

Report to: Cabinet

Date: 26 January 2012

By: Chief Executive

Title of report: South East Seven Partnership

Purpose of report: To provide an update on the progress of the South East Seven partnership and the proposed next steps.

RECOMMENDATION

Cabinet is asked to note the activities and update of the South East Seven (SE7) partnership.

1. Financial Implications

- 1.1 No costs arise from the recommendation of this report.
- 1.2 The SE7 workstreams have identified estimates of potential savings/avoided costs for the four years starting 2011/12. East Sussex County Council (ESCC) officers have identified, of the SE7 total, the potential savings that could accrue to ESCC (the SE7 savings tracker attached as Appendix 1 highlights the total SE7 and the ESCC specific savings estimates).
- 1.3 The estimated overall SE7 savings/avoided costs potential has been expressed as £100m in the short term, £500m over the medium term and £1.5bn for the long term.

2. Background

- 2.1 As Cabinet is aware, the SE7 Councils have committed to explore collaborative opportunities to improve the quality of services and to achieve efficiency savings.
- 2.2 Cabinet Members and Chief Officers represent the Council at SE7 meetings and are working to ensure the delivery of maximum benefits for the County Council.

3. Update on Progress

- 3.1 Updates on the six active workstreams were given to Leaders and Chief Executives at the last SE7 meeting on 7 December 2011 (details of the workstreams, their objectives and progress are attached as Appendix 2).
- 3.2 The December 2011 meeting was held at the Department for Communities and Local Government (DCLG) and was attended by Rt. Hon. Grant Shapps

MP (Minister for Housing and Local Government), Sir Merrick Cockell (Leader, Royal Borough of Kensington and Chelsea and Chairman, Local Government Association) and Andrew Campbell (Acting Director General – Local Government Efficiency, Finance and Policy, DCLG). This meeting provided the opportunity to showcase the partnership's programme of activity, present the savings estimates and confirm the SE7's willingness to engage with future pathfinder/pilot activities to explore new ways of delivering public services.

- 3.3 At the December meeting, there was discussion around the potential benefits of standardising budgets across the SE7 Councils. Kent and Surrey County Councils will bring a proposal to progress this to the meeting in March 2012.
- 3.4 The group discussed that a full picture of Capital expenditure across the SE7 would be useful in terms of sharing best practice and supporting potential discussions with central government. Colleagues from West Sussex County Council will collate details of Capital expenditure across the SE7.

4. Next steps

- 4.1 The workstreams will continue to develop and implement their action plans and will update on progress at the next full SE7 meeting on 28 March 2012.
- 4.2 Where decisions need to be made which impact on service delivery across the Council, formal endorsement will be sought through Reconciling Policy, Performance and Resources and other relevant governance mechanisms.

5. Conclusion

- 5.1 The work of the SE7 continues to progress well and the quantification of potential collaborative activity and anticipated savings highlights the importance of this strategic partnership in achieving service improvements and delivering efficiency savings.

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Potential SE7 savings/avoided costs identified to date

	2011/12 year end	2012/13	2013/14	2014/15	Total Savings
Highways	£250k	£6m (£6.25m)	£12m (£18.25m)	£18m (£36.25m)	£36.25m
	–	£50k	£50k (£100k)	£50k (150k)	£150k
Waste	£5.45m	£1.25m (£6.7m)	£3m (£9.7m)	£4.3m (£14m)	£14m
	£300k	£434k (£734k)	£135k (£869k)	£300k (£1.169m)	£1.169m
ICT	£10.1m	£7.9m (£18m)	£8.5m (£26.5m)	£5.5m (£32m)	£32m
	£300k	£200k (£500k)	£1.9m (£2.4m)	£1.9m (£4.3m)	£4.3m
Property	See details below	–	–	–	–
	–	–	–	–	–
Special Educational Needs (SEN)	£1.6m	(£1.6m)	(£1.6m)	(£1.6m)	£1.6m
	£599k	£724k (£1.323m)	(£1.323m)	(£1.323m)	£1.323m
Commodities Procurement	To be confirmed	–	–	–	–
	–	£2k	(£2k)	(£2k)	£2k
Total potential SE7 savings					£83.85m
Total potential ESCC savings					£6.944m

- Figures in brackets () represent the cumulative savings figures
- Fields in LIGHT GREY represent total SE7 savings/avoided costs
- Fields in DARK GREY represent East Sussex County Council savings/avoided costs

Further detail of potential savings beyond 2014/15:

Waste – longer-term plans are based on a notional savings target of **£310m** by 2020.

Property – the level of savings over the 4 years starting 2011/12 is still to be quantified and will be determined by the level of engagement/collaboration in this area. The workstream is projecting a potential savings figure of **£1bn** over 25 years (based on extrapolated savings being delivered by Hampshire County Council).

SEN – the workstream aims to explore opportunities to reduce bureaucracy and unit costs in the provision of SEN services through the SEN and Disability Pathfinder programme. Subject to the outcome of the Pathfinder, a notional cost reduction of 10% of total SEN spend would deliver somewhere in the region of **£100m** for smarter investment elsewhere.

