

Item No.	Classification: Open	Date: 29 July 2003	MEETING NAME Executive
Report title:		Best Value Review of Strategic Support Services	
Ward(s) or groups affected:		All	
From:		Chief Executive, Chief Finance Officer, Assistant Chief Executive (Improvement and Development), Assistant Chief Executive (Performance and Strategy), Head of Corporate Strategy, Head of Human Resources, Best Value Manager	

RECOMMENDATIONS

1. The Executive agree:
 - a. the proposed improvements to the management of strategic support services corporately and for each service area, see paragraphs 12, 15, 18, 21, and 24 and Appendix B (an outline of the main actions proposed, completion dates and performance targets);
 - b. the principles of the draft protocol setting out the key roles and responsibilities of the centre and departments in delivering support services, see Appendix C (there will be further discussion over the practical detail once the principles have been agreed);
 - c. to note the current resource implications, see paragraph 25.

BACKGROUND

2. The review covered Financial Management, Human Resources, Information Technology, and Information Management (the latter is not currently an established function in the council). For the first three functions there is a corporate management function located in Strategic Services Department whilst operational support is managed in departments. The overall aim of the review, as set out in the terms of reference, was to establish how these services currently perform, at the centre and in departments and to identify areas for improvement so the Council as a whole can perform optimally and deliver its objectives. These services are fundamental to the effective functioning of the Council. Their commissioning and management involves Executive Members and all senior managers, because of this how they are organised and managed is central to the corporate governance of the Council as a whole.
3. The starting point for the review was the general organisational principles established in the PA Consultants Review of Strategic Services Department in 2001. This is based on a clear separation of responsibilities between the strategic and standard setting role of the centre and the operational role of departments. In this the centre is responsible for setting the overall strategy and professional standards, the overall prioritisation and allocation of resources, providing professional guidance and support, sharing information on best practice and challenging current practices and performance, and monitoring performance and intervening where there is non-compliance with agreed targets. The service departments are responsible for meeting public needs through the delivery of services. Within the corporate framework departments have the discretion to deploy resources, make organisational arrangements (including those for support services) and develop services as they believe is best suited to meet their service delivery objectives.
4. The practical application of these principles was explored in more depth in this review (and an earlier Best Value review of External Communications). As an outcome of the latter members agreed the Corporate Communications Unit would have the, proactive,

professional responsibility for all communications in the council. This includes setting the corporate strategy, the service standards, and the forward plan of activities. Departments are responsible for the local management of communications, but with dedicated professional support in the department and support from the centre. During the course of the review we found overwhelming support for the general principle of the devolved operation of support services. We also found there are very few best practice organisations, in the public or private sectors, which have not adopted this overall approach. A key outcome of the review is the draft Management Protocol, see Appendix C, which covers the responsibilities of the centre of the organisation and departments for managing support services. At this stage agreement is sought on the basic principles, after which the practical details will be added. This will include the implications of a number of current initiatives to develop member's roles, through delegated decision making and the training and development programme for example.

5. Whilst the review concentrated on major organisational issues, and analysed the performance of the key business processes, we have identified a wide range of improvements and developments within each service area. These are set out in the improvement plans to this review. Alongside this review the Best Value Team have completed reviews of sickness management and the processes for paying invoices. These were both areas where Best Value Performance Indicators showed we had to take immediate action to improve performance. The Best Value Team has also completed a review of Managing the Capital Programme. Taken together this work provides a comprehensive framework to improve the corporate working of the council and the performance of each support service.
- 5 The review process involved the following:
 - mapping out all the current management and business processes covered by these functions;
 - detailed consultation with Heads of Service and Business Unit Managers about how well these functions currently operate as well as providing an opportunity to raise any other issues;
 - extensive desk top research into practices at other local authorities and private sector organisations and visits to six authorities identified in the Comprehensive Performance Assessment as top performers in the areas covered by the review;
 - two challenge meetings, at key stages of the review process, at which Chief Officers and Heads of Service discussed the findings of the review and how this should influence future practice;
 - extensive debate within each of the established functions and corporately around Information Management about how performance can be improved.

In the presentation of the review findings below the key issues were largely identified through the consult and challenge stages and best practice through the compare stage.

KEY ISSUES FOR CONSIDERATION

The Comprehensive Performance Assessment

- 6 Four key messages came from the CPA that were directly relevant to this review, and are confirmed by the review findings. These are:

The centre must provide leadership to achieve a step-change in priority areas of under-performance across the Council.

Improve the capacity of the corporate centre to provide direction, co-ordination and consistent application of corporate standards Council-wide.

Develop an integrated and comprehensive strategy and costed action plan to address the Council's ICT, customer access and e-government requirements.

Enhance workforce planning to address capacity and skills gaps.

The Review Findings

- 7 The review findings are summarised below. In paragraphs 8 and 9 there is a summary of the main overall findings. This is followed by summaries of the corporate findings, relating to the system as a whole, and the findings for each of the functional areas reviewed. In each of these sections we have identified the key issues raised, what we see as best practice in other organisations and an outline of the main changes proposed. Sections covering the resource and competition issues follow this. The key actions to be taken, completion dates and performance targets are in appendix B (more detailed project plans will guide implementation).
- 8 The review found many positive aspects of the current arrangements. In summary these are:
- There is strong overall support for the principle of devolution and a belief that this is the best means of achieving innovation and responsiveness.
 - There is sound macro financial management and management of the General Fund.
 - The Council sets a balanced budget and meets financial targets.
 - There is effective treasury management.
 - A comprehensive range of human resources policies are in line with national best practice guidance, work-life balance, counselling services for example.
 - According to the 2003 staff survey Southwark employees are more satisfied with their job than the average local government employee, particularly in relation to the hours of employment.
 - Performance on most corporate health Best Value Performance Indicators are equal to authorities rated highest in the Comprehensive Performance Assessment. Examples include the 33% of senior management posts filled by women and the extent to which the workforce reflects the local community. In five out of eight of these indicators our performance is either in the top quartile or above average for London.
 - There has been extensive consultation with users over past six months to inform the IT improvement strategy.
 - The launch of Advance IT to improve the quality of delivery of IT services.
 - A range of visible improvements to IT, the staff intranet directory, improved Internet access, progress on providing the PlanWeb Geographical Information system to departments for example.
- 9 The overall findings can be summarised under four main themes.

