

Avoiding the road to nowhere:



Transforming front line service delivery through efficiency and innovation



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The Association for Public Service Excellence (APSE) is a not-for-profit local government body working with over 300 councils throughout the UK promoting excellence in public services. APSE is the foremost specialist in local authority frontline services, hosting a network for frontline service providers in areas such as waste and refuse collection, parks and environmental services, leisure, school meals, cleaning, housing and building maintenance.



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Foreword



The Comprehensive Spending Review and 2010 budget settlement coupled with the subsequent budgetary announcements within the UK and its devolved administrations show reductions of up to 30% across local government over the review period to 2013. Financially, local government faces a tough future and protecting frontline services will mean maximising efficiencies and adopting a transformation approach to how services are managed and delivered.

APSE has concerns that with the pace of change, authorities may move forward with great haste without considering the long term outcomes. Whilst councils will make policy decisions based on local circumstances, this document is designed to inform the process of transforming councils during the fiscal challenges faced. APSE hopes that by sharing experiences and learning the lessons of others, this may lead to a successful destination and avoid the road to nowhere.

APSE has compiled a series of efficiency briefing papers over the past year focusing on themes such as systems thinking, shared services and procurement, income generating opportunities such as renewable energy and green issues; as well as service-specific efficiency papers. These contain useful case studies from local authorities who have already explored new ways of working, unit cost and productivity data drawn from APSE's performance networks benchmarking service as well as exploring some of the options that councils throughout the UK are currently considering; sourced from APSE's advisory groups, strategic forums, process benchmarking groups, network queries, direct news articles, service award submissions and consultancy projects.

This publication draws on those briefing papers that have already been written to date. It is by no means a finished product and APSE intends to build on this initial work and produce further papers on other themes and service areas, which will be sent out directly to APSE member authorities in the coming months. It has been written specifically to help APSE member authorities throughout the UK to share ideas, many of which will be featured and discussed at the range of APSE symposiums being held in the coming months.

Paul O'Brien, APSE Chief Executive

1: Efficiency gains through more effective approaches to public procurement

Introduction

Each year councils in the United Kingdom spend significant resources externally. Procured goods, services and works accounts for approximately half of local government's expenditure. Given the significant downward pressure on Local Government budgets of up to 25% over the next four years, subject to the outcomes of the Comprehensive Spending Review, the strategic importance of procurement is self evident. If managed well, procurement can and does provide local councils with significant potential for savings and provides opportunities for added leverage with suppliers.

Significant steps have already been taken by the UK Government and devolved administrations to develop a well rounded policy and strategic context for procurement, including the Gershon efficiencies procurement work stream, 'Delivering Better Services' (the Byatt report), Rethinking Construction (the Egan Report) and the McClelland Report in Scotland. APSE has also produced two significant research reports contributing to the debate which are '*Creating resilient local economies: Exploring the economic footprint of public services*' and '*More bang for the public buck: A guide to using procurement to achieve community benefits*'. Local councils will increasingly need to focus on ensuring that they deliver maximum benefits from their procurement activities.

Within the current policy context however there remains significant differences between councils in developing effective procurement strategies and approaches, which are often due to local capacity. APSE has attempted through its own research and exploring best practice amongst member authorities to identify measures that will help member authorities unlock the benefits of effective procurement.

Unlocking the procurement challenges

In order to receive the benefits associated with procurement there are a range of challenges that need to be addressed if financial savings are to be unlocked:-

- **Procurement Leadership and Governance:** Is there clear direction from the top with clear support for getting value for money or best value in procurement?
- **Procurement Strategy and Objectives:** Is there a clear, systematic holistic and well researched framework to guide the local authority's purchasing decisions?
- **Specifications of goods and services:** Can the local authority demonstrate a prudent and well planned approach to defining its supply needs?
- **Sourcing strategies and collaborative procurement:** Can the local authority demonstrate a clear understanding of how it can best satisfy its core supply needs?
- **Contract and supplier management:** Does the local authority manage its suppliers and contracts efficiently?
- **Processes and Systems:** Does the local authority have efficient and robust processes and systems to support effective procurement?
- **People:** Does the local authority have people with sufficient capability to ensure effective performance?
- **Performance measurement and management:** Does the organisation have a solid approach to assessing and demonstrating its procurement performance?

As part of the need to transform procurement, councils need to appraise their current positions to identify strengths and areas for development. Councils could use tools such as the APSE publication '*More bang for the public buck: A guide to using procurement to achieve community benefits*' which explores how council's can 'squeeze the procurement juice' to enable the integration of local objectives in procurement such a training, skills and involvement of local SMEs in procurement strategies or guides such as the Scottish Governments Procurement Capability Assessment Framework to assist in this task.

The next section of this paper provides information on case studies from APSE member councils who have unlocked the procurement challenges and started to realise real business benefits with particular regard to cashable savings.

Procurement case studies

Case Study 1 - Effective Supplier Management

A council in the East Midlands embarked on its transformation programme three years ago. Over this period the Council has realised savings of £3.5 million from a procurement perspective. This has been achieved in part by improving its approach to supplier management. As a result, the Council now takes full advantage of supply based intelligence to drive corporate savings, improve quality of service and provide total transparency.

Through a hosted solution¹, savings of £500,000 were achieved in 2009/10 alone through the implementation of rigorous and rigid controls to a range of procurement processes. The solution captures a range of supplier information consolidated into a single view of activity. Key benefits include:

- Direct cost savings and increased capacity
- A clean category mapped and segmented supply base
- Control over the number of suppliers

The Council is now creating new opportunities to increase broader public service collaboration in that it will be the stand alone procurement hub/gateway for all public sector agencies operating within its boundary.

Case Study 2: Procurement savings used to fund a transformation programme

A large council in Yorkshire with external support identified the opportunity to secure procurement savings as part of its transformation programme. Detailed work was commissioned in the form of a business case which identified a substantial savings target of £23.5 million by 2011. The target was particularly challenging given the council's devolved organisation, numerous internal stakeholders and disparate sources of data and a devolved decision making process. Savings of £17 million have been generated to date primarily through deep commodity reviews, standardisation of process and a revised organisational arrangement for procurement which places emphasis on designated procurement officers who are skilled in the process and work alongside the respective services.

Case Study 3: E-procurement

A Council with a spend of approximately £700 million a year based on 2008/09 figures has remodelled its procurement process and introduced a new process and support system.

Improved corporate purchasing strategies and discrete commodity strategies, together with the introduction of cutting edge technology to support purchase to buy processes, is expected to deliver savings of £21 million over a three year period.

Case Study 4: E-invoicing

A Council in the South East of England has introduced a new platform/solution which fully integrates a 'purchase to pay' function.

The Council has created the capacity to manage the total process electronically including the payment of invoices. By paying invoices electronically the Council will save a further £2.5 million by 2012.

The switch to electronic invoicing has opened up a wealth of time and cost savings for the Council while speeding up payments and enhancing relationships with local regional and national suppliers.

In addition, services no longer need to match, batch and key invoices manually. Savings have been achieved as full time posts have been deleted. In the main, employees have been redeployed to more added value roles or positions have ceased through natural decreases in resources such as retirements or removing vacant posts.

Case Study 5: Collaboration and E-auctions

Working together a number of district councils, in the South West of England, formed a collaborative procurement partnership to purchase office supplies. The objectives of the partnership were to:

- Establish a single contract for office supplies
- Achieve cashable savings

A collaborative tender was prepared with an estimated market value of £1.2 million. The contract was let according to the OJEU restricted procedure and prospective bidders were informed that an e auction would be used.

¹ A hosted solution typically refers to one where the application — customer resource management (CRM) and enterprise resource planning (ERP), in this case — and the hardware that it runs on are provided to you as a turnkey solution by a third-party application service provider

The overall savings against an anticipated annual aggregate spend of 1.2 million was 60% compared to the prices previously obtained. This equates to savings of approximately £720,000 per annum.

Further savings will be achieved as the contract requires all suppliers to trade electronically via full P2P (procure to pay) process.

Case Study 6: Procurement Cards

A Council in the South West of England introduced procurement cards throughout their organisation.

The Council is currently making 25000 purchase transactions by card with a value in excess of £5 million per annum. Some services are making over 50% of their spend through cards. The business change has reduced administrative costs by some 40%.

Case Study 7: Procurement collaborative contracts

As part of the need to reform and improve public sector procurement the Scottish Government established Procurement Scotland. Procurement Scotland has established a number of national contracts for a range of goods and services. All of the Scottish public sector is invited to procure particular goods and services off the national contracts including all of Scotland's 32 Local Authorities. A range of contracts have been successful let and are delivering efficiency savings to councils.

These include:

- **Office supplies – general stationary:** Procurement Scotland established a national framework agreement for the supply of general stationary for the Scottish Public Sector. The contract commenced in September 2008 and runs to August 2011 with a possible extension for a further year. Utilising the baseline figures for 2007/08 the total savings delivered to date stand at £7.6 million.
- **Office supplies – office paper:** Procurement Scotland established a national framework for the supply of office paper with Lyreco UK Ltd. The contract runs for the period of September 2008 to August 2011. Using 2007/08 baselines, the total savings delivered to date stand at £3.1 Million.
- **Postal services:** Procurement Scotland established a national framework for postal services. The contract commenced in November 2009 and runs to October 2010. The contract was awarded to Royal Mail and T.N.T Services. 80 Organisations in the public sector subscribe to the contract. Annual spend across the sector amounts to £25 million, estimated savings are calculated to be £2.95 Million.
- **Courier services:** Procurement Scotland established a national framework agreement for the supply of courier services to the public sector. The contract commenced on May 2010 and expires in April 2012. The contract was awarded to DHL Express UK Ltd and Eagle Couriers. Anticipated spend on the contracts amounts to £18.5 million with estimated savings calculated to be £1.85 Million.

APSE comment

There is a clear need for councils to develop and establish effective approaches to underpin procurement. Procurement as a function has contributed significant savings to date to the local government sector. Whilst it is recognised that there are some strong policy dilemmas such as moving to bulk purchasing, which may create some disadvantages to the local economy, there will be a growing need to ensure that every pound spent by a local authority is maximised.

This transformation process within procurement may involve:

- Managing spend more effectively
- Segmenting spend into discrete commodities
- Commissioning deep commodity reviews
- Investing in up to date technological systems which manage purchase to pay as one process
- Establishing corporate contracts
- Participating in national/regional collaborative contracts

However importantly from an APSE perspective procurement should enhance the ability of the local authority to secure value for money, achieve greater community benefits and local economic benefit from the procurement process and ensure savings generated help secure effective frontline services for citizens.

2: Shared services and joint working – maximising the economic case

Introduction

Shared services are often seen as a means of gaining economies of scale, whether this is through shared management, shared investment or shared risk. They can be used to pool knowledge between organisations whilst retaining local sovereignty. Issues that need to be considered when looking at a shared services approach include:

- The service imperative – does it render services more responsive, citizen focussed and localised?
 - The cost imperative – the impact of the recession has resulted in 25% cuts in some council services and is there increased pressure on front line services? Has demand increased?
 - The efficiency imperative – can we deliver ‘more for less’?
- This paper looks at some of the models of shared services and draws on real examples for front line services where both financial and organisational savings have been made.

The scope of shared services

(a) Shared services models

Shared services models can vary from simplified models such as:

- Informal; such as the sharing of information and sharing of management resources
- Administrative; such as a joint board/committee of delegated power (agency agreement)
- Contractual; such as a 100% public jointly owned company, a public/private partnership or public to public service delivery contracts

More complex variations include jointly procured contracts with public or private providers; joint delivery under a contract with a merged service provider, with an SLA or merged clients; an internal service delivery company or external trading company; secondment models; transfer models; or lead authority models. There are, however, some important legal issues, including the use of trading and charging powers such as The Local Authorities (Goods and Services) Act 1970 or Local Government Act 2003. Other legal issues include the doctrine of ultra vires, public contract regulations and state aid rules.

(b) Appraising the options

Support on options appraisal and specialist advice is available through APSE. However, a basic model for option appraisal is shown below:

	Public/Private company	Public/Public company	Joint board/committee
Potential savings	High, but some savings lost as profit to partner	High, but some savings will stay with company	High, but all savings accrue to councils
Risk	Highest: long-term contract with low level of control. Budgets ring-fenced for term	Medium, but still a contractual, environmental and budgets are ring-fenced	Lowest: no contracts, and high level of flexibility
Impact on service delivery	Highest risk of disruption and financial risk	Medium, as still a contractual environment	Lowest: high flexibility and capacity to tailor to needs
Acceptability	Lowest: unlikely to be acceptable to workforce, may alienate members and public	Lower: services retained in public interest	Highest
Implementability	Complex, lengthy, expensive	Less complex, but will still need contract. May result in increased transactional costs	Easiest option to implement
Control/Governance	Contract overtakes member control	Control/legal obligations to company. Conflict of interest	Retain member control, but still potential of conflict of interest

Opportunities for local authority services

Set out below are a number of case studies from local authority services throughout the UK which show real financial and organisational benefits from sharing services. The case studies include a mix of administrative models and more formal arrangements. Further details, including contact information and case studies for other services, are available to APSE member authorities by contacting the APSE office on 0161 772 1810.

Case study 1: Joint Head of Highways and Infrastructure.

In 2009 two councils in the north of Wales appointed a Joint Head of Service for Highways and Infrastructure. This has enabled a programme of work where teams who are delivering similar functions have been developing many models of collaborative working ranging from formal restructuring into one team to implementing 'quick wins'. The benefits have included sharing manpower, joint performance management, improved training opportunities, partnership governance that includes members and savings from software licenses, vacant posts and deals with utility companies, totaling over £200k.

Case study 2: Trading arm for 3 councils.

A commercial trading arm was set up for 3 Councils in Scotland in 1996, which undertakes construction, cleaning, catering and vehicle maintenance services on behalf of the three Councils. There have been significant financial benefits for the Councils in adopting the shared service approach with over £11M being returned to the Councils as surplus over the last 12 years. Less easily quantified are the savings attributable to greater buying power, the expertise of dedicated support service personnel in IT, Finance and Personnel, the reduced overhead costs of a larger organisation and the benefits of flexibility as resources are deployed across a wide geographic area.

Case study 3: Merging back office services.

Two district councils on the east of England are currently working towards merging their back office services (finance, human resources, ITC, revenues and benefits, and customer service functions). Detailed work towards the shared services model will begin in the two districts in autumn 2010 and is due to be completed by March 2011. They have decided to deliver the merged services in-house and establish a jointly owned company. The authorities expect to save £1.8 million in total per annum and also see improvements in services, such as faster benefits processing times and greater flexibility during periods of high demand for services.

Case study 4: Shared services for finance and HR.

Early in 2006, a county council in the south of England proposed introducing a Shared Services model to deliver its finance and HR services. The Council's objective was to consolidate the activity and resources dedicated to Finance and HR in order to streamline processes to improve performance and efficiency. The project was a major change. It involved relocation, engaged in excess of 500 staff, and resulted in approximately 130 staff reductions. The gross saving from improved work practices and systems is £4 million per year.

Case study 5: Joint working partnership for the delivery of their local services using a single workforce and senior officer structure.

In 2007, two district councils in the south of England formally agreed to enter into a joint working partnership for the delivery of their local services using a single workforce and senior officer structure. The two councils have one chief executive, one management team and a joint workforce of about 1000 and many of them work in shared teams. The partnership is set to make savings of £2.2 million pounds in this financial year and expects to make a total of £6.4 million pounds in savings by 2012/13. The savings have been made without losing any front line services and by finding more efficient ways of working. (Note: this case study is an example of joint management structures which is explored further in another paper in this efficiency series).

Case study 6: Highways related professional services.

Engineering consultancy departments at three English counties saw opportunities for greater collaboration to secure significant efficiency improvements and to deliver even better services to their communities. Following a rigorous procurement exercise in 2006/07, a private sector engineering consultant was selected to support and complement in-house services. This involves working under an innovative 4-year framework contract that commenced in July 2007. The partnership is the first of its kind in the UK. It has been described as an 'upside down framework': instead of one authority procuring work from one of three or four providers, the three authorities commission work directly from a single, shared consultant. There have been estimated efficiency savings of around £1m over a 2-year period. The success of the partnership should not be measured in cost savings alone. The alliance is achieving national recognition for its achievement on a number of fronts

including the harmonisation of highway specifications, partnership working and a groundbreaking approach to the challenge of climate change.

Case study 7: Joint management of the direct labour workforces (refuse collection and recycling, street cleansing, building cleaning, transport, grounds maintenance and building works).

Two district councils in the south of England developed a partnership to provide joint management of the direct labour workforces employed within their respective councils. One of the district councils, having brought the refuse service back in house, lacked management capacity to develop services in accordance with its ambitions. The other district council had continued to deliver direct services through a Direct Labour Organisation (DLO) but was looking for strategic partnership opportunities in order to save on management costs. Governance arrangements involved: a Joint Executive Committee; a joint scrutiny committee; and a joint Direct Services Organisation headed by a partnership director. The partnership worked to a business plan agreed annually by the Joint Committee and approved by both councils. Financial outcomes included annual savings in six figures from a combination of management savings (for example, through shared managers for some services), and procurement efficiencies. Operational outcomes included an improvement in performance levels. *(Note: this partnership arrangement has now ceased).*

Case study 8: Property services alliance between bordering councils.

This is an alliance between two district councils in central England covering asset management, design services and property maintenance. The partnership includes management of facilities (caretaking, cleaning, security, public convenience cleaning and maintenance, responsive day to day maintenance and planned maintenance), transfer of staff and will operate for a period of 5 years with a 2 year extension. The alliance is intended to save costs through shared best practice.

Case study 9: Organisational transformation.

This three-year initiative at a northern metropolitan council aims to rationalise the authority's property portfolio, improve staff productivity and enhance citizens' access to services. New technology and ways of working are enabling the number of administrative buildings to be reduced from 34 to 6, which means running costs can be cut and revenue raised from selling off property. More flexible work methods – such as hot desking, home working, mobile working and nine days per fortnight work patterns – are being implemented in conjunction with technology improvements. Between January and July 2007, office space was reduced by 32% and 127,000 commuting miles were saved, equating to a reduction in CO₂ of 35 tons a year. The council saw 15% gains in productivity in e-services alone, with cashable savings of £81,000 pa. The authority had to slow down its asset disposal plans as a result of the economic downturn, but hopes to raise £18 million receipts from future sales of buildings.

APSE comment

The case studies above collectively demonstrate financial savings of over £20 million achieved through shared services models. Further support is available from APSE via obtaining these full case studies, additional support in conducting an options appraisal or service review, skills development and training, as well as advisory services.

3: Lean and systems thinking – maximising the efficiency case

Introduction

The impact of the financial constraints facing councils and the need for efficiency has generated a real interest in redesigning services to eradicate waste, reduce steps in the supply chain and most importantly make them more user-friendly. The words 'lean', 'continuous improvement process' and 'systems thinking' are often used interchangeably to describe approaches to service transformation. This paper looks at some approaches to redesigning systems and processes and highlights some case studies where these methodologies are being used by councils throughout the UK.

Defining 'lean' and other service transformation approaches

This section outlines some of the techniques and approaches to transforming service delivery.

(a) Continuous improvement process

'Continuous improvement process' describes an ongoing effort to improve products, services or processes. It has a set of principles based on self-reflection of the processes, elimination of suboptimal processes and incremental, continuous steps to improvement rather than giant leaps. Deming (1900-1993) was associated with a range of continuous improvement approaches including the application of statistical methods. Tools used include Business Process Management, Quality Management and Project Management.

(b) Six sigma

Six sigma is concerned with service processes and aims to model, measure, modify and improve them in order to make savings. Six sigma uses a number of tools including DMAIC (define, measure, analyse, improve and control) and the Voice of the Customer (a method of translating customer feedback into meaning and then into measurable requirements).

(c) Lean principles

Lean is doing 'more for less' and the lean management principles are considered to be founded by Taiichi Ohno (1912-1990), a Toyota Executive. Lean is considered to be the antidote to waste and has 5 principles; specify value, identify the value stream, flow, pull and pursue perfection.

(d) Systems thinking

Systems thinking is best understood through action-learning. It is commonly associated with John Seddon, who wrote *'Freedom from command and control: a better way to make the work work'*. Seddon argues that the Toyota Production System is just that – a system. Tools are considered to be the least important element of systems thinking; the most important part is understanding the organisation as a system and thinking in terms of systemic cause and effect.

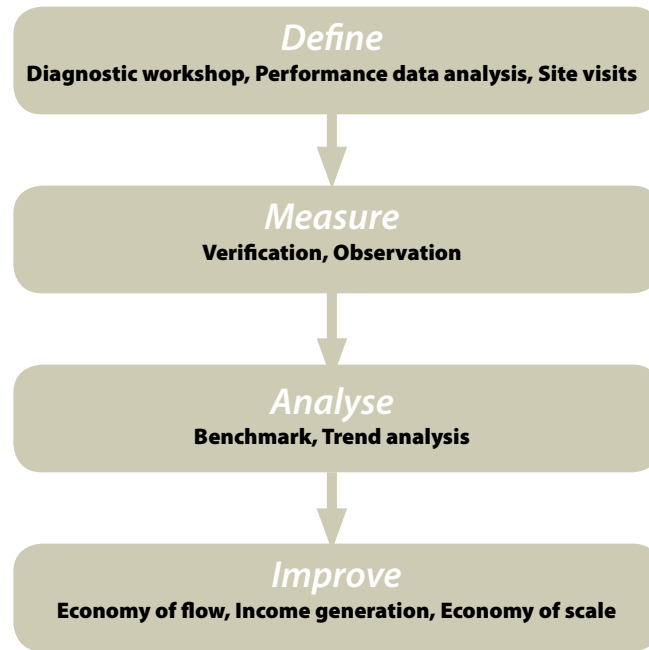
(e) Process benchmarking

Process benchmarking focuses on selected processes within an organisation rather than on the organisation as a whole. By identifying best practice processes and comparing actual processes that organisation use, managers can improve the performance of sub-systems—leading to better overall performance. The goal of process benchmarking is to improve different stages of the process and to increase efficiency by "learning from others". Sharing experiences is crucial for the success of the technique. For example, by comparing specific core indicators (and the procedures currently used that affect those indicators), best practice can be identified and transferred to other organisations. APSE has established process benchmarking groups in building maintenance, parks, refuse collection, street cleansing and transport services.

