

Report to: **West Devon Borough Council Hub Committee**

Date: **1 December 2015**

Title: **T18 Budget Monitoring report – Quarter 2
2015/2016**

Hub Committee
Lead: **Councillor Philip Sanders**

Wards Affected: **All**

Relevant Scrutiny Committee: **Internal Overview and Scrutiny
Committee**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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Recommendations:

It is recommended that:

1. The Hub Committee notes the progress to date on the T18 Transformation Programme.

1. Executive summary

- 1.1 In December 2014, the Council agreed to a revised business plan for the T18 Programme. Its aims are to deliver a new operating model in partnership with South Hams District Council which will ensure that both Councils can continue to deliver quality services for its customers and communities. An investment budget of £2.83 million was approved, to deliver annual recurring revenue savings of £1.64 million. The payback period for the Programme is 2.75 years.
- 1.2 The Transformation Programme has received the backing of Central Government and the Council was awarded £266,000 of Government funding towards the upfront investment costs.
- 1.3 ***The table in Appendix A shows that the predicted final spend (£2.766 million) is £64,000 less than the budget of £2.83 million.*** In the 2014-15 year, £1.994 million was spent of one-off investment costs. A further £324,528 has been spent in the period 1 April 2015 to 31st October 2015 as shown in Appendix A.
- 1.4 With the exception of a small predicted overspend of £27,000 (3.8%) on ICT technology, implementation and project management costs, all of the categories of spend are on target when compared against the budget. There are no areas of concern to report to Members.
- 1.5 The budgeted salary savings to be delivered by the project were £160,000 in 2014/15, rising to £700,000 in 2015/16. The savings were achieved in 2014/15 and the Council is on track to make the projected salary savings of £700,000 in 2015/16. By 2016/17, the salary savings realised will total £1.385 million. These are annual savings being delivered by the project.

2. Background

- 2.1 West Devon Borough Council and South Hams District Council have been shared service partners since 2007. As two of the very first Councils to share a Chief Executive, the Councils have been bold in challenging the traditional local government model and have always been at the forefront of radical change and innovation. Shared services (through sharing staff) has now yielded over £7.7 million in savings across the two Councils since 2007, with each Council generating ongoing savings of over £700,000 every year.
- 2.2 Having a successful track record of reducing costs through shared services whilst improving services, the two Councils approved a joint Transformation change programme in December 2013.

- 2.3 The Councils continue to face significant reductions in Central Government funding and the Transformation Programme will develop the financial resilience of the Councils and reduce the reliance on making annual budget reductions that inevitably impact on front line services.
- 2.4 The Councils are pioneering a new model for local government which is transferrable to other local authorities irrespective of the scale, acting as a catalyst for extending shared services, without undermining each participating Councils' democratic sovereignty.
- 2.5 The Council will provide its services in an entirely new way by becoming more flexible and customer focused using the latest technology. Services will be redesigned around our customers and communities and as a consequence all departmental silos will be removed. This will involve re-engineering over 400 business processes and sharing all of our corporate services and information technology systems. The first phase of the programme (Support Services) went live in September 2014. The main phase of the programme has gone live in June 2015, with a smaller phase due later in 2015/16.
- 2.6 At its heart, the transformation programme is one of cultural change. Peoples' lives are constantly changing and we must change with them. The radical transformation will be the most significant change in the way that the Councils work for more than 40 years. The Councils' non-manual workforce will be 30% smaller, with all staff roles changing to be flexible and responsive to the needs of the customer. Officers from different areas of the Councils will work within communities to improve the service for the customer and reduce the need for office accommodation.
- 2.7 The Transformation Programme is structured with a number of workstreams and progress on these is set out in Section 3.

3. Outcomes/outputs

HR Workstream

- 3.1 Phase 2 of the assessment process was completed in early August. In line with Phase 1b, the outcomes were very positive and a role in the new structure has been found for everyone that went through the process. 10 employees will be leaving the Councils on voluntary redundancy, with the majority leaving after the start of the new financial year in April 2016.
- 3.2 The employees currently working in Elections, Facilities Management and on the Sherford Development will be assessed in December 2015.