Organisational Governance. The principles that underpin the current organisational arrangements are sound. The approach they embody is the most effective way to achieve service innovation and flexibility and has delivered benefits for Southwark. However within this structure there does need to be greater clarity over the respective roles and responsibilities of the centre, including Executive Members, and departments. Also there does need to be a clearer message from the organisation's leadership about the standards of performance that are to be expected as a matter of routine.

Responsibility and Accountability. To ensure continued achievements and address performance issues there needs to be more robust performance management systems. There is a lack of clarity about responsibility and accountability for the performance of support services at all levels of the organisation, including members and officers. The systems for monitoring performance and calling individuals to account are not always

effective. There is a need in particular to ensure Heads of Service, as the key operational managers, are clear about their roles and responsibilities. The performance of support services should be an important part of the performance appraisal process. The centre of the organisation needs to be a more effective regulator of performance and to provide support or intervene more often where there are performance issues.

Systems Rigour. We need to ensure we have the right management systems and processes in place and that they are adequately supported and do not fail.

Resources. The services reviewed have, on the whole, comparatively very low levels of resources. Though the evidence suggests we are, on the whole, efficient in the way we use these resources. We do need to significantly improve the training and development of staff. The management of support staff in departments needs to be improved along with the support they are given. Also there is scope to improve the co-ordination of activities across the different support services in departments needs (performance reporting cycles, communication with managers, sharing administrative support for example).

Corporate Issues

10 Key Issues:

- The balance between freedoms and regulation needs adjustment to take into account that the performance of some key business processes in some areas has to improve. This is particularly the case with performance monitoring, keeping records and providing adequate information. Many basic administrative functions do not perform as well as the Council needs them to.
- Key business processes have not been clearly defined nor have the local Managers' responsibilities. In some cases there is a lack of co-ordination across support functions.
- The respective roles of corporate and departmental centres should be clarified in order to achieve consistent application of performance standards and procedures.
- The respective roles and responsibilities of Executive members, support service professionals, Strategic Directors, Heads of Service and Business Unit Managers remain ill-defined. There is a particular problem with the clarity of roles and responsibilities between Heads of Service and Business Unit Managers. The new role of Executive Portfolio Members should be included within these protocols.
- Although the Council systematically monitors and reports performance, this is somewhat variable in its application in some areas.
- Many managers have not been adequately trained to give them the skills they need to manage the devolved functions.
- Central capacity needs to be expanded to deliver the required level of routine support and regulation or support new initiatives.

11 Best Practice:

- There is a sense of strong leadership from members and senior management. There are clear, consistent and repeated messages which set out the management culture and expectations of staff.
- There is a strong business management culture, failure and non-conformance are not tolerated.
- Members and senior management are clearly and publically accountable for performance (particularly finance).
- The centre of the organisation clearly sets direction and standards and has the powers, responsibilities and resources to provide support, monitor and regulate performance and intervene when necessary.

- There is extensive management development and staff training. Competencies are linked to key business processes. There is active learning from experience, both positive and negative.

12 Action Proposed:

- An organisational culture based on devolution with responsibility and accountability will be communicated clearly and consistently from members and senior management. This will be the clear message in communications to staff, at induction, in job details for applicants for example. This organisational culture will be reinforced through performance management where failure to deliver on key business processes will not be tolerated.
- A management protocol that clarifies the principles under which devolution operates and sets out the respective roles, responsibilities and obligations of Executive members, support services, Strategic Directors and Heads of Service (see Appendix C).
- We will clarify and streamline management responsibilities by reducing the number of business units from 130 to 30/40. The responsibility for performance management at sub-department level will rest with the Heads of Service.
- Each department will have a central support team, with a senior manager, that will bring together Finance, Human Resources, Information Technology, Information Management and Communications (the subject of an earlier Best Value review), and possibly other support services in due course.
- The creation of the new post of Organisation Development Manager. This post will develop the corporate training and development programme around the competencies required to deliver the key business processes.

Finance

13 Key Issues:

- Few Business Managers and their staff are clear about their financial roles and responsibilities and the priority they should give them. In many areas basic financial administrative processes have broken down. An example of this is the management of the process for ordering and paying for goods and services.
- Business managers are given little guidance and support in what they are expected to deliver. Senior Finance Managers do influence some of their activities and help them deliver some of the central finance agenda, but this tends to be limited to accounting and budgetary control issues. Accountabilities and responsibilities, as well as the processes and systems, are unclear. Universally the Business Managers Handbook is seen as an encyclopaedia rather than a useful management tool.
- Outside of Financial Management Services, and the departmental centres, staff tend to be poorly trained in finance systems. Their input into corporate finance issues varies depending on the priority given to them by their line managers. They have no direct “professional” responsibility through to their departmental Senior Finance Manager
- Low level of skills, because of lack of training, in financial systems for non-professional staff.
- Lack of capacity to respond to new legislation and other initiatives such as funding applications, partnership arrangements or the Private Finance Initiative.

14 Best Practice:

- Financial discipline is part of the organisational culture. This is clearly communicated and enforced.
- There is regular and detailed reporting on financial performance by senior management. Executive members report to the Executive on the financial performance of areas with their portfolio. There is close monitoring of departmental performance from central finance.

- Central finance has the powers and responsibilities to deliver top financial performance. The finance functions in the centre and departments are well resourced in comparison with Southwark.
- There are extensive and frequent training and development opportunities provided for staff, some of which may be compulsory.