(f) APSE approach

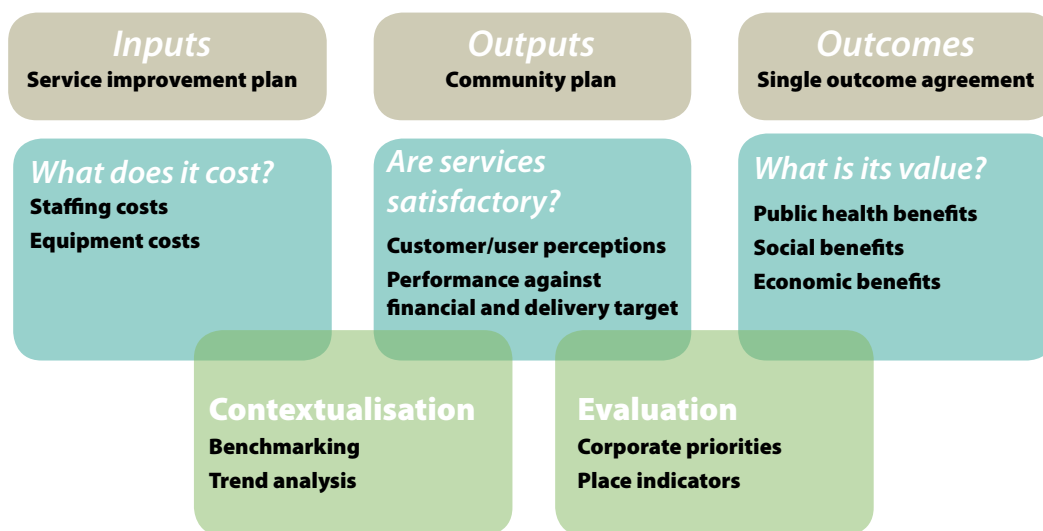
APSE uses a combination of approaches for service improvement projects or options appraisal, drawing on the strengths of the models above combined with performance data from the UK's largest public sector benchmarking model, APSE performance networks. APSE's best value consultancy have developed approaches for local authority projects that are specific to the local circumstances in which the council is operating and drawing on APSE's extensive knowledge of front line service delivery. An example of a model developed for a

specific efficiency project is as follows:



This model has been adapted by APSE from the Six Sigma DMAIC model, 2010

APSE thinks that cost, price and value all need to be taken into account when reviewing services and identifying savings. To view individual service areas as simple cost centres that can be cut without considering wider issues of public value could be counterproductive. For instance, increasing the price of a school meal might help balance the school catering budget but if it deters children from eating healthier, the long term costs to health and the economy would make this a poor choice in terms of public value. Therefore, whilst it is important to review inputs, front line public services need to measure outputs as a proxy for public outcomes. A simple model showing all 3 dimensions is shown below:



Opportunities for local authority services

Set out below are a number of case studies from local authority services throughout the UK which show real financial and organisational benefits from using service transformation techniques. Further details, including contact information, are available to APSE member authorities by contacting the APSE office on 0161 772 1810.

Case study 1: Continuous improvement of front line services through value for money reviews.

This local authority in south Wales asked APSE to undertake service reviews in transport, corporate building services and parks and open spaces. This involved a cost/quality appraisal, identifying 'added value' features

of the service and options for cost reductions and improvements in operational efficiencies and an options appraisal. Recommendations included:

- A centralised vehicle function is established for fleet procurement
- For corporate building services, scope for increasing productivity and adopting more targeted inspections
- Review seasonalised working hour arrangements and increased machinery utilisation.

The reviews realised savings of £155k per year.

Case study 2: Systems thinking approach to highways maintenance.

The highways department of this unitary council in central England decided to carry out a Systems Thinking Review of their reactive maintenance service following concerns about the quality of service and the potential pressures in the future. The review began in 2009 and was supported by funding from Improvement and Efficiency West Midlands. Key improvements included:

- Average time to complete a repair reduced from 36 days to 2 days
- Average cost of repair reduced from £68 to £59 (for potentially 11,500 repairs, this is a saving of over £100k).
- Reduction from 3 months backlog of work to no backlog
- Reduction from 10% of first visits being aborted to 0% of jobs aborted

Case study 3: Establishing a Change Management and Innovation Unit.

This council in south Wales, as part of its approach to deliver efficiencies, has developed a Change Management and Innovation Unit. The unit has been tasked with delivering transformational change across the council. To date the council has undertaken around 15 reviews ranging from Development and Control to Child Protection. The first systems review was in the Development Control service, where despite being a good performing service, they reduced the average time it took to make a decision on planning application from 86 days to 31 days.

Case study 4: Road drainage improvements.

This local authority in Scotland has used a systems approach to redesign its gully cleaning process. The main changes introduced included:

- More and better focused performance measures
- Introduction of IT systems, including vehicle-based equipment
- Changes in geographical boundaries to match Neighbourhood Management
- Annual, city-wide scheduling
- Co-ordination of routine cleaning, high pressure jetting and traffic management

The results have included:

- Average response time to customers reduced from 53 to 11 days
- 93% blocked gullies reported by customers cleaned on the first visit
- Proportion of all gullies successfully cleaned first time increased from 60% to 75%
- The cost of developing the IT system was £24k but the annual saving in staff time is £14k.

Case study 5: Expenditure review for library services.

This authority in north Wales sought to reduce year-on-year revenue expenditure on its library service by £90k from 2010 onwards. APSE reviewed the service and provided a series of savings-related and non-savings related recommendations, including a new structure, reviewing opening hours and increased partnership working, to achieve this annual saving target.

Case study 6: Rethinking support services.

This metropolitan council in northern England has used systems thinking techniques for its support services. Improvements have included:

- An increase in the percentage of people who contacted the IT helpdesk who could be dealt with immediately from 17% to 85%.
- In HR and payroll, the percentage of people who could be dealt with immediately has increased from 0% to 85%.

Case study 7: Systems thinking approach in Housing/Council Tax benefits.

This council in south Wales has applied a systems thinking approach to Housing and Council Tax Benefits. Redesign commenced in 2009 and benefits to the customer include that they now only have to complete a maximum of 5 pages to inform the council of a change in circumstances rather than 36 pages. The end to end time has been reduced from 45 days to 12 days for new claims and 35 days to 8.6 days for changes to circumstances.

Case study 8: Local authority building repairs and maintenance service.

This unitary council on the English south coast first applied systems thinking to their repairs and maintenance service. They have successfully reduced the average number of days for all repairs from 24 days to 6.9 days to fix the originally reported repair and 11.2 days to fix all repairs identified at the property. They have also reported that costs per job have fallen by 7% through the redesign.

Case study 9: Cleaning communal areas in residential buildings.

This unitary council in southern England applied a systems thinking methodology to cleaning communal areas in residential blocks of flats. They first did a deep clean intervention test on a block of flats and when the block was as near to perfect as possible, an additional test was undertaken to simulate a routine clean of the block. The perfect condition was maintained by doing only what was needed NOT what would normally have been specified in a cleansing contract specification. They then cleaned another block, building upon what they had learnt, using alternative methods and materials. The total cost of this was 85% cheaper than the first test.

APSE comment

The case studies above demonstrate clear improvements in processes and systems for a range of council services, including some front line services. Whichever tools and techniques are used, there are key differences between whether an 'evolution' or 'revolution' approach is taken; continuous improvement or 'big bang'.

Some of the key differences are listed below:

Evolution	Revolution
Flexible, pragmatic approach	Big bang all at once
Control over process	Loss of control and high risk strategy
Managing the risks	Risk of alienating stakeholders – particularly workforce
Taking stakeholders along	Difficult to make changes or go back if unforeseen problems
Relatively straight forward to procure external input if needed	Complex, lengthy, expensive procurement process if external input needed
	May force cultural change

Reviewing processes is not a new phenomenon and councils should learn from exercises that have been undertaken previously by organisations such as APSE and improvements made in local authority services throughout the UK. Further support is available from APSE via obtaining these full case studies, additional support in conducting an options appraisal or service review, performance measurement and process benchmarking, skills development and training, as well as advisory services.

4: Energy and green issues – maximising the economic and environmental case

Introduction

The Climate Change Act 2008, Climate Change (Scotland) Act 2009, One Wales commitment and Northern Ireland Programme for Government set challenging targets to reduce emissions. The UK low carbon transition plan was produced and laid before Parliament on 15 July 2009, which sets out a series of proposals and policies to meet the UK carbon reduction targets. It sets out the UK's first ever comprehensive low carbon transition plan to 2020.

The Carbon Reduction Commitment started in April 2010 and is the UK's first mandatory carbon trading scheme, covering both public and private sector organisations, including local authorities. It is designed to encourage large non-energy intensive organisations in the UK to reduce their CO₂ emissions. The aim of the carbon reduction commitment is to reduce the level of carbon emissions by approximately 1.2 million tonnes of CO₂ per year by 2020. As a Climate Change Act commitment, the scheme is aiming for an 80% reduction in CO₂ emissions by 2050. The scheme comes with penalties and bonuses which make the scheme both environmentally and financially important.

The legislative framework to reduce carbon is now in place and councils are increasingly examining ways of meeting their carbon commitments as well as managing service costs and generating income in the current financial climate. The following paper details the financial context of the 'green agenda' as well as drawing on real examples for front line services where both financial and carbon savings have been made.

The financial context

Responding to the 'green agenda' is associated with economic benefits. There are both bonuses and penalties which local authorities need to be aware of as follows:

(a) Carbon reduction commitment penalties and bonuses

The carbon reduction commitment aims to use a bonus and penalty scheme as part of the incentive for organisations to reduce their levels of emissions. Any bonus or penalty administered to an organisation will be based on their position in the league tables. During the second year the margins for bonus and penalty will increase to 20%, with 30% being applied to the third year and so on. By the fifth year, organisations in the top half of the table will receive a bonus, whereas all the organisations in the bottom half will receive a penalty.

Please note, at the time of writing this paper, the carbon reduction commitment was subject to consultation and there may be future changes to the penalties and bonuses of the scheme.

(b) Landfill tax

Landfill Tax is payable on waste that is disposed of at landfills. The Tax is regulated by HM Revenue and Customs. Rates for 2010/11 are:

- Active waste - £48/tonne (+VAT)
- Inactive waste - £2.50/tonne (+VAT)

Government announced in the Budget 2010 that the rate for active waste will continue to escalate by £8 per year until at least 2014/15, when it will reach £80 per tonne.

(c) EU fines for landfill

Under the EU landfill directive, the UK must reduce landfilling to 75 per cent of 1995 levels by 2010, 50 per cent by 2013 and 35 per cent by 2020. The Department of Environment, Food and Rural Affairs has said it will fine councils £150 for every tonne they land-fill above the total amount of allowances they hold. The Government may also pass on any EU fine to the local authorities, meaning that "failing councils" would be responsible for their share of fines reaching £180m a year – £500,000 a day – until the directive's demands are met.

Opportunities for front line services

Set out below are a number of case studies from local authority front line services throughout the UK which show real financial and environmental benefits from addressing the green agenda in a positive way. Further details, including contact information and case studies for other front line services, are available to APSE member authorities by contacting the APSE office on 0161 772 1810.

(a) Waste and environmental services

Case study 1: a metropolitan council in the north of England

They converted 1000 tonnes of street cleaning leaf waste into good quality useable compost, to be used in their grounds maintenance service. They bought machinery which cost £20k but it is expected to save the council around £70k per year.

Case study 2: a council in the north of Scotland

They aimed to deliver the first phase of an ambitious programme to plant 210,000 trees within the largely urban environment of the Council's boundaries. In this phase approximately 100,000 trees will be planted in five months at no cost to the Council. This has been achieved by securing external funding. To cover the costs of the trees and materials required approximately £350k has been obtained by a dedicated group of Council officers. 45 hectares of new woodland will be created which will take up and store 15,000 tonnes of CO₂ over the next 50 years.

Case study 3: a council in Scotland

The council has 28% of its urban areas as parks or green space. Maintaining these areas gives rise to a significant volume of botanical waste and the impact of plant and vehicles used in these operations contributes to environmental pollution. Therefore, they have used mulch for existing tree and shrub beds and expanded the sale of this to the commercial market, introduced localised on-site chipping (reducing transport costs), sold this to specialist bio mass fuel suppliers and the timber is cut, split and seasoned for sale as fire wood. This means a real saving of £6,400 in Landfill Tax in 2008/09 and £12,000 in 2009/10.

(b) Highways and street lighting services

Case study 4: a council in the east of Scotland

The council has introduced a new low-emission road repair process which has a lower cost per-repair, shorter repair time and a fraction of the carbon footprint. It allows for a complete recovery of the existing surfacing material without cutting any of the existing surfaces first, eliminating the need for multiple vehicles, noisy jack-hammering and landfill waste. It reduces the carbon footprint of road repair by over 85% and has an average cost saving of around 40% per repair compared to traditional methods of road repair.

Case study 5: a unitary council in the south west of England

They developed a Whole Life Carbon Evaluation Model for their street lighting service to ensure that all new technologies and strategies were properly evaluated before being implemented. In the first full year they have saved 3% of the carbon generated by street lighting and is expected to generate financial savings of over £150k per annum.

Case study 6: a county council in central England

They constructed a new gully waste dewatering site simultaneously with the provision of a new waste recycling centre, which provides the local community with a much improved facility, a cost reduction to the tax payer for the provision of the service and a carbon reduction of over 79 tonnes.

Case study 7: a metropolitan council in central England

They sourced section 106 funding through a new development in their local centre, to undertake a number of projects to improve the visual appearance of the area and to attract individuals to continue their shopping experience in the town centre. These improvements came about through public consultation which resulted in modernisation of the area and relighting using environmentally friendly products in line with the carbon agenda and climate change initiatives. Overall the project will see energy and CO₂ saving of 38%.

(c) Building maintenance and housing services

Case study 8: a district council's ALMO in central England

The council has a programme in place to replace 140 properties with Ground source heating in 2009/10 (saving an average of 9665 CO₂ across 3 properties). They are piloting Air Source Systems to several properties as an alternative to Ground Source Heating (saving 60% in CO₂ emissions and typically between £3 and £6 per week for tenants). They are in the process of installing a Wind Turbine within their main depot, which will generate about 25% of the electricity required for their office blocks, vehicle maintenance depot, and Training and Development Centre.

Case study 9: a council in Northern Ireland

The council is developing a deep geothermal led district heating network project for the town. This will attract £50 million plus into the town, create employment, reduce carbon emissions, improve energy efficiency and reduce the annual energy cost and long-term volatility.

Case study 10: a council in the east of Scotland

They improved waste management in its Buildings Service over a 20 month period from only 4% of total waste being diverted from landfill to achieving the target of 90% being diverted from landfill. Cost savings have been realized to the value of over £200,000.

Case study 11: a council in south Wales

The council launched its Waste and Sustainability agenda for Building Services in 2007 to address the waste produced at their depots and construction sites. The changes implemented have led to cost reductions of £480K, reduction of 44% of waste produced, 70% of the remaining waste diverted from landfill and achievement of Green Dragon Level 5. The service has reduced its overall utilities by 38%, water consumption by 34.2% and reduced CO₂ emissions by 829 tonnes since 2007.

Case study 12: a metropolitan council in the north of England

They retrofitted insulation and low energy light bulbs to all households regardless of income. This was a 3 year programme with £20m investment. The Council have invested approximately 50% of the funds from its own capital investment programme with a further 50% match funded from Scottish Power. Estimated carbon dioxide reduction from the first year's installations is 10,537 tonnes CO₂/pa.

(d) Transport and vehicle maintenance services

Case study 13: a city council in the north of England

They began a demonstration trial of two compressed gas powered Refuse Collection Vehicles using bio-methane. Initial research suggests that if the technology was rolled out on a large enough scale, the benefits would not just be significant reduction in CO₂, but also has the potential to reduce the council fuel bill by up to 10%. This reduced running cost is likely to cancel out the initial investment required to purchase the vehicles.

Case study 14: a council in the north of Scotland

They reduced carbon emissions from their vehicles by 76.5% collecting used vegetable oils and then reprocessing them to produce biodiesel to run in the council's fleet vehicles. The collection of waste oil previously using another supplier was 33 pence per litre, now the council gets paid 5 pence per litre for the oil collected. The cost of fuel is 10 pence cheaper per litre to run the biodiesel vehicles with no difference in mileage output.

APSE comment

There are three ways in which councils can reduce their carbon footprint and therefore its energy use;

- (a) Reduce the amount of energy that is used in the performance of its current activities, such as using 'Green Champions' to encourage energy efficiency.
- (b) Improve the energy efficiency of its buildings and other assets, transport and related areas, such as electric car schemes and retrofitting insulation into public buildings.
- (c) Generate its own energy from renewable sources, such as building solar parks, constructing wind farms and biomass and district heating networks.

The case studies above collectively demonstrate real financial savings of over £1.6 million per annum and a carbon reduction of over 2,700 tonnes of CO₂ per annum. Further support is available from APSE via obtaining these full case studies, additional support in creating a business case for environmental projects, skills development and training, as well as advisory services.

5: Lessons from Total Place - maximising a whole area approach to public services

Introduction

Total Place management remains high on the agenda for public services as the pilots have generated savings with potential for far greater future savings and the principles promote more effective working and better outcomes. Although there are many examples of good practice in resource and asset management, avoiding overlap and duplication is fundamental to efficiency in public services and is often an easy target for critics. Total Place pilots have addressed this and shown improvements can be made. However there are entrenched cultural approaches which need to be addressed if further progress is to be made in how the best use is made of assets and resources.

Total Place

As Total Place has brought together a range of public service providers, it has also provided each partner with access to a range of resources and assets. Using assets and resources efficiently is vital for any and all organisations and Total Place has focussed on ensuring this is built into the programme. Delivering public services requires a combination of assets including physical assets such as buildings and property as well as vehicles, tools and plant, ICT equipment and play and leisure equipment. Assets also include highways, footpaths, street lights, trees and vegetation as well as intellectual property, staff, information, software and more.

The Total Place scheme was a logical progression from other area based programmes which promoted work outside the silos of public services providers organisational arrangements, a focus on the service user and partnership working. It also incorporated the main messages from papers such as 'Building on Strong Foundations – A Framework for Local Authority Asset Management' (CLG, February 2008) and 'The National Procurement Strategy for Local Government – Towards public service transformation' (April 2008) which emerged from the Labour government.

It was designed as an initiative to look at a 'whole area' approach to public services focussing on the service recipient rather than the delivery body. General aims included better services, reduced costs, avoidance of overlap and duplication between organisations and better joint working as well as a step change in both service improvement and efficiency at the local level. There were 13 diverse pilot areas participating in the scheme with new approaches for the planning, design and delivery of services being encouraged. The impact of the economic downturn means all of the public sector needs to find radical new solutions to not only deliver better value for money, but also better local services more tailored to local needs. No formal announcements have been made on the future of the Total Place programme but CLG Minister Bob Neill is reported to have encouraged councils to continue to 'pursue Total Place principles'.

Asset management has been a constant theme in the efficiency agenda promoted by central government and taken on by local government. Related issues such as community ownership, shared services and improvements in ICT have ensured different perspectives have been brought to the topic. The public spending cuts introduced by the coalition government, have put further pressure on public services to manage their assets better and work closer together whilst the economic downturn will also have an impact on asset management both in terms of financial resources available to councils for maintenance as well as income from the sale of assets and rent from tenants.

Factors impacting on Total Place

It is interesting to look at lessons from the numerous programmes designed to improve public sector performance such as Best Value, LSPs, CAA, Sustainable Community Strategies and Total Place and see how the lessons can be applied to the wider local government and public service context. The evaluation of studies looking at what drives change have found a number of factors which are necessary to achieve success and make best use of resources.

Workforce - Managers need to think in terms of a single public service workforce operating across organisations without identifiable boundaries. These organisations need to look at how they can configure themselves to respond to the needs and priorities of the areas and communities they serve. There will be major implications that emerge for the people delivering services but these need to be

addressed as part of the solution rather than used as an excuse for inaction.

Culture - The Total Place initiative has highlighted the different cultures and approaches to work that are found within different organisations even though all are public sector bodies. Although there will be differences there is a need to look at common approaches to working and dealing with service users. As an example, a number of councils have appointed, or are considering appointing, one chief executive covering two local authorities. This represents a real culture change as it has long been accepted that the chief executive/council leader relationship within a single local authority was vital to the success performance of the council.

New approaches – the type of issues addressed by those organisations that do come together in partnerships are not straightforward. Trying to achieve complex social objectives through a step by step formalised approach with the expectation of success if the steps are followed, is mistaken. Such issues are often not about processes but behaviours (such as the health of looked after children, drugs and alcohol or cutting crime) and although there can be a benefit in changing arrangements with regard to physical assets, there is a greater need for innovation with regard to, for example, knowledge and expertise between organisations or data and information. These are not straight forward process problems but messy human problems and new approaches to dealing with them will be welcomed.

Effective leadership at corporate level – both from central and local levels and across organisations; not just in terms of individuals, which is vital, but also in terms of central programmes as centrally designed programmes with no flexibility to enable local interpretation are unlikely to succeed.

Accurate data – if the aim is to improve services and save money then there is a need to describe what has been achieved in numbers where appropriate; it provides a base line and a method of tracking progress; there is a need to avoid data overload and to ensure effective use of the data collected

Duration – many programmes have had a short life when change, especially cultural change, requires a much longer time frame. The approaches from programmes such as Total Place need to be adopted long term, a fact which public spending cuts will demand.

Relationships – success will not be achieved without working on relationships; to build support by explaining and listening to other organisations about their role and understanding the benefits that can be achieved by working together.

