



In-house Service Improvement Plans

To: All Chief Executives, Main Contacts and APSE Contacts

This briefing is one of a series of papers being issued by APSE around efficiencies and how local authorities can deal with budget constraints and maximise their opportunities for more effective approaches to procurement. As council's face tougher times and unprecedented financial constraints, APSE has brought together some examples of where real efficiency savings have been made and some examples of best practice in the form of case studies.

Key issues:

- Service Improvement Plans (SIPs) are a 'tried and tested' method for improving the performance, cost and quality of services.
- SIPs are part of the continuous improvement cycle under best value which includes the requirement to regularly review the performance of services.
- The main elements and scope of a SIP.
- Recent case studies of local authorities where service improvement processes have been implemented. Further information and support is available by contacting amudd@apse.org.uk

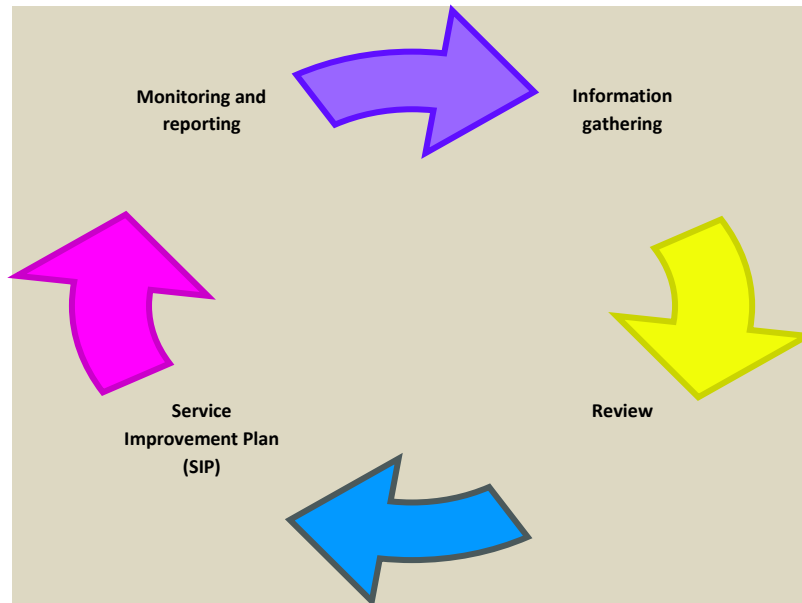
1. Introduction and background

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.

2. 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.

3. 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.

4. 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.

5. APSE Commentary

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. For further information on the service improvement plans and approaches to efficiency please contact APSEs Principal Consultant, Andy Mudd at amudd@apse.org.uk

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