

Report to: **Executive**
Date: **10 March 2016**
Title: **T18 Budget Monitoring report –
To end of February 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. 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 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. The payback period for the Programme is 2.5 years.

- 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 (£4.591million) is £23,000 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 £930,000 has been spent in the period 1 April 2015 to 29th February 2016 as shown in Appendix A. *(Note - the last reported position to the Executive was on 10 December 2015, where a £30,000 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 The budgeted salary savings to be delivered by the project were £290,000 in 2014/15, rising to £1,375,000 in 2015/16. The savings were achieved in 2014/15 and the Council is on track to make the projected salary savings in 2015/16, with the exception of some short term transition costs. The Revenue Budget Monitoring report for 2015/16 is also an item on this agenda and this shows that there have been short term temporary transition (staffing and agency) costs within Environmental Services, Customer First and Support Services, totalling £205,000. This is further explained in the Revenue Budget Monitoring report.
- 1.6 By 2016/17, the salary savings realised will total £2.6 million. These are annual savings being delivered by the project. 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).

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 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 Following the completion of Phase 2 of the Assessments in August, the Electoral Services and Sherford Programme teams were assessed in December. The Facilities Management team will be assessed in the next quarter.
- 3.2 The Council has invested in a Performance Management software system 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. It is anticipated that the new system will be available from April 2016.

- 3.3 The Council continues to use the Assessment process developed during T18 to assess and appoint both internal and external candidates to any vacancies.

Accommodation Workstream

- 3.4 The percentage of the running costs of the building offset by tenants will be up to 60%. The works to fit out the second floor are complete, and the only works going forward will be the fire alarm system in the old house.
- 3.5 The Follaton House budget is projected to be £90,000 overspent in 15/16 due to two main factors. In the T18 Business Case it was anticipated that there would be £60,000 of reduced running costs at Follaton House 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 commenced on re-procuring some of the utilities costs. In addition, it was anticipated that the letting income for Follaton House could be increased by £50,000 in 15/16. There have been delays in tenants moving in so only around £20,000 additional rent will be received in this financial year.

Finance Workstream

- 3.6 ***The table in Appendix A shows that the predicted final spend (£4.591million) is £23,000 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 £930,000 has been spent in the period 1 April 2015 to 29th February 2016 as shown in Appendix A. *(Note - the last reported position to the Executive was on 10 December 2015, where a £30,000 underspend against the budget was reported for the T18 Programme).*
- 3.7 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.
- 3.8 The budgeted salary savings to be delivered by the project were £290,000 in 2014/15, rising to £1,375,000 in 2015/16. The savings were achieved in 2014/15 and the Council is on track to make the projected salary savings in 2015/16, with the exception of some short term transition costs. The Revenue Budget Monitoring report for 2015/16 is also an item on this agenda and this shows that there have been short term temporary transition (staffing and agency) costs within Environmental Services, Customer First and Support Services, totalling £205,000. This is further explained in the Revenue Budget Monitoring report.

3.9 By 2016/17, the salary savings realised will total £2.6 million. These are annual savings being delivered by the project. 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).

4 ICT Workstream

4.1 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.

4.2 T1-Core Infrastructure - the provision of infrastructure and configuration to support the Civica application suite.

4.3 T2-Mobile - to deliver a solution for mobile and agile locality officers.

4.4 T3-GIS (Geographical Information Systems) – replace the existing GIS and enable improved self-serve using spatial data (maps).

4.5 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.

4.6 T5-Telephony – a corporate unified communications solution to aid agile working. Provide an integrated new telephony system for the Customer First contact centre.

4.7 T6-Back office systems migration – migrate the Waste, Planning, Land Charges, Environmental Health, Licensing, Housing back office systems to Civica APP.

4.8 T7-Back office system integration – to enable integration of Civica W2 with remaining back office systems e.g. Revenues and Benefits.

4.9 T8-Infrastructure – replacement of the corporate IT infrastructure to support agile working and provide a cost effective scalable platform.

4.10 T9-Members ICT – equip members with technology that will enable them to work and communicate effectively.

4.11 T10-Document / Image migration – to move historic documents, files and images associated with a customer or property record to the new Civica W2 system.

- 4.12 T1 and T8 are complete. All other projects remain on track for completion during February, March and early April as highlighted in Appendix B. There are 2 exceptions to this.
- 4.13 Contact Centre telephony (within T5) is currently anticipated to complete by end of July 2016.
- 4.14 In Cab technology. Originally out of scope of T18, in cab technology for the waste fleet links requires integration with W2 to enable end to end workflow. The target date for go-live of this project is May 2016.

Civica relationship and current performance

- 4.15 The supplier of the IT solution is Civica. The contract is a duration of 5 years.
- 4.16 The relationship with Civica has been managed through project team meetings and Civica have had a project manager on site at least one day per week since the start of 2015.
- 4.17 The single biggest concern has been the delivery of the software for the development management service, which due to the complexity of the service meant that a new back office system, the new case management system (W2) and the website had to be switched on at the same time. A key risk, that materialised was that we were unable to replicate all of these systems together in a test environment (due to cost, time and disruption to the business as usual operation) and test the processes end to end. This resulted in a significant number of issues with the customer facing element of the service (the website).
- 4.18 As project delivery has ramped up, Civica have at times struggled to provide the appropriate technical resources. This has resulted in a series of escalations to Civica's senior management from September through December, culminating in the Head of Paid Service and the Group Manager Support Services meeting with the Managing Director of Civica Digital Solutions and the Civica Group Executive Business Development Director in mid-January. During this meeting details of complaints received from members of the public, town and parish councils and members over the issues with the planning portal were presented to Civica.
- 4.19 Assurance was given by the Civica management team that they are 100% committed to delivering an IT solution that is fit for purpose and meets the council's requirements.