Knowledge – the services that councils deliver and the problems they face are similar although local circumstances mean they are never exactly the same. Nonetheless there are skills which individuals have which are needed and can be shared between councils. It is often the case that councils pay for consultants rather than employ individuals to address issues which maybe seasonal or irregular. These can include expertise in areas such as dangerous buildings, arboreal skills, engineer specialists and legal experts. For example, it can be that one council does not have sufficient workload for a building surveyor with specific dangerous building skills and ends up employing an expensive consultant at short notice when needed. The alternative is building control sections from a number of councils getting together and employing single officer between them – a much more efficient and effective approach.

Funding cuts – funding cuts will force the pace of change. Although much work has been done in a period when public spending was increasing, the likelihood of radical ideas being introduced is less than in periods of greatly reduced budgets.

Opportunities for front line services

Set out below are a number of examples from local authority and other public service providers throughout the UK which show financial and organisational benefits. Further details are available to APSE member authorities by contacting the APSE office on 0161 772 1810.

Case study 1: Co location of services.

A Scottish Council, NHS and Job Centre Plus have come together to deliver a series of services from a single newly built facility. Services include information desk, cashiers, Money Matters advice, benefits and revenues, a library, a registrar, housing repair centre, youth support service, NHS services, GP, Job Centre Plus and Pathways to work. One of the outcomes has been a 40% increase in library lending by youths.

The same council, alongside the NHS and the Police, established a service centre in another new building providing an information desk, leisure facilities, a youth wing, a crèche and after school care, a library, an IT suite, employment training, NHS services and a police service.

Case study 2: Organisational Transformation.

A council from West Yorkshire is undertaking an organisational transformation programme designed to modernise the way in which the council delivers its services. The three-year initiative (which started in 2007) aims to rationalise the authority's property portfolio, improve staff productivity and enhance citizens' access to services.

- reducing the number of administrative buildings from 34 to 6
- flexible working – hot-desking, home working home, mobile working, 9-day fortnights
- 1st phase – office space reduced by 32%; 127,000 commuting miles saved; 15% productivity gains in e-services alone with cashable savings of £81,000pa.
- capital receipts gained so far with aim of £18m from all sales; sickness levels fallen year on year.

Case study 3: Combined management teams.

A Care Trust and council in the north west are to become one the first in the country to merge their management teams and will be led by one chief executive. The aim of the integrated management team is to save money and help commission NHS, public health and social services together. The collaboration is expected to save up to £2m annually with the feeling being that it is the next obvious step. Last year, under the care trust plus, the council transferred its powers for commissioning social care for children and adults to the local primary care trust. A southern county council and its PCT have already formed a single management team under one chief executive while a London borough is also considering such a move.

Case study 4: Public Service Centre.

A council in Northern Ireland has opened the first public services centre in the region with the aim of bringing services closer to the customer. The primary purpose of the centre is to receive and process requests for all services provided by the council. In addition it is a contact point for other public services locally including the Roads Service, Water Service, Housing Executive, Rate Collection Agency and the Education and Library Board among others.

Case study 5: Highway lighting collaboration.

Councils in North Wales have started to work collaboratively over recent years starting as informal networking and developing into formalised procurement . By bringing together the management of their street lighting assets they have made savings in a number of areas of the service and are working on a number of future aims.

- savings per council in excess of £60,000 pa for street lighting service connections
- supportive energy pricing due to the collaborative agreement and economies of scale
- significant financial savings and reduced carbon emissions in each authority
- as a result of partnership negotiations between the councils and meter administrators regarding transfer to a more accurate reporting system for unmetered electricity and energy costs, all councils will make savings such as the £55k made by one of the partner councils.
- more cost effective staff training through pooling of resources

Case study 6: Combined action to tackle bad weather.

Following the poor weather in 2008/09 a north east county council reviewed its winter service and formulated an action plan alongside the police, fire and rescue service PCT and town and parish councils. The PCT contributed over £1m in 2009/10 and 2010/11 to cover the revenue and capital costs of gritting new routes. The scheme received excellent feedback from residents and it is expected to continue for a number of years to come.

Case study 7: Partnership working on housing and regeneration.

North East public service providers came together to work on housing in relation to regeneration because a high quality, improved housing offer is fundamental to their ambition to regenerate parts of the county as well as setting up a new partnership for housing-led regeneration with the aim of a collective approach to accessing funding streams in the public and private sectors and coordinating the investment across the county. Their research found

- 19 funding sources locally for housing into the county
- Over 100 spending programmes in relation to housing and regeneration delivering in localities - half of which have delivered spend in 2008/09
- 48,000 social rented properties in the county managed and/or owned by 32 landlords
- £18 – 30million potential indicative savings identified

Case Study 8: Saving on older people's care.

Councils and NHS providers in the south west chose to lead a Total Place pilot focussing on how to deliver better services for older people at less cost with the aim of reducing the need for long-term care by helping individuals build skills and confidence. Initial findings from a pilot site in one area showed it was possible to reduce the weekly amount of care in nearly 75 out of 100 cases.

- A pilot project for telecare provision began in October 2006 and has delivered quantifiable savings for the county council and NHS of around £155,000 through delaying or preventing the need for care home admissions, or enabling early hospital discharges.
- Since April 2008, 58,748 people have benefitted from neighbourhood support networks and preventative services
- Early indications show that this work has helped save more than £1 million through a reduced need for care home placements and home care packages

Case study 9: Rethinking support services.

As part of a major focus on health, equality and worklessness, Job Centre Plus staff have been co-located in GP surgeries. There has been considerable success with GPs able to prescribe a job centre referral to be able to get a person into employment as well as prescribing medicines because they sit alongside each other.

APSE comment

APSE promotes excellence in public sector service delivery irrelevant of the delivery arrangements. This will include services delivered by individual councils, groups of councils coming together, councils working with other public sector bodies and with private companies. Public sector budget cuts mean every last ounce of value needs to be squeezed from the assets at the disposal of local authorities and all duplication must be avoided. Councils working with partners is one way of doing this and lessons from previous programmes need to be taken on board if this approach is to be successful.

One of the main elements of Total Place is to map the total public spend in an area. In one smaller county the figure which emerged was £4.02bn. At a crude level, even a small saving or reallocation of spending, say 1%, is a very large amount of money. This reflects the scale of the public sector in the UK – there are opportunities for greater efficiency within such a context.

Evaluation of national programmes has shown that restrictive accountability to central government is damaging to projects which are dependent upon local partnerships and that a flexible basis for local working and the freedom to innovate are vital for the success of a scheme. APSE welcomes local accountability and responsibility and appreciates that it can lead to the type of benefits can emerge from the case studies noted above.

The focus on improvement and efficiency has been ongoing for a number of years, aiming to make services the best, cheapest and most effective they can be. The economic downturn is one prompt for greater efficiency but the agenda for improvement will remain regardless of economic conditions.

Applying the lessons from Total Place is fundamental for local authorities. Further support is available from APSE via obtaining these full case studies, additional support in conducting an options appraisal or service review, performance measurement and process benchmarking, skills development and training, as well as advisory services.

References

'Total Place; Lessons learnt' – Office for Public Management (August 2009)

'The Public Service Challenge – Implementing the lessons from Total Place' - Local Government Group/MJ (July 2010)

6: Performance management and process benchmarking

Introduction

With an increased focus on demonstrating value for money, unit costs and competitiveness in the delivery of front-line local government services, it is more important than ever that local authorities are able to learn from our peers how to secure service improvements, deliver efficiencies and safeguard quality during a period in which there will be spending reductions and financial constraints across local government as a whole. This paper looks at some approaches to performance management and process benchmarking and highlights some case studies from councils throughout the UK who are using these methods to secure improvements in their operations, as well as associated financial savings. These case studies demonstrate a combined saving of nearly £10 million.

Performance management and process benchmarking

This section outlines some of the techniques and approaches to performance management, performance measurement and process benchmarking.

(a) Performance management

Aubrey C. Daniels, Ph.D. (born May 17, 1935 in Lake City, SC, USA) is frequently referred to as “the father of performance management”, as he was one of the first to make extensive use of the science of behaviour analysis in business. Performance management was coined by Daniels in the late 1970s to describe a technology for managing behaviour and results, the two critical elements of what is known as performance.

The performance management cycle of ‘Plan’, ‘Do’, ‘Review’ and ‘Revise’ is a continuous improvement technique used by organisations for ongoing assessment, business planning, target setting and accountability purposes. Performance management within the public sector is seen as a means of ensuring the best use of limited resources. There has been a growing importance of local performance management systems within the public sector, which has gained particular momentum in recent financially challenging times:

- To form judgments on the quality, cost and competitiveness of the services that councils provide
- To identify direction of travel and pace of change
- To identify inefficiencies flowing from system failures such as poor productivity or absence management

(b) Performance measurement and benchmarking

Performance measurement is essential for performance management as the underpinning evidence to ‘Review’. Robert Behn (2003) suggested there were eight purposes that public managers have for measuring performance:

Evaluate	How well is my service performing?
Control	How can I ensure my staff do the right thing?
Budget	How should my service spend public money?
Motivate	How can I motivate staff, middle managers, contractors, partners, stakeholders and service users to do the things necessary to improve performance?
Promote	How can I convince elected members, auditors and inspectors, senior managers, citizens and other stakeholders that my service is doing a good job?
Celebrate	What aspects of our performance can we celebrate?
Learn	Why are things working (or not working) properly?
Improve	What exactly should who do differently to improve performance?

Performance measurement is used by councils to track performance, inform priorities, highlight particular issues and direct resources. The proposed new local government assessment framework (following on

from the end of comprehensive area assessment) will have a renewed emphasis on unit costs. The national improvement and efficiency programme will create a 'bank of productivity data' for local government. A robust benchmarking system is seen as key to avoiding a return to 'cheap is best'. The new framework will also mean a stripped-down national indicator set and as a result, there has been greater emphasis on the use of voluntary performance measurement and benchmarking arrangements that provide sound financial, productivity and quality data such as APSE performance networks.

(c) Process benchmarking

Process benchmarking focuses on selected processes within an organisation rather than on the organisation as a whole. By identifying best practice processes and comparing actual processes that organisation use, managers can improve the performance of sub-systems – leading to better overall performance. The goal of process benchmarking is to improve different stages of the process and to increase efficiency by "learning from others". Sharing experiences is crucial for the success of the technique. For example, by comparing specific core indicators (and the procedures currently used that affect those indicators), best practice can be identified and transferred to other organisations.

Opportunities for front line services

Set out below are a number of case studies from local authority front line services throughout the UK which show real financial and organisational benefits from using performance management and process benchmarking. Further details, including contact information, are available to APSE member authorities by contacting the APSE office.

Case study 1: Using benchmarking to demonstrate competitiveness in building maintenance.

In 2008, Property Services in this council in the south of Scotland, implemented a Competitiveness Framework, aimed at evidencing that they could achieve best in class results. The framework has 4 key components; national schedule of rates comparison, comparison of key investment programmes, competitiveness review of building services and a competitiveness review of project services. This approach uses detailed peer and process benchmarking tools and techniques to test service competitiveness, quality and performance, including APSE performance networks. Successes include a price saving on the National Schedule of Rates comparison of over £4 million.

Case study 2: Process benchmarking to reduce procurement costs.

A process benchmarking project was carried out by 17 authorities in Scotland via APSE to compare the arrangements by authority for the management and delivery of a selection of key building maintenance activities. Activities covered included procurement, fleet management, schedules of rates, response repairs and post inspections. By comparisons, the councils identified both differences and similarities in processes, rates and practices, which could result in improvements and savings.

Case study 3: Transforming customer services through the use of real time performance management.

This council in the north East of England has implemented new technology alongside the introduction of a career graded staffing structure, increased staff development and training and real time performance management. This has transformed the customer services telephony centre and generated £200k efficiency savings. Productivity has increased from 45% to 62% and staff absence has halved.

Case study 4: Using performance management corporately for efficiency and improvement.

This district council in the south of England needed to reduce costs by £3 million, whilst ensuring that the rationalised authority continued to be 'fit for purpose' and customer focused with improving service quality and customer outcomes. They launched a programme with an emphasis on four key areas; innovation and efficiency, people and performance, customer service and communications and engagement. Results include reduced costs through innovative changes as well as an improvement in 73% of their performance indicators, which placed them 18th out of 388 local authorities for improvement in 2007-8.

Case study 5: Developing a Citistat performance management approach to improve attendance.

This local authority in Scotland has improved their sickness absence through regular, systematic performance analysis. The Citistat approach was developed by the City of Baltimore and involves establishing a panel with senior management membership and making senior managers accountable. This council took data on absence on a 4 week cycle, which was scrutinized by a team. Managers from areas showing increasing trends or where

the levels are significantly above the target were asked to attend a panel meeting to explain how they are dealing with it. Actions are agreed at the meeting and managers are given 4 weeks to implement the actions and if necessary they are recalled to the panel to justify their actions. Sickness absence has fallen by more than 1% in 10 months, which has increased productivity by around £220k.

Case study 6: A holistic review of street lighting performance.

This county council in central England reviewed its street lighting performance in 2007. By working with senior managers, design staff, electricians, night patrollers and electricity companies, they have managed to reduce the time taken to repair a street lighting fault from 7 days to 4.8 days. The action plan included improvements to the scheduling of repairs and route planning, introduction of IT equipment whole life cost investment strategy and working with electricity companies to restore supplies quickly, when the fault is due to a supply failure.

Case study 7: Using data to demonstrate the effectiveness of the leisure service to partners and potential funders.

This metropolitan council in the north of England has used APSE's benchmarking data to monitor the effectiveness of its leisure service, provide evidence of substantial improvements and demonstrate to partners and potential funders its ability to deliver services. The service generates over £1.5 million of external funding every year from a variety of partners to deliver programmes and services. They have also used their site-by-site comparisons to implement a range of cost cutting initiatives by amending operational practices to reflect those undertaken at best performing sites.

Case study 8: Adopting new ideas through process benchmarking.

This unitary council in the south of England introduced a 4 day a week collection service for waste and recycling, an idea inspired by process benchmarking with peers via APSE, and conducted on-site visits to learn from other councils' experiences. This new service will help them to achieve efficiency savings through the better use of vehicles and fleet. By avoiding Monday collections they have ensured that the residents understand the schedule and are unaffected by collection day changes following bank holidays, with the exception of Christmas and the New Year.

Case study 9: Using benchmarking data in service reviews to identify efficiency savings.

This council in the south of Wales commissioned APSE to undertake a review of its grounds maintenance unit. The review used benchmarking cost and performance related comparators to assess the competitiveness, performance and qualitative standard of the grounds maintenance service provision. The review identified £150k efficiency savings through the reprogramming of seasonalised working hours and increased machinery utilisation.

Case study 10: Introduction of a weekly performance system to improve productivity in primary school kitchens.

This council's education catering service maintains high productivity via the operation of a weekly performance management system for each kitchen, allowing them to proactively monitor productivity. This data is then used in the allocation of staff across the kitchens to ensure maximum output of meals whilst minimizing staff time wasted.

Case study 11: Evidencing improvement in performance following a structural change.

In 2008, this council radically reviewed how its housing service was delivered and decided to integrate its housing services with corporate and commercial services – specifically merging the housing management teams with the building maintenance teams. Improvements in the service as evidenced by performance data include a reduction in void turnaround time from 81 days to 15 days for non low demand properties, a reduction in time spent on minor repairs inspections and savings of £400k.

APSE comment

Further support is available from APSE via obtaining these full case studies, performance measurement and process benchmarking, additional support in conducting an options appraisal or service review, skills development and training, as well as advisory services.

7: Joint chief executives and shared management posts

Introduction

Go back four years and the concept of sharing a chief executive was still novel and mainly restricted to 'high flyers' parachuted into 'failing authorities' to bring stability for a couple of days per week whilst still maintaining their main job elsewhere.

Other District Councils spent years attempting to link up, only managing to complete the transition when both Authorities were under the same party control. The first being Adur and Worthing Councils who share one officer team, whilst retaining the separate decision making Council chambers and elected members.

Since then many further districts have merged the officer structure, more recently at Redditch and Bromsgrove, with a plethora of others either sharing chief executives or moving to a more integrated structure. This has not only crossed county boundaries as in the link between High Peak (Derbyshire) and Staffordshire Moorlands (Staffordshire) Councils, but some proposed where there is not even a common geographical boundary in Breckland and South Holland.

Several share a common Section 151 officer (Hambleton and Richmondshire), others (Melton and Harborough) have shared a joint head of the legal services splitting the days across the week.

Counties and Unitaries

The concept of one Authority providing the service for another is a well trodden path although in most cases the relationship is either contractual or through a joint board. Many services including Waste disposal, transport and pensions were placed under joint boards and run by a single authority after the break-up of the Metropolitan Counties in 1986. The model is easily adapted to run other services on a wider remit. Recently Oldham and Rochdale have experimented with a joint head of Facilities Management covering catering and cleaning services between the two Councils although the arrangement has since ceased.

A less used path is the merger of two departments into a single service. Recent announcements by Westminster and Kensington and Chelsea to merge Children's services into a single entity may mark the start of a growing trend. Adult care services is another possibility and joint appointments of local PCT directors has been tried with varying success.

Methodology

Staff employed jointly may either have a contract of employment stating that they are jointly employed or be hosted by one Council with a proportion of salary invoiced to the other.

Whilst sharing a single Chief executive may be a relatively simple exercise to arrange, merging the officers of two authorities is unlikely to be quite so 'pain free'. Usually a new management structure is agreed and starting from the top downwards officers are asked to apply for the positions. Although some officers may opt to take the retirement/redundancy route, competition for positions is likely to be significant. At lower tiers the redundancy route is likely to be the only option where there is significant overlap. Differences in pay and grading as a result of Job Evaluation are likely to require special attention with a new unified structure.

By way of example, South Oxfordshire and the Vale of White Horse Councils merged officer teams in February 2009. The Councils have moved from two chief executives, five directors and 14 heads of service, to a combined structure with one chief executive, three directors and eight heads of service. The annual salary saving is £750,000 (with a one-off transition cost of approximately £1.2 million).

Savings

It is too early to confidently lay out the exact savings available, although annual salary savings achieved by the first 10 pairs of sharing councils ranged from £60,000 to £1.1m, according to a 2009 study by Local Government Improvement & Development.

Cambridgeshire and Northamptonshire CCs are to share their back office functions in an attempt to save more than a £1m a year.

Westminster and Hammersmith & Fulham Council's plan to merge their education departments and expect to

generate 20 per cent savings over the next three years. The up-front redundancy costs and where appropriate enhanced retirements are likely to add to costs and therefore diminish overall savings for several years.

Implications

The position of a shared officer is not without its problems although the scale is likely to mirror the seniority of the position. In general shared staff and integration bring the following benefits and potential negatives:

Benefits

- Medium to long term financial savings
- Ability to retain officers in a larger structure
- Capacity increased with potential for development of service specialists
- Opportunity to rationalise office and depot space.

Negatives

- Some loss of local accountability and potential for disputes on resource allocation
- Initial disruption across many service areas
- Redundancy and retirement costs may remove any initial savings
- Software systems may not be complementary. In such a situation, up front migration costs may be significant

Those chief executives, who have shared their views, have highlighted the lack of time to get involved in operational matters as frustrating and juggling the political misgivings of their home cabinet as most challenging.

APSE comment

APSE welcomes a structured approach to releasing management costs, ensuring that the maximum possible resources are deployed on the 'front-line' delivering the services resident's value.

Whilst sharing staff may provide an interim solution to a short term difficulty, longer term the removal of the most senior members of staff for several days a week is likely to be disruptive and performance will suffer. If the arrangement is likely to last more than a year a shared structure is likely to prove a better basis for maintaining quality of service delivery.

8: Income generation - using charging and trading powers

Introduction

Whilst efficiencies and achieving savings in the level of public spending has been focussed on reducing service costs, including staff input time, service costs can also be minimised by maximising income to a service. Income generation can however have different meanings and there are many ways in which a focus on income generation can help to facilitate more efficient service delivery.

Defining income generation

The definition of income generation can be a subjective one but in terms of local authority front line services, and for the purposes of this paper we are considering, within a broad sense, sources of additional income, that can be achieved to help offset the costs of a service. Income can then be treated as a means to either reduce the level of subsidy necessary, help to offset council tax or rate increases or provide a return of any surpluses to the council to help overall budgets or at a service level help towards the costs of providing a service.

In business terms the difference between the revenues of a business and the related costs and expenses, excluding income derived from sources other than its regular activities, and before income deductions, are synonymous with *net operating profit (or loss)*, and *an operating income or loss*, and *net operating income (or loss)*. In terms of public services certain 'income' is set through, for example, a budget settlement determined by local councillors when setting the council budget and determining what each service should receive within that authority. This budget setting process takes into account certain 'income' received at a council level, for example, through income received in central government settlements or dedicated grant payments.

Service level budgets will take into account political choices. For example within the school meals service local councillors may decide that in order to address child poverty or ill-health issues they expect a high quality service but do not expect the service to be self-funding, and therefore a level of 'subsidy' is anticipated each year to help fund the service where the cost of providing school meals is not fully recovered by the meal prices charged.

Sources of income

There are a number of sources of income each carrying different values to different councils and different services.

Central government grants and redistributed business rates: According to the Audit Commission in 2005/06, total local authority income in England was around £138 billion. The majority of this, 61 per cent, was determined by central government and received by local authorities in the form of government grants and redistributed business rates though some money has been ring fenced; for example in local education authorities, a proportion of this central government funding is ring fenced for spending in schools.

Council tax, fees and charges: Thirty-two per cent of local authority income was generated locally, through council tax, fees and charges, commercial rents, investments and asset sales. Local authorities raised £22.4 billion through council tax in 2006/07. Charging is commonplace in areas such as nursery and early years' services, school meals, social care, transport services, pest control, sports and leisure, arts and heritage, car parking, planning and building control, licensing, and burials and cremations.

Other income: Councils have also sourced other income such as grants from bodies like the Big Lottery Fund. Some have successfully worked with other public bodies on cross-funding initiatives. For example Durham Council received a substantial sum from the local area Primary Care Trust (PCT) to assist with winter gritting to help prevent trips and slips on icy pavements which in turn helped to save the PCT the cost of treating sprains and fractures due to falls, which as well as being costly in health terms to the individuals ratchet up significant costs in emergency and follow up treatments.

