

# Finance and Resources Committee

10.00am, Thursday, 23 February 2017

## Transformation Programme: Progress Update

Item number	7.1
Report number	
Executive/routine	
Wards	

### Executive summary

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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 provides updates on progress with organisational reviews, key programme workstreams, the implementation of the localities model highlights the revised savings target for the programme.

The report also sets out progress to develop an ongoing programme of transformational change across the Council.

### Links

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Coalition pledges
Council outcomes
Single Outcome Agreement

## Transformation Programme: Progress Update

### Recommendations

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- 1.1 Note the revised transformation programme savings target, as detailed in paragraph 3.3;
- 1.2 Note the workstream updates detailed in this report and that there is a separate report elsewhere on the agenda which provides details of progress with the Asset Management Strategy;
- 1.3 Note the progress with the implementation of the localities model;
- 1.4 Note the plans for development of future transformational change within the Council; and
- 1.5 Note the management information dashboards for the period to 14 February attached as Appendix 1.

### Background

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- 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 lean and agile services, focused on citizens 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:
  - The revised programme savings target, reduced from £77 million to £70 million in line with the detail reported to Finance and Resources Committee on 19 January 2017;
  - Progress updates on key workstreams;
  - The ongoing development of the Council's future transformation programme; and
  - The management information dashboards for the month to 15 February 2017.

### **Transformation Programme Budget Proposals**

- 3.1 On 19 January 2017, the Finance and Resources Committee considered a report on the Revenue Budget Framework, 2017/21.
- 3.2 This report set out the implications of the Local Government Finance Settlement and contained proposals to address pressures and savings shortfalls and achieve a balanced budget position in 2017/18.
- 3.3 The report set out details of anticipated shortfalls against a number of savings within the scope of the Transformation Programme including savings previously proposed for instrumental music tuition, business support in schools, CCTV, advice services and residential schools. It also set out details of additional investment in Health and Social Care. The report detailed the alternative corporate or service savings which have been proposed to replace these options and as a result, the overall savings target for the Transformation Programme has been reduced from £77 million down to £70 million.
- 3.4 This target will be further reviewed following the final budget decision and updated as required.

### **Workstream Updates**

#### **Schools and Lifelong Learning**

- 3.5 The organisational review in this area continues to make good progress. The project is due for completion by 31 March 2017, to allow time for financial savings to be implemented before the year end.
- 3.6 The project is currently in the matching and assignment period. Weekly engagement with the Trade Unions has continued and engagement with staff via their Managers has been ongoing.
- 3.7 This review has created a structure and job descriptions which have transformed the services to introduce flexibility whilst maintaining professional specialism to create an integrated Lifelong Service.

#### **Health and Social Care**

- 3.8 Good progress is being made with the implementation of the organisational review in Health & Social Care. The final structure has now been confirmed and details shared with trade unions and staff. Some alterations have been made to the structure as a result of feedback received during consultation. As reported to Finance and Resources Committee on 19 January 2017, this included the need to invest an additional £1.6 million in 2017/18, primarily to deal with an assessment backlog and to invest in an integrated telecare and equipment service.

- 3.9 Work is ongoing to finalise the allocation of staff across the four localities and matching and assignment is underway, with those staff leaving on Voluntary Redundancy expected to leave the organisation by the end of March 2017.
- 3.10 Work is progressing to implement the new locality operating model and programme management resource has been assigned from the Transformation team to lead and support this.

### **Customer and Business Support**

- 3.11 The second phase of the Customer programme is targeting recurring savings of £6 million through a range of projects and initiatives, having already delivered £6.2m of savings as part of the first phase of the programme. Detailed business cases have now been developed in collaboration with finance, reviewed and approved by the transformation team's challenge panel and presented to the Council's Corporate Leadership Team (CLT) for final validation. These business cases equate to £5.6m of expected savings with work progressing on track to finalise business cases for the additional initiatives identified which are expected to bridge the further £0.4m of required savings. Of the £5.6m of forecasted Customer savings, around £1m is IT enabled and in total overall Customer FTE related costs are expected to reduce by c.26% once both phases of the programme are completed.
- 3.12 The team continues to actively manage risk, issues and dependencies which are tracked through the Transformation Programme Management Office. The programme team is working closely with finance to ensure weekly tracking of any impacts to baselined business cases and with ICT/CGI colleagues to manage all IT delivery dependencies.
- 3.13 Key areas of progress include:
- The new travel booking system successfully went live on 19 December. Day-to-day management of this has been formally transitioned to business as usual within the Business Support team.
  - Roads telephone call routing system (IVR) upgrade has been implemented with Waste. Business Rates IVR upgrade is on schedule to be deployed by the end of January. These are the first part of a wider telephony upgrade which will reduce operating costs.
  - The Council Tax Single Occupancy Discount tender process has now been completed with award and decline letters sent to bidders. During the ensuing standstill period work is progressing to ensure readiness to link council systems with that of the new chosen supplier. Savings of £1 million are being targeted through this workstream.
  - A new Workforce Management Tool is being developed to centralise and standardise workforce planning and management. A proposed technical

