

Finance and Resources Committee

10.00am, Thursday, 1 December 2016

Transformation Programme: Progress Update

Item number	7.1
Report number	
Executive/routine	
Wards	

Executive summary

This report provides the Finance and Resources Committee with a single, consolidated status update on the Council Transformation Programme, aimed at delivering a lean and agile Council, centred on customers, services and communities.

The report highlights progress with organisational reviews and provides updates on the key programme workstreams, the implementation of the localities model and the development of the Council's internal transformation team capability and capacity.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

Transformation Programme: Progress Update

Recommendations

- 1.1 Note the progress to date with organisational reviews as set out in paragraphs 3.1 – 3.4;
- 1.2 Note the workstream updates outlined in this report;
- 1.3 Note the progress to date with development of the localities model;
- 1.4 Note the progress with development of the internal Transformation team; and
- 1.5 Note the management information dashboards attached at Appendix 1.

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 On 25 June 2015, Council approved a report on the Transformation Programme which set out the future operating model for the Council. The Transformation Programme was then tasked with delivering £77 million in annual recurring savings through the implementation of this new model.
- 2.3 This report highlights the following:
 - Progress with remaining organisational reviews;
 - Key workstream updates;
 - Progress with the development of the localities model;
 - Update on the development of the internal transformation team; and
 - The management information dashboards for the month to 15 November 2016.

Main report

Progress with Remaining Organisational Reviews

- 3.1 Good progress continues to be made with the remaining organisational reviews, with the vast majority of the initial reviews now complete or in their final stages.

- 3.2 Consultation is underway in the Schools and Lifelong Learning review and is due to close on 25 November 2016. Matching and assignment will commence thereafter, with the new structure expected to be operational by February 2017.
- 3.3 Consultation has closed and matching and assignment is either underway or due to commence shortly for the following reviews:
- Property and Facilities Management (non FM)
 - Health and Social Care
 - Governance and Democratic Services
- 3.4 Phase 3 of the Property and Facilities Management review, dealing with facilities management staff, is due to commence consultation in late November.

Schools and Lifelong Learning

- 3.5 The organisational review is due for implementation by February 2017, to allow time for financial savings to be fully implemented before the year end.
- 3.6 The review is currently in the staff consultation period, which is due to end on 25 November 2016. Weekly engagement with the Trade Unions is taking place and feedback from staff on the proposed structure and job descriptions is being considered and responded to through the dedicated Lifelong Learning mailbox.
- 3.7 As part of this review, a proposed structure and associated job descriptions have been designed to support further integration of services and more flexible working.

Health and Social Care

- 3.8 Phase 1 of the Health and Social Care review is now complete with appointments made to Phase 1 manager posts. Five of the thirty posts remain unfilled from this process and further recruitment arrangements are progressing.
- 3.9 Consultation for Phase 2 of the Health and Social Care review was extended by one week to 7 November 2016, to ensure all staff, including those in harder to reach areas, had an opportunity to consider the proposals and provide feedback. The Chief Officer held a series of consultation briefings and has met with hundreds of staff over the past few weeks. Queries received have been monitored throughout consultation with responses being provided to individuals, Trades Unions and staff representatives, and through Frequently Asked Questions. All feedback is currently being reviewed and any consequent amendments will be made to the structure.
- 3.10 Significant interest was expressed in Voluntary Redundancy and HR are reviewing all requests received against the proposed staffing reductions required.

Customer and Business Support

- 3.11 The Customer programme is targeting recurring savings of £6 million through a range of projects and initiatives. These have recently been realigned into 8 key

workstreams. Associated plans have been updated and projects continue to progress. There is ongoing refinement of the scope of these workstreams as new opportunities arise. The team continues to align risk, issues and dependencies which are tracked through the Programme Management Office. Overarching business cases for each of the 8 workstreams are being developed and will be considered by CLT in December.

3.12 Key areas of progress include:

- The Council Tax Single Occupancy Discount tender has been published and will close to applications on 2 December. Savings of £1 million are being targeted through this workstream;
- The Business Support workstream has identified 24 initiatives to deliver efficiencies and improved ways of working. These are currently being prioritised for delivery;
- Work is underway with CGI to identify and deliver supporting ICT which will enable more efficient delivery of customer services and business support, such as a workforce management tool; and
- Improvements have been identified within the HR and Payroll Service Centre. The team are currently working closely with both HR and the Customer business team to develop an implementation plan.

