WEST DEVON BOROUGH COUNCIL

NAME OF COMMITTEE	OVERVIEW AND SCRUTINY COMMITTEE
DATE	24 JUNE 2014
REPORT TITLE	TRANSFORMATION PROGRAMME PROGRESS REPORT
REPORT OF	EXECUTIVE DIRECTOR (RESOURCES)
WARDS AFFECTED	ALL

Summary of report: In order to ensure effective scrutiny of the T18 Transformation Programme this report sets out progress to date.

Financial implications: There are no financial implications arising directly from this report.

RECOMMENDATIONS:
That the Overview and Scrutiny Committee note progress to date on the Transformation Programme.

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1.   BACKGROUND

1.1   Last autumn the Council agreed to adopt the T18 Programme which aims 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.

1.2   Since this time considerable work has taken place to develop the Programme in detail and to ensure its successful delivery.

1.3   The Programme is structured with a number of workstreams and progress on these is set out below.

2. WORKSTREAM PROGRESS

2.1 *Human Resources*

2.1.1 The detail of our current position is set out in the Council report of 24 June 2014. This workstream is on target to deliver the Phase 1a (Support Services) restructure on the 29 September 2014.

2.1.2 Work has been undertaken to ensure an appropriate selection process is in place and there has been significant engagement with Unison and staff during the past few months.

2.2 *ICT*

2.2.1 A five year contract was agreed with Civica which includes the following benefits:

- The software, implementation and support costs have been successfully secured at a figure of £200,000 under the budget allocated in the business case.
- The ongoing support and maintenance costs have been fixed for 5 years with no CPI or RPI increase.
- A reward model has been agreed whereby we will receive a fee for any additional partners that procure Civica software through our procurement framework. The value of the reward will vary dependent upon the size of the partner but is likely to be between £35,000 to £80,000 per new partner.
- A clause was added, which allows for us to benefit from Intellectual Property Rights at the end of the programme where we have developed the existing software.
- We will receive a reduction of £2,500 per year on our existing support and maintenance agreement for the Financials software we already use.

2.2.2 Project initiation meetings were held in May and a team of both Civica and internal resources are now fully engaged in the initial stages of software installation and development planning.

2.2.3 Workshops have started with staff across the organisation looking at how the new software will enable the new model; early feedback from staff has been very positive with regard to the functionality of this software. Wider demonstrations will be available for staff and Members in the near future which will show how customer requests will flow through the software.

2.2.4 A new version of the website will be launched this month for those using mobile devices such as Smartphones and Tablets (30% of our users). This introduces an 'app' feel to touch screen devices and provides users with a user friendly way of interacting on small screens.

2.3 *Business Processes*

2.3.1 In order to reduce the number of staff required to deliver our services we need to review and reengineer a large number of our existing processes. By doing this we can maximise the technology that is being procured by the ICT workstream.

This Business Processes workstream is responsible for delivering over 35% of the total programme savings.

2.3.2 Preparations for Phase 1a began in April with the secondment of four additional staff into the Business Development Team. A survey of service representatives from across the two councils guided the team towards the key areas of focus. A four week period of process mapping was completed in May and the results were fed into the HR workstream in order to produce an Organisational Design and the staff resource recommendations for the Support Services Delivery Unit.

2.3.3 The next steps for Phase 1a will include developing a plan to ensure a smooth transition into the new way of working and the new team structure.

2.3.4 For Phase 1b which is due to go live in June 2015 the Business Development team will need to work closely with the ICT workstream to create the end-to-end processes, online portal and call operator scripts required to operate the New Model. The outcome of process development work will be fed into the HR workstream to inform the Organisational Design for the Customer Contact Teams.

2.4 *Accommodation*

2.4.1 Kilworthy accommodation layouts for new T18 office space are being developed, and we are taking this opportunity to consider air handling / cooling solutions to overcome reported summer over heating issues.

2.4.2 We are currently identifying touch-down points for council staff in the community. The focus at the moment is within the West Devon area and we are seeking to use suitable public sector partner accommodation.

2.4.3 The accommodation refurbishment of Follaton is well underway and a decant plan is in place to ensure minimal disruption to staff.

2.5 *Customer*

2.5.1 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.

2.5.2 This workstream is in its early planning and development phase as the current emphasis is on the internally focussed elements of the Programme.

2.6 *Finance*

2.6.1 As of the 31st March £129,536 of the £4.85 million budget has been spent. This was £28,000 for ICT workstation costs, £18,000 on accommodation costs and £83,000 on blueprinting work with iESE. The profiled budget for Quarter 4

(January to March 2014) was £108,500 – therefore the spend of £129,536 is £21,036 higher than the profiled budget. This is merely due to timing of payments.

2.6.2 The IT procurement exercise was very successful and it is predicted that costs will be around £200,000 below the budget set.

2.6.3 The Accommodation workstream is within the current budget. The Assets team have been very successful in attracting tenants into our office accommodation earlier than anticipated which provides a further positive contribution for the business case.

2.6.4 We are currently re-profiling both expenditure and savings as the decision to create an earlier Phase (Phase 1a for Support Services) was taken after the initial Business Plan was agreed. Although the earlier Phase now brings forward the timing of some staff exit costs, the financial benefit of the earlier saving being achieved (£750,000) will benefit the overall payback period of the Programme in a positive way.

