutiny Commission**

**Date: 19 September 2013**

Agenda item:

**Subject: Public Value Review Pilots Update**

Wards: All

Lead officer: Sophie Ellis, Assistant Director of Business Improvement

Lead member: Cllr Mark Betteridge, Deputy Leader and Cabinet Member for Performance and Implementation

Forward Plan reference number: N/A

Contact officer:

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It is recommended that the Commission:

- 1) Discuss and comment on the progress of the Public Value Review (PVR) pilots and plans for the review of the process and roll out.

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### **1. PURPOSE OF REPORT**

- 1.1 This report provides an update on the progress of the Public Value Review (PVR) pilots. It highlights some key lessons learned from the pilots and the proposed process and timescale for the review of the overarching process and rollout programme.
- 1.2 The report also provides a summary of the outcomes to date of the three PVR pilots: Street Cleansing, Merton Adult Education and Communications.

### **2. BACKGROUND AND CONTEXT**

- 2.1 The PVR process was agreed by CMT in May 2012.
- 2.2 The aim of PVRs as laid out in the original guidance is to take a fundamental look at each service that the council provides, asking the following:
  - How does the team provide the service?
  - What are the statutory imperatives?
  - How much does it cost to provide the service?
  - How does the service compare with services provided by similar boroughs or other organisations?
  - How could the service be provided differently in order to save money and be more efficient?

- 2.3 The process was designed to allow the content of the review to vary from service to service, within a defined framework, depending on the scope and previous work that has taken place. Detailed guidance, role descriptions for the Review Lead and Challenger, Meeting Agendas and Key Document Templates were developed.
- 2.4 It was agreed that there would be three pilot PVRs: Communications, Merton Adult Education and Street Cleansing, which were scheduled to take place between October 2012 and March 2013. The aim of these pilots was to test the methodology and process that had been agreed with a view to evaluating and refining it for rollout on the basis of lessons learned.
- 2.5 A draft programme of rollout was developed for all services to receive a PVR – this was planned to run until December 2016. Most services were scheduled to undertake a standard review, lasting 20 weeks from the start of the preparatory period to the closure of the review. This was a speculative programme, pending the outcome of the pilots.
- 2.6 A parallel but connected process is underway to plan for delivery of the refreshed Target Operating Models (TOMs) that were developed by all services last year. Departments are developing comprehensive delivery plans underpinned by strategies that set out how the transformation will be enabled and assured. These are due to be completed early in 2014.

### **3. PROGRESS UPDATE**

- 3.1 At the time of writing final draft reports for each are being finalised and timetables developed for these to be taken through the appropriate governance mechanisms, to include the Merton 2015 Board and CMT. There is an expectation that each will report to CMT with key findings and a proposed implementation plan by the autumn. Recommendations will be subject to the scrutiny process via the relevant scrutiny panels where appropriate to the nature and scale of change proposed.
- 3.2 Section five of this report sets out a summary of the outcomes to date from each of the pilots.

### **4. KEY LESSONS LEARNED**

- 4.1 An evaluation of the process and methodology has been undertaken throughout the delivery of the pilots. Key lessons from the exercise to date have been drawn together and discussed by the Merton 2015 Board. Officers have focused largely on the areas for improvement when drawing together lessons learned and these are set out in more detail below. In

order to ensure a balanced picture, however, this report will first briefly set out the successes of the pilots.