15 Action Proposed:

- Through the Corporate Management Protocol Executive members and senior management will have clear accountabilities for promoting and achieving sound financial management. The Protocol will include a corporate timetable that sets out the key finance events and activities and the managerial responsibilities for delivering them.
- There will be a quarterly comprehensive financial report, covering revenue and capital expenditure. This will include the detailed budget performance reports.
- The budget, income and capital monitoring processes will be integrated with the wider performance management cycle.
- The key business processes, payments, payroll, income and budgeting, will be reviewed to ensure they function as effectively as possible and in line with current best practice. They will be re-engineered where this is not the case.
- Current competencies and skills will be assessed at the centre and departments. The current skills gaps will be identified and training provided. An ongoing programme of staff induction, training and development will follow this.

Human Resources

16 Key Issues:

- Management performance is variable, with managers themselves asking for greater clarity in what the organisation is trying to achieve.
- Learning and development not fully geared towards the improvement agenda, still a little ad-hoc and optional – some basic skills gaps need to be addressed
- No systematic induction process in place
- Need to re-establish roles and responsibilities in order to bring consistency to the standards of managing across the authority.
- Needs to be a more flexible and transparent approach to recruitment, job evaluation and remuneration, combined with more consistent regulation and guidance.
- Issue of HR capacity both centrally and departmentally.

17 Best Practice:

- A Human Resources strategy that recognises staff as the organisation's most important asset, and incorporates key competencies for all staff, linked to the organisation's core values, and managed through performance appraisal.
- Managers are seeking a more hands-on approach to HR advice, in addition to the existing information in the Business Managers Handbook.
- There is an emphasis on how people work together, and how they are appraised and developed.
- A recruitment strategy and action plan informed by analysis of research into recruitment methodology and applicants/leavers surveys.
- Marketing of employment benefits that are not just about pay, but also an innovative approach to pay that includes elements such as bonus schemes for rewarding excellence and higher pay based on achievement of competencies.
- Corporate HR functions have significant resources, with a recognition that in-house expertise is more beneficial to the organisation.

18 Action Proposed:

- Expand and extend the scope and reach of the [Forward@Southwark](#) change programme to drive these issues forward, creating a network of informed and competent managers.

- Ensure current improvements in internal communications, learning days and focus on cultural change is sustained.
- Ensure that existing HR policies and procedures are 'fit-for-purpose', providing a framework in which managers and staff are able to act.
- Link HR with the business planning process within a framework that includes corporate priorities, staff behaviours and performance.
- The council will jointly develop an improved system of accountability, aligned to the rationalisation of business units, with Strategic Services modeling an approach that can be rolled out across the council.
- Targeted HR support to enable quicker identification, intervention where necessary, and deployment of experts to support managers in problem solving.
- Review and improve the quality and cost-effectiveness of our recruitment and retention practices.
- Strengthen capacity at the centre to enable greater intervention and support, including draw down arrangement with an external contract.
- Establishment of an Organisational Development function within the Improvement and Development Division.

Information Technology

19 Key Issues:

- Uncertainty over the overall strategy and investment plans, and the responsibility for 'championing' IT at senior and Member levels.
- Lack of confidence in the IT infrastructure.
- There is a gap between the e-government vision and departmental requirements.
- The quality of services and value for money delivered through the ITNET contract is unsatisfactory.
- Lack of clear responsibilities and inadequate support for some systems development.
- Inadequate access to technical expertise within the council.

20 Best Practice:

- A clear financial strategy for IT requiring actual efficiency benefits from projects.
- IT developments running in tandem with business process improvements, and taking account of the HR implications.
- Having a corporate network is a basic requisite of authorities that use and share information to drive efficient ways of working.
- High-performing authorities require a degree of computer literacy from their workforce.
- Development of a core of up to 20 high quality technical and change management experts in-house.

21 Action Proposed:

The Forward@Southwark ICT Strategy proposes the following:

- Complete and launch the ICT strategy
- Implement the ICT infrastructure review over a two year period – this to include a major move towards thin client technology on a Citrix platform
- Ensure that the programme and project management facility that now exists within the modernisation project office is sustained and that all ICT projects operate within the now agreed framework
- A co-ordinated approach driven by the strategic direction of the council, and investment in the IT infrastructure of £2.5-£3m, plus an IT modernisation budget of £2.8m.
- A fundamental review of the ITNET contract, and delivery of improvements through Advance IT.
- A co-ordinated approach to systems development across departments.
- Consolidate the introduction of Prince2 methodology.
- Increase the skills base the council, and develop an in-house technical architect role.

- Ensure that each business unit has at least one member of staff trained to the European Computer Driving Licence experience standard.
- Introduce e-learning@desktop for non-technical staff to increase level of computer skills.

Information Management

22 Key Issues:

- Information underpins all decision making, therefore managers need to have confidence in its veracity and be able to access it in a timely manner.
- A lack of co-ordinated activity in the area of information management dilutes the impact of investment and benefits from data gathering/knowledge management.
- Few effective mechanisms for sharing information and no common understanding of what information should be shared.
- No common standards for data, which leads to a lack of confidence in exploiting data beyond its original purpose, or for its storage and management, which leads to inefficiencies.
- The pace of the introduction of technology to distribute and interrogate information is increasing at a faster pace than the capacity to manage content, standards and flows of information.
- Significant gaps include data protection, freedom of information, records management, and standards for storage of and access to information.

23 Best Practice:

- To do properly information management can require significant levels of dedicated resources. The Department for International Development, for example, has a corporate Performance and Knowledge Sharing Division.
- Few councils have highly developed information and knowledge management systems. The City of Westminster is one exception with a significant central records management function. Professional service firms in the private sector are the most advanced in knowledge management.
- Statutory requirements such as Freedom of Information drive many council's information/data management programmes.
- There are Freedom of Information pilot authorities who are setting good practice guidelines, particularly on technical standards.