design for the tool and associated implementation plans are currently in review with ICT/CGI and service stakeholders. The new tool and ways of working are expected to be implemented in mid-2017.

- An initial proof of concept is being developed within the Customer team for how standard and repeatable activities within the Council's HR contract processes can be automated. Once the technology and ways of working are proven the intention is to generate a pipeline of Council wide automation opportunities aimed at reducing the overhead costs of administratively onerous and low value activities. The team are working closely with ICT/CGI and the Process Improvement team within the Council to help shape a wider approach for this.
- The Customer programme continues to work closely and collaboratively with a number of other Council-wide initiatives, notably supporting the re-planning of the Web & EI programme which will implement new technical architecture to help enable Channel Shift, implementing an improved room booking tool and working with colleagues in Place to look at wider strategic end-to-end process enhancements in key services such as Waste.

### **Safer and Stronger Communities**

- 3.14 A report to Finance and Resources Committee on 19 January 2017 set out proposals for a reduced saving from the re-structuring of the Advice Services within Safer and Stronger Communities. It is now proposed that a saving of £375,000 (25%) be targeted from the advice services currently within Safer and Stronger Communities (both internal staff and grants/contracts). This will involve a complete re-design of the current service, taking into account the Council's move to localities, the priority areas on which the Council would want to focus advice services and consideration of the model for delivery. This approach will be formally approved as part of the agreement of the budget framework.
- 3.15 Preparatory work is already underway on this project. The Chief Social Work Officer has met with all external advice providers to discuss the proposed review and are supportive of the collaborative partnership approach being taken.
- 3.16 Workshops are planned during February with both internal and external stakeholders to start to shape the service and a full business case will be produced in March/April 2017 once agreement has been reached on scope and design.

### **Asset Management Strategy**

- 3.17 There is a separate report on this agenda which provides a detailed update on progress with the implementation of the Asset Management Strategy.

### **Implementation of the Localities Model**

- 3.18 The Localities Programme is being delivered in tranches. The first tranche is in delivery and due to be completed by the end of June 2017. Detailed planning of this tranche is underway which will build detail into the current high level plan that incorporates the following Locality projects, Locality Insight, Engagement & Empowerment, Planning and Performance, Governance and Partnership, Asset Development, Service Delivery, Management and Integration and Leadership and Development.
- 3.19 A key focus of the programme since previously reporting to Committee has been progressing consultation around Locality Improvement Planning (LIPs). The production of LIPs is a key requirement of the Community Empowerment (Scotland) Act 2015 and provides a framework for supporting the delivery of improved locality working across the city. A two phase engagement process was planned and designed to maximise the opportunities for stakeholders to participate in the process. Phase 1 is almost complete and focussed on locality wide engagement to identify issues and priorities for the area as a whole. Final planning activities for Phase 2 are underway and this second phase of engagement is designed to target geographical areas and individuals and communities experiencing the highest levels of inequality and disadvantage within each locality.
- 3.20 The Estate Optimisation team in Property and Facilities have been working collaboratively with locality teams to develop a strategic programme for a city wide office reorganisation to be rolled out in 2017. The key objectives of the programme will be to ensure asset management support and promotes locality outcomes by ensuring a model for co-production and effective partnership working is delivered.