3.13 As part of the Channel Shift project, work is continuing with CGI and across the organisation to deliver the first release of the new digital platform in late November.

3.14 This includes a simplification of technical architecture and a revised version of the transaction types that are currently available online and additional functionality. This functionality includes the ability for a citizen to upload a photograph of the issue being reported, to provide more information for service areas to be able to effectively and efficiently complete the request. The citizen will also be able to see (on the map) if there is a previously reported issue. Within Customer Services, webchat will be available as a tool to provide information and assistance to citizens quickly and within the digital channel.

Safer and Stronger Communities

3.15 The initial organisational reviews within Safer and Stronger Communities have been completed with a reduction of 92 posts and have achieved their required savings. The remaining savings target for the service includes £510,000 from CCTV and a further savings target of £1,045,000 allocated to Safer and Stronger Communities.

3.16 Proposals are currently being developed to deliver the remaining savings target and progress on this will be considered through the budget process.

Asset Management Strategy

3.17 There is a separate report on this agenda detailing progress with the Asset Management Strategy.

Development of the Localities Model

- 3.18 The localities and asset management teams have been working to deliver a vision and set objectives around the asset model required to support locality working. An exercise is underway to map assets against service requirements within localities and proposals will be brought forward for consultation as early as possible. This proposal will clearly state the inputs required from all partners.
- 3.19 The initial set of organisational reviews are now complete with remaining vacancies currently being filled. Organisational reviews are underway for Schools and Lifelong Learning and for Health and Social Care and these are currently on schedule. A new approach to delivering place based services, known as 'Team around the Place', is being designed and tested. This model will be shared with Committee and Locality Leadership Teams in January 2017, and then with Neighbourhood Partnerships.
- 3.20 Locality Improvement Planning is underway with the first phase of consultations taking place. Engagement for this phase will continue through to December. Outputs will be analysed and further work will be carried out to identify local priorities and opportunities in a second phase of consultation scheduled to run from February to April 2017.

Transformation Savings Shortfall

- 3.21 The programme has identified a £4.4 million savings gap and work is underway to develop alternative proposals to close this gap.
- 3.22 Shortfalls of £1.2m relating to Business Support in Schools, and £1.7m in respect of Instrumental Music Tuition, will in the first instance, be examined against corporately-held budgets. A further update will be provided in due course.
- 3.23 The remaining shortfall of £1.5m relates to Children's Services and Safer and Stronger Communities. Proposals are under development by the respective Heads of Service and Executive Directors to address these gaps which will be considered through the budget process.

Development of the Council's Transformation Team

- 3.24 The Transformation Team was created to support the Council through the change lifecycle as we transform to deliver strategic outcomes. The Transformation Team will use a holistic, consistent approach to change management that includes Business Change, Portfolio & Governance and Process Improvement.
- 3.25 The team is currently developing plans which set out how change will be prioritised and managed across the Council moving forward to ensure effective and efficient outcomes. These plans are due to be considered by the Corporate Leadership Team in the coming weeks and further detail of this will be provided in the next Transformation update report to this Committee.

Transformation Management Information Dashboards

- 3.26 The management information dashboards for the month to 15 November 2016 are attached as appendix 1.
- 3.27 The dashboard pack has been amended to reflect the current stage of delivery, with reporting now focused around the remainder of the Transformation delivery plan. Slides for Place & Economy, the Chief Executive's Department and Resources (other than Customer, which retains a separate slide) have therefore been removed from the pack as organisational reviews in these departments are now largely complete with firm plans in place to realise the savings.

Measures of success

- 4.1 The business cases have identified significant financial and non-financial benefits associated with the Transformation Programme.
- 4.2 The PMO have developed a clear financial and non-financial benefits framework which forms the basis of bi-monthly dashboard reporting to Committee.

Financial impact

- 5.1 As approved by Council the Transformation Programme is targeting the development and delivery of cumulative savings of £77.0m as a critical element of the Council's approved budget framework.