According to the Audit Commission report 'Positively Charged' central government data shows that councils generated £10.8 billion from fees and charges in 2006/07 which represents around 8 per cent of their total income and equivalent to just over £210 for every person in England.

Charging and trading powers

Local authorities have broad powers to charge and trade in services. Trading and charging allows local authorities to bring in additional sources of income through trading their services or charging for services to be delivered to other organisations or individuals whether private or public. As local authorities throughout the UK strive to meet efficiencies many direct service or direct labour organisations have sought to generate income through the trading or charging route. Whilst a recent high profile court case may have led to some councils to reconsider their trading and charging activities (see briefing [09-38](#) and [09-53](#)) there remains a wealth of opportunities within the current legal framework throughout the UK. In addition the Coalition Government has also pledged to bring forward a General Power of Competence which should further allay any fears as to how flexible the legal framework is that is available to local councils (in England).

There are a host of legal powers available to councils to charge for services including:

- The Local Authority (Goods and Services) Act 1970
- S.111 of the Local Government Act 1972
- S.2 Local Government Act 2000 (Power of Well Being)

and express powers in other legislation:

- Civic Restaurants Act 1948
- Local Government Miscellaneous Provisions Act 1976
- S. 93 of the Local Government Act 2003 (England and Wales)
- S. 94 trading powers under the Local Government Act 2003 (which provides a basis to charge for services to public/private bodies).

There are some specific legal restrictions that prevent charging for certain services and it is important to remember that the charging power under the Local Government Act 2003 (England and Wales) only applies to 'discretionary services' not statutory services. A council could not for example charge for its education services that it is required to provide. Different provisions apply in England, Wales and Scotland. Northern Ireland operates on a fairly restrictive framework. Within England the essential difference between charging and trading is that charging for discretionary services is limited to cost recovery whereas trading (through a company) permits the making of a profit. Within Scotland local authorities can provide services for other public bodies and charge them for this without restriction. They can charge for discretionary services such as leisure and parking. Local authorities can trade with community partners and the private sector up to certain thresholds although these thresholds remain to be set.

Case studies: charging

Case Study 1: Vehicle Maintenance

This authority currently provides maintenance for hire companies who supply the authority with vehicles and horticultural equipment such as grass mowers. They have been carrying out the work for only three months but are keen to expand this service. They hope to utilise any funding generated to limit rates to internal customers. Therefore they are looking at other markets and opportunities to diversify the business. The current value of the work is small at present.

The Director of Services has given approval for the work to be carried and has also sought member approval. The charges are levied on the basis of costs plus overhead apportionment.

Case Study 2: Tree Inspections

Many insurers insist on an annual inspection of trees within policyholder's premises. This is to safeguard owners against trees being blown over or collapsing. A large city council is undertaking these inspections as part of its arboriculture work. The inspections have been carried out for council premises, private householders, private companies and health trusts. This service has been undertaken for approximately one year.

The work is undertaken by the council's arboriculture team and equates to around 25% of their workload or £30,000 of income. The external auditor has raised no objections to this work being carried out. Following analysis of the local area it was found that an extreme skills shortage existed in this service and therefore the council decided to utilise the expertise and equipment it possessed to the benefit of the local community. A charge of approximately £100 per tree is made for the inspection process with additional works incurring supplementary fees.

Case Study 3: Highways services and street lighting:

This authority has developed a range of services to both public and private clients which maximize the use of resources both in terms of available workforce and plant and equipment. Services sold to others to generate income include car park gritting and clearance during the winter snow, runway clearance to allow a local airport to reopen during heavy snowfall, alongside snow clearance and gritting services to schools. They have also worked in partnership with developers to put in new street lights on developments but this has created a less risky situation for the developer, particularly where there are S 38 bonds as the developers know that the lighting will be comply with the requirements of the local authority and this helps to reduce additional costs such as inspections as well as the risk of the street lighting failing to comply with requirements.

Case studies: trading

Case Study 1: Flexible trading company model

This authority has set up a very flexible trading company model that sits alongside the direct service organisation. Any council department can utilise the trading company to carry out work, at a profit, for external bodies. The trading company is a wholly owned local authority company. The council has not set income targets against the trading company but the availability of the trading company allows the councils to second staff in and out as and when work arises – this can be for as little as a couple of hours – and it also acts as a vehicle to allow the council to market and brand its traded services. The company has been used to allow joint working on a number of capital projects, often in partnership with private developer in regeneration schemes. Services provided through the company include electrical and mechanical design services, architectural services, quantity surveying and consultancy and building repairs and maintenance alongside a host of other services. In future the trading company may be used to allow building cleaning work to be carried out on private office developments to support income and overheads in the council run building cleaning service. The trading company was initial set up to ensure a sustainable future for the in-house direct services by maximising usage of both people and equipment.

Case Study 2: Trading company model absorbing direct services

This trading company model was established shortly after the passage of the Local Government Act 2003. It was designed to enable greater flexibility in trading for services under an ambitious plan to generate surpluses. A number of sub-divisions exist to deliver highways services, soft FM services such as school catering and other services. The Trading Company has a board arrangement with representation to the board from the local authority. A business plan is approved which sets out the level of surpluses and the investment plan for the trading company and staff were transferred into the trading company. It remains a 100% local authority owned company and is now looking to expand its work by carrying out work for other local authorities or working on a shared services basis.

APSE comment

As budget pressures mount, it would be an easy solution to simply look at shedding staff or to diminish services. However income generation plans can act as a catalyst to both creating new income and providing innovative local solutions. This income can be used to offset subsidy, to support service development and share new commercial skills amongst staff, and to 'smooth' budget lines by helping to redistribute overheads or indeed central establishment charges within authorities.

Income generation can help local councils to make best use of resources by maximising workforce productivity and use of productive time. Charged for work can also ensure that capital assets and plant and equipment are 'sweated' to maximise value for money. Charging powers are not new and are a simple solution for those authorities looking to develop an income generation stream quickly without the cumbersome processes sometimes associated with trading company models or other forms of service delivery. The trading companies may provide a solution within some situations the time taken to establish them may fetter income generation as a immediate source of additional finance.

The Communities Secretary Eric Pickles appears to support income generation by councils though he has cautioned, quite rightly, against unnecessary or steep increases in fees and charges such as car parking fines. The Communities Secretary referenced APSE's case studies, such as charging for tree inspections, and DCLG linked the APSE web portal on trading and charging to their own news alerts. APSE members can download information and briefings on the APSE charging and trading web portal.

9: Workforce and staff absence - maximising efficiency

Introduction

Productivity can be affected by a mismatch between resources and work required but staff absence can also impact upon productivity rates. Accordingly to figures cited by ACAS the average worker is absent from work for 8.4 days a year. This figure varies from one workplace to another but it adds up to an annual cost of £598 per employee. The cost to the UK economy is estimated to £10-12 billion annually.

However to balance these figures the Centre for Market and Public Organisation at the University of Bristol, in a recent study found that almost half of public sector workers in the UK work regular unpaid overtime. The study found that people employed by public bodies and charities are much more likely to exceed their paid hours than those doing the same kinds of jobs in commercial organisations. Those employees studied did an average of nine hours 35 minutes a week, compared with the eight hours 20 minutes of private company staff. These differences are calculated to be saving public sector employers the cost of employing 60,000 more staff.

How do we measure the true cost of staff absence both planned and unplanned?

To judge the real cost of absence, in cost and quality terms, in an organisation or service it is important to explore what happens when an employee is away from work. For example is work covered by:

- Paying overtime to other employees to cover absence
- Hiring, and paying for, temporary replacement staff
- Missed deadlines due to a lack of trained, experienced employees
- Reduced customer or user satisfaction levels
- Low morale among colleagues who have to take on responsibility for other peoples work

Planned for absence such as annual leave, maternity support leave and health appointments can generally be accommodated when planning work patterns. It is possible to factor into the equation average leave entitlements, for example into the numbers of available hours to deliver a service and operate shift patterns to evenly distribute holidays. However unplanned absence may increase actual or 'cash' costs. Managing both planned and unplanned absence will therefore help deliver better services and cushion the impact on customers or service users and the overall flow of work.

Monitoring and controlling staff absence

Monitoring and controlling absence will help to:

- Maintain job satisfaction
- Manage workloads
- Increase productivity
- Control costs
- Identify any areas of concern e.g. patterns of absence due to industrial injury that could identify work related issues or unsafe working practice that should be tackled by the employer

It is of particular importance to manage unauthorised absence and to seek reductions in unauthorised absences. Using APSE performance networks best practice case studies a number of themes have emerged in relation to performance management and generally include:

- Implementing a robust absence management policy
- Exploring regular patterns of sickness e.g. every Friday or Monday
- Ensuring that any work related causes of absence such as bullying or poor working conditions are removed or minimised
- Having an effective policy that separates long-term and short term sickness absence – for example managing a known medical condition rather than focussing on generic statistics that might distort, through exaggerating or under estimating, the true losses of productivity performance

- Ensuring an effective drug and alcohol management policy is in place
- Offering flexible working patterns and job design
- Staff incentives alongside monitoring processes

The following example case studies are drawn from APSE's performance networks service. They are based on hard data that demonstrates the approaches taken have produced improvements in productivity and service performance through tackling unplanned staff absence levels.

Case study 1: North east authority Highways services

This authority adopted a rigorous attendance management procedure within its Highways services department and saw significant improvements in unauthorised absence levels. The council set out to clarify sickness reporting procedures and the requirements of the employee and their managers in complying with procedures. The following steps now taken are when absence occurs:

- Where there is an unauthorised absence then it will be followed with a discussion as to the nature of absence, where the procedure is to question the absence rather than accepting that the absence was necessary as a matter of course.
- The manager has to complete an attendance management form which is followed by a back to work interview. The process is supported by a specific team that deals with absence issues within the council.
- Managers also undergo training where they are reminded of their responsibilities in terms of staff absence.
- There is an effective intervention programme in place within the council where health problems in the work environment are dealt with by an onsite practitioner. This has helped to ameliorate the impact of employees needing to take time off to see doctors and has an immediate impact as employees are seen by the practitioners and helped with practical advice on the best way to recover from an illness or injury.
- The council also has training sessions for employees, which includes health and safety issues and regulations to help prevent injuries or accidents in the workplace.
- The council also has a procedure in place where if an employee is on sick leave for a long period then plans are made before their return date for the employees to come back in to work, even if for just a few hours before the full working date to enable employees to ease themselves back into the working environment at their own pace and to help sustain the return to work.
- The council also has an incentive scheme for staff every month and on a yearly basis where staff with 100% attendance are entered into a prize draw to win items such as Tom Toms, flat-screen TV's, etc. This has helped to boost attendance.

The authority as well as demonstrating a localised drop in absence figures is now amongst the best performers for comparable services within participating authorities of APSE's performance networks.

Case study 2: West Midlands authority

This local authority had an effective written policy to deal with unauthorised absence however the monitoring arrangements had fallen into disrepute and were not generally enforced robustly. Following a review a new enforcement approach was introduced which has improved attendance. Staff absence is monitored and reviewed on a regular basis.

The Human Resources team collects all information on employee absences and the Council has implemented a system of stages to indicate the frequency of absences and the seriousness of action being taken. In total there are four stages, with stage 1 being the least serious and stage four indicating regular absence. There is strong emphasis, explained to employees, about the significance to the service and to service users and customers, and the financial constraints created through absence. Staff appraisal interviews and training also include the need for a strong attendance culture in order to increase employee pride in the job whilst also aiming to reduce absence levels.

The service provides incentives and help for staff including:

- An employee with 100 per cent attendance throughout the year receives an additional day of annual leave.
- The employer funds physiotherapy for certain injuries or problems to enable staff to return to work sooner, rather than waiting for treatment, and this has helped to reduce long term absence or periods

of absence that could have turned into long term absence had there not been intervention and assistance

Sick notes to fit notes and work-life balance

Regardless of the impact of absence on productivity levels it is equally important to remain that most sickness absence is genuine. Absence may also be caused by family commitments or other factors. Therefore employers who are able to accommodate greater levels of flexibility in their approach may reap benefits. This will help ensure that not only is productivity maximised but more importantly the service itself benefits from continuity of staff and resources.

The new move to 'fit notes' rather than 'sick notes' should help to alleviate any uncertainty, that employers may have had, about flexible working arrangements. The new approach may enable someone who may not be 100% 'fit' under the previous 'sick note' arrangement to do some work or the same work but with perhaps adjusted working conditions, such as reduced hours or home working arrangements or amended duties. APSE covered the new 'fit note' arrangements in APSE Briefing 10 / 20 which you can download free of charge. Innovative use of the 'fit note' system could help drive efficiency by reducing the time needed for staff to be absent from the workplace whilst some work, on a more flexible basis, can be continued.

APSE comment

Decreasing unplanned-for staff absence is not about forcing people into work who are clearly unfit to work. However, decreasing staff absence can have a positive impact on productivity. Driving efficiencies through more innovative ways of managing absence, and using the new flexibilities available under the fit note scheme alongside introducing a supportive environment to sustain employees returning back to work, can reap positive benefits. Encouraging managers to take staff absence seriously because of its impact on costs is an essential part of driving up productivity.

10: Workforce and productivity - maximising efficiency

Introduction

A large proportion of spend by councils is on wage bills and though this varies from council to council achieving efficiencies on workforce spend is considered to be a fundamental driver to achieving efficiency savings overall.

Areas that have been considered by councils to drive up workforce efficiency include maximising the use of resources against service need and tackling overtime or ad-hoc unpredictable wage payments. These factors are fundamental in driving up productivity.

Defining and measuring productivity

The definition of productivity is complex and often subjective. It is both a technical and economic issue and alongside defining productivity there needs to be a consideration of how we measure productivity.

Productivity is commonly defined as a quantitative relationship between output and input. This is not a controversial definition since it relies upon the relationship between the quantity and quality of the goods produced and the quantity of resources used to produce them.

However there will always be inherent difficulties in truly defining productivity in a public sector sense; unlike industrial processes, or perhaps retail sales, the 'output' can be difficult to measure unless very crude definitions are applied to outputs. Some would argue that not all outputs in the public sector are quantifiable.

For example defining and measuring the quality of care an older person receives should not simply be based upon the contact time of a home care worker with that older person.

A common measure of attaining higher levels of productivity would be the highest level of outputs to the lowest possible expenditure of resources. In the case of the public sector those resources will be interdependent on a number of competing factors. For example processing a housing benefit claim will not simply be about hitting a crude target for turning an application around it will also be about the effectiveness of the quality of the process, safeguarding public funds, ensuring the correct level of benefit is paid and the interdependency between funds paid out by the council and received in from Government sources.

Therefore public sector productivity measures tend to adopt an approach that is axiomatic on 'labour only' productivity measures. This typically involves calculating the wage bill, hours and numbers employed, sick leave and other forms of 'down time' as well as overtime payments.

This paper therefore explores some of the potential areas for increased productivity, based on the inputs being labour time and costs and the outputs looking at the service provided.

Matching labour resources to service needs to improve productivity

In order to maximise resources it is accepted that 'inputs' in terms of staff time and resources should match the 'output' required. However where a business or service operates on a 'mismatch' basis between inputs and outputs, in order to meet service need, additional inputs have to be found. Most commonly this means reliance upon additional paid time or working hours beyond that which a service ought to need, most often in the form of overtime working.

Overtime working is routinely used by many businesses as a way of coping with changes in demand or labour shortages but if this is frequently required this could be a sign of inefficiency or lack of planning. Overtime should be an exceptional issue where unplanned for or unexpected work arises.

To help guard against any excessive overtime, many organisations:

- Monitor overtime levels to identify areas where it could be reduced
- Watch out for instances where overtime working becomes regular and unvarying
- Assess whether in fact overtime is being used to compensate for a genuine lack of additional workers

For labour intensive work effective staff roster patterns can help ameliorate the need to rely upon overtime payments by ensuring that inputs and outputs are more effectively matched. This will often require a detailed analysis of service demand. Whilst a private sector business may choose to either refuse work or adjust demand through pricing structures or the types of service offered, within the public sector such mechanisms are more difficult to put into place. Indeed such mechanisms might not be available at all unless services or parts of services are 'de-commissioned' i.e simply no longer offered to the public.

However there is scope within the public sector to explore more efficient ways to match the workforce resource to the service demands. Many areas of work are seasonal and an exploration of past performance and overtime payments may well reveal established patterns of demand, that are treated as 'unknown' demand and responded to by way of overtime payments, but which are in fact 'known demands' that are not effectively accommodated in workforce and service planning terms.

Demands are commonly categorised into four categories:-

- **Constant demand** in areas such as refuse and waste or CCTV monitoring
- **Volatile demand** in areas such as building and housing maintenance and repairs or call centre operations
- **Cyclical demand** in areas such as street cleansing and street lighting
- **Seasonal demand** in areas such as grass cutting and grounds maintenance, green waste or garden waste collection and winter maintenance

The following brief case studies explore how when applying an analysis to the workforce patterns, inputs and outputs based on demands a more effective pattern of workforce configuration can achieve genuine savings:-

These are case studies collated by Working Time Solutions a specialist software company that reconfigures work patterns using the application of 'lean employee resourcing' working with APSE's consultancy service. Whilst some of the case studies are not specific to public sector organisations it is the application of matching resources to service needs that demonstrates where savings may be made.

Case Study 1: Leisure resorts (UK)

Using a 'lean systems approach' to staff rostering a UK Leisure resort was able to reduce employee turnover by 10% and achieved an increase in throughput of 20% whilst another resort increased its service levels and at the same time saved on average £254,000 per annum or £1,017,000 since implementation.

Case Study 2: Food and drink manufacturer (UK)

The application of a 'lean employee approach' within a food and drink manufacturer led to a significant reduction in efficiency and staff absence through better rostering arrangements.

Over 5 factory units employing 170 people absence dropped by half from 5% to 2.5%. Efficiency went from 55% to 85% and waste was reduced from 5% to 2.5%.

At another organisation with 320 staff the volume of production lifted by 15% and revenue increased by 20% through smarter targeting of labour and resources which allowed the unit to maximise its productive capacity.

Case Study 3: Local authority housing repairs service

By better matching weekly demand hours to weekly base hours available a local authority housing repairs service with an annual wage cost of £1,121,000 was able to yield an annual saving of £97,000. This was achieved by ensuring that the workforce availability linked to predicted demands for the service. Service demands can be assessed by exploring previous demand cycles against overtime requirements and available staff resources during peaks in demand. Peak demand can be offset by reducing hours available at lower demand points to ensure more hours and therefore employees are available when needed.

Case Study 4: Local authority grounds maintenance service

By reviewing demands in both summer and winter time this local authority explored the average overtime requirements and found that during the summertime there was a reliance on 3,200 hours of overtime from 20 employees needing five hours of overtime per week over a 32 week period. By use of seasonal hours contracts the need for the 3200 hours of overtime was removed. This was achieved by moving the workforce to 42 hours per week contract over 32 weeks during the summer and 29 hours per week contract during 20 weeks during the winter months. The savings are achieved by multiplying the overtime worked at the correct overtime rates which can be forecast as part of the budget setting process.

APSE comment

Productivity is a complex measure of arrangements and can be varied by a range of factors including how people are deployed and the nature of service planning as well as absence management.

Needless to say changes to the workforce ought not to be unilaterally imposed. As indicated in recent APSE research it is of fundamental importance to involve trade unions and staff in how workforce change is managed and implemented. Issues such as worklife balance should be considered alongside any statutory duties on employers and avoiding, even if unintended, any adverse consequences such as discriminatory treatment.

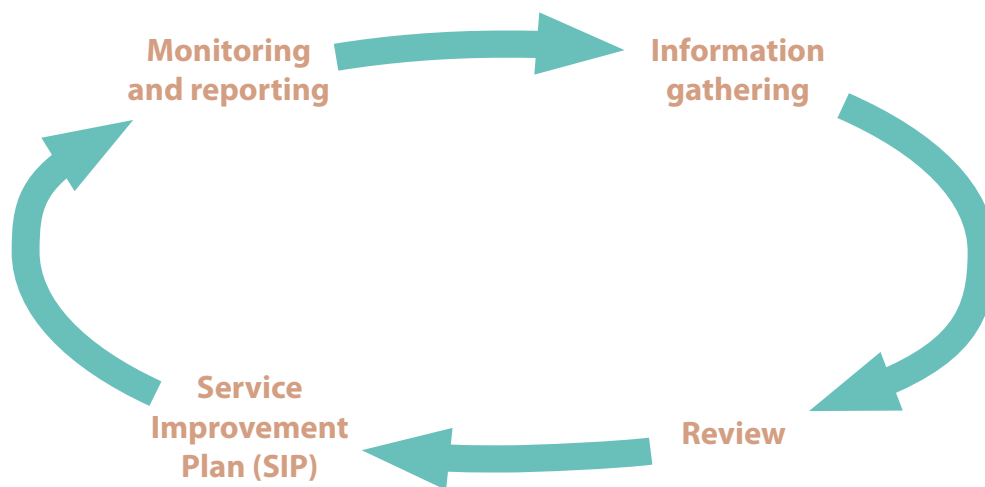
11: In-house Service Improvement Plans

Introduction and background

Service Improvement Planning is a tried and tested method for driving performance improvement in organisations. It has been used widely both in private industry and in the public sector for many years and is closely linked to business planning methods.

Service Improvement Plans are part of the continuous improvement cycle based on the “plan, do, check, act” model. Continuous improvement is still a requirement of the statutory best value duty that applies to local authorities under Section 3 of the Local Government Act 1999 in England and Wales, Section 1 (1) of the Local Government (Best Value) Act (Northern Ireland) 2002 and Section 1 (2) of the Local Government in Scotland Act 2003. The continuous improvement cycle is illustrated in the diagram below:

Fig 1: Continuous Improvement Cycle



There are therefore essentially five key stages to this approach:

- **Where are we now?** – Carry out a baseline assessment of the current service.
- **Where do our customers, clients, service users want us to be?** – Identify the key priorities for the service.
- **How will we get there?** – Design an improvement plan with actions, targets, timescales and responsibilities for implementation.
- **How will we make it happen?** – Implement the plan and monitor and review progress.
- **What could get in our way?** – Analyse any potential risks such as reduction in budgets.

