
**Manchester City Council
Report for Resolution**

Report To: Resources and Governance Overview and Scrutiny Committee –
27 May 2010

Subject: Delivering Value for Money through AIM

Report of: Elaine Bowker, Strategic Director, Transformation

Summary:

This report provides an overview of the Analyse and Improve Manchester (AIM) Programme in the context of the Council's corporate Value for Money Strategy. In particular it demonstrates how the AIM programme contributes to the objectives and intentions of the Value for Money Strategy in term of Economy, Efficiency and Effectiveness.

Recommendations:

That the scrutiny committee note the objectives of both the AIM programme and the overall vision for Value for Money in Manchester.

That the scrutiny committee note the scale of the transformational change planned and the opportunities available to Manchester through achieving the targeted benefits.

Wards Affected:

All

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Background documents (available for public inspection):

2010-13 Value for Money Strategy and Action Plan

1.0 Introduction

- 1.1 Manchester City Council has a strong and robust corporate approach to managing its resources, with significant progress made in recent years to improve strategic financial and business planning to ensure effective targeting of resources to our priorities, and continuous improvement of services through the delivery of our change and transformation programmes.
- 1.2 The purpose of this report is to provide an overview of the Analyse and Improve Manchester (AIM) programme in the context of the Council's corporate Value for Money Strategy. In particular it demonstrates how the AIM programme contributes to the objectives and intentions of the VfM (Value for Money) Strategy in terms of Economy, Efficiency and Effectiveness.

2.0 Background

- 2.1 The AIM programme is a continuation of the Council's transformation journey. It has identified opportunities for change based on an evidence base derived from a full Council analysis of all processes, functions and systems, which have now been taken forward as an integrated transformation programme for the Council.
- 2.2 The AIM programme is also fully integrated with existing components of the Council's change programmes, such as the Customer Strategy and the Town Hall Complex Transformation programme. It has provided further evidence to support the approach set out in the Council's transformational strategies, and underpins many of the options identified by services through the business planning process and ultimately the 2010-13 Medium Term Financial Plan (MTFP).
- 2.3 The AIM programme is based on a diagnostic tool designed by PricewaterhouseCoopers (PwC) comprising a high level scan of the Council to identify and prioritise opportunities to improve the customer experience, release efficiencies for reinvestment in Council priorities, and ensure the delivery of the ambitions articulated in the Community Strategy. The initial phase identified 14 cross-cutting opportunities for delivering significant change and financial efficiencies across the Council, which have now been rationalised into 11 key workstreams.
- 2.4 Further work has since been undertaken with Directorate Management Teams to develop Target Operating Models (TOMs) for each directorate. This has clarified the opportunities for transformation and the future business model for each directorate. This phase has also resulted in the identification of the total savings required over the next 3 years for the Council as a whole, and the specific contribution of the AIM programme, which has now been consolidated into the MTFP.
- 2.5 In the light of greater financial challenges and increased scrutiny and challenge in the use of public resources, delivery of the AIM programme will also be essential to achieving the Council's wider aspirations of improving

Value for Money. This vision has recently been reaffirmed through the development of a single three year VFM strategy and action plan, which has been developed in line with overall business and budget planning process, and is inextricably linked to the MTFP. The strategy which was launched in April 2010 has at its core an ambition to find evermore creative ways of giving Manchester people Value for Money from the resources we use. The strategy provides a coherent 'picture' of how value for money is being delivered across the organisation and at a city and sub regional level, consolidating all related activities and actions. The strategy also confirms a core component of the Council's Use of Resources Improvement Action Plan.