Risk, policy, compliance and governance impact

- 6.1 A risk register has been developed as part of the PMO and is reported monthly to the Corporate Leadership Team.

Equalities impact

- 7.1 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
- 7.2 New grant and contract programmes are designed to ensure the protection of the most vulnerable communities, families and individuals to maintain equality of opportunity.
- 7.3 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.
- 7.4 Proposals comprising the budget framework will be assessed for their corresponding potential equalities and human rights impacts. The combined and cumulative impact of the proposals across the transformation programme will be assessed and reported to Committee. The results of these assessments will then be referred to Council to ensure that members pay due regard to them in setting the Council's 2016/17 budget.

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 Council's 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 email address, ORB pages, blogs, communications updates and briefings from line managers.
- 9.2 A comprehensive employee engagement plan has been developed for each organisational review, with a dedicated overarching change plan involving staff, elected members, partners and trade unions.

Background reading/external references

N/A

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Chief Executive

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Links

[Transformation Progress Update Report to Finance and Resources Committee - 29 September 2016](#)

[Asset Management Strategy Update Report to Finance and Resources Committee - 29 September 2016](#)

Coalition pledges

Council outcomes

Single Outcome Agreement









Appendices

Appendix 1 – Management Information Dashboards

Management Dashboard

Monthly Progress Update: November 2016

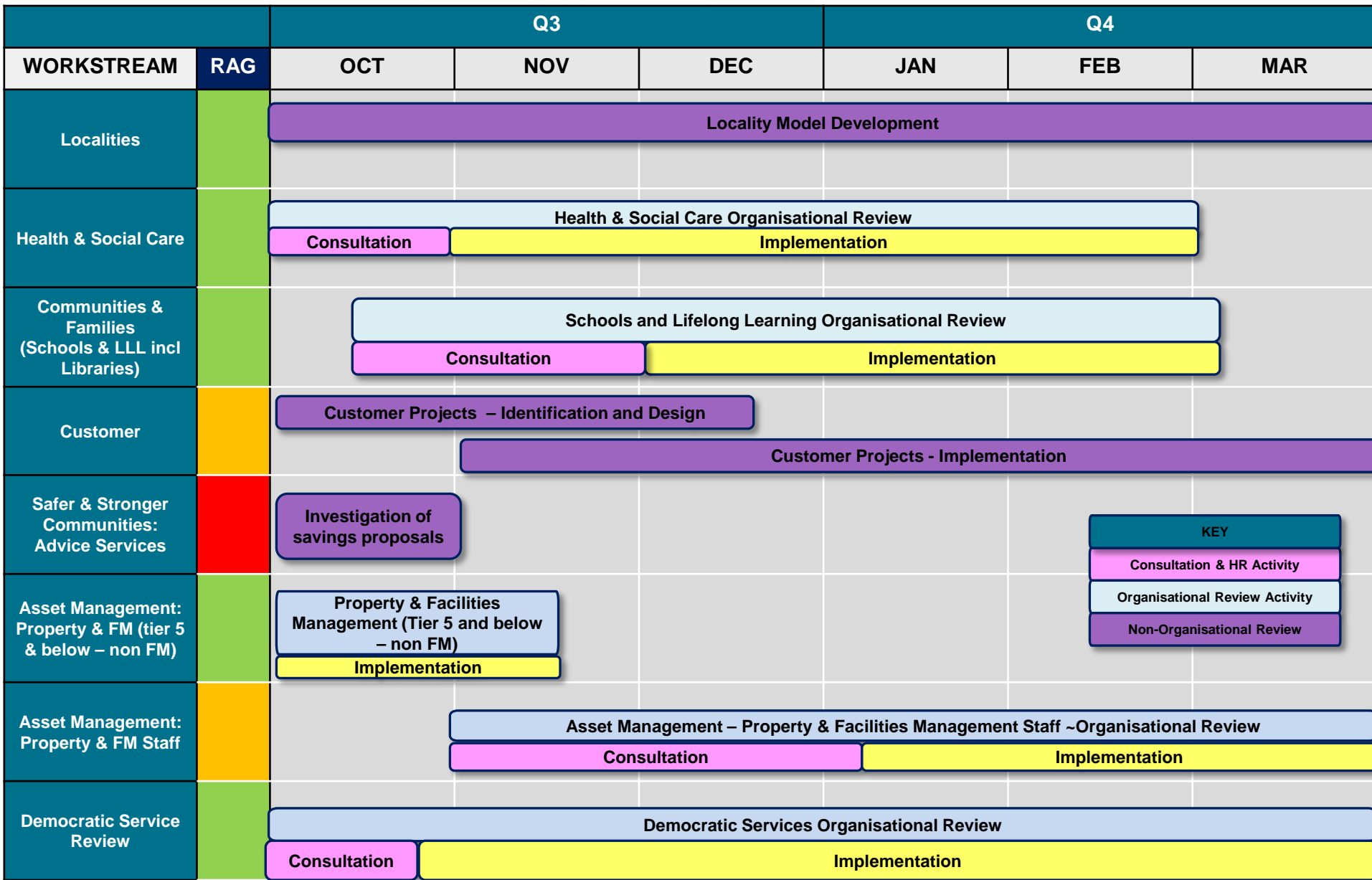
TRANSFORMATION PROGRAMME

Workstream	RAG	OVERVIEW SUMMARY	
Customer & Business Support		The Customer programme has completed re-planning and has developed mini business cases for each underlying initiative with the aim of presenting updated project business cases to CLT in December. Whilst the project has continued to progress there is potential for delays due to GGI/ICT dependencies but these are being worked through with the relevant teams. Following a data analysis exercise, the Benefits workstream has identified 28 Initiatives currently going through a prioritisation process, which will be formalised over the next two weeks and which would close a potential savings gap. Other key areas of progress include the Single Occupancy Discount (SOD) Review which has been released for tender and the team are continuing to work with parking to meet the 16 th December implementation date for East Lothian council.	
Health & Social Care		Phase 1 of the Health & Social Care review is now complete with appointments made to Phase 1 manager posts. 5 of the 30 posts remain unfilled from this process and further recruitment arrangements are progressing. Consultation for Phase 2 of the Health & Social Care Review was extended to 7 th November to ensure everyone, including those harder to reach, had opportunity to consider the proposals and provide feedback. The Chief Officer held a series of consultation briefings and met with hundreds of staff over the past few weeks. Queries received have been monitored throughout consultation with responses to individuals, Trade Unions and staff representatives, and through Frequently Asked Questions. All feedback is currently being reviewed over the following 2-3 weeks and any consequent amendments will be made to the structure. Significant interest was expressed in Voluntary Redundancy and HR are reviewing all requests against the reductions required	