Service Improvement Plans and competition

Statutory guidance on best value has always emphasised that “Local authorities need to understand and manage the cost effectiveness of each part of their delivery chain where public resources have been invested, whatever the formal arrangements for the management of that service might be” (ref: creating strong, safe and prosperous communities, CLG July 2008).

What this means in practice is that in order to demonstrate ‘best value’ local authorities should:

- regularly review the competitiveness of services whether provided in-house or externally;
- if they are underperforming in comparison with others then they should reevaluate the need and priorities for the service;
- put in place a service improvement plan to implement performance improvements; and
- where improvement is not forthcoming over a reasonable timescale, seek new supply arrangements using ‘fair and open’ competition.

The purpose of a Service Improvement Plan (SIP)

Service Improvement Plans (SIPs) have a vital role in providing evidence for, and substantiating in-house provision. They should combine a vision for the service with strategy and a programme, which sets the course for the service over a three-year period.

The SIP must convey to local authority elected members, service users, staff and inspection bodies that an in-house option has clarity and is sustainable. A SIP is in effect a commitment to improve the quality and cost of the service and sets out the activities and action required to achieve improvement. The table below shows the scope of a SIP.

Table 1: Scope of a Service Improvement Plan

Scope	Identify services and functions in scope of the improvement plan
Priorities for improvement	Identify each of the improvement priorities in relation to operational systems, management practice and organisational structures.
Objectives	Ensure the aims and purpose of each improvement is clearly stated based on an understanding of the cause/effect of performance weaknesses and/or opportunities for improvements.
Results expected	Identify the planned impact, outputs and outcomes of the improvements.
Period covered:	It is essential that SIPs cover a 2 or 3-year improvement programme.
Management of change	Application of Business Process Re-engineering and how service standards will be maintained in a period of reorganisation.
Action to be taken	Specify what action is required to implement each proposal.
Resources and investment required	Financial costs of improvements, changes in use of assets including equipment & buildings.
Training, staff recruitment/ redeployment	Identify human resource changes needed to support implementation.
Corporate action	Change required at Corporate level to ensure successful implementation of improvements and achievement of wider benefits.
Staff/trade union involvement and consultation procedures	Agreement on involvement of staff and trade unions in service improvement plan process and reporting progress/issues at JCC meetings.
Responsibility and management accountability	Elected/Board Member responsibilities together with officers, or manager's responsible including names/posts and contact details.
Timetable	Dates when proposals will be commenced and completed.
Monitoring and reporting progress	Regular reporting of progress to users, Elected/Board members, Corporate Management Team and staff.
Scrutiny review	Review on annual or six monthly basis.

Source: European Services Strategy Unit, 2008. Commissioning and Procurement Toolkit

The principles involved in putting together a SIP as outlined above will also apply where the outcome of an options appraisal is that an in-house option is the preferred approach.

A good SIP should include clear objectives and tasks with measures of output and outcomes and defined responsibilities. The SIP should be reviewed at regular intervals to ensure that it is being properly implemented and where appropriate revised and updated to reflect any changed circumstances.

Case studies of Service Improvement Plans

Set out below are a number of examples from local authority and other public service providers throughout the UK which show financial and organisational benefits. Further details are available to APSE member authorities by contacting the APSE office on 0161 772 1810.

Case study 1: Highways Service – London Borough

Following a decision in July 2010 to in-source the highways services currently provided by an external contractor a restructure of the Council's Highways Service is being implemented in order to provide a modern, cost effective, customer responsive and fit-for- purpose Service.

The Highways Service includes Highway Maintenance; delivery of capital projects; management of the Street Lighting PFI Contract; review of CPZs and Parking projects; management of structures and highway drainage schemes; the management of road space; delivery of the Council's Winter Maintenance Programme; and other professional and support services.

A review of the service was undertaken in 2009 and it was decided that a Highways Improvement Programme should be implemented over 2 years. The main benefits were seen as creating a more efficient and cost-effective Highways Service that not only meets statutory requirements but also better reflects the needs of residents and customers, contributes to the need for cost efficiencies and the Council's desire to provide high quality services in a period of fundamental change.

Case study 2: Business Support Services – North East Metropolitan Council

Following a campaign against outsourcing ICT, back office and customer services functions by the trade unions, the Council agreed to an in-house plan to transform the services by tapping into the capacities and commitment of front-line staff to bring about a radical overhaul of the way in which services were provided. This led to a reduction of 150 out of 600 posts. The job reductions were achieved through resource planning, vacancy management, redeployment and retraining and the selective application of voluntary severance.

A transformation of the service was achieved through involving staff and trade unions at every stage of the change. It has resulted in £28m net savings over eleven years and the council is now outperforming comparable authorities in a number of key performance indicators.

- 98.4% of benefits are processed correctly.
- Phone queuing has fallen from five to two minutes.
- Customer satisfaction ratings are 91%.
- Council tax collection rates have increased and the cost of processing each benefit claim is £10 less a year.
- Staff attendances and performance have improved.
- The annual cost of administering payroll has fallen from £49 to £26 per employee a year.

Case Study 3: Waste Management Services – A Welsh Unitary Council

In 2008 the Council undertook a review of its waste services to assess value for money and the suitability of the in-house service to meet future demands resulting from a requirement to increase recycling rates and change disposal arrangements. After dialogue with the trade unions about putting the service out to tender an independent review was commissioned which identified that the overall cost of the council's waste collection services was significantly less than similar sized authorities, with the lowest number of missed collections and the highest public satisfaction ratings.

Despite this good performance there were a number of inefficiencies identified that needed to be addressed and a service improvement plan was put in place to address this. A period of negotiations between the trade unions and the council followed and new working practices have now been introduced. During the initial review it was identified that where other authorities had exposed their refuse services to open competition, there had been on average a 22% increase in the tendered price from the private sector.

Case study 4: Street Cleansing Services – Midlands Metropolitan District Council

A restructure in 2003 saw the Council's Street Cleansing team move into a new environment, to work alongside Highways Maintenance and Street Lighting. This move could have had serious repercussions on service delivery and staff morale, but the team was determined to use it for positive change rather than allow it to have a prolonged detrimental effect upon not only the workforce but the residents and visitors to the borough.

Using the restructure as a new beginning, the street cleansing team questioned the types of services they were providing and to whom, and took a strategic decision to modernise the services to meet the needs of the local communities.

By embarking on a process of evaluation and consultation they were able to determine what changes were necessary and, by forging links with the wider community and establishing successful partnerships with other departments and external agencies, have achieved significant results on behalf of the individuals who worked within street cleansing and the residents and visitors to the borough. Achievements made include:

- Securing Local Public Service Agreement reward grants of £470k by achieving targets relating to NI195a scores across the borough.
- Significantly reduced BV199a (NI195) score from 2004/5 compared to equivalent for 2009/10 from

- 24% to 6.5% and BV199b Graffiti (NI195) from 2005/6 to 2009/10 from 8% to 2%.
- Increased Overall Satisfaction Score from 87.39% (2005/6) to 94.1% in 2009/10.
- Review of brush equipment for sweepers has resulted in increased productivity, a safer working environment and a reduction in purchase costs through the introduction of Quick Release brushes.
- Continuous review of existing fleet has resulted in the introduction of lighter bodied vehicles to facilitate increased payloads at a reduced purchase and maintenance cost.

All of this has contributes to cleaner neighbourhoods, cleaner town centres, increased provision of litter and dog fouling bins, quicker responses to incidents of fly tipping and dumping, improved access to services and value for money.

APSE Comment

There are many advantages to undertaking service improvements in-house particularly in a difficult financial climate for local government. It is a low risk approach and local authorities can manage services within a tight resource envelope. It has the potential to secure workforce and trade union support for delivering efficiencies or improving the productivity and quality of services and elected members can retain control and influence over the future direction of services.

There is a well recognised approach and methodology for in-house service improvement and APSE has assisted many of its member authorities with service improvement planning.

12: APSE's Competitiveness Continuum and efficiency

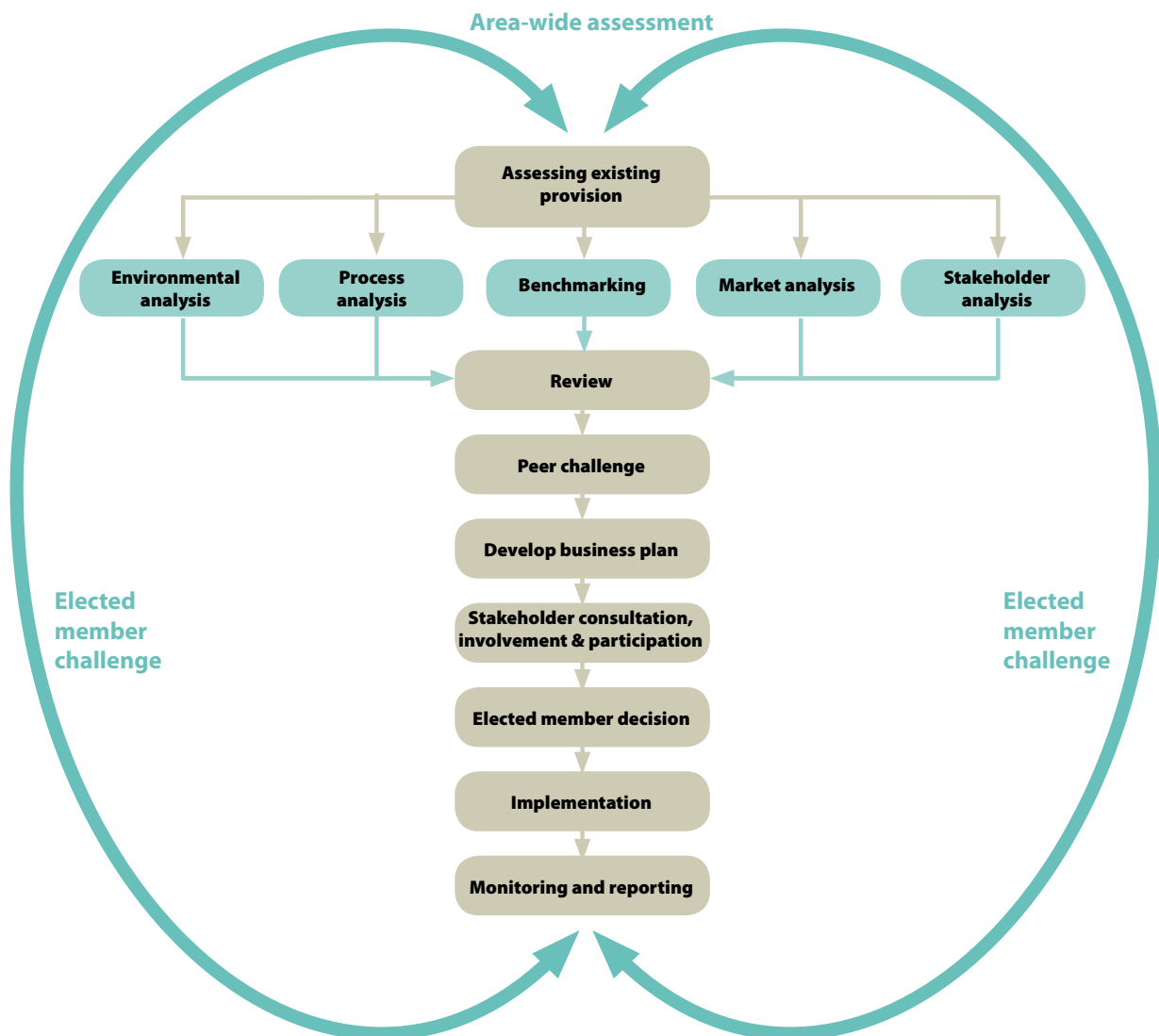
Introduction and background

In 2008 APSE published a paper detailing how local government front line service providers might tackle the need to demonstrate their competitiveness against alternative, i.e. outsourced, service delivery arrangements. The paper relied upon two key propositions. Firstly, that the market place for public service delivery is characterised by a low degree of 'contestability' and secondly, that internal service deliverers should therefore be encouraged to demonstrate best value through mechanisms other than market competition.

Contestability refers to the ease with which firms can enter or leave a given market place and therefore to the extent to which incumbent providers are faced with a competitive threat. High barriers to entry to public service markets, which are partly administrative (complex procurement processes etc) and partly reflect the cost of capital equipment, such as refuse collection vehicles, mean that contestability is relatively low. The fact that there are a fairly small number of major private sector suppliers, despite the sector offering significant earning potential, reflects this.

Low contestability undermines the extent to which it is possible to rely on market competition to ensure lowest price. Essentially it is argued that competition, particularly where there is no 'in-house' bid, is a highly uncertain route to best value and that therefore Council's must develop more effective mechanisms for assessing whether in-house services are provided on a cost effective basis. To address these issues APSE developed what it referred to as the 'competitiveness continuum' – a cyclical evidence based approach to continual improvement in both cost and performance.

Fig. 2: APSE's Competitiveness Continuum



Source: O'Brien and Mudd 2007

The competitiveness continuum was designed to emphasise the 'golden thread' linking service delivery to the achievement of the overriding strategic objectives of local government. Unlike crude market based competition the approach recognises that it is elected members not market forces who ultimately determine how and what services should be delivered and to what price and quality. It also ensures that sufficient attention is paid at the appropriate level of the organisation to the detail of service delivery by creating an explicit link between decisions about inputs and the outcomes flowing from the provision of services. This is shown schematically in Fig. 2.

As local government now faces up to the prospect of the most significant pressure on budgets for a generation, the logic of the competitiveness continuum has taken on a new relevance. There will be increased pressure on Councils to turn to market competition in a bid to drive down costs. For the reasons discussed above this is unlikely to help. Recent comments by Ministers appear to recognise that private sector companies have been making excessive profit from public sector contracts for years ('Maude for it', *Investorschronicle.co.uk*, 4 August 2010) Whilst for the government this might simply point to a need for better contract procurement and management, it also suggests that attempts to obtain value from suppliers in a market with low competitive pressure could be ill conceived.

The question of whether the public sector can afford to rely on competition to deliver value for money must now be posed. At a time when public service must be as cost effective and efficient as possible it is

questionable whether the nation can afford any level of private sector margin but excessive profits are now entirely unacceptable. Better procurement practice and improved contract management may well squeeze some additional value from private suppliers but will not deal with the fundamental problem of the lack of competitive pressure that is endemic in these markets.

An evidence-based approach to service improvement and efficiency

The APSE approach to evidence driven service improvement planning has paid dividends for many authorities over the years. By encouraging in-house providers to adopt a robust performance management approach and to collect, benchmark and evaluate key data, APSE has helped to drive cost out of the system whilst also improving services. This systematic approach to service improvement is a fundamental tool that Councils can use to rise to the challenge of enforced budget reductions.

The use of service review techniques applying best value principles has over many years helped to optimise scarce Council resources. In one Council savings of £155,000 per annum were identified through a detailed study of resource utilisation, coupled with an analysis of output performance indicators which led to recommendations to improve economy and effectiveness. This was despite clear benchmark evidence showing that charge rates were already on the face of it highly competitive with those likely to be on offer from alternative providers. Had the Council relied on competition, even with an in-house bid these potential savings might never have come to light.

Case studies

Case study 1 – A borough council in the East Midlands – Environmental services

A best value review of environmental services is being undertaken in the authority. The review is in line with the best value 4 C's approach of Challenge, Consult, Compare and Compete. Through analysing the council's performance data and facilitating two workshops with Council officers, members, union representatives, the contractor and local stakeholder groups, APSE has been able to make a number of recommendations to identify efficiency savings for the authority. The review also looked at the current delivery methods and set out options for future service delivery.

Case study 2 – a county council in Wales – Building and property maintenance

The overall findings of the review team were that the building maintenance service was operating well and delivering value for money for the Council. Benchmarking suggested consistently above average performance and a forward direction of travel. Market positioning was healthy, competitive and has improved over the last two years. Building services was a well functioning department, indeed, one of the best APSE has seen and consequently any suggested improvements were of a minor nature. APSE identified scope for increasing productivity by reviewing the need for operatives to travel to and from depot and this is linked to a need to implement a performance management approach to service delivery. APSE presented the findings to the cabinet and senior management team.

Case study 3 – City Council in South West – Waste and recycling

The Council was in the process of deciding how best to provide some of its core front line services over the coming period. It asked APSE to carry out a fundamental review of the waste and recycling services to achieve a service at a cost the authority could afford and which represented good value for money. This included a market testing exercise to look at alternative provision possibilities. APSE made a series of recommendations to improve the in-house offering, and since then the in-house bid has been successful for service provision.

Case study 4 – County council in Wales – Libraries

A cost saving review of the Library service was undertaken. The review involved elected members and allowed them the opportunity to consider the Library Service in the context of its contribution to the wider Council agenda, its role in local communities and its core function as a foundation for learning. The review assessed future provision of the service and how to reduce revenue expenditure by £90k from 2010/11 onwards without further reducing access to service users or damaging the quality of current provision.

Case study 5 – MDC in Northern England – Facilities management

APSE is providing assistance to the Council to evaluate and review the services provided through the Council's facilities management provider, including catering, cleaning, caretaking and school crossing patrols to the authority's schools and other Council buildings. These services are currently offered on a stand-alone basis rather than as an FM package. The review will determine how the service should be provided in the future.

APSE is assessing performance information taken from its performance networks database of some 178 local authorities to evaluate the current service compared to other APSE members.

Case study 6 – City Council in Central England – highways and street lighting

APSE provided assistance to the Council and trade union looking at service provision for highways and street lighting. In the first place this was in the capacity of 'critical friend' to the Joint Trade Unions to facilitate effective involvement from the union side. This involvement subsequently evolved to provide a degree of critical friend support to both management and unions in so far as workforce issues are concerned and eventually to taking on the role of chairing the Joint Consultative Committee.

Initially this involved assessing the case for PFI and alternatives. This included an assessment of the competitiveness of the Council's Highways Maintenance and Street Lighting Services, which were undertaken in-house. APSE benchmarked the current Schedule or Rate (S.O.R.) prices charged by the Council's in-house Highways and Street Lighting units, to see if they were competitive with current market rates in APSE performance networks data.

APSE Comment

Often competition is used as a 'blunt instrument' to achieve cost savings and/or service efficiencies without a proper consideration of the evidence or the options for achieving the same through a local authority's own in-house services. The Competitiveness Continuum is a tool which can be used to assess current capacity and performance and the ability to deliver service improvements or efficiency gains.

The approach is based on tried and trusted techniques of external challenge and service review involving key stakeholders which have been used by very many local authorities across the U.K. and Northern Ireland. APSEs own consultancy service the best value consultancy can assist local authorities in applying the methodology and through APSEs performance networks benchmarking service, can provide robust and demonstrable measures of competitiveness, economy, efficiency and service quality.

13: Efficiencies in catering

The pressure is on to find further savings in Catering and this paper attempts to highlight the main areas where costs reductions can be sought. It is not possible to compile a complete list and further ingenious ways of saving money will be found and technology will produce new opportunities. It is therefore proposed to update this document in the future and reissue when appropriate.

Service providers should also be encouraged to diversify and maximise income by increasing the take-up of meals or by selling their services to a wider set of customers. (Visit the APSE Trading and Charging web portal <http://www.apse.org.uk/charging-trading/index.html> for further details).

Accounting structures

The structure of catering in most local authorities consists of at least three elements. The largest is typically school meals catering, followed by staff and civic catering and welfare 'meals on wheels' catering. School meals are delivered on a contractual or quasi-contractual basis through service level agreements. Meals are income generating although often subsidised either by the host authority, via Government grant or as a benefit through 'free school meals'. When seeking cost reductions, these should be sought on the expenditure. Crude cuts based on turnover and often combined with recruitment freezes run the risk of damaging the underlying service. A better methodology is to require increases in the surplus (profit margin) of the service thus allowing services to take on further 'profitable' work whilst attacking costs.

Cost recovery

It is noticeable that Authorities have different approaches to cost recovery for school meals. A suggested method of charging is a unit price per meal based on an agreed daily volume, unit price reducing with increased volume. A suggested meal price is given but the school allowed to charge a different amount. If the school charges less than the unit cost charged then it subsidises the shortfall, if more it makes a surplus. This places the risk of any loss mainly with the school and acts as encouragement to boost meal numbers.

Additional duties such as time to set out furniture are charged at a set hourly rate in addition to the cost of meals. Several authorities use a similar 'cost-plus' recovery system for recovery of all the meal costs including food and labour.

Other methods are often less transparent and subsidies are made by the authority via additional delegated funds to the schools or meal provider or indeed through the School lunch grant. The level of subsidy provided for the school meals service is a matter for each council to determine locally having considered all the relevant factors and does not rest ultimately with the meal provider. Although it is common that the larger schools might effectively cross-subsidise smaller ones in an overall budget, the effect of this on surplus should be made explicit, otherwise a perfectly good service might unfairly appear expensive.

Expenditure

Whilst income may come from multiple sources, expenditure and opportunities for cost reduction apply across the service. Cost of delivering catering will obviously differ between authorities and on the mix of services delivered but by way of example, APSE performance networks details the following typical structure for education catering:

Cost area	% total cost
Front line staff costs	44.00%
All staff costs	48.87%
Food costs	38.16%
Direct Costs	81.60%
Overheads	18.4%
Central establishment changes	4.68%

Clearly staffing and food costs are the most significant items and therefore the element where small improvements will produce the largest savings. Staff costs equate closely to number of staff hours worked and therefore cost savings normally rely heavily on a reduction in hours with an assumption of an accompanying higher productivity. Potential savings under each heading will be detailed following:

Front line staff costs

Productivity

APSE performance networks have established an average figure of 8.4 meals per staff hour for primary schools catering staff. Size of school and uptake will have a significant effect on this and productivity as high as 13.31 meals/hour has been recorded and as low as 4.83 meals/hour.

Productivity rates, whether those established by APSE or other organisations should be compared against those used internally. Where it is apparent that productivity is low a calculation based on average productivity should be used to provide a starting point for further investigation. Staffing is always the most contentious area of cost reduction and consequently the area avoided by many managers. Difficult though it might be, the correct balance has to be struck between number of meals and staffing hours to ensure the financial viability of the catering service.