24 Action Proposed:

- Appoint an information manager to develop an information strategy to exploit the extensive and incoherent information resource of the council.
- Acquire the requisite expertise in information and knowledge management and records management.
- Set common standards for the management of information.
- Set policies on information and knowledge sharing, records management and Data Protection.
- Comply with statutory requirements, e.g. Freedom of Information.
- Exploit ICT for effective and efficient information management.
- Integrate the development of a Management Information System with existing initiatives (e.g. Customer Service Centre, Geographic Information System).
- Institute a cultural change programme for knowledge management.

Resources Issues

25 This section summarises the resource issues, more detailed background information is in Appendix D. The Review has broadly concluded that the resources Southwark allocates to Support Services is low when compared to other similar authorities. However, there is not a direct correlation between resources and performance. In fact the evidence of relatively

good performance in a number of key areas shows that the Council uses its resources on these services more efficiently than the majority of other authorities. The proposals in this report will improve the efficient operation of the Council as a whole and of the functions reviewed. But to achieve these improvements will require some additional resources. We believe the improvements proposed in this report show the emphasis is on improving the quality of services without losing the underlying efficiency.

Finance. The comparative data shows Southwark's spend on central finance as a % of net budget is 25% below the average of nineteen boroughs and as much as only 50% of the highest spending boroughs. In terms of the total number of finance staff employed, Southwark is the lowest of the comparator group. It employs half the number of staff used by Camden for example and numbers are significantly below the rest when adjustments are made for the size of budget and population. Finally Southwark is by a long way below the average for the numbers of accountancy staff working at the centre of the organisation. The results indicate a correlation between areas for improvement such as preparing and monitoring budgets, and financial advice and the numbers or quality of accountancy staff. In the future there needs to be a balance between employing additional qualified staff to work on key areas of improvement and development and raising the qualifications and skills of the current staff. A particular difficulty has been recruiting suitably qualified and experienced staff, a problem experienced by most London authorities

Human Resources. The comparison shows that authorities with a higher Comprehensive Performance Assessment rating than Southwark, have a higher proportion of professional Human Resources personnel to total workforce. Direct comparison is difficult because of the many different models of providing this function. What is clear is not only do most successful authorities invest more but that they also invest in a wider range of human resource functions, particularly around organisational development.

Information Technology. Comparison with other authorities is particularly difficult for Information Technology. Much depends on the way the service is delivered and the arrangements for service delivery to front-line services. Most of the Council's Information Technology service is delivered through its contractor. Experience shows that a strong client unit is the most effective way of ensuring the contractor delivers performance against targets. Until recently the corporate information technology function was considerably under-resourced in comparison with authorities ranked high in the Comprehensive Performance Assessment. However recent investments have changed this position. There is a modernisation team, for example, which forms the nucleus of a centre of expertise (very much in line with best practice authorities). The team includes four new project managers who will each lead on key Information Technology improvement projects. There has also been considerable investment committed for infrastructure improvement

Conclusion. The overall conclusion is that at Southwark we do not resource Strategic Support Services at the level needed to achieve the service and organisational improvements that we aspire to. The exact extent of the under-resourcing is difficult to evaluate. Individual growth proposals are being developed as part of the 2004/05 - 2006/07 policy and resources process. The need for Capital Investment in the ICT and other parts of the infrastructure has already been recognised by the Council. Significant resources were put into the process during the current year and this will continue into the future.

Additional revenue resources may also be required and it is likely these will be in the region of £250-750,000. These additional resources could be spread over two or three years. The "Forward to Sound Financial Management @ Southwark" project will look at aspects of financial management across the Council. It is expected that some savings will be found, in conjunction with Departments, which could reduce this figure over time. Savings may also be possible from the proposal to rationalise the number of Business Units and from achieving Managed Audit Status. Such savings are most likely to be achieved from

2005/06 onwards as the action plans attached to this report are implemented. Detailed proposals will be considered in the forthcoming budget process (a summary of the current proposals is in Appendix D).

Competition Issues

- 26 A key part of the review was to consider in what ways competition was currently used to enhance the efficiency and quality of services currently provided and what further improvements could be achieved. For each of the functions reviewed there are different management issues and market conditions and so there cannot be a single approach.

Finance. The current approach has been to retain the Financial Strategy functions as an in-house service whilst subjecting the service delivery functions to competition. Financial Strategy has remained in-house to maintain continuity of knowledge, expertise and contacts and to have maximum flexibility to respond to changing circumstances. As a result of this strategy external providers manage Internal Audit, Revenues and Benefits, and Payroll. From our research we have found only two authorities, LB Croyden and Lincolnshire, that has externalised the Financial Strategy function. We understand Croyden are now considering bringing this contract back in-house. We also established that LB Bromley and Tameside are considering this option, but do not yet know the outcome. Given the low cost and efficiency of the current service, the need to give priority to delivering the improvement plan, the uncertainty of the market provision we do not propose to proceed with any approach to the market at this stage. Matters are further complicated by the impending retirement of the Chief Finance Officer. We do not believe an issue of such significance should be taken until the replacement is in place (January 2004?). We therefore propose the new Chief Finance Officer will reconsider this issue, in the light of corporate requirements, the improvements achieved, the experience of other local authorities, and market conditions, in the second year of implementation.

Human Resources. The current approach to procurement is based on having a small in-house policy and strategy function at the centre some corporate operational functions externalised (Hays Southwark Recruitment Agency, pensions and payroll for example) and using external consultants and trainers for specific projects. Personnel staff based in departments are subject to the procurement policies of the departments they work in. In the review we found no examples of authorities where these core functions had been provided externally. Given a main outcome of the review is to build on the core functions, particularly in organisational development, training and advice and support we do not propose any change to the current arrangements.

Information Technology. IT operations have already been subject to full competition, with the result that all systems maintenance and development are run under contract by an external supplier. This has left a core 'client' function in Corporate IT. In addition, the council has agreed a major investment programme for ICT. A programme office has been created to manage this development, including the procurement of service as needed to ensure that the council achieves value for money,

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

- 27 **Borough Solicitor & Secretary**

No comments.

Chief Finance Officer

Comments included in paragraph 25.