4.20 In addition to this a weekly progress call is now held between Managing Director of Civica Digital Solutions, the Head of Paid Service and the Group Manager Support Services. Civica’s Managing Director of local government services and the W2 product development manager have also recently attended a workshop at Follaton House to review issues and agree actions and outcomes.

Current ICT project plan

4.21 **Appendix B shows the current high level project plan for the project team and Civica.** For each milestone a detailed project plan exists that has been agreed by relevant business areas, the supplier (Civica) and internal resources.

4.22 **Appendix C shows the detailed IT activities that have taken place in January and are taking place in February.**

Business Processes and Transition Workstream

4.23 The following table highlights the new business processes that have been migrated to W2 or are ready to migrate to W2.

	Active	Release Ready	95% Complete (In Final Testing)	90% Complete (Awaiting signoff)
Total Priority Processes (current): 380 Of which Internal (non Customer facing): 60				
Total Processes > 90% Complete 213	73	70	30	40
DM	1	13		
Waste/Street Scene	13	10		

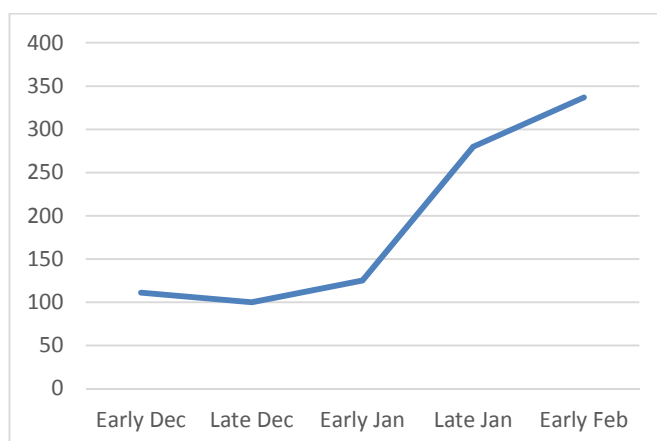
	Active	Release Ready	95% Complete (In Final Testing)	90% Complete (Awaiting signoff)
Council Tax/NNDR	23	16		
EH / Licencing	4	6		
Corporate/ Support Services/other	32	25		

4.24 The following table demonstrates where the benefits of the current active processes will be realised.

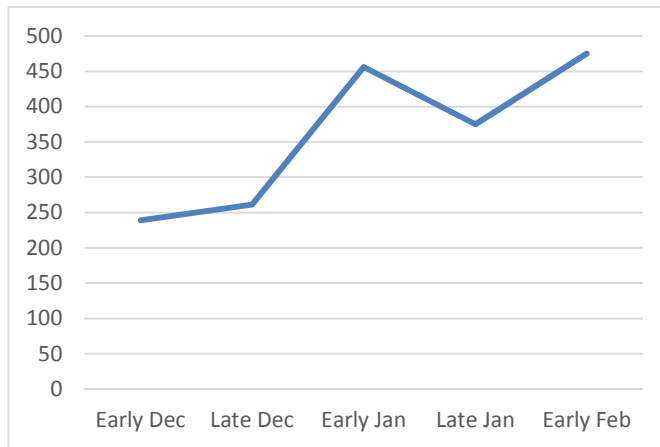
Active Processes	Customer Self Serve	Auto Workflow	Auto Customer Communication	Real-time reporting	Online Payment
73	21	73	59	10	9

4.25 Graph 4.25.1 highlights the number of web based transactions completed by customers using the 21 processes that are available on the web. It is anticipated that this will increase significantly as more processes become active. Graph 4.25.2 shows that over 1800 online accounts have been requested by customers over the same period. Both are encouraging as neither Council has begun an active 'do it online' / channel shift campaign.

Graph 4.25.1



Graph 4.25.2



Customer Workstream

4.26 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.

4.27 The new customer portal has been undergoing extensive testing and went live in November. Sections 4.23 to 4.25 explain the processes going live.

4.28 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.

4.29 A recent 2015 Local Government Association report on the use of technology to transform local public services has concluded that the costs of different types of transactions are as follows:-

- Face-to-face Customer Services visit: £8.62;
- A telephone call made through a Customer Contact Centre: £2.83; and
- The cost of an online website transaction: 15 pence.

5. **Current issues and key risks**

- 5.1 As previously highlighted in paragraph 4.17 the delivery of the planning customer portal has been a significant issue. This has seen a loss of functionality, poor search facilities and difficulties displaying documents. Following a workshop with the Civica product and development team, a plan has been agreed with Civica with a number of 'quick fixes' implemented. It should be noted that a Member was present and gave detailed examples of the issues experienced by Members, town and parish councils and customers. Civica anticipate delivering their new solution by the end of February for us to carry out comprehensive testing before deployment. Members will be invited to participate in this testing phase.
- 5.2 Recruitment into a number of technical roles within IT has been problematic, however this has now been completed for all key IT specialist roles.
- 5.3 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.
- 5.4 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 bi-weekly.
 - A weekly review takes place with the project team.
 - A review now takes place 3 times a week with the process delivery team to ensure there are no blockages to processes moving into an active state.

6. 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, with quarterly budget monitoring reports being presented to the Executive.
Financial	N	There are no financial implications arising directly from this report. The finances of the programme are set out in Section 3.6 to 3.9.
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

Appendix B – Overall project plan

Appendix C – Detailed delivery tasks January and February

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