

NAME OF SCRUTINY COMMITTEE	CORPORATE SCRUTINY COMMITTEE
DATE OF MEETING	16JANUARY 2014
TITLE	SAVINGS STRATEGY
CABINET MEMBER	CouncillorPeredur Jenkins

1 BACKGROUND

1.1 Following the reports I have presented to the Cabinet and the Council over the last few months, the Scrutiny Committee has noted it's wish to scrutinise the implications upon the savings strategy and have asked me to address the following :-

A Progress on the 62 plans in the Savings Strategy that were to be implemented in 2013-14.

B Draft Communication Plan with details of how we intend to engage on the following :-

- Long Term Financial Strategy
- Emergency Savings Plans
- 2014-15 Budget
- Saving Plans for 2015 and beyond

C Show how you have measured the effect of implementing the Savings up to now, and give details of your plans to measure the effect in the future.

1.2 I note below all the details I am able to give on these issues.

2 What progress has been made on the 62 plans in the Savings Strategy that are being implemented during 2013-14?

2.1 As I have reported in the past, there are firm arrangements in place to ensure that all the savings plans are accomplished (or at least that early warning is given if problems arise), with an officer project group chaired by the Head of Finance constantly monitoring the situation.

2.2 I then conduct a meeting every two months with the Director to receive a progress report from that Project Group.

2.3 The latest analysis shows that we expect 67 plans to be implemented in 2013/14 to deliver £3.578m of savings.

2.4 The latest analysis shows that there is some concern regarding 6 of these schemes that should generate £657,200. The reason for the concern is noted below -

Increasing school meals preparation productivity (£35,000):slippage in the implementation due to changes to the Council's senior management arrangements – Head of Education has arrangements in place to implement a plan to progress the scheme.

Learning Difficulties Day Care (£70,000):Original plan was delayed due to the need to assess the true effect of the suggestions and as a result it is likely to slip in 2014/15. However no problem with actual implementation – matter of timing only.

Transforming the commercial waste service (£50,000):Business plan to transform in place but slippage in the time it will take to be completed for various reasons. Confident it will be implemented in due course.

E-Procurement (£219,200):There is a question regarding the original business case being too ambitious. £299,120 of savings have already been implemented in this area but there is some concern with regards to how much of the £219,200 we had foreseen that would be implemented in 13/14 will be achieved –work to establish a realistic assessment is ongoing by the Project Board.

North Wales Regional Hub (£50,000):Regional joint working project that aimed to implement savings in the commissioning of services in the care field. There is an element of lack of information at present with regards to the true amount of savings which will accrue - work ongoing to establish this.

Re-enablement (£233,000):Although the project is underway within Social Services, the work of identifying the true savings that will accrue has not yet been completed and therefore there is no certainty on the actual amount as yet.

- 2.5 It can therefore be seen that whilst there is some concern in relation to one or two projects – this is largely due to a matter of timing and uncertainty regarding the amount of the proposed savings and we anticipate that the plans for 2013/14 will be largely implemented in due course.

3 How will we engage in relation to the financial issues over the coming period ?

- 3.1 The Council has already agreed on a high level financial strategy which will be based on a balanced budget in 2014/15 and has agreed to establish a further savings programme between now and the end of 2014 with a view to implementing those savings from the end of this year.
- 3.2 We are currently working on establishing the options which are available to departments to find more efficiency savings or to manage

demand in a better way, and by establishing these opportunities a savings target may be set for every service.

- 3.3 As I noted to the Council, the plan is to conduct a series of seminars for all council members around the end of January/beginning of February, and once we have established the opportunity set that is available to the various services, the intention is to discuss those options in these seminars before bringing a proposed target before the Cabinet which will then be scrutinized by the Audit Committee and then be adopted (or not) by the Council.
- 3.4 Therefore it is hoped that every member will have had an opportunity to understand and influence these targets before the Council is asked to adopt them officially.
- 3.5 Once the targets have been adopted, it will then be necessary for the services to bring their individual proposals which will be required in order to deliver those targets before the members.
- 3.6 Whilst we are currently working on the detailed system required to achieve this in the period May - October 2014, the initial idea is to use a similar system to the one used when preparing the previous savings programme, where each service presented their suggestions to a series of seminars to which all council members were invited before the schemes went through the official process, in order that each member has an opportunity to understand all of the detailed plans.
- 3.7 This system will implement true efficiency savings and demand management proposals that, due to their nature, will have the least effect on the people of Gwynedd. However, I am doubtful if this alone will be sufficient to deal with the whole financial gap with which we will be faced over the coming years and we will at some time have to fall back on service cuts. [The actual amount of cuts will of course be dependent on how successful we are with the efficiency savings /demand management regime].
- 3.8 If we are to find service cuts, a system will be required in order to establish what the Council's priorities are (in order to establish where cuts may be made) and we are working on the system for doing this along side the system noted above for efficiency/ demand management savings.
- 3.9 Of course, as part of this system it will be necessary for us to have a conversation with the people of Gwynedd in order to establish what their priorities are before asking our members to consider the matter and if we are talking about ceasing some services then all the Council members will need to be part of the that discussion.
- 3.10 The system which we intend to develop will take account of both of these aspects.