Asset Management		CLT have approved the FM business case to implement the new operating model, detailed development is now underway to programme, finalise scoping lists and produce an engagement and communication strategy which supports the implementation and transition period. Political and Trade Union engagement will happen before the launch of consultation at the end of November and building users will be updated on the progress of implementation to maintain their buy-in. Estate Rationalisation is progressing well on the detailed report to Economy Committee on the proposals for Lothian Chambers and 329 High Street. The office reorganisation programme is underway with the team completing a "straw man" for discussion with Locality Teams in December.	
Localities		Work is ongoing with the delivery of locality improvement plans and engagement continues with locality managers to ensure a fully informed position is maintained and to secure buy-in from the appropriate Stakeholders. A revised programme plan has been signed off by the locality management board and an updated localities blueprint is under development and due to be completed in early December.	
Safer and Stronger		There is a savings shortfall within this area and work continues to develop proposals to meet the gap. Proposals will be considered by CLT in late November and Committee will be updated thereafter.	
Communities & Families		The Schools and Lifelong Learning review consultation is due to close on 25 November. There have been a series of positive, ongoing meetings with Trade Unions, with weekly feedback being updated. The feedback from staff to the generic mailbox continues to be addressed and weekly comms are being sent to all staff on updates..	
RISK /ISSUE	RAG	DESCRIPTION	MITIGATION
Project delays (TPR00159)		Completion of current org reviews and other projects are delayed leading to shortfalls in savings achieved	<ul style="list-style-type: none"> Project managers assigned to each org review or project have completed detailed plans and are working with project teams and stakeholders to ensure key milestones are achieved. Process in place for the management of risks and issues, with escalation to the steering group and CLT where necessary.
Engagement and Change (TPR0001)		Managing change with staff and partners may be difficult due to scale and complexity of programme	<ul style="list-style-type: none"> Communications plan complete, aligned with regular committee reporting, regular union engagement meetings and the Wider Leadership forum, which been established to engage and inform senior leaders and ensure cascade of vital information. Templates supported by HR business partners, Lead Officers and the Programme Team have been created to support consistent and accurate comms for organisational review. The large majority of Phase 1 reviews are now complete with only a small number being worked through. Relationship management with staff and partners has been sensitively handled and there have been no major concerns raised. This is seen as an improving picture but remains open for monitoring