### **Development of the Council's Future Transformation Programme**

- 3.21 As the majority of the Organisational Reviews have either been completed or are approaching completion, the Transformation Programme is now moving focus onto working with the Council's Corporate Leadership Team and Directorates to identify and deliver change programmes and projects that will allow us to further transform service delivery through the new structures and realise further savings.
- 3.22 All major change initiatives will now be governed by a CLT Change Board using a Portfolio Management approach for review, prioritisation and monitoring throughout their lifecycle. Regular dashboard progress reports will be presented to the Change Board for each major project. This will include major Capital Projects as well as Transformation Projects to give CLT a single view of all major change initiatives across the Council.
- 3.23 Projects accepted into the Change Portfolio will use the Council's Project Management Methodology and be supported by the Transformation Team, Directorate (and where appropriate, partnership or external) resource, and the

Programme Management Office. Business Case justification for each major initiative will identify costs and benefits and provide the basis for ongoing progress reporting and monitoring.

- 3.24 The Major Projects and Transformation Programme Reports will continue to be reported to this Committee with appropriate supporting commentary and dashboards.
- 3.25 **Transformation Management Information Dashboards**
- 3.26 The Transformation management information dashboards for the month to 15 February are attached at Appendix 1.

## Measures of success

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- 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

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- 5.1 As approved by Council the Transformation Programme was originally targeting the development and delivery of cumulative savings of £77.0m as a critical element of the Council's approved budget framework.
- 5.2 In light of proposals reported to the Finance and Resources Committee on 19 January 2017, this target has now been reset to £70.0m. Any further required adjustments will be made following final budget approval.

## Risk, policy, compliance and governance impact

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

## Equalities impact

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- 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**

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- 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**

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- 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**

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## Links

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[Transformation Progress Update Report to Finance and Resources Committee 01 December 2016](#)

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

**Coalition pledges**

**Council outcomes**







**Single Outcome  
Agreement**


**Appendices**

Appendix 1 – Management Information Dashboards

# TRANSFORMATION PROGRAMME

## Management Dashboard Monthly Progress Update: February 2017

Workstream	RAG	OVERVIEW SUMMARY
Customer & Business Support		Final business cases were presented to CLT on 18 January and approved. The £4.03 savings gap is being addressed through further initiatives which have been identified and business case preparation in relation to these is underway. Good progress has been made a number of initiatives now in flight of which a number are nearing completion and savings being realised. Challenges within ICT/CGI are being worked through but this remains a significant area of concern which is being addressed through weekly joint meetings.
Health & Social Care		Good progress is being made with the completion of the organisational review. The final structure has now been confirmed and details shared with trade unions and staff. Some alterations have been made to the structure as a result of feedback received during consultation. As reported to Finance and Resources Committee on 19 January 2017, this included the need to invest an additional £1.6m in 2017/18, primarily to deal with an assessment backlog and to invest in an integrated telecare and equipment service. Work is ongoing to finalise the split of staff across the four localities and matching and assignment is underway, with those staff leaving on Voluntary Redundancy expected to exit the organisation by the end of March 2017.
Asset Management		There is a separate report on this agenda which provides a detailed update on progress with the implementation of the Asset Management Strategy.
Localities		Programme Phasing was agreed at the Localities Management Board on 4 November to be rolled out with Phase 1 focussing on the completion and embedding of the new locality structures and governance models; leadership and culture; and engagement activities. This work is underway and will continue through to June 2017 with a full update to Corporate Policy and Strategy Committee in March 2017. Two further phases will be delivered from October 2017 – September 2018 and from October 2018 - September 2019. Consultation on Locality Improvement is entering phase 2. In addition, engagement and development work is underway to develop an asset model that meets the future needs of citizens and communities.
Safer and Stronger		Agreement was reached at CLT to develop and implement a revised operating model for the Council's Advice Services, looking at internal and external service provision to address the required 17/18 savings of £200k. This is a reduction from the original £375k in year savings target for 2018/19. Work has commenced on the development of a new business case that will set out the priority areas of focus. Workshops will held between February and May with the Business Case expected to be presented to CLT in June 2017 for approval.
Communities & Families		Consultation on the Schools and Lifelong Learning review is now complete. The matching and assignment process is currently underway and on schedule.. The majority of staff are confirmed as direct matches for roles. Preference forms have been completed by the remaining staff and matching is now underway.