2.6 Principles and Approach

- 2.6.1 In terms of the background the Council has a number of well established processes to ensure that value for money is continually challenged, including the annual budget and business planning process, and internal service reviews driven by the Directorate of Transformation (formerly Manchester Improvement Programme (MIP)), that have both consistently driven out savings over recent years. Further examples include financial analysis of cost indicators as part of our Performance Management Framework and Medium Term Financial Strategy, which involves a corporate analysis of VfM being undertaken to inform the production of business plans. Finally, following a service improvement project a central procurement unit has been established resulting in significant financial savings and improved relations with suppliers and contractors, providing a solid base for further advancements.
- 2.6.2 This approach has meant good progress has been made in demonstrating value for money approaches across the council, with the external auditor assessing arrangements in Manchester to be "performing well – above minimum requirements" in the 2008 Use of Resources report.
- 2.6.3 However, through the 2009 Use of Resources Assessment, it was clearly recognised that the totality of the Council's Value for Money delivery was not captured in a single planning document, impacting on our ability to clearly articulate our approach to staff, managers and members, and also to provide evidence our achievements and how our actions combat the challenges posed by the current economic climate. The 2010-13 VFM Strategy and Action Plan has been developed with a key objective in mind to better coordinate and consolidate our Value for Money offer, in addition to identifying new or planned activity to improve our position. The strategy itself aims to consolidate and drive existing programmes of work in order to achieve maximum synergy and therefore maximum benefit from the activities, as well as developing and building new programmes where there exists a gap.
- 2.6.4 The 2010-13 VfM Strategy and Action Plan has been developed with a key objective in mind to better coordinate and consolidate our Value for Money offer, in addition to identifying new or planned activity to improve our position.
- 2.6.5 Similarly through the 2009 business and budget planning process one of the principal financial objectives identified was to drive a new approach to

understanding spend, ensuring Council services are achieving best value for money across all aspects of delivery. On that basis the new VFM Strategy and Action Plan includes a major workstream of activity focussed on maximising the use of key tools such as benchmarking and also improving the integration of key finance, performance and personnel related data in order to facilitate increased challenge and scrutiny and thus drive greater improvements.

2.6.6 The AIM Programme, both on a directorate and cross-cutting basis, aims to transform the way services are provided, delivering leaner and more efficient services to Manchester residents. The programme will not only be critical to delivering the ambitious financial challenges set by the Council's MTFP, but will also underpin the delivery of improved outcomes for local people. The following section of the report sets out in more detail the main activities and objectives planned as part of the programme, and how these support delivery of the Council's overall VFM strategy. In order to provide a better understanding of what the AIM opportunities will mean in terms of change a set of design principles has been produced in conjunction with the directorates. Further detail is also provided in relation to the programme's key design principles, which have informed the creation of directorate specific Target Operating Models (TOMs) and cross cutting opportunities.

Key Activities

- Redesigning the workplace in order to enable Council employees to work in more modern and efficient ways, embedding behavioural change across the organisation
 - Exploiting new technology to transform the way we interact with customers and improve service delivery
 - Delivering a cross-cutting approach to transformation, removing duplication, breaking down silos and adopting a 'One Council' approach to service delivery

Design Principles

Customer Service

- A single Customer Organisation.
- Corporate first point of contact for all customers where appropriate.
- Channel Shift to cheaper access channels.

Assessment

- Criteria / Rules based assessment.
- Assessment within first point of contact or self assessment.
- Self-Service (for customers and staff) as far as possible.

Flexible/Mobile Working

- Reduce the amount of office space required through flexible working/hot desks.
- Increase the ratio of frontline staff to back office staff.
- Fully exploit technology - including training as appropriate to ensure best use of technology by all staff.

- Members of staff will be able to represent the Council as a whole.

Professional Functions

- Delivery of professional functions through Centres of Excellence for: HR, OD, Finance, Policy, Strategy, R & D, Intelligence, Performance, Communications, Commissioning, Contract Management.
- Consolidate ICT – infrastructure, budget and people.

Management & Administration

- Reduce layers of management.
- Reduce the amount of administration and business / technical support required.

Shared Services Centre

- Transactional activity to go to the Shared Service Centres, e.g. finance, HR and payroll.

3.0 How AIM contributes to Value for Money

3.1 The “3E’s”

Value for Money is about obtaining the maximum benefit from the resources available to the organisation. It is often defined as achieving the right balance between economy, efficiency and effectiveness, the 3E’s – spending less, spending well and spending wisely. For Manchester this means delivering the best services at the lowest possible costs to our residents.

Economy – “spending less” – the price paid for what goes into providing a service. It is about delivering services at optimum cost, through minimising the cost of resources.

To assist with this the AIM programme has several workstreams which intend to realise real cashable savings. For example, the Contract Management workstream will identify those contracts in place that can be renegotiated to offer the same level of service from our suppliers but with an improved rate of return. It will also look at introducing an improved model for future contracts, in terms of rigour and service level agreements (SLAs) that will ensure that the Council does not pay more for services than is necessary.

