Finance and Resources Committee

2.00pm, Wednesday 13 May 2015

Council transformation programme: status report

Item number	7.5
Report number	
Executive/routine	
Wards	All

Executive summary

This report provides the Finance and Resources Committee with the second status update on the Council transformation programme, aimed at delivering a lean and agile Council, centred on customers, services and communities.

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	SO1, SO2, SO3 & SO4

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Report

Council transformation programme: status report

Recommendations

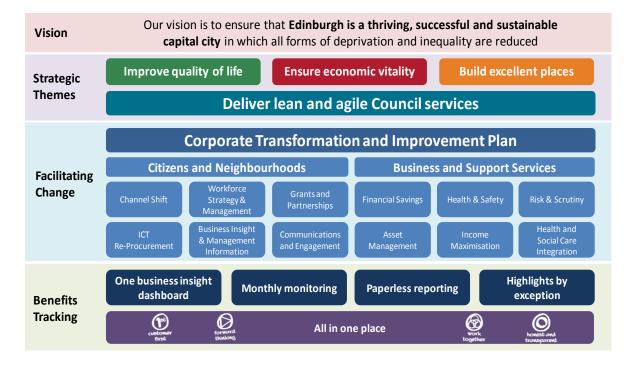1.1   To note the status of the Council Transformation Programme.

Background

2.1   The Council continues to operate in a challenging environment with increases in demand for services within ongoing financial constraints. In response the Council has developed a transformation programme aimed at building a lean and agile organisation, centred on customers, services and communities.

2.2   A full overview of the strategic direction of the Council was considered by the Corporate Policy and Strategy Committee on 12 May 2015, covering all key areas of the Council's business planning framework, the Council's transformation programme, Best Value audit priority actions and preparation for a further service prioritisation approach.

2.3   This Committee will also consider the Council's revenue budget framework 2015-2020 savings requirement estimates and the need to look beyond savings offered through the Council's transformation programme to more fundamental service prioritisation in order to secure longer-term financial sustainability.

2.4   This report provides a progress update and overview of the following specific areas of the Council's transformation programme, in particular:

2.4.1   Council transformation and improvement approach;
2.4.2   Delivery model blueprint and design; and
2.4.3   Programme management office and benefits realisation.

2.4.4   Channel Shift: in depth overview of progress.

2.4.5   Status updates: Council transformation programme workstreams:

2.4.5.1   Citizens and Neighbourhoods;
2.4.5.2   Business and support services;

2.4.5.3   Grants and partnerships;

2.4.5.4   Asset management strategy; and

2.4.5.5   Workforce strategy and management.

Main report

3.1   **Council transformation and improvement approach**

3.2   The Council Transformation Programme sets out an integrated programme of projects pulling together all aspects of transformation. The plan comprises two core projects, supported by a number of cross-cutting workstreams.

3.3   Citizens and Neighbourhoods: this project will deliver a new operating model for the Council in which services have an enhanced focus on local communities. The project will improve local control over services and priorities, reduce bureaucracy and deliver more resources to the frontline.

3.4   Business and Support Services: this project will deliver a new model for the provision of central support for Council services. The project will provide a strong strategic centre to support frontline delivery, streamline processes and help move towards a 'right first time', customer focussed approach.

3.5   These projects are supported by a range of initiatives aimed at improving customer outcomes and providing best value for money.

Vision	Our vision is to ensure that **Edinburgh is a thriving, successful and sustainable capital city** in which all forms of deprivation and inequality are reduced				
Strategic Themes	**Improve quality of life**		**Ensure economic vitality**		**Build excellent places**
	Deliver lean and agile Council services				
Facilitating Change	**Corporate Transformation and Improvement Plan**				
	Citizens and Neighbourhoods			**Business and Support Services**	
	Channel Shift	Workforce Strategy & Management	Grants and Partnerships	Financial Savings	Health & Safety	Risk & Scrutiny
	ICT Re-Procurement	Business Insight & Management Information	Communications and Engagement	Asset Management	Income Maximisation	Health and Social Care Integration
Benefits Tracking	**One business insight dashboard**	**Monthly monitoring**	**Paperless reporting**	**Highlights by exception**	
	customer first	forward thinking	**All in one place**	work together	honest and transparent

3.6   **Delivery model blueprint and design**

3.7   The Blueprint includes the design principles of the future organisation based on the strategic choices made to date and data collected throughout the duration of the programme. This has been considered by programme board and a more

detailed design mandate illustrating the future organisational design is being developed. The final versions and proposals will be bought to this Committee for consideration with an indicative high level roadmap for a phased transition and implementation.