The major opportunities for efficiency gains in SEN and Disability come from fundamental reform of the system to correct the incentives in the market and to allow freedoms to parents, providers and the public sector to meet needs more creatively and with less waste on conflict and process. At this stage the full financial impact cannot be predicted on a year by year basis, but the group are working to establish the necessary evidence and make forward projections as part of the 18 month Pathfinder programme. The figures quoted in the table above represent an indicative analysis and the cost reductions affect the Dedicated Schools Grant budget and are 'avoided costs' rather than baseline savings.

Workstream Updates:

Workstream updates were presented at the SE7 meeting on 7 December 2011.

ICT – Led by Brighton and Hove City Council

Workstream purpose – identification of collaborative opportunities. There is focus on different ICT aspects including Network Development, Procurement, Data Centres, Desktops/Mobile and Flexible Working and Customer Contact.

Workstream update – procurement activity and work on the Network of Networks aspect of the workstream are progressing well and have high potential in relation to achieving goals. The workstream has made tangible progress and has already produced savings. Work on Cloud technology within SE7 is being considered. The workstream will consider ways in which ICT expertise can be used to support other workstreams.

Highways – Led by Surrey County Council

Workstream purpose – creation of a strong joint Client group to share information, identify opportunities and develop sustainable solutions to the maintenance and construction of Highways.

Workstream update – the workstream is progressing well and is engaging with the Department for Transport in a number of areas, which has secured resources and raised the profile of the SE7. Benchmarking of costs and performance is progressing. Areas for collaborative procurement have been identified, and the workstream is in the process of conducting an innovative supply chain review using their collective purchasing power to secure improved deals from contractors and suppliers. Shared services and resources are being explored. In terms of long term investment in skills, a first of its kind MSc course in Highways Engineering has been developed. The course will commence in February 2012 for internal candidates and in September 2012 for external applicants.

Waste – Led by Kent County Council

Workstream purpose – creation of a long-term vision for waste and the scoping of both short and long-term savings. Consideration will be given to opportunities for two tier working, planning for regional infrastructure and monitoring and maintenance of closed landfill sites. It seeks to achieve waste prevention and minimisation by changing views of waste so that waste materials are regarded as a resource, an economic opportunity and an opportunity for social enterprise.

Workstream update – the span of activity is widely embraced by Central Government and bodies, and has received a commitment of resources to facilitate proposed changes. The SE7 approach has been showcased as a case study in the Government's Waste Policy Review (published in June 2011). The work has concluded its Development Phase; with recommendations and a business case to be discussed at the meeting in March 2012.

Special Educational Needs (SEN) – Led by East Sussex County Council

Workstream purpose – work collaboratively in pursuit of value for money efficiencies and service improvements through piloting proposals to reform the SEN system and by building a closer operational partnership between the SE7 Councils.

Workstream update – the SEN workstream is fully engaged in the work of the Department for Education's/Department of Health's SEN and Disability Pathfinder programme. The workstream is currently appointing a project manager to help oversee and co-ordinate the Pathfinder activity and provide the required capacity. The group continues to explore opportunities for shorter-term operational collaboration and will increase focus on this area of work now that the Pathfinder programme has been initiated.

Commodities Procurement – Led by Hampshire County Council

Workstream purpose – to identify areas for potential joint commodity procurement within the SE7 Councils where the strength of the 'single voice' can provide enhanced negotiation powers.

Workstream update – the workstream continues to scope how the SE7 can collaborate in three key areas of procurement: Temporary Agency Staff, Community Meals and Personal Protective Equipment. The group will look to consider Social Care temporary agency staff and Concessionary travel cards as part of this work.

Property Asset Management – Led by Hampshire County Council

Workstream purpose – opportunities to improve efficiency are being explored in relation to reducing buildings, associated costs and re-thinking work practices.

Workstream update – East Sussex, Kent, Surrey and West Sussex County Councils have all been successful in being accepted on Wave 2 of the Capital and Assets Pathfinder programme. Hampshire County Council is a Wave 1 Pathfinder. The pathfinder bids were submitted by the individual Authorities (with local partners). The workstream will benefit from this activity, as it provides the opportunity to propose an overall target for SE7 Authorities for asset rationalisation, based on the business cases that will be developed under the programme. Strong leadership for a culture shift is required in order for benefits to be realised. The workstream will continue to scope these savings and develop an action plan.

Further areas of shared ideas:

- Leaders have approved proposals for a SE7 benchmarking exercise that adds value while not duplicating existing activity. The SE7 benchmarking group will assess current benchmarking activity and will be the 'first port of call' for SE7 Councils with a need for unit cost or performance data benchmarking. This exercise, led by East Sussex County Council, will focus on SE7 Council priorities including the current workstreams and further areas of need (including Fleet Management and Adult Social Care services);
- As agreed at the September SE7 meeting, colleagues have met to share best practice across the partnership in relation to Academies, services to schools and future models. It has been agreed that a series of workshops will take place to share information in relation to governance and traded services.

- Leaders have agreed further exploration of administrative collaboration of the Local Government Pension Scheme across the SE7. In addition, potential for collaboration in the area of investment management contracts and the potential to use the pension fund to invest in infrastructure projects were discussed and will be considered further at the next SE7 meeting.