- 3.3 Revised contracts of employment have been issued to all employees who underwent the assessment process. The new contracts reflect the revised Travel and Subsistence Policy that was agreed after consultation with UNISON and the new agile working arrangements and terms and conditions of employment are now harmonised across the two Councils.
- 3.4 Managers have been trained in the Assessment Process so we are able to consistently assess new employees against the IMPACT Behaviour Framework.

IT Workstream

- 3.5 There is a significant amount of work to do in this work stream over the next few months and timescales are tight.
- 3.6 Housing, Waste, Environmental Health and Licencing back office applications have been migrated onto the new back office systems. The Planning and Land Charges data is currently undergoing a third round of testing. The focus over the coming weeks will be the migration and testing of the live planning and land charges data into the new planning system, with the associated documents, presenting this data to W2 and ensuring robust integration with the new GIS system and web components.
- 3.7 The migration of all documents from the old document management systems into the new W2 system is about to commence. This is a significant piece of work as there are in excess of 3 million documents.
- 3.8 The Council has taken delivery of the software which allows the integration of the new Web Portal functionality into the existing web site. This is currently being implemented and will enable us to deliver many more services on line.
- 3.9 Mobile Locality officers have taken delivery of devices to allow them to access corporate IT resources while out and about. The Council will be taking delivery of the Civica mobile application this week, which will allow us to create processes which enable staff to receive and update job tasks whilst out of the office.
- 3.10 Over 100 laptops have been provisioned for agile workers with remaining devices to be configured before end of December 2015.

Accommodation Workstream

- 3.11 The accommodation project is largely finished, with the delivery of the Agile space at Kilworthy Park. Tesco recently took 2,500 sq ft of accommodation on a temporary basis and were in occupation until the end of September. This provided additional revenue to the authority along with a 5 % contribution towards the running costs of the building. Discussions are also taking place with existing tenants around increasing their occupancy space which will provide additional revenue by way of an increase in rent and service charge.
- 3.12 In the T18 Business Case, it was anticipated that there would be £65,000 of reduced running costs at Kilworthy Park due to agile working, smarter use of energy and utilities and the workforce occupying less space. These savings have not yet been realised to this extent, although work has been done on re-procuring some of the utilities costs. It is recommended that the savings target on reduced running costs of £65,000 is reduced by £45,000 to £20,000 in 2016/17. In addition, it was anticipated that the letting income for Kilworthy Park would increase by £15,000.

Finance Workstream

- 3.13 In December 2014, the Council agreed the updated business case for the Transformation Programme. An investment budget of £2.83 million has been approved, to deliver annual recurring revenue savings of £1.64 million. The payback period for the Programme is 2.75 years.
- 3.14 The Transformation Programme has received the backing of Central Government and the Council was awarded £266,000 of Government funding towards the upfront investment costs.
- 3.15 ***The table in Appendix A shows that the predicted final spend (£2.766 million) is £64,000 less than the budget of £2.83 million.*** In the 2014-15 year, £1.994 million was spent of one-off investment costs. A further £324,528 has been spent in the period 1 April 2015 to 31st October 2015 as shown in Appendix A.
- 3.16 With the exception of a small predicted overspend of £27,000 (3.8%) on ICT technology, implementation and project management costs, all of the categories of spend are on target when compared against the budget. There are no areas of concern to report to Members.

- 3.17 The budgeted salary savings to be delivered by the project were £160,000 in 2014/15, rising to £700,000 in 2015/16. The savings were achieved in 2014/15 and the Council is on track to make the projected salary savings of £700,000 in 2015/16. By 2016/17, the salary savings realised will total £1.385 million. These are annual savings being delivered by the project.