3.8 **Programme management office and benefits realisation**

3.9 A Programme Management Office (PMO) has been established to support the delivery of the Transformation Programme.

3.10 Key deliverables in this reporting period included:

3.10.1 a Programme Dashboard that details project progress, risks and issues with mitigating actions, and financial budgetary information has been established;

3.10.2 defined core project and programme documentation, toolkit and methodologies;

3.10.3 shared document repository to facilitate inter-project working;

3.10.4 facilitated group and 1:1 sessions to develop project plans, dependencies and change control procedures; and

3.10.5 a change control cycle for programme roll-out.

3.11 The PMO is currently being developed and managed in partnership with EY. A transition plan is being devised to transfer leadership of this function to the in-house Council team. Further planned activities include developing and incorporating benefits and actual cost tracking into the programme dashboard, introducing a consolidated dependency tracker and consolidating all workstream project plans in to an integrated programme level plan with key milestones.

3.12 **Channel Shift: in depth overview of progress**

3.13 The Council currently receives over 3.7 million individual contacts from citizens every year. Over 88% of these contacts are over the phone with the majority of the remainder being face to face. This project aims to reduce the cost of delivery of a wide range of Council services by shifting the channel used for customer contact to the most efficient and appropriate.

3.14 The ICT Strategy (October 2013) and ICT Transformation programme began the process of allowing our customers to transact digitally by delivering:

3.14.1 a responsive website, co-designed with Edinburgh citizens, available on all devices including mobile phones and SMART TV;

3.14.2 over 30 different types of digital transactions;

3.14.3 a single CRM (Customer Relationship Management) tool; and

3.14.4 validated customer sign-in through the MyGovScot account, a national solution intended to link all public services used by a citizen through one

account. City of Edinburgh Council is the first local authority to launch this service.

3.15 All the online transactions introduced as part of the channel shift initiative are fully automated and eliminate any need for costly manual intervention or additional processing steps. Other similar initiatives currently in service areas of the Council are being assessed and supported via the evolving pipeline to ensure all benefits area realised from real shifts to online processing.

3.16 Savings achieved to date

3.17 Savings have been achieved by the Channel Shift project from within the Contact Centre, taking into account the efficiencies provided by the introduction of the 37 online transactions and the CRM. Details are provided in the table below:

| | 2015/16 | | Commentary/Action Plan |
	£k	%	
Savings Target	430,870		Figures are net of investment required
Achieved to Date	355,000	82	17 F.T.E reduction in the Contact Centre. All reductions have been achieved through the exit of agency staff.

3.18 Aligned to this initiative, the wider ICT re-procurement process continues to progress successfully, on target to achieve an annual financial savings benefit to the Council of a projected £6m per annum.

3.19 Customer Account (MyGovScot)

3.20 Significant work has been completed, working closely with The Improvement Service, to improve the customer experience and usability of the MyGovScot account, including:

3.18.1 making it easier to change a forgotten username or password;

3.18.2 increasing the amount of special characters that can be used in passwords; and

3.181.3 adding 'help' page links.

3.21 All changes were identified through user testing (carried out with both customer and staff groups). This evidence then formed the basis of discussions and change plans with The Improvement Service.

3.22 Further changes are required to provide explanations and simplify terminology within both the City of Edinburgh Council website and the MyGovScot account site. This work is being carried out in conjunction with The Improvement Service with a high level of input from ICT Solutions staff.

3.23   Marketing

3.24   The channel shift marketing strategy and promotional plan is in the final stages of development and will be completed over the coming weeks. The primary aim of this marketing strategy is to drive the numbers of residents, colleagues and other users of council services using online transactions, by maximising awareness of our online services, demonstrating how easy it is to transact with the Council digitally. The marketing activities have been split into both tactical (using simple, smaller methods which achieved some results) and wider, strategic solutions:

3.25   Tactical: The first stage of the strategy was developed and delivered from September to December 2014. This used all existing channels, social media and online advertising to promote channel shift to residents. Examples included messages on some existing customer facing communications: press releases, blogs, Council Tax envelopes, telephone on- hold system messages, email footers and letters.

