

SOUTH HAMS DISTRICT COUNCIL - 31 OCTOBER 2013

WEST DEVON BOROUGH COUNCIL - 4 NOVEMBER 2013

TRANSFORMATION PROGRAMME 2018 (T18)

EXTERNAL QUALITY ASSURANCE REVIEW & FINDINGS

1 Summary of Report:

1.1 This report summarises the findings of a project assurance review on the councils' T18 proposals. Following an intensive series of meetings over two days with council officers and members the report suggests that T18 is a well founded approach to delivering modern services at a substantially reduced cost. It identifies a few key issues that need to be managed carefully to maximise the prospects of success.

2 THE REVIEW

2.1 From the start it has been clear to the officers and members of both councils that the T18 proposals represent a root and branch reconfiguration of the two councils' services and the way they are delivered. It is to their credit that they sought a detached view of the proposals as a health check of the project in advance of taking key decisions to progress or not.

2.2 The form of the review was to invite three individuals with known relevant experience to familiarise themselves with the documentation of the project, over two days on site, to meet key officers, the leadership, union and staff representatives and open forums of elected members and finally to report back on their findings.

2.3 The team was asked specifically to provide an objective opinion for Members whether or not T18 should deliver the estimated savings via the reconfiguration of services and the more joined up use of ICT that the project proposes. At the same time we were tasked to comment on the risk management aspects of the project and any alternative approaches that might come out of our work.

2.4 The team comprised:-

Ian Lowrie OBE – Ex joint Chief Executive of Adur District and Worthing Borough Councils

John Rogers - Head of Systems Thinking and Customer Access, Transformation, Wiltshire Council

Heather Goldie – Grant Thornton; commissioned separately to report on financial aspects of T18

2.5 The review commenced with distribution to the team of relevant papers in the week leading up to the onsite interviews which were conducted on 14 & 15 October. This report was prepared and agreed within the team shortly afterwards and the findings are now presented to the two councils to assist the decisions they are about to make.

2.6 Before proceeding to the findings themselves, the team would like to thank all participants for the open and friendly way in which they engaged with us.

3 THE FINDINGS

3.1 The issues and discussions we had when on site predictably covered a very wide range of topics and perceptions of T18 and its implications, success or failure. To make this report more digestible we have structured these comments under the headings that our consultees wished to express their views upon. However, it is important also to recognise that the other crucial comparator you need to measure views of T18 against is the fundamental purpose of the two councils. Aligning fundamental purpose and T18 together is a powerful way to build engagement and support from customers, members and staff. In other words, the councils should not be side tracked from the requirement to serve their communities with real value for money services and support for those communities by any of the components of T18, however deserving of concern they are.

3.2 T18 is a comprehensive programme: a genuine transformation, not simply tweaking. It includes:

- New ways of working – agile
- Upgraded infrastructure
- New service design
- New (additional) ways for customers to access service
- New ways for councillors, communities and officers to work together
- New IT applications
- New job roles and structures
- New management processes

3.3 These changes will all take place together in a relatively short period of time. This gives the opportunity for them to reinforce one another, but will also require deft coordination and close attention to the factors which are essential to success.

Changing the way services are delivered

3.4 The work that has gone on to date has examined many highly detailed aspects of various services provided to customers. The heart of T18 suggests a different grouping of tasks to deliver first class services at each of the stages of service in a coordinated manner; eg front line, case handling and specialist. There is an appreciation of the end to end costs of delivering the service and this should be a factor when allocating tasks to roles – rework is almost always more expensive overall than getting it completed in full first time (or in the fewest possible steps).

3.5 This highly analytical work is being translated into service blueprints which will then form the basis of the new services and what the ICT specification will need to support and deliver. Some of the comments and concerns we picked up did not appreciate how much has already gone into the design of the T18 model and there is still more to do. This suggests the need for a wider dissemination of the activity analysis and blueprinting process so that others can see that they are not being rushed into something that has not been thought through. It may also be advantageous to open up the blueprint process to elected members to widen the understanding of T18 and to build in their perspective on the service design stage.