2.6.5 The Phase 1a selection process will be starting shortly and the costs associated with staff exits cannot be finalised until the completion of the recruitment process.

2.6.7 Members will receive a further report in July 2014 at the Council meeting (WDBC) and the Executive (SHDC) to request the release of funding for Key Milestones 2 and 3 of the Programme. It is not envisaged that between now and July the Programme expenditure will exceed the Key Milestone 1 total of £1.275 million which has already been approved by Members.

2.6.8 The overall Programme is currently on target.

2.6.9 In addition, there is also an opportunity for our Councils to make a further bid to the Transformation Funding being made available. The Government are committed to transformation and if we are successful with our expression of interest, there will be somebody made available to work with us on shaping our bid for funding.

3.   LEGAL IMPLICATIONS AND STATUTORY POWERS

3.1   The Council has delegated to the Overview & Scrutiny Committee, the powers to scrutinise the T18 Programme and to provide a quality control function.

4.   FINANCIAL IMPLICATIONS

4.1   There are no financial implications arising directly from this report.

5.   RISK MANAGEMENT

5.1   A Programme of this size and complexity clearly brings a significant number of risks which have to be carefully managed. The Risk Management implications are shown at the end of this report in the Strategic Risks Template and the

comprehensive Programme risks are reviewed every four weeks by the Transformation Programme Board.

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	This report relates to the future delivery of the council's four corporate priorities during a period of increasing financial constraint.
Considerations of equality and human rights:	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.
Biodiversity considerations:	None.
Sustainability considerations:	The emerging model is designed to ensure that both councils are sustainable in the medium term. Greater agile working linked to better use of technology should reduce the councils' carbon footprints.
Crime and disorder implications:	None.

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1.	Financial risk	Funding availability for initial investment to implement the Programme	5	2	10	⇩	• Profile investment and the availability of resources in the context of a business plan • Explore external funding opportunities	Directors and Head of Finance and Audit
2.	Financial risk	Higher than anticipated costs and/or lower than anticipated savings arising from the Programme. Key variable risk is the cost of staff redundancies.	4	3	12	⇔	• Proof of concept work has demonstrated high level business case • Detailed business case in place before committing to implementation of the Programme • Sensitivity analysis undertaken • Ongoing monitoring of costs and savings within the Programme • In recognition of uncertainty of some costs, introduce contingency sum into detailed business plan	Directors and Head of Finance and Audit
3.	Financial risk	Unexpected events leading to a delay in delivery which could include delays in recruitment or external cost pressures which divert funding from the Programme.	3	3	9	⇔	• Use of unearmarked reserves to fund a delay in delivery of the programme. Each month of delay could cost between £50,000 at the start of the programme to £250,000 at the end (combined figure). • Review the level of corporate priority of the Programme against any new cost pressure	SMT

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4.	Management risk	Management capacity to deliver the Programme	4	2	8	⇔	• Programme identified as the key corporate priority • Commission external support as required to ensure the Programme is delivered in line with the timetable	SMT
5.	Management risk	Maintaining the shared vision for the Programme during a period of significant changes	4	3	12	⇔	• Effective communication strategy to engage with Members, staff and other stakeholders embedded within the Programme	Directors
6.	Management risk	Managing organisational transition to the new operating model, in particular reduction in customer satisfaction and/or drop in service standards	4	2	8	⇔	• Create sufficient organisational capacity to achieve programme timeframes • Managing ongoing individual service performance	Directors Heads of Service
7.	Management risk	Loss of key staff during implementation of the Programme	4	4	16	⇧	• Ensure effective transition plan in place	Directors and Head of Corporate Services
8.	Political risk	Early interest from potential partner organisations to join Programme	3	3	9	⇔	• New partners able to join Programme but based on SH/WD model and timelines, following assessment of risk to the Programme • Create flexible model that enables new partners to join at different 'levels' of the model, provided there is no adverse impact on service delivery within SH/WD	Directors

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9.	Staffing risk	Officer capacity and retention of staff morale during significant corporate change	4	3	12	⟺	• Effective communication strategy embedded as part of the Programme • Maintain the pace of the change to ensure that key staff are not lost to the organisation	Directors and Head of Corporate Services
10.	Staffing risk	Securing successful implementation of major cultural change in relation to the development of skills and approaches to working arrangements within the new operating model	4	2	8	⟺	• Support cultural change with a comprehensive corporate training and development programme and develop recruitment, induction, appraisal and performance management frameworks • Communication strategy embedded as a key element of the Programme • Procure external skills to respond to expertise or capacity gaps • Ensure new systems and processes are resilient and sustainable	Directors and Head of Corporate Services Directors and Head of ICT and Customer Services

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
11.	Staffing risk	Potential Union/staff response to elements of the Programme	4	2	8	⇔	• Ongoing engagement with key staff stakeholder groups and develop corporate understanding of those issues which are essential to successful implementation of the Programme and therefore must be subject to change • Communicate potential staff benefits within the model such as developing skills and achieving better work/life balance through agile working	Directors and Head of Corporate Services

Direction of travel symbols ⇩ ⇧ ⇔