- 4.2 On the whole, the process has allowed service leads to take time out of their day to day business and reflect on end-to-end process and delivery arrangements. Critically it has drawn into the process of reviewing the service operational staff, key stakeholders and senior decision makers so that strategic and operational issues can be considered – and hopefully resolved – in tandem.
- 4.3 Business Improvement Advisors have provided additional capacity to the service to gather and analyse data in a way that might not otherwise have been feasible in order to make decisions about their future delivery arrangements. In the Street Cleansing pilot this incorporated a specially commissioned survey of customers that informed how the service might be constructed to best address the key concerns of residents. Both the Communications and Street Cleansing pilots incorporated an examination of how services are organised in other local authorities and a private sector delivery agent in order to benchmark efficiency and productivity. Both of these reviews have identified options for reducing service delivery costs.
- 4.4 Turning to the lessons that identify how the process could be improved – the main focus of this report – these are summarised below.
- 4.5 **Scope and Content** - the process was designed to provide sufficient flexibility so that scope and content could be determined by each review team. As a result the three pilot reviews are all very different in scope, breadth and structure. Whilst this has the benefit of enabling each review to be ‘bespoke’ for the service, it has, in the pilots, also led to lack of clarity on where the main focus of the review should rest: operational detail or more strategic questions about organisation of delivery. For this reason officers will seek to clarify the drivers for the PVR and develop a series of critical questions or lines of enquiry on which each must focus as a minimum in order to ensure there is continuity and a similar degree of rigour across all reviews.
- 4.6 **Service Ownership** - the process anticipates that the PVR will be owned and led by the service manager, which assumes that managers have capacity to do so. This was aimed at ensuring the outcomes of the review were owned by the service and realistic, raising the likelihood of their being implemented fully. In reality, however, there was limited capacity within services to dedicate to the pilot PVRs, which meant that the pilots were led in practice by the Programme Office. The Business Improvement Adviser (BIA) contribution was greater than originally planned which

- impacted on the team's work programme. Officers will be reviewing the time commitment and roles and responsibilities for the process in order to ensure that there is sufficient capacity and resources available to complete the PVR within agreed timescales and that sustainable impact is achieved.
- 4.7 **Support Services** – it has become clear from the pilots that in order to ensure a thorough review it is crucial that expertise is provided from support services such as finance, legal, HR etc. These requirements need to be clarified in order that the relevant services can plan the appropriate level of capacity to respond. Officers will be taking this into account when reviewing the roles and responsibilities around the programme in the review. Time commitments will need to be more clearly defined at the beginning of each project so that managers can plan accordingly.
- 4.8 **Timing** – the planned length of the reviews (20 weeks for a standard review) led to a loss of momentum and as a result the pilot PVRs took longer to complete than planned. The process was designed on the assumption that services could more easily commit to shorter periods over a longer timescale; however it might be more appropriate to redesign the PVRs to become more intensive exercises, requiring the same level of capacity from services but over a shorter period of time. This will be addressed within the review.
- 4.9 **Challenger Role** – the process allows for each review to have an independent challenger as part of the team. Through the pilots, however, it has become clear that the task of challenger or critical friend requires a level of expertise in the relevant field and a high degree of credibility if it is to be effective. In each of the pilots such a resource was not easily available either internally or externally – most external 'experts' require a longer term engagement with an organisation than the PVR involves. Officers will therefore be reconsidering how robust and constructive challenge can be applied to the process in a meaningful way as part of the process review.
- 4.10 **Governance** – a clear process was provided for the start-up and closure periods, but there was insufficient clarity around the governance of the review period itself. One pilot implemented a structure of monthly review team meetings, with smaller weekly working group meetings, which worked well. This was not consistent across all pilots. This will need to be addressed by the review; officers believe there is an opportunity to develop a governance framework that also responds to the need for robust challenge as set out in item 4.6 above.

## **5. REVIEWING THE PVR PROCESS**

- 5.1 Work to revise the PVR process, in light of the lessons learned from the three pilot reviews has begun. It is clear, however, that the revised process needs to be informed by and respond to the requirements of departments and services articulated in TOM delivery plans and strategies. This will ensure that the process reflects the current (and to the extent possible future) needs of the organisation, given that the initial process was designed well over a year ago.
- 5.2 A fully revised proposal for the future programme, therefore, will not be available until March 2014. This will capture responses to the lessons learned from the pilots and the emerging demands and needs of services clarified through the TOM delivery planning process. In addition, it will allow officers to ensure the correct sequencing or prioritisation of reviews on the basis of urgency, impact etc.
- 5.3 In order to allow the organisation to continue to respond to changing priorities, it is likely that the proposal will suggest a rolling programme of reviews rather than a fixed three year sequence. This will ensure investment is made in the right service at the right time as organisational priorities alter over time.
- 5.4 Work will continue between now and the end of the calendar year to develop a design that responds to lessons already learned. In particular, officers will be looking to identify how information gaps might be plugged to prepare for rollout in 2014/5.