The AIM programme has also identified a series of opportunities to automate, standardise or centralise back office processes that do not directly impact the customer experience. The introduction of new technologies, such as Electronic Document Record Management System (EDRMS) and workflow solutions will assist in this and will reduce the dependency on more expensive manual solutions.

Efficiency – “spending well” – a measure of productivity and performance i.e. how much you get out in relation to what is put in.

An example of how the workstreams in AIM will achieve efficiencies is the introduction and improvement of technology solutions that will allow a shift to

self service channels. This will be achieved both in the customer services workstream, where the website will be improved and integrated with a new centralised operating system. This will enable customers to self serve on the website and for technology to progress requests for service more quickly than relying on manual interventions. Customers will benefit from an increased speed of service, and the Council will benefit from a reduced reliance on staff through removing manual processes. Internal self-service will also be introduced in the Workforce Management workstream in the form of employee and manager self service technology (ESS/MSS). This will allow both managers and employees to instigate and control processes quickly and easily themselves, rather than having to make requests to another team. This will release time to be concentrated on delivering front line services.

Effectiveness – “spending wisely” – a measure of the impact that has been achieved, which can either be quantitative or qualitative. It’s about outcomes for customers that should be equitable across communities.

In each workstream in the AIM programme, consideration has been given to the impact that will be achieved and the outcomes that will be felt for customers throughout the city. A clear example of this is the combined work between AIM and the Neighbourhood Services transformation programme that has identified a complete redesign of the directorate. One of these changes is to implement an integrated approach to street/neighbourhood based services. This was identified in recognition that customers will observe Manchester City Council employees in their neighbourhood at different times and for different services. By integrating the services and the people offering those services there will be a reduced need to deploy multiple staff in the same area, demonstrating to our customers that we are joined up in our organisational structure. Further efficiencies will be achieved such as a reduced need to recruit, more efficient deployment of equipment and less travel time resulting in improved productivity.

3.2 Value for Money aims

The Value for Money strategy has four clear main aims, all of which are linked to the objectives of the AIM programme and reflects the nature of AIM being a multi-faceted programme, however the most direct link is with Aim Two of the strategy where the programme is remodelling the organisation to deliver the MTFP.

Aim One: to maximise the opportunities available through collaborative working to improve Value for Money.

Many of the workstreams in the AIM programme look to identify opportunities and possibilities for collaboration. All three of our service delivery directorates are identifying the physical locations being operated from and are finding ways to co-locate with one another and/or with our key partners. This will reduce accommodation costs for all and will promote further opportunities for us to work collaboratively with our partners.

Another workstream that contributes towards this aim is collating information on all the existing work that Manchester is undertaking alongside AGMA. This will confirm that these are all valid and offering value for money and will then make recommendations for further opportunities for collaborative working with AGMA authorities.

Aim Two: to ensure a sustainable and sound financial future for the organisation through efficient and effective use of our resources, as part of an integrated approach to commissioning, transformation and improvement.

The integrated approach being undertaken by the AIM programme means that DoT teams are working in partnership with the directorate change programmes to ensure that common goals are pursued. An example of how this is working well is within Neighbourhood Services where the integrated approach has resulted in the identification of the opportunity to transform the directorate completely. One of the planned changes will see an integrated inspection and enforcement model, meaning that inspection and enforcement staff will be more flexible, able to undertake more tasks as individuals and become more efficient and effective as a result.

In addition to this, the cross-cutting workstream looking at Administration will identify the administrative processes completed within each service and provide solutions demonstrating how a consistent approach in the use of both people and technology will enable common practices and reduce our reliance on administration, especially for those with professional duties to undertake. An outcome of this will be the ability for critical staff, such as social workers, to spend more time in value adding interactions with customers, and less time undertaking administrative tasks.

Aim Three: to understand our costs, how they relate to our performance and how we compare to others.

The planning and approach of the AIM programme has incorporated a methodology for measuring costs and benefits and for ensuring that performance is not only consistent but improved. These measurements are intended to be permanent, not solely for the duration of the programme.

The cross-cutting Centres of Excellence workstream will implement, amongst other things, new information processes for Strategic Support (encompassing research, intelligence, policy, strategy and performance). Included in this is to introduce centralised and standardised methods for capturing, retaining and using information relating to performance and benchmarking. This will help place the Council in a position to achieve this aim.