REASONS FOR LATENESS AND URGENCY

28 Matters of detail had to be clarified with departments. Key aspects of the outcome of the review are ready for implementation and this should not be delayed.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Best Value Files	19 Spa Road	Mike Carroll Best Value Team 020 7525 3607

APPENDIX A

Audit Trail

Lead Officer	Bob Coomber, Chief Executive	
Report Author	Mike Carroll, Best Value Manager	
Version	Final	
Dated	29 July 2003	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	Yes	No
Chief Finance Officer	Yes	Yes
Executive Member		
Date final report sent to Constitutional Support Services		

CORPORATE IMPROVEMENT PLAN

ACTION	DATE
<ul style="list-style-type: none"> • Agree the Corporate Management Protocol. 	29 July 03
<ul style="list-style-type: none"> • The outcome of the review will be communicated to staff through written materials and presentations as appropriate. 	Sept 03
<ul style="list-style-type: none"> • Introduce a strategy for on going communication with staff, corporately and departmentally (including job details for applicants and induction for new staff). 	Sept 03
<ul style="list-style-type: none"> • Include key responsibilities in the protocol in the corporate performance management scheme, including the yearly appraisal. 	1 April 04
<ul style="list-style-type: none"> • All the performance reporting arrangements, as set out in the Protocol, to Executive, COT, support service management, and departmentally, to be in place and fully operational. 	1 Jan 04
<ul style="list-style-type: none"> • Reduce the number of business units from 130 to 30/40. Proposals for new structure agreed by Executive. New structure in place. 	Dec 03 1 April 04
<ul style="list-style-type: none"> • Set up dedicated departmental support teams, bringing together Finance, Human Resources, Information Technology, Information Management and Communications, and possibly other support services in due course. 	Strategic Services Sept 03. Roll-out complete March 04.
<ul style="list-style-type: none"> • Establish new post of Organisation Development Manager and second a member of staff into this post for six months. 	Sept 03.
<ul style="list-style-type: none"> • Develop the corporate training and development programme around the competencies required to deliver the key business processes. 	Dec 03.
<ul style="list-style-type: none"> • Expand Forward@Southwark change programme to accelerate the process of ensuring learning and development is geared towards meeting the needs of the improvement programme. 	Sept 03.

FINANCE IMPROVEMENT PLAN

ACTION	DATE
<p>Financial Planning</p> <ul style="list-style-type: none"> • Produce a three year financial model, covering revenue and capital, by December each year to influence the Medium Term Financial Strategy which will be agreed by Full Council the following February. • Integrate the corporate policy and budget setting processes. • Review the Council's key financial processes and re-engineer where they are not performing as required. These are: Accounting; Capital Spending; Cash Control; Income; Payroll; Revenue Budget Monitoring and Recording; SAP. • Establish the reasons for non-SAP usage, provide training and support or take other action as appropriate. • Review all local systems to ensure they meet corporate requirements and upgrade where they do not. 	<p>December 03. July 03. All completed by July 04. July 04. July 04.</p>
<p>Monitoring and Reporting</p> <ul style="list-style-type: none"> • Produce a quarterly Comprehensive Financial Performance Report, covering revenue and capital expenditure. This will include the detailed budget performance reports. Link to the Council's corporate performance management cycle. • Review the effectiveness of the Business Managers Handbook and establish what other guidance is needed. • Ensure the monthly budget and income monitoring reports are soundly based. • Produce improvement plans for areas of poor performance. • Produce "user friendly" formats for all reports. 	<p>March 04. March 04. December 03. June 04. March 04.</p>
<p>Skills</p> <ul style="list-style-type: none"> • Carry out an assessment of current skills/competencies, corporately and departmentally. Provide training and support to enhance skills where required. • Introduce common performance appraisal criteria for finance staff in FMS and Departments. • Brief all finance staff, in the centre and departments, so they are clear about their roles and responsibilities. Ensure this is communicated clear to job applicants and new starters. • Introduce a formal induction for all finance staff. • Produce an annual plan of new developments and initiatives (PFI, bids for funds etc.) across the Council and ensure the council has access to the necessary skills and expertise. 	<p>July 04. April 04. July 03 onwards. December 03. January 04.</p>

<p>Staffing Issues</p> <ul style="list-style-type: none"> • Introduce flexible working to move staff between units to meet temporary vacancies and gaps. • Through performance management and appraisal all finance staff to be clear about their objectives and are fully trained in the processes for which they are responsible. • Introduce common work practices across the Council – with staff working to the same agenda and same process at the same time. • Common job descriptions and grades for the same jobs across the Council. 	<p>April 04.</p> <p>April 04.</p> <p>July 04.</p> <p>January 04.</p>
<p>Accountability and Responsibility</p> <ul style="list-style-type: none"> • The Corporate Management Protocol sets out the responsibilities and accountabilities of members and senior management for promoting and achieving sound financial management. The Protocol will include a corporate timetable that sets out the key finance events and activities and the managerial responsibilities for delivering them. • The implementation of the financial implications from Audit and other reports will monitored. Action will be taken where action is not taken as required, unless there are good reasons not to. • All processes to follow Council established best practice, unless there are good reasons not to. • Every process to be backed up by an audit trail which shows how and why decisions were made. • Sign off of formally produced reports and information. • Responsibility assigned for every thing that inspectors, internal and external auditors and other require. • Review internal requirements and external market conditions to consider if alternative supplier for central functions should be considered. 	<p>February 04.</p> <p>October 03.</p> <p>July 04.</p> <p>July 04.</p> <p>September 03.</p> <p>September 04.</p> <p>Sept 04.</p>