Personal targets

Although wider targets are often too blunt an instrument, locally agreed targets with staff provide a focus and require local costs to be questioned. Setting targets for increased uptake amongst a school catering team or an increased surplus on secondary and civic catering outlets frequently results in performance improvement. Praise for better performers and assistance for the weaker engenders a culture of cost saving.

Sickness absence

Average sickness in catering is 4.83% according to APSE performance networks data. There are examples of catering services who have managed to reduce the overall sickness figure down to below 3%. This has been achieved through combination of strict adherence to the 'Bradford' method for managing absence and timely management enforcement. The system for monitoring sickness needs to highlight absences immediately and action to follow very shortly afterwards. Too often action is taken many days after the absence and ceases to act as a deterrent or capture the cause.

A reduction in sickness absence reduces the need to arrange cover which has additional cost, often involving transport and management time. A 2% reduction in sickness absence can equate to a £10,000 saving per £1 million turnover.

Management Costs

From a customer point of view the value of the area managers, administration and senior management is often hidden. The number of intermediate staff in the management structure will reflect the geography and type of schools and outlets but benchmarking with other authorities will identify whether numbers are appropriate. As a guide, if the ratio of supervisors to establishments is below 1 to 40 then a managed reduction may be appropriate.

Similarly training is an essential but often significant cost when run exclusively internally. Often basic training is available at low or zero cost from government training schemes through local colleges. Full utilisation of the opportunities available should be made.

Facilities management

Facilities management has become something of a panacea in recent times, driven perhaps by the requirements of the now much reduced 'Building Schools for the Future' programme and PPP schemes elsewhere. Facilities management may provide an opportunity for a single management structure with area supervisors acting a single point of contact and responsible for cleaning, catering, grounds maintenance, building maintenance and potentially other services including waste.

APSE research on soft FM is inconclusive on the benefits to the service provider and the loss of focus from being part of a diverse operation can reduce customer satisfaction levels in catering and cleaning. If however better utilisation of management staff is possible then the arrangement should be considered.

Food management

Food supplies

As the second most significant item of expenditure, getting the price right can have a significant effect on cost. APSE performance networks shows an average cost of food per plate of £0.74 although some providers have managed to drive this down to as low as £0.47, whilst others are closer to £1.00.

Nutritional standards have had the effect of improving the quality of food although this often comes at additional cost. Many caterers purchase food via purchasing organisations like YPO and ESPO or direct via the large food distributors like Brake Brothers. Purchasing in bulk can dramatically reduce prices and therefore savings, however for seasonal foods, local farmers cooperatives can supply equal or better quality at often lower prices and should be explored. Benchmarking and sharing of food costs provides a tool to negotiate prices and also highlight cost savings in alternative/substitute foods.

Whilst legislation requires nutritionally based meals, this does allow some flexibility in the makeup of the overall meal offering. Where once milk and juice was offered as part of the meal, tap water is increasingly the sole offering.

Food waste

Food waste can be substantial where the food offered fails to entice customers. Most services operate a rotating 3 or 4 week menu system and the take-up of specific offerings should be closely monitored to ensure future production matches likely demand as closely as possible.

There are many foods, often including those that are pasta based which can be rapidly completed from stock ingredients in minutes. This provides the flexibility to offer finished meals closer to a pull system matching customer demand. Pre-ordering and payment should be attempted where possible.

Central establishment charges (CECs)

CECs are probably the most contentious area of cost. They are frequently apportioned in an arbitrary fashion or on the basis of head-count. Clearly for a service utilising significant numbers of relatively low paid and part-time staff this can have perverse consequences. If IT for example is recharged on the basis of headcount this will massively inflate the cost to catering service. Charges based on actual usage should be argued.

Technology

There have been significant advances in cooking technology, although mainly based on microwave heating and induction hobs which have been utilised in many schools. Most recent advances focus on the use of IT, either to remove paper based food ordering systems or to provide parents with the opportunity to register for free school meals or pay for school meals on-line in advance. Not all these opportunities boost the finances of the caterer directly but they tend to increase take-up which benefits turnover.

System thinking

Previously business re-engineering and now lean/systems thinking are all the rage as the 'new way' to identify waste and remove costs from the workplace. All start by process mapping the system of working. APSE has discussed systems exercises within their performance networks benchmarking groups and found small batch catering to be an area that holds many potential savings. Time savings through purchasing pre-sliced vegetables and management of the batch of food to create the best flow through the kitchen area can remove many minutes of time per day leading to a large potential cumulative time saving. Cleaning afterwards may be disproportionate to the equipment used and if so disposable options should be considered. Time savings increase capacity allowing the potential to remove staff costs in the future.

APSE Comment

APSE exists to support in-house local services and recognises there will be pressure to seek cost reduction as a consequence of the current and anticipated squeeze of local authority funding. Reductions in staff numbers may be necessary as Councils attempt to maintain services whilst managing the cost base. Any staff reductions should be managed sensitively and the Trade Unions fully involved, using the full range of options including redeployment, early retirement and reduced hours ahead of compulsory redundancy.

Food has been a sensitive area over the past few years with National school meal campaigns in each country as a mechanism for tackling nutrition and obesity. APSE supports the retention of nutritional guidelines for meal content, fearing a return to the 'turkey twizzler' culture if food costs are attacked too heavily.

Should a member authority have a pressing difficulty, APSE has a range of assistance available to inform the search for efficiencies. This ranges from average productivity figures, benchmarking information from APSE performance networks through to full consultancy support through APSE best value consultancy.

14: Efficiencies in building cleaning

The pressure is on to find further savings in Building Cleaning. This paper attempts to highlight the main areas where costs reductions can be sought in cleaning. It is not possible to compile a complete list and further ingenious ways of saving money will be found and technology will produce new opportunities. It is therefore proposed to update this document in the future and reissue when appropriate.

Service providers should also be encouraged to diversify and maximise income by selling their services to a wider set of customers. (Visit the APSE Trading and Charging web portal <http://www.apse.org.uk/charging-trading/index.html> for further details).

Accounting structures

The structure of building cleaning in most local authorities consists of three elements, school cleaning, civic cleaning and outside contracts with other public bodies and the private sector. Both School cleaning and outside contracts are delivered on a contractual or quasi-contractual basis through service level agreements. They are income generating and should not be confused with internal council budgets although budget cuts are often requested on the entire turnover of the cleaning organisation which is clearly absurd. It should be argued that overall budget cuts be determined only on that aspect of cleaning directly attributable to the civic buildings and offices only.

Expenditure

Whilst income may come from multiple sources, expenditure and opportunities for cost reduction apply across the service. Cost of delivering building cleaning will obviously differ between authorities but as an average, APSE performance networks details the following structure:

Cost area	% total cost
Front line staff costs	82.53%
All staff costs	90.36%
Central establishment changes	4.55%
Cleaning materials	4.00%
Cleaning equipment	1.27%

Clearly staff costs are by far the largest item and therefore the element where small improvements will produce the largest savings. Staff costs equate closely to number of staff cleaning hours worked and therefore cost savings rely heavily on a reduction in hours with an assumption of an accompanying higher productivity. The other items have still produced demonstrable savings at some authorities and these are also detailed later:

Front line staff costs

Productivity

By way of example APSE has established through its members an average productivity rate for schools of 186 m²/hour and offices 239 m²/hour. If the school is a non-standard design, size or still has mainly wooden floors then this may differ.

Productivity rates, whether those established by APSE or other organisations should be compared against those used internally. It is apparent that internal productivity rates maintained by authorities differ widely and have often been adjusted for arbitrary reasons to include absence and perceived inflation. A return to the base figures should be made in the first instance to provide a base requirement for the number of cleaning hours. (See APSE briefing 10/03).

Timing

Traditionally most cleaning has been completed out of hours, either early morning or after 5pm. Some authorities have successfully implemented day-time cleaning in offices (Birmingham) and for schools (Scottish Borders). (see APSE briefing 10/18). Cleaning jobs can be remodelled into full-time roles with closer customer contact, better performance and substantially higher customer satisfaction whilst reducing overall cost.

Frequency

Many older contracts were first taken out with a fixed specification which could be closely monitored. Clearly if one office is used less than another it will not require the same level of cleaning and a commonly used corridor will need more attention than a second floor dead-end.

A crude method of cost reduction being pushed in several authorities is to reduce the number of cleaning cycles from 5 days to 3 days per week. Whilst it will certainly reduce costs, it will also adversely affect cleaning standards. Better to refine the specification to one approaching output based and reapportion the number of hours to obtain the best clean within the new hours available than just not clean on 2 days. Toilets and other communal facilities are unlikely to remain acceptable over 48 hours.

Some schools are still cleaned on a 52 week contract even though the school is only occupied for 38 weeks. Whilst some schools are used for community use during holidays, for those that are not, a reduced cleaning regime should be considered during the closed period.

Specification

Specifications are commonly written as part of the tender process and rarely remain an entirely rational basis for delivering the contract (SLA) over an extended period of time. Acceptable levels of cleanliness after and between cleans are detailed in the BICS guidelines which can be used to manage customer expectations of what constitutes clean. A more proactive approach is to work with the client to identify opportunities to reduce costs whilst maintaining an acceptable standard and to share any savings on an agreed basis.

Real data

It is essential that the Authority holds an up to date database of all those properties it cleans and the dimensions, floor coverings and agreed specification. Too often the details are never amended as schools add extra classrooms or change the floor coverings to carpets.

This can lead to instances where a school is being considerably undercharged or conversely charged staff hours are in excess of those required. It is not in the interest of the service provider to supply the service below cost and where appropriate a new SLA should be negotiated with the customer to reflect real circumstances. It is rare that this causes the school to seek an alternative provider although this is often held as the excuse for not seeking to challenge the cleaning charge made. In extreme circumstances the cleaning provider should consider withdrawing from the service rather than continue to lose money.

Sickness absence

Average sickness in cleaning is 5.51% according to APSE performance networks data. When long-term sickness is taken away from this figure the average is nearer 2.7%. There are examples of cleaning services who have managed to reduce the overall sickness figure down to nearer 3%. This has been achieved through combination of strict adherence to the Bradford method for managing absence and timely management enforcement. The system for monitoring sickness needs to highlight absences immediately and action to follow very shortly afterwards. Too often action is taken many days after the absence and ceases to act as a deterrent or capture the cause.

A reduction in sickness absence reduces the need to arrange cover which has additional cost, often involving transport and management time. A 2% reduction in sickness absence can equate to a £20,000 saving per £1 million turnover.

Technology

Options for the use of technology have increased in the last 5 years. The availability of rechargeable batteries at reasonable cost that do not degrade with frequent recharges has made portable appliances more available and robot technology a reality.

Portable appliances alleviate the need for wasted time in plugging in equipment and trailing wires. Robot cleaners can clean a sports hall overnight without supervision and thereby save substantial paid cleaning hours.

System thinking

Previously business re-engineering and now lean/systems thinking are all the rage as the 'new way' to identify waste and remove costs from the workplace. All start by process mapping the system of working. APSE has discussed systems exercises within their performance networks benchmarking groups and found cleaning to

be an area that is usually already quite 'lean'. Time savings however through staff coming to work already in uniform rather than getting changed on site, ensuring equipment is stored close to the location of use and not over-cleaning can all save tens of minutes per day and increase capacity allowing the potential to remove staff costs in the future.

Management Costs

From a customer point of view the value of the area managers, administration and senior management is often hidden. The number of intermediate staff in the management structure will reflect the geography and makeup of the cleaning estate but benchmarking with other authorities will identify whether numbers are appropriate. As a guide, if the ratio of supervisors to establishments is above 1 to 45 then a managed reduction may be appropriate.

Similarly training is an essential but often significant cost when run exclusively internally. Basic cleaning training is available at low or zero cost from government training schemes through local colleges. Full utilisation of the opportunities available (or even better be paid to deliver the courses through the cleaning department itself) should be made.

Facilities management

Facilities management has become something of a panacea in recent times, driven perhaps by the requirements of the now much reduced 'Building Schools for the Future' programme and PPP schemes elsewhere. Facilities management may provide an opportunity for a single management structure with area supervisors acting a single point of contact and responsible for cleaning, catering, grounds maintenance, building maintenance and potentially other services including waste.

APSE research on soft FM is inconclusive on the benefits to the service provider and the loss of focus from being part of a diverse operation can reduce customer satisfaction levels in catering and cleaning. If however better utilisation of management staff is possible then the arrangement should be considered.

Central establishment charges (CECs)

CECs are probably the most contentious area of cost. They are frequently apportioned in an arbitrary fashion or on the basis of head-count. Clearly for a service utilising significant numbers of relatively low paid and part-time staff this can have perverse consequences. If IT for example is recharged on the basis of headcount this will massively inflate the cost to cleaning service. Charges based on actual usage should be argued.

Cleaning materials

Bulk purchasing of consumables should produce savings. The number of different products should be rationalised to as few as possible allowing bulk purchasing and higher discounts to be achieved.

Often chemical cleaning solutions are distributed to schools and stored on-site. There have been instances where hoarding occurs which ties up chemicals which could be used elsewhere. One authority gave the caretakers/cleaning staff 3 months to return all excess chemicals ahead of it becoming a disciplinary matter. The amount of chemicals returned to central stock saved in excess of £50,000 from the need for future purchases.

Cleaning equipment

Bulk purchasing of a standard set of equipment should provide significant savings discounts. Some authorities maintain their own equipment and reuse parts from broken machines to keep others running. Often the necessary equipment for PAT testing is also obtained allowing saving on the testing and an additional service that can be sold across the customer base.

APSE Comment

APSE exists to support in-house local services and recognises there will be pressures to seek cost reduction as a consequence of the current and anticipated squeeze of local authority funding. Reductions in staff numbers may be necessary as Councils consolidate the number of offices and reduce the number of depots etc. The trade unions should be fully involved where any changes to the workforce are planned in response to reductions in expenditure.

Should a member authority have a pressing difficulty, APSE has a range of assistance available to inform the search for efficiencies. This ranges from average productivity figures, benchmarking information from APSE performance networks through to full consultancy support through APSE best value consultancy.

15: Efficiencies in street cleansing

The pressure is on to find further savings in street cleansing and this paper attempts to highlight the main areas where costs reductions can be sought. It is not possible to compile a complete list and further ingenious ways of saving money will be found and technology will produce new opportunities. It is therefore proposed to update this document in the future and reissue when appropriate.

Service providers should also be encouraged to diversify and maximise income by carrying out work for other bodies. (Visit the APSE Trading and Charging web portal <http://www.apse.org.uk/charging-trading/index.html> for further details).

Accounting structures

Street cleansing in the majority of councils (66%) is now part of an integrated street scene service; which can include a range of other 'front facing' services including grounds maintenance, refuse collection and recycling, street lighting and roads repairs. Street cleansing includes operations, enforcement and educational awareness/campaigns. It can also include gully emptying and public conveniences. Income is generated in the service via work for other organisations/bodies or via income from fixed penalty notices or other types of enforcement.

When seeking cost reductions, crude cuts run the risk of damaging the underlying service, lowering the street cleanliness standards and ultimately damaging the visual environment and public perceptions. It is also acknowledged that deterioration in the visual environment can have an impact on anti-social behaviour, crime and the fear of crime. This can also increase the demand for street cleansing services from vandalism, fly tipping, graffiti as well as a general increase in litter.

Expenditure

Cost of delivering street cleansing will obviously differ between authorities and on the mix of services delivered but by way of example, APSE performance networks details the following typical structure for street cleansing:

Cost area	% total cost
Front line staff costs	57%
All staff costs	66%
Vehicle and plant expenditure	19%
Premises and services	3%
Operational supplies	4%
Departmental administration	3%
Central establishment charges	3%

Clearly staffing and transport costs are the most significant items and therefore the element where small improvements will produce the largest savings. Staff costs equate closely to number of staff hours worked and therefore cost savings normally rely heavily on a reduction in hours with an assumption of an accompanying higher productivity. Potential savings under each heading will be detailed following:

Front line staff costs

Productivity

Productive time can be measured on an individual council basis through analysing work schedules and conducting time and motion studies. However, there is not a universal benchmark of productivity for the service, largely due to the factors that cause large variations in these levels; namely type of operation (mechanical/manual), topography, demographics, number of population centres, etc. Therefore, traditional indicators such as square meters cleaned per operative have been abandoned in favour of more qualitative indicators such as the standard of cleanliness. Coverage of area by mechanical sweepers can be gained from suppliers; with some sweepers achieving 29,760m² per hour, although again this will only be achieved in certain working conditions and may change on different routes.

Work study can be used as a means of setting targets and comparing performance on productivity. This *"is the systematic study of an operation or process to ensure the best possible use of the human and material resources*

available. The prime aim is to improve productivity" British Standards Institution approved definition B.S. 3138: 1959. It allows for setting a benchmark on standard performance and also to reduce ineffective time through better work scheduling. APSE have worked with a number of authorities on work study projects where the ability to carry this out in-house no longer exists.

Productivity rates for street cleansing need to be measured in conjunction with transport availability. Vehicle time can be split into 'productive' and 'non-productive' time, and efficiencies can be made from better route planning (route optimisation), less downtime (for repairs), staff training on correct vehicle use (and less non-fair wear and tear), as well as more efficient work schedules. Staffing is always the most contentious area of cost reduction and consequently the area avoided by many managers. Difficult though it might be, the correct balance has to be struck between levels of equipment/vehicles and staffing hours to ensure the financial viability of the street cleansing service.

Maximising the effectiveness and flexibility of the workforce

Training and development is key to developing a more harmonious workforce. Some council's have used quality frameworks such as Investors in People (IIP) to group the workforce into strands of different skill sets (e.g. those with specialist skills such as HGV licenses for channel sweepers). This assists in deploying staff appropriately to different areas of work. An effective street cleansing workforce needs to be flexible to respond to seasonal variations such as dealing with leaf fall and the ability to deploy the workforce en masse to a particular location such as a suburban housing estate is crucial.

Use of volunteers

The idea of 'Big Society' has gained impetus more recently, although many street cleansing managers already work with the community and volunteers in community clean sweeps and other initiatives. It is fundamental, though, that these initiatives are channelled through the local authority to access the necessary resources (equipment, bags, etc) and to gain the necessary expertise/knowledge of cleanliness and safety standards. Volunteers and community groups can also support the core street cleansing workforce in pursuing environmental initiatives such as recycling street sweeping arisings.

Personal targets

Although wider targets are often too blunt an instrument, locally agreed targets with staff provide a focus. An effective performance management system will set targets for reducing non-productive time, maintaining cleanliness standards and better vehicle utilisation, which results in performance improvement. Praise for better performers and assistance for the weaker engenders a culture of cost saving.

Sickness absence

Average sickness in street cleansing is 5.43% (source: APSE performance networks). There are examples of street cleansing services who have managed to reduce the overall sickness figure down to below 2%. This has been achieved through a combination of strict adherence to the method for managing absence and timely management enforcement. The system for monitoring sickness needs to highlight absences immediately and action to follow very shortly afterwards. Too often action is taken many days after the absence and ceases to act as a deterrent or capture the cause.

A reduction in sickness absence reduces the need to arrange cover which has additional cost, often involving transport and management time. A 2% reduction in sickness absence can equate to a £13,000 saving per £1 million turnover.

Planned overtime

Street cleansing tends to be operated across all seven days of the week to meet cleaning demands, particularly where a thriving night-time economy exists. Whilst some councils have looked to reduce weekend and other night-time overtime costs by negotiating the payment of additional hours at flat-rate, opportunities exist to make further savings on planned overtime costs, or to eliminate them altogether. This can be done through the design of shift systems which ensures that staff are carrying out their normal working hours on the days that they are needed.

APSE are currently partnering with working time specialists to produce rota patterns for one particular authority that will enable them to save in the region of £150,000 per annum in enhanced payments. The process involves the identification of work demand for each day for which shift patterns are then designed through specialist software.

Management costs

From the point of view of the public, the value of the area managers, administration and senior management is often hidden. The number of intermediate staff in the management structure will reflect the geography and type of operation but benchmarking with other authorities will identify whether numbers are appropriate. As a guide, the average front line staff costs as a percentage of total staff costs is 86%.

Street scene

Street scene structures may provide an opportunity for a single management structure with area supervisors acting a single point of contact and responsible for street cleansing, grounds maintenance, refuse collection and recycling, roads repairs, street lighting and other services. If better utilisation of management staff is possible then the arrangement should be considered.

Transport

As the second most significant item of expenditure, transport costs and utilisation can have a significant effect on the overall cost of the service. Many councils have entered into regional purchasing arrangements to reduce the cost of vehicles by purchasing in bulk. Benchmarking and sharing of vehicle costs provides a tool to not only analyse the cost of different types of operations (split between mechanical and manual work and type of equipment used) but vehicle utilisation and the distance travelled from the depot to site.

Central establishment charges (CECs)

CECs are probably the most contentious area of cost. They are frequently apportioned in an arbitrary fashion or on the basis of head-count or square meterage. Clearly this can have perverse consequences for a labour-intensive service like street cleansing. Charges based on actual usage should be argued.

Technology

There have been significant advances in the use of hand-held technology, geographical information systems and vehicle technology such as tracking systems, which have been used by street cleansing services.

Enforcement

Income can be generated by using enforcement powers, such as those contained in the Clean Neighbourhoods and Environment Act, including on-the-spot fines for littering, graffiti, fly-posting and for where waste is left out at the wrong times. Other charges can be generated for ancillary services such as charging for the collection of bulky waste; although this needs to be considered in relation to the effect that this policy will have on fly-tipping and the costs of removing this. The effects of the recession such as a potential increase in fast food waste (as more people use fast food outlets rather than restaurants) and the impact of businesses closing on levels of vandalism in areas may result in an increase in demand for the street cleansing service and need to increase enforcement and/or education.

System thinking

Previously business re-engineering and now lean/systems thinking are all the rage as the 'new way' to identify waste and remove costs from the workplace. All start by process mapping the system of working. APSE has process benchmarking groups in place for street cleansing, which are available free of charge for APSE performance networks member authorities. Recent process benchmarking topics have been LEQSE, LEAMS, recycling street sweeping arisings, work shifts (e.g. task and finish), operational methods (mechanical/manual sweeping), educational campaigns and fly tipping.