## **6. PILOT PUBLIC VALUE REVIEW OUTCOMES**

- 6.1 The three pilot PVRs were Street Cleansing, MAE and Communications. A summary of the review outcomes to date is provided below.
- 6.2 Until the recommendations are agreed through the relevant governance processes and implementation plans agreed it is not possible to state with certainty what savings and efficiencies each review has achieved.

### ***Street Cleansing***

- 6.3 The review demonstrated the potential to redesign the service within existing resources to more closely address the key resident's concerns of litter and fly tipping. A further reduction in sickness levels would result in significant savings in spend on agency cover, which could be reinvested within the service to deliver a more flexible, responsive and cost effective service. The overall cost of the service can be reduced, without diminishing performance, indeed it is suggested that resident perceptions

of the service should improve through introducing a more reactive service which targets litter, automated reporting methods and better information flows to frontline officers.

- 6.4 The recommendations of the review are to:
- a) redesign the service to address the needs of each location, to deliver a consistent level of cleanliness across the borough,
  - b) review the management structure of the service to deliver reduced spans of control and clear line management responsibilities to improve performance and continue to significantly reduce sickness levels,
  - c) implement a robust, evidenced approach to managing and benchmarking staff productivity,
  - d) realise a shift in the contact channels into the service through development of fully automated e-forms for online reporting,
  - e) explore options for implementation of mobile working within the department for Response Teams and frontline supervisory posts,
  - f) review branding to raise the profile of the service and its staff,
  - g) explore the development of the Garth Road site through the Asset Management Strategy, to improve facilities, maximise capacity and identify the potential to realise a capital receipts / revenue income from land made available.

### ***MAE***

- 6.5 The PVR in Merton Adult Education considered three options for delivering the services currently provided by Merton Adult Education:
- a) setting up a business unit where the council would continue to own the service, but it would be managed more autonomously as a separate in-house business unit;
  - b) externalising the service with the council acting as a commissioner, specifying a range of courses and procuring them from relevant providers; and
  - c) rescinding responsibility for adult education altogether, allowing other providers to provide adult education services in the borough if they choose by accessing the SFA (in full) funding direct
- 6.6 The review investigated six strands for each of these three options (some strands may be less relevant to some options):
- Internal Stakeholders
  - Customers
  - Finance
  - Buildings and Assets
  - Financial viability (including funding)
  - Service Outcomes

- 6.7 The PVR found no evidence that moving to a trading unit would benefit Merton Adult Education at this time. Once the service has delivered against its current plans for increased income generation then it is recommended that other models for service delivery should be considered. In-depth analysis of the capacity of other providers in the locality needs to be undertaken by the service in order to determine whether responsibility for provision of service could feasibly be passed to another provider, this will help to determine if consideration of alternative providers is viable.
- 6.8 In order for Merton Adult Education to plan for how they operate in different accommodation models, cost information should be prepared for both the service occupying an unused Merton building, and the service using rented accommodation for every course currently run at the site.
- 6.9 Management information for the service can be improved and will assist in better course planning.
- 6.10 The service will need to continue its work implementing recommendations from this and other reviews to ensure that full value is achieved.