HUMAN RESOURCES IMPROVEMENT PLAN

ACTION	DATE
<p>Personnel Deployment</p> <ul style="list-style-type: none"> Strengthen capacity at the centre to enable greater intervention and support, possibly including draw down arrangement with an external contract. PMS and FMS will jointly develop an improved system of accountability, aligned to the rationalisation of business units. Targeted HR support to enable quicker identification, intervention where necessary, and deployment of experts to support managers in problem solving. <p>Workforce Planning</p> <ul style="list-style-type: none"> Produce a corporate workforce plan, derived from HR Strategy, outline key actions for next 3 years. Better link HR with the business planning process. Set clear, stretching goals for key staff in terms of deliverables, behaviours and management styles. <p>Organisational Development</p> <ul style="list-style-type: none"> Establish a specialist Organisational Development function. Provide accessible, targeted and high quality corporate learning framework, particularly geared to improving performance. Improve management capacity and skills, and ensure the “complete manager” and allied learning and development opportunities effectively meet the requirements of the organisation. <p>Recruitment & Retention</p> <ul style="list-style-type: none"> Review and improve the quality and cost-effectiveness of our recruitment and retention practices. Further develop recruitment methods that attract best in field, including secondments and partnerships with like organisations. 	<p>By April 04.</p> <p>By Dec 03.</p> <p>By April 04.</p> <p>July 03. First review Feb 04.</p> <p>For 2004/5 plans.</p> <p>By Dec 03.</p> <p>By April 04.</p> <p>By June 04.</p> <p>Activities through 03/04.</p> <p>Activities through 03/04.</p> <p>Activities through 03/04.</p>

INFORMATION TECHNOLOGY IMPROVEMENT PLAN

ACTION	DATE
<p>ICT Investment</p> <ul style="list-style-type: none"> • Procurement of a Customer Services Centre – budget £1.8M. • Infrastructure Investment Programme - £2.5 to £3M- agree programme • An ICT modernisation budget of £2.8M <p>Management of the Programme</p> <ul style="list-style-type: none"> • Advance IT and ITNET delivery of services. • Programme management approach to all new developments linked to business plans, and using Prince2 methodology. • Business process and information mapping linked to customer services centre and business process re-engineering. • Demonstrable links to the National e-government objectives. <p>People & ICT Competency</p> <ul style="list-style-type: none"> • TNA for IT for all staff • Introduce ECDL for 40 staff • Introduce e-learning@desktop for non-technical staff to increase level of computer literacy. <p>Information Systems & Processes</p> <ul style="list-style-type: none"> • Rationalise systems and enable integration with each other and customer services centre – part of CSC programme • E-enabling to all customer access service points • Enable citizens to transact all council forms electronically <p>Technology</p> <ul style="list-style-type: none"> • Provide a common desktop environment. • Achieve BS7799 standard in information security. • Develop middleware to integrate all legacy systems. • Develop a co-ordinated approach to software licences. <p>Infrastructure</p> <ul style="list-style-type: none"> • Develop disaster recovery and business continuity plans encompassing adequate data and systems backup. • Enable equal user access to adequate bandwidth (Internet and LAN/WAN). • Improve network resilience. • Provision of secure flexible (i.e. from any office), 24/7 wireless and remote access capability. • Remove obsolete network equipment and servers. 	<p>Oct 04 Sept 04 Started</p> <p>In place In place</p> <p>Dec 03</p> <p>In place via IEG3</p> <p>Dec 04 Aug 04 March 04</p> <p>Dec 04 March 04</p> <p>Aug 04 Aug 04 Oct 04 Oct 04</p> <p>Nov 04</p> <p>March 04</p> <p>March 04</p> <p>On-going to Jan 05</p>

INFORMATION MANAGEMENT IMPROVEMENT PLAN

ACTION	DATE
<ul style="list-style-type: none"> Appoint Records Manager to ensure Freedom of Information compliance. 	Oct 03
<ul style="list-style-type: none"> Appoint an Information Manager for a 2 year fixed contract. 	Jan 04
<ul style="list-style-type: none"> Gap analysis. 	Jan - Jun 04
<ul style="list-style-type: none"> Information audit. 	Jan 04-Jan 06
<ul style="list-style-type: none"> Map information flows. 	Mar 04
<ul style="list-style-type: none"> Identify departmental information / records personnel. 	Mar 04
<ul style="list-style-type: none"> Institute training and development programme for departmental information / records personnel. 	Jun 04
<ul style="list-style-type: none"> Develop policies and standards for data/records management. 	Apr 04
<ul style="list-style-type: none"> Produce an information strategy. 	July 04
<ul style="list-style-type: none"> Develop a communications strategy for information management programme. 	Sep 04
<ul style="list-style-type: none"> Comply with the council's statutory duty under the Local Government Act 1972 (s.22) to make "proper arrangements" for the records it creates. 	Jan 05
<ul style="list-style-type: none"> Comply with the requirements of the Freedom of Information Act (2000) to answer a request for information promptly and not later than 20 days following the date of receipt of the request. 	Jan 05
<ul style="list-style-type: none"> Develop a change management programme for knowledge management. 	Mar 05

PERFORMANCE TARGETS

FINANCE	
Financial Planning	The three year financial model, covering revenue and capital, updated by December each year to influence the Medium Term Financial Strategy which will be agreed by Full Council the following February. Starting December 2003.
Financial Governance	Accounts closing to improve as follows: September 2002, July 2003, June 2004. To receive positive SAS610 reports.
Monitoring and Reporting	Comprehensive Finance Performance Reports produced quarterly for Executive members and chief officers. Starting January 2004 for October-December 2003.
Staff Skills and Qualifications	Corporate training take-up to increase by 10%
Preparing Budgets	Policy based budgeting in July 2003 to influence budget process in September 2003 and then same each year. Budget forecasts onto SAP by December each year and updated as required.
Monitoring Budgets	Detailed budget reports included in the quarterly Comprehensive Finance Performance Reports. Starting January 2004 for October-December 2003.
Payments to Suppliers	<ul style="list-style-type: none"> • BVPI8 % of invoices paid in 30 days. • Number of vendors used. • Number of new vendors created. • Number of transactions (i.e. invoices). • % of invoices paid within 30 days - BVPI8. • % of purchase orders not raised before invoice received. • Level of usage / non-usage of stationery and agency staff corporate contracts (<i>indicator to be developed</i>). • % of payments made by BACS.
Income Collection	<ul style="list-style-type: none"> • Reduce debt by 50% of the debt position as of 31/3/02 by 31/3/06.