3.26   Small scale social media and search engine advertising was utilised using the following routes:

3.26.1 Facebook advertising saw a CTR (click through rate) of 1.6%. The marketing industry standard is 1% (The Lane, media buyers for Marketing Edinburgh, 2015); and

3.26.2 Google advertising campaign saw a CTR of 7.5%. The marketing industry standard is 2% (The Lane, media buyers for Marketing Edinburgh, 2015).

3.27   Strategic: The visual images and messages that will be used in both the internal and external marketing campaigns have been developed and tested with a cross-section of citizens and local businesses.

3.28   Prior to the main external campaign, there will be internal communications across the organisation. This will take place in May 2015 and will ensure colleagues across the organisation understand the benefits of adopting the digital channel for the Council and citizens.

3.29   The external marketing campaign will launch in June 2015.

3.30   Data Collection and Cleansing

3.31   A further refinement and gap analysis of the transactional data (what transactions are carried out, what channels are currently used and what is the volume of the transactions) is currently being collected:

3.31.1 The target completion date for this exercise is the end of April 2015; and
3.31.2 The output from this exercise will form the basis of the additional pipeline of transactions for development.

3.32   Significant progress has been made by teams from Customer Services and Housing to manually match customer data held in the Council Tax and Housing

systems. Unmatched data creates multiple records for the same customer. This better quality data will contribute to the "single view of the customer" which will inform how we proactively transact with citizens in the future.

3.33 After all automated processes were exhausted 9,000 unmatched records in the iWorld system (Council Tax and Housing) were identified which required manual matching. This involved the development of a standard matching process and preventative strategies for future data capture quality.

3.34 **Status updates: Council transformation programme workstreams**

3.35 High level details of the current status for each of the other transformation programme workstreams is outlined below.

3.36 **Citizens and Neighbourhoods**

3.37 The main focus of the Citizens and Neighbourhoods (CNS) project has been undertaking activity analysis to establish the "as-is" position of the functions in scope. This work has involved mobilisation of a team of Change Representatives from across front line services to undertake activity analysis. The activity analysis is now well underway and will also capture opportunities for savings and improvements as well as the current position.

3.38 The CNS project have also been using the activity analysis as a key engagement activity with staff to provide the context in which the task is being undertaken and using the various forums to communicate the need for change in relation to the financial and other environmental factors that necessitate the need for change.

3.39 In addition, the project team are focussing on validation of the assumptions included in the business case approved by Finance and Resources Committee on 15 January 2015 with the primary focus at this time being on the reduction in management layers that underpinned a significant part of the savings contained in the business case.

3.40 **Business and Support Services**

3.41 Change representatives from the business and support services project team have focused on completing activity analysis and identifying opportunities across all identified functional areas, engaging directly with staff. This exercise is close to completion and analysis of the data is underway supported by 'strength and opportunity' workshops with a representative range of Council staff. To verify the accuracy of the data a range of validation and review sessions are being undertaken.

3.42 The outputs of activity analysis will support the design process to create the future model for integrated support services in the Council. The design activities

for a range of early adopter functions and phasing of future services into the new model, once agreed, is underway.

3.43 **Grants and Partnerships**

3.44 This workstream is focused on service-led coproduction of new grant and contract programmes for 2016/17. This has been supported in the initial stages by regular senior level engagement between the Council, third sector and partners to oversee the co-production process and manage delivery of project objectives.

3.45 Key delivery milestones include:

3.45.1 new coproduced programme proposals for 2016/17 to be agreed by Executive Committees by September 2015; and

3.45.2 new programme awards made by Executive Committees by March 2016.

3.46 **Asset Management Strategy**

3.47 The Asset Management Strategy (AMS) work stream has now been fully established. Rob Leech has been appointed as SRO, working alongside the existing Corporate Property management team, to lead the development of the AMS business case for submission to this Committee in June 2015.

3.48 In parallel with the appointment of the SRO, Deloitte has been appointed as strategic partner to develop the AMS business case and work commenced in March 2015. Deloitte's scope includes setting up the AMS Project Management Office and establishing the Corporate Property financial baselines. Three business cases are then to be developed in relation to:

3.48.1 Service Delivery Optimisation which will focus on reviewing Corporate Facilities Management and Buildings Programmes;

3.48.2 Estate Rationalisation focussing on the Councils operational assets; and

3.48.3 Investment Portfolio Optimisation focussing on non-operational assets.

3.49 The first six weeks of the Deloitte commission involved project set up and fact finding and the following activities are now complete:

3.49.1 a Project Initiation Document (PID) has been developed setting out the AMS mandate and objectives; key success criteria and KPIs; governance arrangements; key stakeholders; programme controls; deliverables and programme;

3.49.2 a scoping exercise defining the AMS boundaries;

3.49.3 validation of baseline costs, budgets, investment levels and savings;

3.49.4 development of a comprehensive Assumptions Book which will be used to underpin the business case;

3.49.5 mapping property and facilities management (FM) overlaps between AMS and the other Transformation Programme work-streams; and

3.49.6 formation of current state to future state opportunities.