The increased use of ICT

3.6 Many of our consultees expressed anxieties about the increased dependence upon ICT, whether it will do what it says on the tin and whether it can be made to work within time and cost limits and across two councils too. The other main concern expressed was that there are many council customers who do not have the skills, equipment or desire to access the councils on line.

3.7 Our view of the ICT aspects of T18 are partly influenced by the fact that the two councils already have a track record of investment in ICT and that much of the joint infrastructure is already in place. However, as this has been done in a relatively piecemeal way there are huge inefficiencies in systems that cannot talk to each other or transfer documents etc. Whilst recognising the risks and uncertainties of an entirely new joined up system, it is this that will deliver the services more efficiently and with fewer staff.

3.8 Another thing to note is that all the component tasks that will be handled within the ICT environment are entirely familiar to council systems. The innovation is the installing them across two councils joined up with each other from the start. Clearly the failure of major ICT system procurements in the public & private sectors has coloured some perceptions of how this will be made to work. So it is one of the key risk factors and this will inform some of the comments we make later in this report about timescale and risk. Nevertheless, it is central to delivering modern services at substantially reduced cost. This obviously places a huge premium on getting the specification and tendering process for the ICT suppliers right; in addition, once the essential functionality requirements are met, the ethos of the suppliers is the key factor: will they work with the councils effectively as a partner?

3.9 A visit organised for elected members to view the integrated arrangements at Wiltshire provided a practical example of how such systems can work successfully alongside each other and across organisational boundaries.

3.10 Finally, the concern about those who cannot use ICT systems needs to be dealt with. The proposal does not stop either of the councils providing services in the traditional ways; by telephone or face to face. Mobile staff will be able to help customers get their needs right first time, rather than clogging up any of the systems with queries or revisions. The new joined up ICT should add better integrated services to support them and at the same time gives access to those systems for those who choose to use them themselves. High-quality self-service options on digital channels will create capacity for people who need supported delivery via telephone or face to face – so channel shift will enable savings while improving access.

Mobile working

3.11 Agile and locality staff, with the right equipment to enable them to work with the new ICT systems out in the field, is a creditable example of the ability to enhance service at the same time as reducing cost. However, we did pick up strong concerns about the networks currently available to support the technology as visualised. Our personal experience of the lack of mobile signals during our visit underlined this concern.

3.12 Some reassurance can be taken from the project staff we met that alternative arrangements are being explored, possibly that installation of G4 networks will assist and that investigations are

underway into how wifi hotspots can be achieved in local communities at very low cost and how mobile staff in other organisations succeed in operating in difficult reception areas eg the AA, Fire & Rescue etc.

Financial costs

3.13 At face value the financial costs of T18, totalling some £4.7million represent a major sum for district councils. However, when set against the potential savings, assuming they are realised, it represents a really sound invest to save proposal. But it does mean that the estimates and assumptions need to be tested throughout the life of the project as the actual costs unfold along the way.

Financial savings

3.14 In a similar vein to the costs, the savings need equivalent scrutiny. We spent a substantial portion of our time testing not only the figures but also the nature of the reconfiguration of services to understand how they will function well at less cost. At one level of course the savings are very predictable; ie if the number of staff is reduced as proposed then the salary bill will go down accordingly. The final net savings figure will then depend upon the final investment costs and the outcome of the actual redundancy costs against the estimates.

3.15 The salary budget reduction is almost a given each time one of the project phases is completed and the redundancy costs will be one side or the other of the estimate. In addition, the councils are already holding vacancies open, or filling them on a temporary basis, so that this risk (and its cost) is being managed down from now. In this way therefore the savings estimate seems robust in broad terms.

3.16 Our exploration of the estimates from the bottom up was also undertaken. This revealed a very thorough exercise, in partnership with the consultants Ignite and iESE.