Aim Four: to promote a Value for Money culture in everything we do.

The interaction of the AIM programme with directorate teams and change programmes has promoted the need to change throughout the Council developing the capacity of the organisation. Included in this is the need to demonstrate value for money in all that we do. This is both in terms of demonstrating to the residents of Manchester that money is spent in the best possible way, and in ensuring that services can be offered to the highest standard and to those who need them.

The objectives of many of the workstreams is to engender a shift in cultural attitudes, be this in the acceptance of new technologies or in the understanding that processes can become more effective once centralised, standardised or automated. The previous phases of the AIM programme instigated this shift through obtaining agreement in the Design Principles that there is a need for more economical and efficient ways of working to be found. This has been corporately accepted and is now being built upon in the detailed design of each individual project.

4.0 Conclusion

- 4.1 The AIM programme approach is to align cross cutting opportunities to achieve economies and efficiencies throughout the Council, alongside and supporting the change programmes within individual directorates. While multiple workstreams have been identified in each directorate that will deliver benefits for those individual areas, a set of cross cutting workstreams will also deliver benefits to the Council as a whole, embodying the aims and principles of the Value for Money Strategy. (See Appendix A).
- 4.2 Moving forward, the 2010 business and budget planning process will need to ensure that the activities driven through the overall AIM Programme, and specifically through directorate based Target Operating Models (TOMs), are fully integrated within service delivery plans. This will provide a single focus for priority setting a resource allocation. Beyond delivery of the current Medium Term Financial Plan, real “value” for Manchester will be to understand the relationship between the totality of resources available, both now and anticipated levels for the future, and how this relates to investment decisions which are ultimately designed to reduce levels of need and deprivation. Reducing dependency on services, and by doing so creating the ability to reduce the number of services that need to be offered will be the ultimate measure of success.

Appendix A

| Workstream | Overview | Value for Money Links |
|--|--|---|
| Flexible Working & Accommodation | Introduce flexible working practices across the Council, including mobile working, agile working and flexible working hours as appropriate to the needs of services | Reducing the need for desk space and therefore property demonstrates economy |
| Administration | Review of administration job families and processes to centralise, standardise and minimise | Reducing the reliance on administration allows for staff to be directed to front line services for customers and to reduce the cost of our back office services |
| Assessment | Identification of all assessment activity throughout the council and encourage a shift of all generic assessment to the corporate front office or self assessment wherever possible | Resources can be shifted to more value adding services and the number of assessments can increase, thereby improving productivity |
| ICT System and Licence Rationalisation | Review of all systems and licenses to enable these to be rationalised and the support of them to be moved to the central ICT team | Allows economies of scale to be achieved. In addition will enable more consistent measurements and management information |
| ICT – Mobile Working | Implementation of the infrastructure that will enable mobile working throughout the Council | Will enable the implementation of a redeployment of resources to where the needs of the City require them |
| Telephony | Development of a corporate telephony solution across the Council enabling flexible working to be implemented | Initial investment will reduce future telephony costs through the reduction of call costs and energy consumption etc. |
| Access to Information | Identification of all requirements to access information both internally and externally and ensure that this is managed in the most effective way | Improved collation, sharing and use of information will improve the productivity and effectiveness of resources |
| Contract Management & Commissioning | Review of existing contracts to ensure best value is being achieved. Review of future contract management processes. Identification of the potential for a single commissioning model throughout the Council | Economy gained in terms of reducing the amount spent to receive the same service from suppliers. Effectiveness gained from simpler processes in the future |
| Workforce Management | Implementation of a workforce management infrastructure that will enable a flexible, self sufficient and motivated workforce. | Efficiency is gained through a more motivated workforce being more productive on a daily basis |
| Corporate Front Office | A continuation of the Customer Strategy implementation with | Providing efficiency through economies of scale in front line |

| Workstream | Overview | Value for Money Links |
|-----------------------|---|---|
| | alignment to all AIM opportunities | service provision and shifting customer access to cheaper channels where possible (i.e. self service) |
| Centres of Excellence | A series of virtual units offering expertise to the benefit of the Council, includes areas such as Strategic Support, Communications and Risk and Audit | Efficiency is anticipated to be achieved through standardisation and simplification of working practices. |