3.50 Work is now underway to develop transformational options to establish the value, scope and extent of savings opportunities. The current target date completion for the Deloitte business case is early-mid May 2015.

3.51 **Workforce strategy and management**

3.52 The main focus of this workstream has been to define the scope, governance and implementation arrangements for the following eight workstreams: Trade Union Engagement/Consultation; Head of Service Appointments; Organisational Design and Implementation; VR/VERA Payments; Career Transition and Redeployment; Senior Leadership Support & Culture Development; Transformation Insight; and Individual and team Development. These will support implementation of the high level structures outlined in Organise to Deliver.

3.53 Engagement has commenced with Trade Unions, through the Partnership at Work forum. An engagement strategy was agreed with the unions, resulting in the first of several meetings taking place with them to discuss initial proposals around the Citizens and Neighbourhoods Services and Business Support Services workstreams. Further meetings to engage on the other transformation workstreams are being scheduled.

3.54 **Next steps**

3.55 The transformation programme will deliver final proposals for consideration by this Committee on 4 June 2015 as follows:

3.55.1 Delivery model blueprint and design;

3.55.2 Career transition, re-deployment and redundancy; and

3.55.3 Asset management strategy.

Measures of success

4.1 The business cases have identified significant financial and non-financial benefits associated with the overall transformation programme.

4.2 The PMO will develop a clear financial and non-financial benefits framework and this will form the basis of bi-monthly reporting to Committee.

Financial impact

5.1   The estimated recurring savings from the most likely scenario set out in the business cases after 5 years is £48.8m.

5.2   Based on the assumptions underpinning the business cases, it is estimated that £34.0m of additional savings will be realised, excluding potential overlaps with operational savings, primarily captured in the 2015/16 budget of £12.8m and estimated savings attributable to the Housing Revenue Account of £2m.

Risk, policy, compliance and governance impact

6.1   A risk register has been developed as part of the PMO and reported monthly to the programme board and bi-monthly to Finance and resource committee

Equalities impact

7.1   The recommendations described within this report are relevant to the Equality Act 2010 public sector equality duty. As such, all business cases have been subject to an equalities and rights impact assessment. In summary, these assessments indicate that the proposed move to a four area locality model will provide new opportunities to strengthen partnership activity and public services to improve rights related to safety, health, education, standard of living and the environment. The ERIA will be ongoing for the duration of the delivery of the projects with appropriate advice from equality and rights advisors. This will ensure:

7.2   New locality management arrangements and local community engagement arrangements take cognisance of the needs of equalities communities of interest in addition to communities of place

7.3   New grant and contract programmes are designed to ensure the protection of the most vulnerable communities, families and individuals to maintain equality of opportunity.

7.4   Face to face contact and other contact channels are maintained for individuals, families and groups that have difficulties when accessing new or IT based channels.

Sustainability impact

8.1   The recommendations of this report have been assessed in line with the public bodies duties described within the Climate Change Scotland Act (2009). In summary, a move to enhanced locality working will provide for new opportunities to strengthen the Councils work to mitigate against climate change, adapt to climate change and act in a more sustainable manner.

Consultation and engagement

9.1 The Council transformation programme has engaged with staff using a number of methods, including drop-in sessions, workshops, a dedicated e-mail address, ORB page, blog and communications updates.

9.2 A comprehensive customer and employee engagement plan will be developed for each of the workstreams with a dedicated overarching change plan, involving staff, elected members, partners and trade unions.

Background reading/external references

None.

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Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long term financial position.
Council outcomes	CO25 – The Council has efficient and effective services that deliver on agreed objectives.
Single Outcome Agreement	SO1 – Edinburgh's Economy Delivers increased investment jobs and opportunities for all.
	SO2 – Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health.
	SO3 – Edinburgh's children and young people enjoy their childhood and fulfil their potential.
	SO4 – Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	