Transformation Programme: Timeline Plan

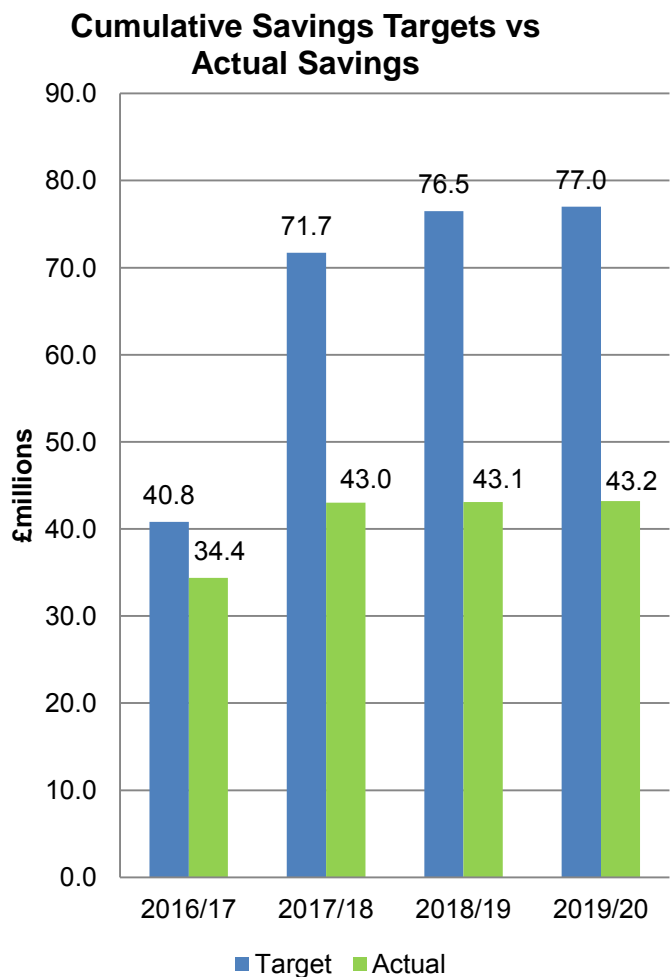
TRANSFORMATION PROGRAMME

Key Activities & Target Milestones to March 2016 (Financial Year End)



