

Report to: **Executive**
Date: **21 July 2016**
Title: **T18 Budget Monitoring report –
To end of March 2016**
Portfolio Area: **Cllr R Tucker**
Wards Affected: **All**
Relevant Scrutiny Committee: Overview and Scrutiny Panel

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

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Recommendations:

It is recommended that the Executive:

1. Note the budget monitoring position of the T18 Transformation Programme where the predicted final spend is £28,000 less than the budget of £4.614 million.

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 West Devon Borough Council which will ensure that both Councils can continue to deliver quality services for its customers and communities. An investment budget of £4.61 million was approved, to deliver annual recurring revenue savings of £3.3 million.

- 1.2 The Transformation Programme has received the backing of Central Government and the Council was awarded £434,000 of Government funding towards the upfront investment costs.
- 1.3 ***The table in Appendix A shows that the predicted final spend (£4.586million) is £28,000 less than the budget of £4.614 million.*** In the 2014/15 year, £2.68 million was spent of one-off investment costs. A further £963,157 has been spent in the year to 31st March 2016. *(Note - the last reported position to the Executive was on 10 March 2016, where a £23,000 underspend against the budget was reported for the T18 Programme).*
- 1.4 Appendix A details the individual budget lines and highlights the areas which are underspent and overspent. The Transformation Programme is within budget in totality and there are no areas of concern to report to Members.
- 1.5 In 2014/15 the Council achieved £290,000 of T18 salary savings. In 2015/16 the salary savings achieved were £1.2 million. By 2016/17, the T18 salary savings realised will total £2.6 million. The £2.6 million is an annual salary saving from 16/17 onwards. In addition there are predicted to be £305,000 annual savings from the Delivery Unit and £280,000 savings from Accommodation (which are predicted to rise to over £400,000 by 2018/19).
- 1.6 On 30th June 2016, Council approved additional fixed term (12 – 18 months) temporary transitional staffing resources, of which the South Hams District Council share of the cost is £545,972. The temporary additional cost of £545,972 will add approximately 8.5 weeks to the payback period of the T18 Programme (the payback period was 2 years and 6 months).

2. Background

- 2.1 South Hams District Council and West Devon Borough 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 went live in June 2015, with the last phase going live in April 2016.
- 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 The new Performance Management software system implemented to make sure that managers are regularly providing feedback to staff on how they are performing against both performance targets and the IMPACT behaviour framework, was rolled out to the first group of staff, mainly at Level 3, from May this year.
- 3.2 The Council continues to use the Assessment process developed during T18 to assess and appoint both internal and external candidates to any vacancies.

- 3.3 The Councils were nominated as finalists in the Municipal Journal Local Government Awards in the Transforming Through People category in recognition of work done to change organisational culture by assessing people against the IMPACT behaviours.

Accommodation Workstream

- 3.4 The percentage of the running costs of the building offset by tenants will be up to 60%. There is nothing specific to update Members on for this workstream this quarter.

Finance Workstream

- 3.5 The table in Appendix A shows that the predicted final spend (£4.586 million) is £28,000 less than the budget of £4.614 million. In the 2014/15 year, £2.68 million was spent of one-off investment costs. A further £963,157 has been spent in the year to 31st March 2016. *(Note - the last reported position to the Executive was on 10 March 2016, where a £23,000 underspend against the budget was reported for the T18 Programme).*
- 3.6 Appendix A details the individual budget lines and highlights the areas which are underspent and overspent. The Transformation Programme is within budget in totality and there are no areas of concern to report to Members.
- 3.7 In 2014/15 the Council achieved £290,000 of T18 salary savings. In 2015/16 the salary savings achieved were £1.2 million. By 2016/17, the T18 salary savings realised will total £2.6 million. The £2.6 million is an annual salary saving from 16/17 onwards. In addition there are predicted to be £305,000 annual savings from the Delivery Unit and £280,000 savings from Accommodation (which are predicted to rise to over £400,000 by 2018/19).