APSE comment

APSE exists to support in-house local services and recognises there will be pressure to seek cost reduction as a consequence of the current and anticipated squeeze of local authority funding. Reductions in staff numbers may be necessary as Councils attempt to maintain services whilst managing the cost base. Any staff reductions should be managed sensitively and the Trade Unions fully involved, using the full range of options including redeployment, early retirement and reduced hours ahead of compulsory redundancy.

APSE has compiled a list of Do's and Don'ts as a checklist of ideas on what authorities can do (and shouldn't do) in the current financial climate:

Do's

- Do rework number of hours (productivity)
- Do review vehicle utilisation and downtime
- Do carry out re-routing / route optimisation
- Do review frequencies and types of cleansing e.g. manual v. mechanical sweeping
- Do review fringe services e.g. gully emptying, public conveniences
- Do research income generation e.g. private sweeping
- Do examine the green agenda e.g. electric fleet
- Do tackle staff absence
- Do eradicate overtime – plan against actual demand
- Do demand bigger discounts from suppliers
- Do set appropriate ratios for supervision
- Do strip out wasteful activity (Lean)
- Do imagine you are the competition – what would they be doing?

Don'ts

- Don't forget that environmental services are highly visible!
- Don't assume defeat
- Don't dismiss 'green' opportunities
- Don't stop marketing and selling
- Don't forget the impact that charging for some services will have on other services e.g. Bulky collections
- Don't rely on big IT solutions to save anyone
- Don't be afraid to challenge Central Establishment Charges
- Don't assume there is a pain free solution
- Don't stop benchmarking (shield)
- Don't forget you have friends to call upon

Should a member authority have a pressing difficulty, APSE has a range of assistance available to inform the search for efficiencies. This ranges from average productivity figures, benchmarking information from APSE performance networks through to full consultancy support through APSE best value consultancy.

16: Efficiencies in parks and green spaces

The pressure is on to find further savings in parks and green space services and this paper attempts to highlight the main areas where costs reductions can be sought. It is not possible to compile a complete list and further ingenious ways of saving money will be found and technology will produce new opportunities. It is therefore proposed to update this document in the future and reissue when appropriate.

Service providers should also be encouraged to diversify and maximise income by carrying out work for other bodies. (Visit the APSE Trading and Charging web portal <http://www.apse.org.uk/charging-trading/index.html> for further details).

Accounting structures

Some parks services (39.5%) are already part of an integrated street scene service and a further 26.3% of parks services expect to be part of a street scene service within the next 2 years. Parks services include formal and non-formal parks, open spaces, horticultural services, conservation, children's play facilities and grounds maintenance for schools, sports facilities, housing, cemeteries and churchyards. Income is generated in the service via work for other authorities or public bodies (such as health services), private organisations (such as schools or retail parks), or from sales/services to the public or other customers such as event management, allotment leases, sponsorship or sale of surplus stock such as plants.

When seeking cost reductions, crude cuts run the risk of damaging the underlying service, lowering the quality standards and ultimately damaging the visual environment and public perceptions. It is also acknowledged that deterioration in the visual environment can have a negative impact on anti-social behaviour, crime and the fear of crime and the lack of access to green spaces can have a negative effect on the health and well-being of members of the public.

Expenditure

Cost of delivering parks services will obviously differ between authorities and on the mix of services delivered but by way of example, APSE performance networks details the following typical structure for parks services:

Cost area	% total cost
Front line staff costs	43.82%
All staff costs	56.01%
Other non-employee e.g. premises	16.52%
Vehicles	12.44%
Equipment and materials	2.09%
Subcontractors	4.20%
Departmental administration	2.32%
Central establishment charges	5.83%

Clearly staffing and vehicle costs are significant items and therefore the element where small improvements will produce the large savings. Staff costs equate closely to number of staff hours worked and therefore cost savings normally rely heavily on a reduction in hours with an assumption of an accompanying higher productivity. Potential savings under each heading will be detailed following:

Front line staff costs

Productivity

Productive time can be measured on an individual council basis through analysing work schedules. A common indicator of productivity used to benchmark the service in APSE performance networks is hectares maintained FTE front line employee. This indicator has shown that productivity has increased significantly from 7.14 in 1998/99 to 8.51 in 2009/10, which could be due to the more efficient use of labour and machinery. However, productivity needs to be assessed in relation to the type of work being undertaken as parks and green space occupations range from grounds maintenance and street scene operations through to bio-diversity and environmental education officers.

Work study can be used as a means of setting targets and comparing performance on productivity. This *“is the systematic study of an operation or process to ensure the best possible use of the human and material resources available. The prime aim is to improve productivity”* British Standards Institution approved definition B.S. 3138: 1959. It allows for setting a benchmark on standard performance and also to reduce ineffective time through better work scheduling. APSE have worked with a number of authorities on work study projects where the ability to carry this out in-house no longer exists.

Vehicle utilisation

Productivity rates for parks and green spaces need to be measured in conjunction with vehicle availability. Vehicle time can be split into ‘productive’ and ‘non-productive’ time, and efficiencies can be made from better route planning, less downtime (for repairs), staff training on correct vehicle use (and less non-fair wear and tear), as well as more efficient work schedules. Greater machinery utilisation in a grounds maintenance unit can result in a reduction of the number of ride-on mowers/compact tractors; a potential cost saving of up to £100k.

Staffing is always the most contentious area of cost reduction and consequently the area avoided by many managers. Difficult though it might be, the correct balance has to be struck between levels of equipment/vehicles and staffing hours to ensure the financial viability of the parks service.

Seasonalised hours

86% of parks services have seasonal labour to deal with the fluctuations in workload between the seasons. A core feature of the parks service is how to deal with seasonalised hours. Some local authorities have identified cost savings through realigning working hour arrangements to meet the seasonal variations of grounds maintenance operations. The reprogramming of seasonalised working hours can result in a reduction in the demand of seasonal part time staff with potential cost savings in excess of £50k.

Use of volunteers

The idea of ‘Big Society’ has gained impetus more recently, although many parks managers already work with the community and volunteers through Friends of the Park and other community-based organisations. A report by BTCV in 2008, *Inspiring People, Improving Places* stated *‘last year, 287,000 volunteers gave 540,178 workdays. Their work on 15,420 sites involved 4,301 communities, improving local environments, both rural and urban, and enhancing biodiversity’*. The value of volunteers is self-evident; however it is fundamental that volunteering is not seen as an alternative to a skilled parks workforce. Support from volunteers should be channelled through the local authority, so that groups have appropriate access to resources and the necessary expertise/knowledge.

Personal targets

Although wider targets are often too blunt an instrument, locally agreed targets with staff provide a focus. An effective performance management system will set targets for reducing non-productive time, maintaining quality standards and better vehicle utilisation, which results in performance improvement. Praise for better performers and assistance for the weaker engenders a culture of cost saving.

Sickness absence

Average sickness in parks, open spaces and horticultural services is 4.58% (source: APSE performance networks). There are examples of parks services who have managed to reduce the overall sickness figure down to below 1%. This has been achieved through a combination of strict adherence to the method for managing absence and timely management enforcement.

A reduction in sickness absence reduces the need to arrange cover which has additional cost, often involving transport and management time. A 2% reduction in sickness absence can equate to a £11,000 saving per £1 million turnover.

Management costs

From the point of view of the public, the value of the area managers, administration and senior management is often hidden. The number of intermediate staff in the management structure will reflect the geography and type of operation but benchmarking with other authorities will identify whether numbers are appropriate. As a guide, the average front line staff costs as a percentage of total staff costs is 78%.

Street scene

Street scene structures may provide an opportunity for a single management structure with area supervisors acting a single point of contact and responsible for grounds maintenance, street cleansing, refuse collection and recycling, roads repairs, street lighting and other services. If better utilisation of management staff is possible then the arrangement should be considered.

Vehicles

Vehicle costs can have a significant effect on the overall cost of the service. Many councils have entered into regional purchasing arrangements to reduce the cost of vehicles by purchasing in bulk. Benchmarking and sharing of vehicle costs provides a tool to not only analyse the cost of different types of operations but also vehicle utilisation.

Central establishment charges (CECs)

CECs are probably the most contentious area of cost. They are frequently apportioned in an arbitrary fashion or on the basis of head-count or square meterage. Clearly this can have perverse consequences for a labour-intensive service like parks and grounds maintenance. Charges based on actual usage should be argued.

Income generation

52% of council parks services sell their services to other public sector bodies and 21% sell services to the private sector. Some councils have secured funding via other organisations pursuing the same aims; such as up to £500k funding from PCT's to install outdoor gyms & health walks programme. As a way of off-setting costs, some councils have generated income via allotments, nursery production, sponsorship (traffic islands, parks, competitions, etc) and running events in parks (such as festivals, sports events, community days). Other councils have pursued environmental projects which also generate income; such as selling firewood or converting leaf waste into compost to be used by the grounds maintenance service and saving the council over £70k per year.

There may be more scope for councils to charge for specialist conservation or climate change work in the near future; with the growth of the 'green' agenda and the impact of climate change on plant growth, conservation, drainage and ultimately skills required to manage this.

System thinking

Previously business re-engineering and now lean/systems thinking are all the rage as the 'new way' to identify waste and remove costs from the workplace. All start by process mapping the system of working. APSE has process benchmarking groups in place for parks, open spaces and horticultural services, which are available free of charge for APSE performance networks member authorities. Recent process benchmarking topics have been maintenance specifications, core and quality standards, structures, investment and consultation.

APSE comment

APSE exists to support in-house local services and recognises there will be pressure to seek cost reduction as a consequence of the current and anticipated squeeze of local authority funding. Reductions in staff numbers may be necessary as councils attempt to maintain services whilst managing the cost base. Any staff reductions should be managed sensitively and the Trade Unions fully involved, using the full range of options including redeployment, early retirement and reduced hours ahead of compulsory redundancy.

APSE has compiled a list of Do's and Don'ts as a checklist of ideas on what authorities can do (and shouldn't do) in the current financial climate:

Do's

- Do rework number of hours (productivity)
- Do eradicate overtime – plan against actual demand
- Do review utilisation of machinery and downtime
- Do research income generation
- Do examine the green agenda
- Do tackle staff absence
- Do demand bigger discounts from suppliers
- Do set appropriate ratios for supervision

- Do strip out wasteful activity (Lean)
- Do imagine you are the competition – what would they be doing?

Don'ts

- Don't forget how much the public value parks
- Don't lose your skill base
- Don't assume defeat
- Don't dismiss 'green' opportunities
- Don't rely on big IT solutions to save anyone
- Don't be afraid to challenge Central Establishment Charges
- Don't assume there is a pain free solution
- Don't lose your evidence
- Don't stop benchmarking (shield)
- Don't forget you have friends to call upon

Should a member authority have a pressing difficulty, APSE has a range of assistance available to inform the search for efficiencies. This ranges from average productivity figures, benchmarking information from APSE performance networks through to full consultancy support through APSE best value consultancy.

17: Efficiencies in refuse collection services

The pressure is on to find further savings in refuse collection services and this paper attempts to highlight the main areas where costs reductions can be sought. It is not possible to compile a complete list and further ingenious ways of saving money will be found and technology will produce new opportunities. It is therefore proposed to update this document in the future and reissue when appropriate.

Service providers should also be encouraged to diversify and maximise income by carrying out work for other bodies. (Visit the APSE Trading and Charging web portal <http://www.apse.org.uk/charging-trading/index.html> for further details).

Accounting structures

Refuse collection includes household waste, trade waste, recycling and bulky household collections. Income is generated in the service via work for other councils, trade waste/special collections, clinical waste, charging for bulky waste or green waste collections, income from the supply of bins or sacks, removal of abandoned vehicles and other enforcement activities or recycling credits.

When seeking cost reductions, crude cuts run the risk of damaging the underlying service, increasing fly-tipping and/or waste contamination, reducing levels of recycling and the prospect of fines and charges for landfill, and ultimately damaging the environment and public perceptions. It is also acknowledged that deterioration in the visual environment can have an impact on anti-social behaviour, crime and the fear of crime.

Expenditure

Cost of delivering refuse collection will obviously differ between authorities and on the way the service is delivered but by way of example, APSE performance networks details the following typical structure for refuse collection:

Cost area	% total cost
Front line staff costs	39%
All staff costs	44%
Transport costs	26%
Premises and services	3%
Supplies	4%
Departmental administration	2%
Central establishment charges	6%
Waste disposal	14%
Subcontracting	1%

Clearly staffing and transport costs are the most significant items and therefore the element where small improvements will produce the largest savings. Staff costs equate closely to number of staff hours worked and therefore cost savings normally rely heavily on a reduction in hours with an assumption of an accompanying higher productivity. Potential savings under each heading will be detailed following:

Front line staff costs

Productivity

Productive time can be measured on an individual council basis through analysing work schedules and conducting time and motion studies. Work study can be used as a means of setting targets and comparing performance on productivity. It can provide a comparison of the number of properties that can be collected by crews under varying controlled conditions and allows working levels to be optimised by analysing productive and non-productive time. Work study can be used to highlight inefficiencies such as waiting time for operatives at the back end of the vehicle or travelling times. APSE has worked with a number of authorities on work study projects.

Productivity rates for refuse collection need to be measured in conjunction with transport availability. Vehicle time can be split into 'productive' and 'non-productive' time, and efficiencies can be made from better route planning (route optimisation to re-design rounds), maximising the usage of vehicles through shift systems (e.g. double shifts, extended working patterns 10 or 11 hours with 6 day working which maximises vehicle use whilst retaining optimum crew levels and safeguarding frontline jobs, having due regard for drivers hours rules whilst reducing fleet numbers), reduced downtime for repairs, extending workshop opening times to align with or fall outside standard working hours, effective vehicle replacement programmes, staff training on correct vehicle use (and less non-fair wear and tear) and fuel monitoring/management. Staffing is always the most contentious area of cost reduction and consequently the area avoided by many managers. Difficult though it might be, the correct balance has to be struck between levels of equipment/vehicles and staffing hours to ensure the financial viability of the refuse collection service.

Maximising the effectiveness and flexibility of the workforce

Training and development is key to developing a more harmonious workforce. An effective refuse collection workforce needs to be flexible to respond to fluctuations in demand for the service; for example over bank holidays or catch-up after severe weather conditions.

Some councils operate a task and finish system for refuse collection; that is, they can finish work when all the waste in their waste streams has been collected. Other councils have moved away from this to increase the flexibility of the workforce.

Zonal working

Zonal working (collecting all waste from one zone on the same day) can reduce travelling downtime and vehicle mileage/fuel consumption. Some councils are also moving other services such as street cleansing to work on a zonal basis one day behind the waste collection crews to remove any remaining litter following collections.

Personal targets

Although wider targets are often too blunt an instrument, locally agreed targets with staff provide a focus. An effective performance management system will set targets for reducing non-productive time, missed bins

and better vehicle utilisation, which results in performance improvement. Praise for better performers and assistance for the weaker engenders a culture of cost saving.

Sickness absence

Average sickness in refuse collection is 6.49% (source: APSE performance networks). There are examples of refuse collection services who have managed to reduce the overall sickness figure down to below 2%. This has been achieved through a combination of strict adherence to the method for managing absence and timely management enforcement. The system for monitoring sickness needs to highlight absences immediately and action to follow very shortly afterwards. Too often action is taken many days after the absence and ceases to act as a deterrent or capture the cause.

A reduction in sickness absence reduces the need to arrange cover which has additional cost, often involving transport and management time. A 2% reduction in sickness absence can equate to a £9,000 saving per £1 million turnover.

Planned overtime

Opportunities exist to make further savings on overtime costs or to eliminate them altogether. This can be done through the design of shift systems which ensures that staff are carrying out their normal working hours on the days that they are needed. Some councils have moved towards a 4-day working week and by avoiding Monday collections they have ensured that the residents understand the schedule and the service is not affected by bank holidays with the exception of Christmas and the New Year. One council has reported that this saved them £360k per annum and 33,500 litres of fuel over 12 months.

Management costs

From the point of view of the public, the value of the area managers, administration and senior management is often hidden. The number of intermediate staff in the management structure will reflect the geography and type of operation but benchmarking with other authorities will identify whether numbers are appropriate. As a guide, the average front line staff costs as a percentage of total staff costs is 85.88%.

Transport

As the second most significant item of expenditure, transport costs and utilisation can have a significant effect on the overall cost of the service. Many councils have entered into regional purchasing arrangements to reduce the cost of vehicles by purchasing in bulk. Benchmarking and sharing of vehicle costs provides a tool to not only analyse the cost of different types of operations but vehicle utilisation and the distance travelled from the depot to site.

Central establishment charges (CECs)

CECs are probably the most contentious area of cost. They are frequently apportioned in an arbitrary fashion or on the basis of head-count or square meterage. Charges based on actual usage should be argued.

Technology

There have been significant advances in the use of hand-held technology, geographical information systems, route optimisation software and vehicle technology such as fuel monitoring and tracking systems, which have been used by refuse collection services.

Enforcement

Income can be generated by using enforcement powers, such as those contained in the Clean Neighbourhoods and Environment Act, including where waste is left out at the wrong times or on-the-spot fines for abandoned vehicles. Other charges can be generated for ancillary services such as charging for the collection of bulky waste; although this needs to be considered in relation to the effect that this policy will have on fly-tipping and the costs of removing this. APSE's query service which is free to member authorities allows for the sharing of different approaches taken by councils to services such as trade waste, green waste, clinical waste, bulky waste, etc.

System thinking

Previously business re-engineering and now lean/systems thinking are all the rage as the 'new way' to identify waste and remove costs from the workplace. All start by process mapping the system of working. APSE has process benchmarking groups in place for refuse collection, which are available free of charge for APSE

performance networks member authorities. Recent process benchmarking topics have been shift patterns and collection days, food waste, special and bulky uplifts, vehicle utilisation and productivity.

APSE comment

APSE exists to support in-house local services and recognises there will be pressure to seek cost reduction as a consequence of the current and anticipated squeeze of local authority funding. Reductions in staff numbers may be necessary as Councils attempt to maintain services whilst managing the cost base. Any staff reductions should be managed sensitively and the Trade Unions fully involved, using the full range of options including redeployment, voluntary redundancy and reduced hours ahead of compulsory redundancy.

APSE has compiled a list of Do's and Don'ts as a checklist of ideas on what authorities can do (and shouldn't do) in the current financial climate:

Do's

- Do rework number of hours (productivity)
- Do review vehicle utilisation and downtime
- Do carry out re-routing / route optimisation
- Do review collection methods and frequencies
- Do review fringe services e.g. clinical waste
- Do research income generation e.g. trade waste
- Do examine the green agenda e.g. electric fleet
- Do tackle staff absence
- Do eradicate overtime – plan against actual demand
- Do demand bigger discounts from suppliers
- Do set appropriate ratios for supervision
- Do strip out wasteful activity (Lean)
- Do imagine you are the competition – what would they be doing?

Don'ts

- Don't forget that environmental services are highly visible!
- Don't assume defeat
- Don't dismiss 'green' opportunities
- Don't stop marketing and selling
- Don't forget the impact that charging for some services will have on other services e.g. Bulky collections
- Don't rely on big IT solutions to save anyone
- Don't be afraid to challenge Central Establishment Charges
- Don't assume there is a pain free solution
- Don't stop benchmarking (shield)
- Don't forget you have friends to call upon

Should a member authority have a pressing difficulty, APSE has a range of assistance available to inform the search for efficiencies. This ranges from average productivity figures, benchmarking information from APSE performance networks through to full consultancy support through APSE best value consultancy.

18: Efficiencies in leisure services

The pressure to find major savings in leisure is now at its height. The implications of the Comprehensive spending review are now clear and local authorities are struggling to square substantial budget reductions amongst competing demands. As a non-statutory service leisure is particularly vulnerable. This paper attempts to highlight the main operational areas where costs reductions can be sought across leisure although in such a diverse service it is not possible to compile a complete list and further ingenious ways of saving money will be found and technology will produce new opportunities. It is therefore proposed to update this document in the future and reissue when appropriate.

Promotion and marketing are important for increasing or maintaining participation and income. Whilst this paper focuses on cost saving, an equal focus should be given to increasing revenue whether from users, grants or future commissioning.

Expenditure

The following tables, derived from data collected as part of APSE performance networks, highlight the average costs for wet, dry and combined wet and dry leisure facilities. Clearly there is a wide variety of configurations of leisure facility; however the averages provide an excellent insight into where costs are most concentrated.

Cost area	Wet	Dry	Wet & Dry
Staff Costs	60.47%	59.00%	57.44%
Energy costs	12.43%	7.49%	11.67%
Water and sewerage	2.50%	1.47%	2.09%
Other premises costs	7.45%	9.05%	7.93%
Supplies and services costs	6.24%	7.43%	6.73%
Departmental admin	3.32%	5.21%	3.79%
CEC	4.14%	5.09%	5.14%
Other general expenditure	3.46%	5.26%	5.20%

Staff costs are by far the largest item at around 60% and therefore the element where small improvements will produce the largest savings. Staff costs are typically split between full time core staff and part time lifeguards, instructors and other more casual staff. The remaining 40% of other expenditure can still produce demonstrable savings at some authorities and these are also detailed later.

Staff costs

Whilst staff costs make up 60% of expenditure they typically amount to 104% of income for pools and 127% of income for dry sites. Realistically the minimum number of staff to operate a leisure facility is 2 staff for a dry site and 3 for a wet site, with further required dependent on the size and complexity of the facility.

Flexibility

Leisure centres do not operate on a 9 to 5 timetable and correspondingly the days of staff employed between set hours and then paid overtime have disappeared although instances remain. Flexibility is the order of the game with many authorities and trusts using a combination of annualised hours (a contracted number of hours across the year flexibility as to when they are used) and increasing use of casual staffing for peak periods and additional classes.