### ***Communications***

- 6.11 The scope of the communications service PVR included: press & PR, marketing and graphic design, filming, advertising & sponsorship and community engagement and consultation.
- 6.12 The PVR sought to answer, through analysis of the service, two questions to ensure that the future of the communications service is cost effective and can provide a quality service that meets customer requirements and demand. It is also expected that the review will identify savings of at least 20%. The questions asked were:
- Is there potential to reduce or stop elements in order to reduce costs?
  - What options exist for some or all of the functions to be delivered by an alternative provider in order to reduce costs?
- 6.13 The review investigated the needs of customers and explored levels of customer satisfaction. This evidence, together with the future business drivers for communication services within the public sector, informed the analysis of the strengths and weaknesses of the following options for future delivery:
- Reducing the in house service to achieve savings
  - Externalising the function to a different provider
  - Segmentation of the service and externalise more specialised functions whilst retaining more generic and less skilled functions.

- 6.14 The recommendations being taken forward are:
- The development of a digital newsroom.
  - Implementation of a reduced 'in house' delivery framework deleting two posts within Press & Marketing.
  - Reduction of the council's centralised marketing budget along with training for Communications Staff ensuring PANACEA, a self-service marketing tool, is being utilised fully.
  - A review of internal communications processes to ensure they are lean and adhere to good practice.
  - Development and implementation of a social media strategy to ensure the organisation is fully aware of the social media tools available and that they are used to the full.
  - Altering the size of My Merton to A4 in order to realise financial savings.
  - Keeping Advertising and Sponsorship in house and develop internal delivery and management arrangements to ensure financial income targets are met.
  - Explore the opportunity to externalise the filming function.

## **7. ALTERNATIVE OPTIONS**

- 7.1 The PVR programme alone will not deliver the savings required to balance the budget and so a process of departmental targets will need to continue. The PVR programme will give departments part of the measures required to meet their targets. The council could decide not to continue with PVRs, instead delivering savings solely via the annual budget round. However, this process may not deliver some of the longer term savings and service improvements that that need to be made.
- 7.2 The council could replace PVRs with a process focused solely on exploring alternative delivery vehicles and potential procurement savings. This would give a view of the commercial options for providing a service, but without a wider look at the whole service and would not therefore be suitable for all services and may miss important delivery improvements outside such a narrow scope. By incorporating explicitly the question of delivery vehicles into the PVRs officers can ensure that a relevant, comprehensive view is taken of each service.

## **8. CONSULTATION UNDERTAKEN OR PROPOSED**

- 8.1 Lessons learned have been reported to the Merton 2015 Board and draw on extensive consultation with the pilot stakeholders.



8.2 The following Boards will be formally consulted as part of the development of a revised process:

- Merton 2015
- DMTs
- CMT

We propose that OSC are also consulted on the draft process before its implementation. This is likely to be in early 2014.

## **9. TIMETABLE**

9.1 Organisational requirements of the process and early prioritisation of services for review drawn from the TOM delivery planning process – January 2014.

9.2 Data gathering and collation in preparation for service reviews – now to March 2014.

9.3 Finalise process review drawing on lessons learned and TOM delivery planning outputs – February 2014.

9.4 Consultation with appropriate governance boards on proposed process – March 2014.

9.5 Planned implementation – April 2014.

## **10. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

10.1 The pilot PVRs have identified the need to focus the programme on those areas where efficiency savings are most likely to be generated or where alternative patterns and levels of service delivery can be modelled.

## **11. LEGAL AND STATUTORY IMPLICATIONS**

11.1 There are no specific legal implications to the overall programme. Implications for individual services will be considered as part of each review.

## **12. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

12.1 There are no specific human rights or community cohesion implications to the overall programme. Implications for individual services will be considered as part of each review.

## **13. CRIME AND DISORDER IMPLICATIONS**

13.1 There are no specific crime and disorder implications to the overall programme. Implications for individual services will be considered as part of each review.

**14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

14.1 Each PVR has a risk log and an overarching risk log for the programme as a whole is also in place to pick up any cross cutting issues.

**15. BACKGROUND PAPERS**

- PVR Guidance