ICT Workstream

- 3.8 The ICT element of T18 programme is considerable and initially comprised of 10 distinct elements. Each project in its own right is a significant piece of work.
- 3.9 T1-Core Infrastructure - the provision of infrastructure and configuration to support the Civica application suite.
- 3.10 T2-Mobile - to deliver a solution for mobile and agile locality officers.
- 3.11 T3-GIS (Geographical Information Systems) – replace the existing GIS and enable improved self-serve using spatial data (maps).

- 3.12 T4-Web/Portal – to develop a solution that promotes ‘digital by choice’, that enables 2 way communication with our residents. It will enable citizens to ‘apply for it’, ‘pay for it’, ‘report it’, ‘book it’ and view and track any of those requests.
- 3.13 T5-Telephony – a corporate unified communications solution to aid agile working. Provide an integrated new telephony system for the Customer First contact centre.
- 3.14 T6-Back office systems migration – migrate the Waste, Planning, Land Charges, Environmental Health, Licensing, Housing back office systems to Civica APP.
- 3.15 T7-Back office system integration – to enable integration of Civica W2 with remaining back office systems e.g. Revenues and Benefits.
- 3.16 T8-Infrastructure – replacement of the corporate IT infrastructure to support agile working and provide a cost effective scalable platform.
- 3.17 T9-Members ICT – equip members with technology that will enable them to work and communicate effectively.
- 3.18 T10-Document / Image migration – to move historic documents, files and images associated with a customer or property record to the new Civica W2 system.
- 3.19 The current status of the workstreams are as follows:
- T1, T3, T6, T7, T8, T9 are complete.
 - T2 – Whilst the solution has been deployed, we are awaiting further functionality from Civica and target for completion is end of July 16.
 - T4 – Civica deliverables will be completed by end of July, however the scope of this project has been expanded to include the website infrastructure and a revised project plan and deliverables are currently being produced.
 - T5 – On target for completion by end of July. Contact centre telephony has now been installed and testing begins week commencing 4th July.
 - T10 – This project is not Civica dependent and will be completed by September 16.

Civica

- 3.20 Weekly progress call is held between Managing Director of Civica Digital Solutions, the Head of Paid Service and the Group Manager Support Services. A joint member session was held at the Woolwell centre, where Civica’s Managing Director, the Programme manager and a Civica Executive board member explained the reasons for the delays in the technology programme, reiterated Civica’s commitment to the programme and took a series of questions from members.

Customer Workstream

- 3.21 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.
- 3.22 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.
- 3.23 Housing Benefit claim forms will be launched before the end of July.

4. Current issues and key risks

- 4.1 The capacity of the organisation to maintain business as usual service as well as be available for training and testing in new processes and systems is a risk that has materialised and is a key issue. This has resulted in continued delays in the programme roll-out of technology and processes. The recently approved transitional resources report will ensure that business as usual service is improved whilst technology and new processes are embedded.
- 4.2 To minimise the risk of further project slippage, the following measures are in place:
- Lesson learned from the planning portal deployment are now in place for future deployments. These include more comprehensive testing and involvement of key stakeholders (Members etc..).
 - Weekly reviews now take place with Civica at both operational and senior management level.
 - The Support Services Group Manager reports progress weekly to the senior leadership team.
 - The Executive Member for Support Services is briefed fortnightly.
 - A weekly review takes place with the project team.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Council has delegated to the Executive to monitor the budget monitoring position of the Transformation Programme.
Financial	N	There are no financial implications arising directly from this report. The finances of the programme are set out in Section 3.5 to 3.7.
Risk	Y	See Section 5.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	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	N	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	N	None
Health, Safety and Wellbeing	N	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	N	None

Supporting Information

Appendix A – Financial Summary

Executive –10 March 2016 – T18 Budget Monitoring report to end of February 2016

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