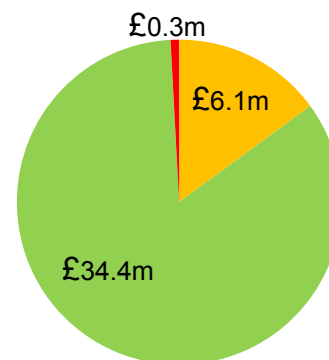
TRANSFORMATION PROGRAMME

Finance & Benefits Update November 2016

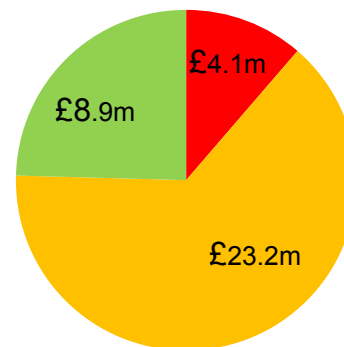


Council Transformation Programme Approved Savings





2016/17 - £40.8m



2017/18 & Later Years - £36.2m



* Includes £0.4m of savings which are phased in 2019/20

Ref	Milestone Title/Description	November				December				January				Project Dependencies
	Council Tax rolling review tender commences closes and evaluation begins													<ul style="list-style-type: none"> • ICT dependencies – from both the planned upgrade/delivery of systems in line with the CGI contract and ability to deliver newly identified requirements in line with project timelines • Contract and Procurement – Delivery of required tenders in line with project timelines • Asset management/Localities – as these projects develop their operating model Business Support will need to work closely to ensure the correct level of support is made available
	Parking start date for commencing parking activities for East Lothian Council													
	ITS Project paper review at F&R committee													
	IVR system for Waste / Roads / Business Rates goes live													

TRANSFORMATION PROGRAMME

Health & Social Care Overview: November 2016

Current Month
Trend

Previous Month
Trend

Monthly Executive Summary Status Report

Phase 1 of the Health & Social Care review is now complete with appointments made to Phase 1 manager posts. 5 of the 30 posts remain unfilled from this process and further recruitment arrangements are progressing. Consultation for Phase 2 of the Health & Social Care Review was extended to 7th November to ensure everyone, including those harder to reach, had opportunity to consider the proposals and provide feedback. The Chief Officer held a series of consultation briefings and met with hundreds of staff over the past few weeks. Queries received have been monitored throughout consultation with responses to individuals, Trade Unions and staff representatives, and through Frequently Asked Questions. All feedback is currently being reviewed over the following 2-3 weeks and any consequent amendments will be made to the structure. Significant interest was expressed in Voluntary Redundancy and HR are reviewing all requests against the reductions required. Status is amber due to tight target timescales for implementation.

Key Completed Activities This Month

1 Consultation closed 07/11/16
2 Mailbox queries answered by managers and HR
3 Regular comms sent out throughout consultation to update all staff and TU's
4 FAQs updated on orb
5 VR interest closed and now being reviewed by HR
6 All interest in VR recorded (closing date 07/10/16 to express interest)
7 Weekly meetings with TUs (on-going)

Key Planned Activities This Month:

1 Any minor changes from feedback received made
2 All figures processed for VR
3 VR Matrix completed
4 Profile forms sent and returned
5 Interviews arranged for new roles
6 Allocation & assignment discussed
7

Key Non-Green Risks, Issues for Escalation (if no escalation is required please advise that all open risks/issues are being managed and require no escalation)

Ref	Description	Open Mitigating Actions	Update on Mitigating Actions	Inherent RAG	Residual RAG
	No risks requiring escalation at this time.				

	November				December				January							
Organisational review																
Phase 2 Consultation End																
VR Matrix Completed																
Phase 2 Allocation & Assignment																
Phase 2 Go Live																

Project Dependencies

To ensure agreed savings are made, phase 2 will have to go live by 04/01/17.

Monthly Executive Summary Status Report

There is a savings shortfall within this area and work continues to develop proposals to meet the gap. Proposals will be considered by CLT in late November and Committee will be updated thereafter.

Key Completed Activities This Month

Key Planned Activities This Month:

1	Development of alternative savings proposals. underway	1	Proposals to be presented at CLT in late November
2		2	
3		3	
4		4	

Key Non-Green Risks, Issues for Escalation (if no escalation is required please advise that all open risks/issues are being managed and require no escalation)

Ref	Description	Open Mitigating Actions	Update on Mitigating Actions	Inherent RAG	Residual RAG
TPR 144	There is a risk that the required savings will not be delivered through the Advice Services Review and to reduce any shortfall, alternative proposals will need to be considered	The organisational review of Advice Services will only achieve a proportion of savings attributed to Safer and Stronger Communities. To reduce the budget shortfall, alternative budget proposals have been drafted for consideration by CLT.	Update 14/11/2016: 3) Alternative budget proposals are being developed and a presentation to CLT is now planned for late November.		

Ref	Milestone Title/Description	October				November				December				Project Dependencies
	Consultation begins for the staff organisational review for advice services													Close working with Risk, Audit, HS and Resilience is required to allow the future operating model to be successfully delivered
	Alternative budget proposals agreed and engagement with key stakeholders begin													