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"> <li>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. Timescales closely monitored by the PMO.</li> <li>Process in place for the management of risks and issues, with escalation to the steering group and CLT where necessary.</li> </ul>

# Transformation Programme: Timeline Plan

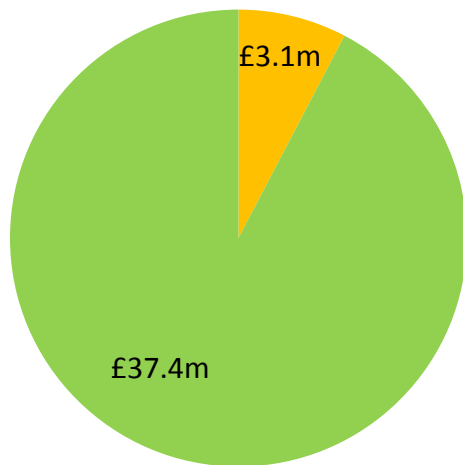
## TRANSFORMATION PROGRAMME

Key Activities & Target Milestones to April 2016

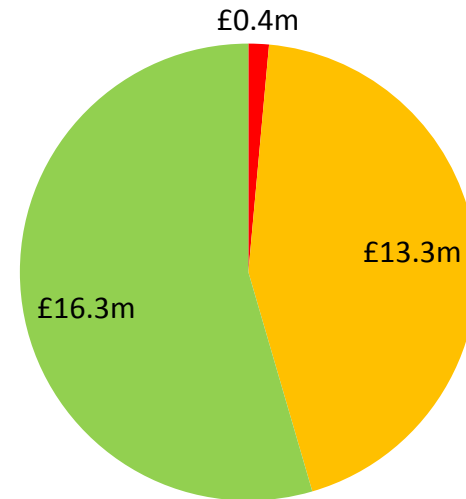
		Q4			Q1
WORKSTREAM	RAG	JAN	FEB	MAR	APR
Localities	Green	Locality Model Development			
		KEY			
Health & Social Care	Red	Health & Social Care Organisational Review		Consultation & HR Activity	
		Implementation		Organisational Review Activity	
Communities & Families (Schools & LLL incl Libraries)	Green	Schools and Lifelong Learning Organisational Review			Non-Organisational Review
		Implementation			
Customer	Yellow	Customer Projects - Implementation			
Safer & Stronger Communities: Advice Services	Red	Development of business case options			
		Implementation			
Asset Management: Property & FM Staff	Yellow	Asset Management – Property & Facilities Management Staff ~Organisational Review			
		Consultation 3A	Implementation 3A		Consultation 3B
Democratic Service Review	Yellow	Democratic Services Organisational Review			
		Implementation			

# Council Transformation Programme Approved Savings

**2016/17 - £40.5m**



**2017/18 & Later Years - £30.0m**



- Customer 2017/18 Savings: a business case for a printing project is being developed to address the “red” assessed savings.
- Asset Management 2019/20 savings , a percentage of the amber savings includes £0.4m of savings which are phased in 2019/20.

Previous Month  
Trend

Ref	Milestone Title/Description	January				February				March				Project Dependencies
1	Road IVR system implemented													<ul style="list-style-type: none"> <li>• <b>ICT dependencies</b> – 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</li> <li>• <b>Recruitment</b> – 2 PMs and a BA resource are required within the Customer programme</li> <li>• <b>Asset management/Localities</b> – as these projects develop their operating model Business Support will need to work closely to ensure the correct level of support is made available</li> </ul>
2	Waste IVR system implemented													
3	Council Tax rolling review supplier to be awarded													
4	PayPoint for SWF Go Live													
5	Self Serve Kiosks for HS and Localities													

# TRANSFORMATION PROGRAMME

## Asset Management Strategy Overview: February 2017

Current Month Trend

Previous Month Trend

### Monthly Executive Summary Status Report

There is a separate report on this agenda which provides a detailed update on progress with the implementation of the Asset Management Strategy..

#### Key Completed Activities This Month

1	Held Close of Consultation briefing for FM management and security staff consultation.
2	Pilot of the Asset Condition surveys underway and a detailed programme is being developed
3	Waverley Court occupancy discussions continue. A paper will be submitted to the Finance & Resource Committee on the 23 <sup>rd</sup> March 2016.
4	329 High Street and Lothian Chambers Committee paper being presented to the Economy committee and will be referred to the Finance & Resource Committee.

#### Key Planned Activities This Month:

1	Mapping of 12 Facilities Management Hubs and connected buildings continues A clear picture of current and proposed staffing structures is being developed.
2	Continue CAFM system roll out
3	Develop detailed implementation programme plan for launch of the Facilities Management service in Summer 2017 and allocate sufficient resource.
4	Develop Engagement Strategy for the Mobilisation of the Facilities Management Service.