Customer Workstream

- 3.18 The Customer Workstream relates to the engagement required with our customers to maximise the benefits of the future operating model. These benefits are both for the customer, in terms of improved customer service and greater access to on-line services and for the Authority through reduced costs.
- 3.19 Software to deliver Customer insight information has now been purchased to help us structure our customer access methodology and training in how to use this software has been undertaken.
- 3.20 The new customer portal has been undergoing extensive testing and is due to go live 16th November.
- 3.21 The plan for how the Council interacts with its customers (the channel shift plan) is under development. This plan will help us target cheaper forms of contact such as SMS and email to those people who want and can use it, rather than trying to encourage all customers to use these types of contact.

Business Processes and Transition Workstream

- 3.22 The number of staff employed by the Council has been reduced and in order to continue to deliver high quality services to the public, we need to review and re-design over 400 of our existing processes.
- 3.23 This process was broken down into a number of 'sprints' when each type of activity is mapped and analysed in detail. Where possible the new processes are built into the universal case management system "W2". These processes are now being comprehensively tested and updated for Customer Services & Website use.
- 3.24 Due to delays in functionality delivered by Civica and the knock on effect of reduced capacity due to the loss of staff after June the go-live dates have been delayed. The table below identifies services that have now gone live and staff are using both the new case management and back office systems.

Service Area
Housing
Refuse Collection
Car Parking
Environmental Health & Licensing
Non customer Council Tax & NNDR

- 3.25 Our initial plan was to go-live with individual services in a phased approach but this puts too much strain on the service area as it requires significant time investment. A 'Dragons Den' approach was utilised to prioritise the remaining processes to deliver the maximum return on investment and spread the officer effort across more services. The following table shows planned go-live dates for the remaining high priority processes:

Service Area	Target go-live date (week commencing)
Planning	16/11/15
Council Tax	16/11/15
Remaining Waste Processes	30/11/15
Legal & Support services	21/12/15

4. Options available and consideration of risk

- 4.1 A Transformation Programme of this size and complexity clearly brings a significant number of risks which have to be carefully managed. The comprehensive Programme risks are reviewed every four weeks by the Transformation Programme Board. A report is presented to the Audit Committee on a six monthly basis of the Council's risk register and strategic risks (including those relating to the Transformation Programme).
- 4.2 One of the key risks is a reduction in service performance as staff have left and the new processes are not live in the new case management system resulting in individual services experiencing increasing customer contact and customer complaints.

5. Proposed Way Forward

To address the issues in 4.2, the senior leadership team (SLT) have instigated the following actions:

- 5.1 Phase 2 of the programme has been brought forward to enable staff to be released into their new roles and enable the recruitment to posts that have been held for staff.
- 5.2 Other agencies are being used to deliver less complex work for planning.
- 5.3 Recruitment of vacant posts is being prioritised by managers and agency staff are being used as a short term measure to backfill unfilled vacancies.
- 5.4 Outstanding workloads and customer service measures are now being reviewed on a weekly basis by SLT.
- 5.5 The website is being updated and customer services are being given key messages to reassure customers.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		The Council has delegated to the Hub Committee to monitor the budget monitoring position of the Transformation Programme, with quarterly budget monitoring reports being presented to the Hub Committee.
Financial		There are no financial implications arising directly from this report. The finances of the programme are set out in Section 3.13 to 3.17.
Risk		A Transformation Programme of this size and complexity clearly brings a significant number of risks which have to be carefully managed. The comprehensive Programme risks are reviewed every four weeks by the Transformation Programme Board. A report is presented to the Audit Committee on a six monthly basis of the Council's risk register and strategic risks (including those relating to the Transformation Programme).
Comprehensive Impact Assessment Implications		

Equality and Diversity		This report updates Members on the opportunity for developing improved access to a range of Council services and meeting a wide range of customer needs.
Safeguarding		This report updates Members on the opportunity for developing improved access to a range of Council services and meeting a wide range of customer needs.
Community Safety, Crime and Disorder		None
Health, Safety and Wellbeing		This report updates Members on the opportunity for developing improved access to a range of Council services and meeting a wide range of customer needs.
Other implications		None

Supporting Information

Background Papers:

Council 9 December 2014 (Minute CM62)

Council 31 March 2015 (Minute CM97)

Hub Committee 14 July 2015 – T18 Budget Monitoring report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A