- 3.11 Of course what is important is that any engagement is based on a mature understanding of the Council's situation and what is possible, with a view to balancing the priorities against each other on the basis of their effect on the people of Gwynedd, rather than a superficial process that purports to be engagement but which is in reality just a ticking boxes exercise.
- 4 **How have we measured the effect of implementing the savings up to now and what plans are there to measure the effect in the future.**
- 4.1 This is the basic problem with which the Council is faced.
- 4.2 Everyone is in agreement that if it is necessary to find savings that we should ensure that those savings have the least effect on the people of Gwynedd.
- 4.3 Up until now, we have tried to ensure that this is the case by ensuring that we look for efficiency savings and when services presented their plans, they had to be clear on the effect the plans would have if implemented.
- 4.4 These effects were clear in all of the plans presented to members and if they were not, there were opportunities for members to note this in order to get a better understanding, and indeed, one or two examples of this were experienced whilst following the system undertaken to establish the present savings programme.
- 4.5 In order to try and ensure further evidence I asked officers for a report to assess if savings plans implemented in 2012/13 had an effect on any one of the Council's main performance indicators that are noted in the Strategic Plan (121 of them).
- 4.4 It is not always easy to identify which measures, if any, that savings plans could affect and we had to come to an opinion on how to match them up based on our understanding of the sphere of activity and the savings in question. Officers were confident that we had identified the most important connections, although there is always a possibility that a less obvious connection exists.
- 4.5 Potential connections were established between performance measures in 24 cases with 18 of them showing that performance had improved; 2 showing that performance was consistent and 4 showing a deterioration. In 83% of the cases therefore we could be pretty certain that performance had not deteriorated as a result.
- 4.6 In relation to those areas where a reduction in performance was apparent and where a savings plan was operational those are noted below together with appropriate comments

Measure	Performance	Comments
Number of days lost due to staff absence per member of staff (Council attendance level)	2011/12: 8.29 2012/13: 8.52	<i>Savings in this area: More use of internal Occupational Health 13k.</i> <i>It is worth noting however that our 2011/12 performance was the best ever for the Council and the 2012/13 performance was the second best ever.</i>
<i>Measure of street cleanliness and appearance</i>	2011/12: 73% 2012/13: 71.88%	<i>Savings in this area :Street Cleaning £20k; Departmental Overtime £34k; 12 hour shifts £146k</i> <i>Despite the disappointing performance the target set for 2012/13 was achieved.</i>
<i>Average number of days spent in the homeless system from the date the referral was received until we met the user's needs.</i>	2011/12: 143 days 2012/13: 161 days	<i>Savings in this area:Housing Assistant £21k</i>
<i>Number of elderly persons (65 years of age and above) who receive assistance to live at home per 1,000 population over 65</i>	2011/12: 49.72 2012/13: 47.28	<i>Savings in this area :Review of Home care packages £205k; Direct payments £26k; Payments to independent providers £92k; Re enablement £328k</i> <i>There is a question in relation to how rational this is as a measure of performance in any case. The fact that a target of 60 has been set for 2012/13 suggests that the aim is to increase the number, yet a number of schemes such as reablement and telecare aim to reduce the number.</i>

- 4.7 It is impossible to come to a conclusion whether any of the savings plans had a real effect on residents, since even in those examples noted above it is possible to conclude that the savings have nothing to do with the deterioration in performance and the long term effect would also have to be considered.
- 4.8 Probably the best way to consider the true effect on the people of Gwynedd would be to be clear at the outset what the nature of the savings plan is and what effect is expected in order that members are clear on this from the beginning and then being aware of examples of effects not prominent when the plan was agreed in order to see if steps need to be taken to ease the effects or if there are further lessons to be learnt.