	<ul style="list-style-type: none"> • Increase in budgeted income of 2% over inflation year on year.
Human Resources	
Personnel Deployment	Next staff survey shows satisfaction level above Local Government average.
Workforce Planning	As BVPIs targets.
Organisational Development	Training courses to have an average of at least [75%] attendance rate by 2004/5.
Recruitment & Retention	Agency costs to reduce by 10% by April 2005.
Remuneration	Satisfactory equal pay audit in 2004.
Customer Focus	<p>Number of applications for payments for outstanding customer services delivery (at team or individual level) to increase by [5%] year-on-year by 2005/6.</p> <p>Customer satisfaction to be improved by [5%] for all areas which have undergone training.</p>
Equalities	As BVPI targets
Information Technology	
Management of the Programme	<p>Steady state service well managed:</p> <ul style="list-style-type: none"> • KPI1 How satisfied are our users? (Increase by 10% per year). • KPI2 How quickly do we solve your problems? (Increase by 10% per year). • KPI3 80% of milestones delivered on time. <p>BVPI 157 Increase percentage of e-enabled interactions by 20%.</p> <p>All ICT projects operate within Prince2 Framework.</p>
People & ICT	<p>All staff are well trained in ICT (40 of staff achieving ECDL).</p> <p>All customer access service points e-enabled by Dec 04.</p>

Information Systems & Processes	<p>The council's back office systems all integrated with CRM and SAP by X (Jan 05 as part of CSC procurement process).</p> <p>Information secure, trusted and used across services as appropriate. (Measurement?)</p> <p>All staff and Members with mobile and flexible access to systems via web portal by March 04.</p>
Technology	Adequate bandwidth provided for all users' needs.

Strategic Support Services Management Protocol

The Council is committed to meeting its strategic priorities and providing excellent services to the public. We recognise this requires effective support services with the right people, processes and systems.

To achieve this Strategic Services has the lead in setting the direction of the organisation. It will do this by translating the Council's vision into strategy and building capacity, and through strong leadership will deliver sustained organisational change and service improvement.

The key responsibilities, within an overall approach of partnership working, of the centre and departments are set out below.

	The Centre	Department
Provide Leadership	<ul style="list-style-type: none"> • Lead on the development of corporate strategy and set priorities and performance targets through the Service Plan. • Communicate requirements to departments and staff. • Direct the organisational structure for support services. • Manage the Council's change programme. • Promote organisational accountability and ownership. 	<ul style="list-style-type: none"> • Deliver the departmental priorities and performance targets as agreed with the centre. • Communicate requirements within the department. • Manage the department support team.
Maintain Professional Standards	<ul style="list-style-type: none"> • Establish common professional standards across the council. Validate management systems. • Provide support for professional staff in departments. 	<ul style="list-style-type: none"> • Deliver effective and efficient services in line with professional standards and best practice.
Compliance	<ul style="list-style-type: none"> • Determine the corporate operational systems and procedures and professional standards and ensure compliance. 	<ul style="list-style-type: none"> • Use corporate operational systems and procedures and meet corporate standards.
Manage Performance and Compliance	<ul style="list-style-type: none"> • Monitor corporate performance against the Service Plan. • Ensure services are 	<ul style="list-style-type: none"> • Monitor departmental performance against the Service Plan. • Ensure departmental

	<p>delivered in line with best practice.</p> <ul style="list-style-type: none"> • Provide support or intervene where there is non-compliance with standards or poor performance. • Monitor follow-up to internal reviews and external challenges. • Co-ordinate the production of statutory returns and ensure they are completed to the standard and timescale required. 	<p>practice is in line with best practice.</p> <ul style="list-style-type: none"> • In consultation with the centre take action where there is non-compliance or poor performance. • Act on recommendations from internal reviews and external challenges. • Complete statutory returns to the required standard and timescale.
Recruit and Develop Staff	<ul style="list-style-type: none"> • Ensure we recruit the right people with the right skills and have the training and development in place to meet needs in the future. 	<ul style="list-style-type: none"> • With the centre recruit professional staff and provide training and development for current staff.

RESOURCES COMPARISON AND ISSUES

The information in this appendix is a summary of the resources allocated to the services reviewed in comparison with other local authorities. We did seek comparative information from the private sector, but could find no companies willing to give us meaningful information. Except in Finance, benchmarking is not particularly well developed. Also because of the differences in service provision it can be difficult to ensure like is compared to like in the other areas. Despite this we believe the information gathered does show that the resources Southwark allocates to these services is very low when compared to other similar authorities. However there is not a direct correlation between resources and performance. In fact the evidence of relatively good performance in a number of key areas shows we use our resources much more efficiently than the majority of other authorities. We also believe the proposals in this report will improve the efficient operation of the Council as a whole and of the functions reviewed.

Finance. Table one shows Southwark's spend on central finance, as a % of net budget, is 25% below the average of nineteen boroughs benchmarked and as much as only 50% of the top spending boroughs. Table two shows that in terms of the total number of finance staff employed, Southwark is the lowest of the comparator group. We have half the staff employed by Camden for example and are significantly below the rest when adjustments are made for the size of budget and population. Table three shows Southwark is by a long way below the average for the numbers of accountancy staff working at the centre of the organisation. As these figures include both centralised and de-centralised organisations they need to be treated with some caution. They do though suggest a correlation between areas for improvement such as preparing and monitoring budgets, and financial advice and the numbers or quality of accountancy staff. The view of the Chief Finance Officer is that in the future there needs to be a balance between having additional qualified staff to work on key areas of improvement and development and raising the qualifications and skills of the current staff. A particular difficulty has been recruiting suitably qualified and experienced staff, a problem experienced by most London authorities. As a first step an internal anomaly that did not allow the Council to award 'hard to fill' payments to recruit departmental finance staff has been resolved.