#### Key Non-Green Risks, Issues for Escalation

Ref	Description	Open Mitigating Actions	Update on Mitigating Actions	RAG	I RAG
TPR00040	<b>Backlog Maintenance Capital</b> There is a risk that lack of funding for maintenance of the Council estate will lead to a significant backlog of works/repairs. Savings made in hard FM would need to be re-invested to meet Health & Safety requirements.	3. Decision has been taken to outsource surveys across the entire estate this year to enable recent data to be gathered asap	3. As agreed at the Transformation Steering Group this risk is to remain at the current level given the position is static and is likely to remain so until the survey data can be gathered in 2017. The survey programme commences in Jan 2017 until Sept 2017, when the information will be reviewed.		
TPR00208	<b>Schools and Lifelong Learning Review Consequences</b> As a result of the Lifelong Learning Review in Communities and Families there is risk that additional work may be imported into FM including tasks previously carried out by CLD workers and extended unmanned opening hours in libraries. (The Service area has specific duties relating to the health & safety operation of the building including fire evacuation through the appointment of a health & safety duty holder.)	1. Issue C&F with a list of assumptions underpinning the AMS business case in relation to community centres and libraries. This will need to include assumptions around opening times, scope of FM activities (hard and soft) and geographical modelling. This needs to be clear that health & safety remains the responsibility of the Service Area 2. Communicate and document to C&F change management process being adopted in relation to FM using high level Deloitte process charts 3. Develop, in conjunction with C&F and Business Support, a matrix of responsibility highlighting any gaps in the level of service being provided 4. Articulate risk to CLT and seek senior management buy-in to the approach outlined above	New Risk 23/01/2017		
TPR00209	<b>Edinburgh Leisure Out of Hours School Proposals</b> As a result of the ongoing development of proposals for Edinburgh Leisure to take control of Council assets for recreational use, there is a risk that the savings in the AMS programme will be eroded or the following reasons: 1. Building opening times are different to current opening times leading to a requirement for additional resource from FM 2. Increased use of the asset increases the cost of maintenance and adds to the Council backlog maintenance issue	1. Issue C&F with a list of assumptions underpinning the AMS business case in relation to schools opening times and assumptions on usage for extra-curricular activities. 2. Communicate and document to C&F change management process being adopted in relation to FM using high level Deloitte process charts 3. Articulate risk to CLT and seek senior management buy-in to the approach outlined above 4. Develop an "all-in" hourly rate per person for additional hours	New Risk 23/01/2017		

Ref	Milestone Title/Description	February	March	April
	Lothian Chambers and 329 High Street Paper to Economy Committee			
	FM Management and Security structures operational (End Feb)			
	FM Organisational Review Phase 3b – Launch Week (Early March)			

#### Project Dependencies

- ICT/CGI deliver on CAFM roll out.
- Head Teachers and Trade Unions in relation to FM re-design.
- Community Centres and Libraries in relation to estates rationalisation and FM re-design.
- Communities & Families in relation to Community Centres, Libraries and Schools



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## Monthly Executive Summary Status Report

Agreement was reached at CLT to develop and implement a revised operating model for the Council's Advice Services, looking at internal and external service provision to address the required 17/18 savings of £200k. This is a reduction from the original £375k in year savings challenge target for 2018/19. Work has commenced on the development of a new business case that will set out the priority areas of focus. Workshops will be held between February and May with the Business Case expected to be presented to CLT in June 2017 for approval.

### Key Completed Activities This Month

1	Scoping exercise at West Lothian Council
2	Workshops with both internal and External providers scoped
3	Agreed required with providers data to assist with workshops and redesign
4	Saving % confirmed at budget meeting

### Key Planned Activities This Month:

1	Workshops designed and commence
2	Develop- clear communications plan
3	Review part funded posts (Macmillan)
4	Start to build new model

**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 current risks open due to approval to design and new service in partnership with internal and external stakeholders and development of a new business case				

Ref	Milestone Title/Description	February				March				April				Project Dependencies
	Business Case Development													<p>Close working with Risk, Audit, HS and Resilience is required to allow the future operating model to be successfully delivered</p> <p>If a localities based model is agreed, need to ensure the complement's current services</p>
	New service design workshops													
	Staff and Supplier Engagement													
	Build new Model													

