

NAME OF COMMITTEE	Audit
DATE	16 January 2014
REPORT TITLE	Transformation Programme 2018 (T18)
Report of	Head of Finance and Audit
WARDS AFFECTED	All

Summary of report: The Council asked a team of independent external assessors to review the Council's Transformation Programme (T18) plans. This report summarises the findings of two project assurance reviews on the proposals.

Financial implications: There are no financial implications associated with this report.

RECOMMENDATION:

It is recommended that Members note the reports of the external quality assurance review team and the action plan which has been put in place in response to the findings in the reports.

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1. BACKGROUND

- 1.1 **Transformation Programme (T18).** Because of the unprecedented scale of financial challenges demonstrated in the Councils' Budget reports, Members have been considering a Transformation Programme (T18) which is viewed as the primary driver to achieve the savings required over the next few years.
- 1.2 This is a joint transformation programme with West Devon Borough Council with whom the Council has been sharing services with since 2007. The investment costs for South Hams District Council required for the T18 programme are £2.95 million, generating annual recurring revenue savings of £2.5 million. The Programme will be self-financing from the end of year 2 (2015/16) onwards. The payback period for the Programme is 2 years. Both Councils have now made the decision to proceed with the programme
- 1.3 The full Council report on the Transformation Programme 2018 is available on the following link:-
<http://www.southhams.gov.uk/CHttpHandler.ashx?id=6857&p=0>

2 EXTERNAL QUALITY ASSURANCE REVIEWS

- 2.1 The Council invited a team of independent external assessors to review the Councils' Transformation Programme plans. The assurance team visited both Councils and spent two days in a series of intensive meetings with Officers and Members examining the proposals.
- 2.2 The report of Grant Thornton is attached at Appendix A. The report states: "This approach (T18) is a corporate, long term, comprehensive savings programme across both Councils based on a different model of working i.e. more efficient interaction with customers through investment in IT and staff efficiencies. It has strong advantages over shorter-term approaches. It is more sustainable in the long term, provides a clear vision for all stakeholders: local residents, businesses, members and officers."
- 2.3 The report of the external review team is attached at Appendix B. The report concluded that the Councils' Transformation Programme 'is a well founded approach to delivering modern services at a substantially reduced cost.'

3. ACTION PLAN

- 3.1 The action plan below details the relevant findings in the assurance reports and how the Council will address these.

Report Finding	Management Response	Action by whom and by when
1) Market analysis regarding customer contact channel shift is not specific to the region. Suggest that the project team continues to analyse the potential and barriers to channel shift and undertake further local market analysis.	The assumptions used in the business case for self-serve savings are very conservative (Ranging from 1% to 17% depending upon the service area with an average of 7%). The national average is considerably higher. The project team have researched Geodemographic information such as the CACI (information technology company) profile of rural communities, which suggests that whilst residents are not dominated by modern technology, they will use on-line services several times a week, for example, managing bank accounts, purchasing groceries. Online services are seen as particularly helpful given the remote nature of some communities.	Head of ICT and Customer Services On-Going throughout the project
2) The project team should ensure customer related risk factors such as Broadband coverage are included.	The Digital Britain report shows that the ability to access services on-line is heavily related to the socio economic makeup of an area rather than connectivity.	Head of ICT and Customer Services

Report Finding	Management Response	Action by whom and by when
Signal strengths throughout the Districts are not reliable. Explore alternative arrangements such as G4 networks.	For example, Devon has higher connectivity rates than some inner city suburbs. The Government are investing in super fast broadband and 4G, the incoming generation of mobile signal, should become widely installed/adopted within the next 2-3 years. The project team are looking for technology that doesn't require constant connectivity but instead stores data ready for the next point of contact.	On-Going throughout the project.
3) To validate the accuracy of IT installation and running costs and maintenance and support costs.	The project team have undertaken a soft market testing exercise to look at the technology used by other leading authorities and have held discussions with many suppliers regarding our transformation plans. These costs have been validated as part of that process.	Head of ICT and Customer Services Already actioned
4) The management team should consider the level of reserves in comparison to other comparable sites.	Comparisons have been made with the Audit Commission's statistical nearest neighbours. This will be assessed again when the Accounts are closed in June 2014. The budget monitoring report in December 2013 showed a predicted underspend of £29,000 and the New Homes Bonus allocation for 2014/15 is predicted to be £1.365 million.	Head of Finance and Audit June 2014
5) The Councils should identify a clearly identified transformational lead officer and a member with specific responsibility for transformation.	The Corporate Director (TW) will be the transformational lead officer. The two Council Leaders will be the members with specific responsibility for transformation. The Steering Group will meet 2-3 times a year and the Programme Board will meet monthly.	Already actioned
6) Work up some specific examples of customer journeys.	Customer journeys have been documented and circulated.	Already actioned
7) Develop an overall risk strategy and a single risk register for the project with an action plan and clear deadlines for action.	The T18 Council report documents Risk Matrices. These will now be developed further into an overall risk strategy with a single risk register.	Corporate Director (AR) March 2014

Report Finding	Management Response	Action by whom and by when
8) Wider dissemination of the activity analysis and blueprinting process – maybe advantageous to open up the blueprint process to elected members.	The blueprinting process was for staff within each service area to identify the processes in their current format and how they will need to work in the new model. This was a twelve week piece of work. Members will be kept informed through Member workshops.	Head of ICT and Customer Services On-Going
9) The timetable is tight. Possibility to use reserves to edge the timetable back a little.	The project team will keep this under review as part of the programme monitoring. Any use of reserves will be considered, if and when appropriate and reported to Members.	Head of Finance and Audit On-Going

4. LEGAL IMPLICATIONS

4.1 There are no legal implications arising from this report.

5. FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising from this report.

6. RISK MANAGEMENT

6.1 The Risk Management implications of the Transformation Programme (T18) were set out in detail in the Council report of 4 November 2013 available below:
<http://www.southhams.gov.uk/CHttpHandler.ashx?id=6857&p=0>

7. OTHER CONSIDERATIONS

Corporate priorities engaged:	The T18 report relates to the future delivery of the Councils' four corporate priorities
Statutory powers:	Local Government Act 1972, Section 151 Local Government Act 2003, Section 28
Considerations of equality and human rights:	There are no implications arising from this report.
Biodiversity considerations:	There are no implications arising from this report.
Sustainability considerations:	There are no implications arising from this report.
Crime and disorder implications:	There are no implications arising from this report.
Background papers:	Council report 31 October 2013 – T18
Appendices attached:	Appendix A - Grant Thornton report Appendix B – External assurance report