Those facilities that thrive on the quality of the customer experience tend to instil an expectation and ethos that staff are expected to undertake a variety of tasks to maintain the facilities to high standard. It is normal for staff to be expected to undertake low level cleaning duties and minor maintenance. In some of the more cost conscious staff repair lockers and undertake painting and tile replacement.

Swimming pools

National guidelines for swimming pool numbers issued by bodies such as the ISRM suggest a health and safety assessment followed by minimum numbers of lifeguards. Factors include:

- Pool design – blind spots, glare, reflection and noise
- Depth
- Water quality – including pool temperature & clarity of water
- Pool organisation – responsibility and mix of usage
- Staffing – qualifications, skill, degree of support and number of teachers/coaches/lifeguards
- Pupils and ability – age, ability range, any physical disabilities/learning difficulties, ability to comprehend instructions.

Care should be taken to ensure that the number of lifeguards equates closely to the anticipated number of swimmers (a typical ratio being 1:20) and also the ability of the swimmers i.e. adult only session requires fewer staff than family or children's swimming.

Where organised club swimming or schools swimming is undertaken, club organisers or sports teachers should be encouraged to maintain the necessary qualification to supervise unassisted.

Fitness classes

Many leisure centres offer fitness classes as part of fitness suite membership although these are often only used by a minority of the leisure club members and mainly by casual participants. It is often necessary to run a class for several weeks to grow the number of members and reach a level of sustainability.

Clearly if numbers do not at least cover the cost of the instructor, then a decision should be made to discontinue the lessons, many make this assessment at around 6 weeks. This is one area where customer surveys beforehand should highlight the optimum times for lessons and level of interest. Without initial marketing to likely target participants uptake is unlikely to reach its potential.

Sickness absence

Average sickness at wet sites is 5.98% and 3.83% for dry according to APSE performance networks data. When long-term sickness is taken away, these figures drop to 3.41% and 2.16%. There are however instances of sickness above 10% and where this requires other staff to be employed as cover, costs will escalate. There are increasing instances of changes to terms and conditions for new starters, with no sick pay provided within the first 12 months of employment.

There are examples of leisure services who have managed to reduce the overall sickness (excluding long term) down to nearer 2%. This has been achieved through combination of strict adherence to the Bradford method for managing absence and timely management enforcement. The system for monitoring sickness needs to record and highlight absences immediately and action to follow very shortly afterwards. Too often action is taken many days after the absence and ceases to act as a deterrent or capture the cause.

Training

There is an ongoing requirement to ensure that training for some employees remains up to date e.g. pool operators and lifeguards. Opportunities to work with other authorities should be actively sought to secure combined training sessions which will minimise this cost.

Opening hours

Opening hours for many facilities have been determined at a corporate level and unfortunately often fail to reflect the actual demand for those facilities. Whilst it is necessary to allow access to a gym throughout the day, gyms and health suites require minimal staffing levels whereas national guidelines exist for swimming pools which demand set levels of personnel.

Typically quiet periods exist mid afternoon (between 2 and 4) and late evening after 8pm. It may be possible to fill these with organised swimming clubs, schools swimming or club five-a-side but otherwise consideration should be given to closing the facility during these periods for open public usage. Given that the average subsidy per opening hour including central establishment charges amounts to £69.90 for pools and £34.84 for dry sites, selected closures can quickly amount to a significant saving.

Many facilities operate a cafe, which is always a welcome addition for most centre users and an average facility produces an income 85% higher than the cost of operation. For those centres with low footfall, however, it may become a liability. Recent events have seen an accelerated move to vending machines where cafes are consistently losing money. Restricted opening hours may provide a more viable proposition although often a more commercial approach to both product mix and costing makes a significant difference and should be tried ahead of closure.

Energy costs

At an average of 12.43% of costs, energy is the next most significant area of expenditure after staffing. Most local authorities purchase energy in the form of gas and electricity through central contracts or purchasing consortia. These arrangements should be frequently reviewed to ensure lowest pricing.

Saving electricity is a subject far greater than the scope of this paper and maximum use of low energy lighting is a given. There are however opportunities to use variable speed drives on pumps and ventilation systems which are controlled to respond to demand. Whilst the upfront costs may be several hundred pounds the payback period can be under 2 years.

Similarly lagging of piping and modern efficient biomass boilers are taken as a given although capital costs often make it tempting to remain with an old and in-efficient heating system. Typical suggested pool temperature is between 27 and 29 °C with an air temperature 1 degree higher. Use of pool covers should be rigidly enforced to prevent temperature loss in closed periods. Typical suggested gym temperature is between 16 and 18 °C.

Buildings and services

Much of the stock of leisure buildings is from an earlier era and if not decaying, certainly energy inefficient and restricted. Whilst ideally new buildings will reduce maintenance costs the availability of capital monies is likely to be reduced for some time. The specification for maintenance and services such as cleaning should be fundamentally reviewed if originally set some time ago. Changes to layout, usage, floor covering and equipment may allow for reductions in time and cost without reducing standards. Similarly best to work in partnership with your building maintenance provider to ensure a planned approach rather than reactive maintenance which might require multiple costly visits to site.

Technology

Technology brings a never ending stream of new 'toys' to entice the leisure centre user to get a new or better experience from their visit. Some may provide opportunities to increase income, but limited opportunities for cost saving. Technology has however provided some new possibilities:

Booking systems and membership cards can and do reduce the staff time and cost to process paperwork and issue tickets at reception

Robot cleaners have a proven record of cleaning sports halls overnight without supervision and thereby save substantial paid cleaning hours.

Chemicals exist to reduce the evaporation and hence temperature loss from swimming pools. They work by forming a molecular layer on the surface and hence reduce the water and energy loss through evaporation. Claims of 50% savings have been made although there remains a level of cynicism by many leisure managers and questions over ingestion of the chemical by swimmers.

As staff costs rise, the use of video monitoring of pools is proposed. You might imagine a CCTV system with the images brought to a single station to be monitored by a single lifeguard. Whilst considered practical, safety concerns remain.

Central establishment charges (CECs)

CECs are probably the most contentious area of cost. They are frequently apportioned in an arbitrary fashion or on the basis of head-count. Clearly for a service utilising significant numbers of relatively low paid and part-time staff this can have perverse consequences. If IT for example is recharged on the basis of headcount this could inflate the cost to cleaning service. Charges based on actual usage should be argued.

APSE Comment

APSE exists to support in-house local services and recognises there will be pressures to seek cost reduction as a consequence of the current and anticipated squeeze of local authority funding. Reductions in staff numbers are already a reality and APSE advocate that the trade unions are fully involved where any changes to the workforce are planned in response to reductions in expenditure.

Leisure facilities often provide a host of health related and community benefits which do not appear on a balance sheet. Leisure may be provided in many forms and must have the flexibility and local empowerment of staff to deliver leisure offers that track changes in customer demand and expectation. Closures and restricted hours are a last resort and should only be considered as part of an overall review of Borough wide leisure

provision.

Should a member authority have a pressing difficulty, APSE has a range of assistance available to inform the search for efficiencies. This ranges from average productivity figures, benchmarking information from APSE performance networks through to full consultancy support through APSE best value consultancy.

19: Efficiencies in street lighting

Budgets for the provision of street lighting services are being hit just as other budgets are but this pressure is not especially new in this area of work. Energy prices have increased rapidly over recent years and the local government lighting sector is used to innovating to meet this challenge. The public are now used to thinking of street lights existing in every street but people in rural areas or those living on un-adopted roads will know this is not quite the case. At the other extreme extensive stretches of the motorway and A-road network are lit for many hours at a time. It is clear to see the variety of situations in which street lights and signs are illuminated as well as the scale of the lighting infrastructure.

Service costs

The following table highlights the average percentage spent on each element of the service and is derived from APSE performance Networks data.

Cost area	% total cost
Energy costs	42.8%
Other internal maintenance costs e.g. vehicles, equipment, CECs, columns subject to knock downs.	13.7%
Day to day maintenance	18.9%
Bulk replacement	16.0%
Client management costs	6.8%
Inspection	1.8%

Although it must be remembered that these are average costs there will be an element of variety around each of the individual figures. The general point is a clear one; energy costs take up a large percentage of the costs of providing a street lighting service.

Energy costs

As energy costs make up such a large element of the cost of providing the service it is here that significant savings can be made, even through relatively small improvements.

Most local authorities purchase energy through central contracts or purchasing consortia. These arrangements should be frequently reviewed to ensure lowest pricing and consortia spend a significant amount of time doing just this and remaining aware of trends and volatility within the market. The UK's reliance on foreign sources of energy places us at the mercy of a range of factors often outside our control including political instability in the Middle East and former Russian republics which feeds through to higher prices. Due to the amount of energy purchased and the scale of prices paid, this is an area where local councils should be taking as much advice from purchasing experts as possible. It is imperative that they take advantage of changing prices, get the duration of contracts right and acquire from the most reliable sources.

Of course the cost of energy is only one side of the story and councils also need to take account of energy use. A council's commitment to reducing its carbon footprint is also a major factor and will influence all decisions

relating to energy use.

Switch off

Some councils have decided to switch off parts of their street lighting network in an attempt to reduce the amount of energy used. This has clearly had the desired effect but it does not come without problems. Although the focus has been on the need to cut costs, the benefit of street lighting in terms of addressing the fear of crime and reducing road accidents should not be underestimated. This is an emotive issue and one which has been raised in a number of councils where street lights have been turned off. An alternative has been for every other light to be switched off along a stretch of road to retain lighting but at a reduced level.

Partial switch off refers to switching lights off between certain hours such as 3 am and 5 am or at times of least use. In practice switch off schemes have been preceded by a programme of safety inspections and tests for the columns and lamps involved. This is an associated cost which may be significant and should be considered as part of the switch off decision.

Dimming

Dimming can mean reducing lights by up to 50% across a large or small part of the network. There have been some examples where small scale trials have taken place which have involved a reduction in the amount of light emitted over a period of time. Local people have not noticed that there had been a reduction in the amount of light emitted which can be taken to mean that the existence of functioning street lights is enough to address the fear of crime rather than the amount of light given off from them. Again dimming of street lights means a reduction in the amount (and therefore the cost) of energy used.

De-commissioning

Although councils are under a duty to maintain street lights which are in existence, they are under no obligation to provide street light in the first place. As a result one option for councils is to remove some of their stock without a requirement to replace them. This will mean there is no longer a need to maintain them and there will also be a reduction in the energy cost. Of course the policy decision to remove lights may be a difficult one to take but it remains an option.

Lighting stock

Many councils are in a position where a large percentage of the street lighting stock is many years old and in need of renewal as a result of inadequate investment over a period of time. Others have been through large scale replacement programmes and are benefiting as a result. The columns are in better condition and light usage is more efficient. The cost of responsive repairs is less because the overall stock is in better condition and the principle of invest to save is clear in these cases.

Needless to say the chance of funds being available for capital investment in street lights in the near future is much reduced. The focus will be on repairs rather than renewals and that puts those councils with a newer stock in an even better position.

Technology/renewable energy

Innovation in street lighting is wider than just reducing usage levels. A number of councils are testing mini wind turbines on individual street lights to generate enough energy to power the individual street light as well as put extra energy into the network. These schemes reduce the cost of energy for the individual light, potentially to zero, whilst any excess energy produced is fed into the network resulting in feed in tariffs (FIT) coming back as a revenue stream to the council. The turbines are 'on' all the time of course whereas the lights are only on during certain periods of the day meaning the likelihood is that more energy will be produced than used.

The same is true of mini solar panels. These have also been trialled to power individual lights and signs and the context is similar. As possible sources of free energy as well as reducing energy costs they cannot afford to be ignored. The problem remains that access to the initial investment is very restricted but consideration can be given to using prudential borrowing where an income stream to support the borrowing can be identified such as from FITS.

Staff costs

Whilst staff costs are a small relative cost of this service the usual rules apply. Sharing staff across of service areas, such as electricians working on building maintenance jobs as well as lighting jobs, lessens the chance of

the staff not running out of work.

Inspections

Inspections account for a very small part of the cost of service provision. It has traditionally been difficult to inspect street lights partially because they must be inspected when they should be on and partially because inspections want to avoid rush hour. Both of these factors limit the amount of time when inspections can be done and mean night time inspections are most appropriate but there is an associated staff cost.

One approach by some councils has been to stop inspections entirely and rely on local people to call into the council to report street lights which are not working. This should be accompanied by a media campaign requesting support from members of the public. Some councils have reversed this decisions after a poor response from the public and an unacceptable number of non working lights which have remained unreported.

Performance

In terms of restoring street lights to working condition local authorities significantly out perform regional electricity suppliers. This is an element of the service which requires attention not only because the difference between the two providers is stark but also because poor performance in this area has an impact on public safety. Furthermore it impacts upon the quality of the environment and it colours the public's view of council performance.

The level of performance by regional electricity suppliers is reflective of the priority that they give to street lamp repairs and it appears that some councils feel they have no influence on the performance of the electricity suppliers. Although councils have the capacity and skills to undertake this work they are not allowed to do so. Some councils are making agreements with electricity providers to carry out some of this work but this is unusual. Even though this may be accurate, councils must be seen to be confronting this rather than accepting it as an immovable situation. In terms of efficiency this would provide an extra scope of work for councils and so potentially increase revenue as well as improving performance levels.

Central establishment charges (CECs)

CECs remain a contentious area of cost. There is a balance to be found between allocating them in a way which is as fair as possible without moving to the extreme and creating a bureaucracy which accounts for the usage of central services to the smallest degree. The disadvantages of duplicate provision are well known and so should be avoided. By their very nature, the services paid for through CECs are centrally provided and managed. This central point of provision may well be within a specific department if scale warrants it, but however it is managed, the point is that such decisions should be taken with the benefit of the whole organisation in mind.

APSE Comment

It can reasonably be expected that oil and energy production and supply costs will increase. As such the discussion around dimming, partial and full night time switch off and energy generation via solar and wind sources will continue. However this must be weighed against the community safety/fear of crime/road accident debate which may arise.

Managing energy costs will be a major issue not only for street lighting and highways functions but for the entire council and investigation and management of council's energy bills is an activity which will undoubtedly acquire a high profile.

APSE exists to support excellent local public services and recognises there will be pressures to seek cost reduction as a consequence of the current and anticipated squeeze of local authority funding. If reductions in staff numbers are being considered in street lighting services, APSE advocate that the trade unions and staff are fully involved where any changes to the workforce are planned in response to reductions in expenditure.

Should a member authority have a pressing difficulty, APSE has a range of assistance available to inform the search for efficiencies. This ranges from average productivity figures, benchmarking information from APSE performance networks through to full consultancy support from APSE best value consultancy.

20: Efficiencies in highways maintenance and winter maintenance

Local authority grants were severely cut as part of the Comprehensive Spending Review and this had added to the overall pressure on councils' budgets. Well maintained highways are a fundamental element of a successful economy as well as being a significant factor in ensuring road safety and limiting risk of damage to vehicles. Investing in new highways is one element of the infrastructure but regular maintenance remains vital. The degree to which well maintained highways are taken for granted has emerged over recent years as a result of damage following severe weather and lack of resources to fix pot holes which have arisen. Local road maintenance is one of the most easily recognisable of council responsibilities and their reputation may well suffer as a result of factors primarily out of their control.

Service costs

The following table highlights the average percentage spent on each element of the service and is derived from APSE performance Networks data.

Cost area	% total cost
External / sub contracting	27.1%
Internal operational staff costs	20.9%
Materials	17.4%
Client costs	12.4%
Equipment	11%
Other costs – admin/office costs	5.9%
CECs	5.4%
Landfill / waste disposal	0.3%

It must be remembered that these are average costs there will be an element of variety around each of the individual figures. There is no single outstanding area of cost in this service – the first five areas of cost above are all areas where savings could be made such is the level of spend on them. Clearly the area where the level of spend is highest is the area where most savings can be made.

Rather than continue to maintain a specific group of roads, such as all A roads, some councils have decided to reclassify their roads into other categories based on a number of factors. These might include condition, usage, location or investment history with the justification for reclassification being an risk assessment of need rather than a historical process.

External Provision

The use of external companies to provide highway maintenance is widespread and there is an element of cross counting in the table above where some of the material costs and client costs will be wrapped up in the external/sub contracting costs. The best performing and most efficient councils will by now have well established arrangements with their partners and contractors to the extent were savings are identified between them and acted upon for the benefit of both organisations.

Client costs are a substantial element of cost as identified by the table of averages above. These can be reduced if the relationship between the external provider and the council is based on trust and both are willing to be flexible in their approach. Client costs are a necessary cost and cannot be eliminated entirely.

Clearly in a situation where the council provides the service directly this element of cost can be reduced further but this again is dependent upon a good working relationship between those involved. In this context, if the management, design, technical and operation parts of the function can come as close together as possible, client costs can be reduced to a minimum. Client costs are likely to be highest when a hard split remains between client and contractor. The aim is to achieve a relationship which is close enough to reduce cost and increase trust.

Practical changes such as the removal of internal invoicing, combining administration and reception staff and

the use of fewer buildings have helped to reduce costs. External provision of the stores function is also an area of growth. This has previously been more common in building maintenance services than highways and street lighting but the cost storage, and the physical space taken up for highways stores at a time when all assets are being assessed for sale means stores is coming under close scrutiny.

Internal operational staff costs

Staff costs make up a large part of internal service delivery costs and reduction in numbers of staff is seen by some as a crude way to cut costs where there appears no option. Reduced working hours may be an alternative as may annualised hours.

In some circumstances, re-organisation has led to outsourcing of elements of work, such as highways maintenance whilst directly employed skilled road workers are allocated more generic street scene duties. Although outsourcing may be a local reaction to reduced budgets, the result is that skilled staff lose their skills due to lack of practice or they move elsewhere and the initial investment by the council leaves with them. Either way this is a skill set which is no longer directly available to the council and there will be a future cost to regain those skills if a decision is taken to do so. If integration of street scene services is done properly one result can be an increase in skills enabling the flexible deployment of staff.

Materials

Materials costs form a substantial part of the overall cost and again are an area where savings can be made. One council has acquired a quarry and so is able to produce, use and sell its own materials and secure the supply at reasonable prices and can oversee control. It produces natural stone, aggregates, macadam and has a concrete plant. This may be an unusual approach but it does show that methods of acquiring materials which have not previously been considered can produce results.

Central establishment charges (CECs)

CECs remain a contentious area of cost. There is a balance to be found between allocating them in a way which is as fair as possible without moving to the extreme and creating a bureaucracy which accounts for the usage of central services to the smallest degree. The disadvantages of duplicate provision are well known and so should be avoided. By their very nature, the services paid for through CECs are centrally provided and managed. This central point of provision may well be within a specific department if scale warrants it, but however it is managed, the point is that such decisions should be taken with the benefit of the whole organisation in mind.

Winter maintenance

There are savings which can be made through collaborative procurement which is already widely used in salt procurement. Measures put in place to address salt shortages include reducing the amount of the highway network covered and reducing spreading rates. These will reduce the cost of the service irrespective of the reason for implementing the changes. It may be that these changes should be considered as a cost cutting option.

Some councils are building the requirement into staff contracts that they must be available for winter maintenance driving so that it is considered part of their regular work rather than as an add on if the weather is poor.

The introduction of new technology to work out new routes, mobile working, monitor progress of operations, react to individual incidents and gather information to use in insurance claims against the council are all examples of where councils have improved their performance in relation to their responsibilities and become more efficient. They have also led some councils to turn to single person snow clearance so reducing staffing costs further. Use of relevant technology also enable partners such as Police and Fire and Rescue Services access to information identifying the location of vehicles or incidents they report.

The use of unibody vehicles rather than dedicated spreaders helps to reduce duplication in the vehicle fleet.

Lean and systems thinking

Lean and systems thinking are very popular approaches for identifying waste and removing costs from service. They begin by process mapping the system of working and splitting it into the constituent parts, highlighting duplication and identifying areas for further examination. In the highways context the aim is to bring together functions like drainage, traffic management, routine maintenance, winter maintenance, flood and water management and numerous others. These have often been considered diverse but some councils have managed to make significant savings by combining them to a point where waste is minimised. Local

circumstances mean each solution will be different and savings will only become apparent once processes are studied in detail. An example of this is in North Wales where 2 councils have collaborated closely resulting in substantial procurement savings and the appointment of a joint director of highways and transportation.

Service changes

There are limitations to the degree to which the costs of a service can be cut without impacting upon the scale of the service. The options considered by individual councils are unique to each but some are considering changes they have never considered previously. Examples include giving snow ploughs over to the community such as farmers or parish councils, and asking them to keep the rural network clear of snow rather than the council spaying them to do it. Another is passing the cost of school crossing patrols to individual schools rather than the council paying for them. Some councils have decided to no longer maintain low trafficked roads on the basis that the number of users does not justify the cost of maintenance. Reductions in highway verge cutting cycles are another option. Clearly these are all decisions which will have to be taken locally, depend upon local circumstances and will have to be risk assessed.

Income

Taking advantage of opportunities to undertake external work and charge for it is an option open to highways services. Examples might include maintaining roads and lighting such as within hospital sites, airports, retail and other centres. Some councils have decided to increase parking charges and increase revenue that way. Of course there is the chance that these decisions may have unintended consequences such as an overall reduction in parking income. Equally, less investment in highway/footway maintenance may lead to a higher level of third party claims. These are the type of factors which individual councils will have to bear in mind when policy decisions are taken.

APSE Comment

It can reasonably be expected that funds for highways and street lighting investment will be scarce in future. Councils will have to identify savings and extra sources of income and this is an activity they should be concentrating on on a regular basis. A wide range of benefits have been gained by councils either through small practical changes to the service, collaborating in procurement or service provision or looking at areas of their work which they have previously ignored. There is no doubt that there is scope and pressure for innovative thinking. Technological change is also moving quickly and councils must remain aware of developments and the benefits they can bring.

As with all service areas reductions in staff numbers are being considered in highways services. If this is the case, APSE advocate that the trade unions and staff are fully involved where any changes to the workforce are likely to be proposed.

Should a member authority have a pressing difficulty, APSE has a range of assistance available to inform the search for efficiencies. This ranges from average productivity figures, benchmarking information from APSE performance networks through to full consultancy support from APSE best value consultancy.

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