3.17 Grant Thornton will be presenting a more detailed report on the financial aspects of T18.

People & human resources issues

3.18 Many of our discussions made reference to the people issues surrounding T18. This is natural when so many of the outcomes of the project depend upon a redesign of officer roles into different skill sets, more focused on the customer journey and the fact that the savings depend upon needing less staff in total. However, as the councils are currently deeply involved in the service design and blueprinting stage of T18 it was not yet possible to consider or comment in detail on the nature of the new jobs. All we can say is that the process for service design is intensive and impressive in its scale and attention to detail and should lead to a rational approach to the job specifications required in the T18 customer environment.

3.19 There is a great deal in T18 for staff to feel positive about. T18 has not caused the need to reduce spending in line with reduced budgets, which is driven by external pressures. It is, instead, an innovative route to a better future that has made a virtue of the challenges. For the four out of five staff who continue (those are respectable odds!), the new model offers opportunities for development, a high value placed on customer-facing and locality-based roles, and potential to be

part of an exemplar for small rural councils' service delivery. It also places the councils in the driving seat of their futures, rather than becoming victims of external circumstances.

3.20 Representatives of staff did express concern that the new specification of "required skills" could dispossess existing staff of the opportunity to continue working for the councils and the impact it may have on the selection process. Our observation on this view is that regardless of the change in the profiling of the T18 customer service environment there will still be a need for direct experience, knowledge of the area and an understanding of the technicalities of each service. Therefore, whilst we support a wide trawl of staff for the new staff structure, it is the existing staff who will be best placed to occupy the new roles as long as they approach positively the possible need for flexibility in the new arrangements. As a corollary to this the councils will not wish to create redundancies unnecessarily in view of their cost.

3.21 Finally, we also discussed briefly the possible new employment entity, the rationale for which is to symbolise the transition to new ways of working and new roles. We did not have time to go into this in depth but have reservations about the value of creating a new employment entity if it is merely symbolic. These reservations would be reduced if it is seen as a prelude to a longer term move to an alternative service delivery model or wider group of stakeholders..

Risks and managing them

3.22 It is obvious to all involved with both councils that T18 will change customer culture in a fundamental way. As a result it is entirely appropriate that the T18 process and its documentation include a specific and comprehensive risk management process. This should and will be a regular and systematic part of project review through the T18 timetable. We are satisfied that risk and its management are already being given careful consideration as a fundamental part of the project and its management.

3.23 In the time we spent looking at this a few items of risk came up that we believe need particular attention if T18 is to be delivered successfully. They may require more specific scrutiny in the risk management process:-

ICT cost and specification – The procurement of a successful ICT system to underpin the new customer service arrangements is mission critical. Many of our consultees referred to examples elsewhere where cost, effectiveness or timescale had not worked. We have expressed the vital nature of the blueprinting exercise feeding accurately into the specification elsewhere in this report. It is essential.

Mobile signals & solutions – We believe the locality workers, agile working arrangements and potential for staff to go to the customers under T18 are exciting and positive aspects of delivering really good and modern services. However, signal strengths throughout the districts are not reliable. This risk needs very careful scrutiny with specific actions to ensure that there are sound and practical steps to make this critical part of the customer network effective.

Savings – A major driver for T18 is to deliver savings. Much work has gone into the estimation of savings via the activity analysis etc. However, the costs of procuring the ICT

systems and the actual outcome of the staff savings, redundancy etc will need very close risk monitoring as the project progresses.

Governance – The councils have had great success in operating in their shared environment over recent years with a high degree of “separateness”. Such is the scale and fundamental nature of T18 that we believe the councils should consider a more regular series of more formalised meetings with leading members of both authorities to review T18 progress (recognising there is a high level of existing informal contact). This would protect the councils from unexpected outcomes and prepare for any difficulties in T18 that might require a more integrated discussion and collective compromise.

Service delivery/reputation – Implementing a project as all-embracing as T18 is bound to create some disruption to what is regarded as “normal service”. The councils have generally high standards in current performance indicators. The risk of them dipping below current levels in the short term needs to be acknowledged and the management of key messages built into the process.