Table one. This table, using data from a DeLoitte Touche benchmarking club of 19 London authorities using 2001/02 budget figures, ranks authorities by the amount spent on central finance as a percentage of the net Council budget. We have added the CPA ratings for Finance and the Council overall.

Rank	Authority	CPA Finance	CPA Overall	% Net Budget
1	Hackney	1/4	Poor	1.7
2	K & Chelsea	4/4	Excellent	1.5
3	Merton	2/4	Weak	1.4
4	Camden	3/4	Excellent	1.3
5	Lambeth	2/4	Poor	1.15
6	Islington	2/4	Poor	1.13
7	Lewisham	3/4	Good	1.1
18	Southwark	3/4	Weak	0.87

Table two. This shows the numbers of finance staff employed at the centre and in departments at authorities rated as top performers by the CPA. We have added Lewisham for comparison with a neighbouring authority.

Borough and Population	Corporate Finance	Audit	Dept' Finance	Total (qualified staff)
Camden (197,000)	93	18	47	158 (44)
Tameside (220,000)	16	18	42	76
St Helens (179,000)	16	11	48	75 (39)
Southwark (245,000)	35	5	29	69 (22)
Westminster (231,000)	10	10	56	76 (45)
Lewisham (249,000)				106

Table three. This shows a breakdown of how staff are deployed in the accountancy function compared with a basket of similar unitary authorities. The information is taken from a CIPFA benchmarking club using 2002/03 budget information. The figures need to be treated with some caution as CIPFA do not distinguish between centralised and de-centralised organisations. However it does give an insight into the comparative spread of resources.

	Southwark	Group Average
Strategy and Planning	2.3	3.3
Financial Advice	2.1	6.2
Preparing Budgets	2.0	11.9
Monitoring Budgets	3.4	32.9
Research & Projects	2.0	4.4
Systems Support	3.1	5.4
Treasury Management	1.4	2.0
TOTAL	18.5	76.8

Human Resources. The comparison shows that authorities with a high Comprehensive Performance Assessment rating with those in Southwark, have a higher proportion of professional Human Resources personnel to total workforce. Direct comparison is difficult because of the many different models of providing this function. What is clear is not only do the most successful authorities invest more but that they also invest in a wider range of human resource functions, particularly around organisational development. The view of the Assistant Chief Executive (Improvement and Development) is that Southwark, in line with best practice, has to adopt a more proactive approach to developing the workforce and to increase our corporate training capacity and expertise.

The table shows the numbers of Human Resources staff employed at authorities rated as top performers by the CPA (the authorities asked to be made anonymous in any public documents). It should be noted that precise numbers are difficult to calculate given that in Southwark there are departmental support staff who perform some personnel functions. Other authorities also have more comprehensive HR services that include functions such as organisational development, mediation, research and so on.

Authority	Workforce	Corporate HR (including Payroll and Pensions)	Departmental Personnel	Total Authority HR
London Borough (Excellent)	5,125	20 #		20
County Council (Excellent)	23,579 (incl. Schools)			206 *
MBC (Excellent)	17,400	256		256
County Council (Good)	39,406 (incl. schools)			409 *
Southwark (Weak)	4,400	35	4	39

Majority of HR functions outsourced. * Incl. schools support.

Information Technology. Until recently the corporate Information Technology function was considerably under-resourced in comparison with authorities ranked high in the Comprehensive Performance Assessment. However recent investments have changed this position. There is a modernisation team, which forms the nucleus of a centre of expertise, (very much in line with best practice authorities). The team includes 4 new project managers who will each lead on key ICT improvement projects. There has also been considerable investment committed for infrastructure improvement. The main examples are:

- Procurement of a Customer Services Centre – budget £1.8M.
- Infrastructure Investment Programme - £2.5 to £3M.
- An ICT modernisation budget of £2.8M.

Further work is underway on reviewing the ITNET contract and the IT infrastructure, which may well have resourcing implications either in terms of redeployment or requirements.

This table shows the numbers of ICT staff employed at authorities rated as top performers by the CPA (the authorities asked to be made anonymous in any public documents).

Authority	Workforce	Corporate ICT	Departmental ICT
London Borough (Excellent)	5,125	19	6
County Council (Excellent)	23,579	261	
MBC (Excellent)	17,400	160	
County Council (Good)	13,586	85 #	
Southwark LB (Weak)	4,400	10	4

Information Services - after most IT outsourced.

Information Management. Because information management cuts across most functions in an organization and can be arranged in a number of different ways, it is very difficult to determine the level of resources devoted to this function. Moreover, many staff in a wide variety of operational areas, have information responsibilities as a part of their wider job remits.

The experience from other organisations suggests successful information management can require significant levels of dedicated resources. The Department for International Development, for example, has a corporate Performance and Knowledge Sharing Division. In local government Westminster employs 5 full time records professionals and 22 part time departmental records officers to manage its corporate records services and comply with Freedom of Information and Data Protection.

Growth Proposals

Through the review process the requirements for additional resources has been identified as follows:

Finance:

- Project Manager (to implement the outcome of the review) - £75,000.
- Finance Governance, 3 x posts - £90,000.
- Attracting Recruits and Trainees - £100,000.
- Training - £100,00 (to deal with backlog) and £50,000 in subsequent years.

These costs will, in future years, be partly offset by savings in the external audit fee as a consequence of attaining 'managed audit' status.

Human Resources:

1 x Organisational Development Manager - £50,000
4 x HR & Development Consultants - £160,000
2 x Training Consultants - £80,000.

Information Technology. Further work is underway on reviewing the ITNET contract and the IT infrastructure, which may well have resourcing implications either in terms of redeployment or additional requirements.

Information Management. In the initial phase of instituting a professional information management system, two staff will be required:

- Information manager - £tbc
- Records manager for Freedom of Information - £tbc.

After the initial phase of assessment, there may be a need to devote addition resources to information and records management.