Timetable & Implementation

3.24 Overall our view of the T18 proposals is that the timetable is tight. However, when the financial prospects of both councils are so challenging, time is clearly of the essence. And it is also true to say that getting a major organisational change completed in a short time does cut down the risk of it feeling like an endless period of uncertainty. However, the councils will need to balance the urgency of the financial context against the certainty of successful implementation of T18.

3.25 It is creditable that the project plan seeks to achieve a great deal in a short space of time. However, many of the comments and concerns we heard from our consultees seemed to be founded on a belief that T18 would happen overnight.

3.26 In fact, despite the pace of the project, the T18 timetable still runs over a number of years and there are tight but realistic estimates for the numerous stages of its implementation. The review team does have some anxiety about the achievability of the service design stage being so tightly programmed alongside the systems procurement activities, as it is so important for the right systems being acquired. Some members suggested using reserves to edge the timetable back a little to ease this possible pressure point.

3.27 The review team makes no recommendation on this thought, but would only comment that it could be one option for mitigating some of the inherent risks in any innovation based on major ICT acquisitions.

Is there an alternative?

3.28 One aspect of our brief was to assess whether or not there appeared to be any realistic alternative to the T18 proposals that might deliver similar benefits and savings.

3.29 The only specific suggestion we heard was for the councils to add further partners to its shared services arrangements. However, as the two councils have already taken substantial savings from

these arrangements, the addition of extra partners would not produce the level of financial benefit needed and would generate substantial additional management and governance effort (and cost).

3.30 Another observation that occurred to the team during the review was the fact that the only substantive alternative was written into the papers that have been put to the councils already. Namely this describes a period of severe and growing shortage requiring the councils to make draconian cuts to services and closure of many activities. This ends up providing further justification for making T18 work rather than looking elsewhere. Therefore, the only alternative might be to adjust the timetable if that helps to manage risk or to deal with any specific local issues.

Communications

3.31 It will be clear from the comments so far in this report that there are a few aspects of T18 that are of substantial concern to those that we listened to. As our consultees were all part of the councils' working arrangements this does suggest a need for even more communication activity than has taken place to date. Whilst recognising that much has been done already, our view is that continued involvement of staff and more elected members in the early stages of the design of the new arrangements would enhance the design process itself. It would also help to disseminate a deeper understanding of the culture change that T18 represents.

3.32 In addition to these general comments, some more specific suggestions that occurred to our team were:-

- Include a small number of elected members in the blueprint activities.
- Programme a series of strong internal and external messages that focus on the channel-shift aspects of T18 to demonstrate that the direct on-line integrated services are in addition to existing channels. Facilitated access via other routes will be maintained for those who are not able or willing to use them.
- Maximise and publicise the lessons from site visits or information from other working examples of the T18 style of working, making them practical demonstrations wherever possible.
- Work up some specific practical case examples of how services will operate under T18 so that the customer journey can be understood "in colour" rather than in theoretical flow charts.
- Producing and disseminating some clear messages on the timetable that clarify the sensible stages that are part of the project plan, ie that despite the need to achieve savings in the near future, there is a very clear and thorough series of project stages to be completed before major decisions and detailed arrangements are implemented.

4 CONCLUSIONS

4.1 From this short but intensive review we are of the opinion that the T18 project is a well thought out and innovative way of transforming the services that the two partner councils provide to their communities, at the same time as delivering substantial savings. There are sound reasons to accept the estimated costs and savings at this stage, but these will need to be carefully monitored and managed as the realities of each of the stages unfolds.

4.2 Naturally there are risks with any project of this scale or complexity but we believe there are sound attitudes and systems built into the T18 project to manage them successfully, with a few points of extra emphasis ed in this report.

4.3 Finally, a degree of wider involvement of members in the T18 processes would help the understanding, design and acceptance of the T18 proposals as well as informing the essential communications activity.

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21 October 2013