SSDC Transformation Programme – Progress Report

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Purpose of the Report

1. This progress report has been prepared in accordance with the Transformation Programme Governance arrangements agreed by Full Council in April 2017 where it was agreed that the District Executive would receive quarterly updates on the progress of the council's Transformation Programme.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of July 2018.

Public Interest

3. The Council has embarked on an ambitious plan to totally redesign its service delivery to ensure an improved experience for the customers and the communities it serves whilst at the same time reducing the cost to the tax payer. This will be achieved through a radical change in the way our services are designed, the way service teams are structured to support service delivery and by making more use of digital technology including Electronic Document Management (EDM), workflow and web based technologies. Rather than cutting services, this is an investment based approach that will realise genuine efficiencies, whilst also realising improvements in levels of services for customers and modernising service delivery.

   Implementation of the agreed business case will deliver: -

   - recurring net annual savings of £2,483,925 from an investment of up to £7,448,155 (the savings comprise £2,541,821 reduction in staff costs, partly offset by £57,896 net increase in IT systems ongoing maintenance)

   - a 'fit for purpose' organisation that will be in a position not only to drive continuous improvement but also to generate additional income to fund and support the council's future priorities.

Recommendations

4. The District Executive is asked to:-

   a) note and comment on the report.

   b) approve the transfer of £250,000 from the capital programme reserve schemes to fund necessary alterations to Petters House as detailed in this report.

Background

5. The previous quarterly progress report was made to District Executive in April 2018. The Transformation Programme Board continues to meet twice each month to resolve emerging issues and drive the programme forward. The programme is now in full delivery, it is a complex fast paced programme of organisational change to reposition the council financially and operationally so that it can deliver service delivery activities within budget and meet modern customer expectations of accessibility and convenience. Essentially it is a technology driven programme that improves all aspects of people, process and systems to provide significant efficiencies and greater customer experience.

6. The programme has been designed to include several workstreams which deliver a new operating model that repositions most of the workforce to align with a different way of working underpinned with automation and a digital first customer offer which will be operational from January 2019

Programme Status

The programme is on track and within budget to deliver expected benefits

7. The Programme Board is provided with monthly updates in the form of programme and work stream level status reports. A consolidated quarterly report is reported to the High Level Steering Group in accordance with the agreed governance structure.

8. The new operating model is being delivered in three phases:
    - Phase 1 – New management roles and support services activity
    - Phase 2 – Strategy and Commissioning activity
    - Phase 3 – Service Delivery and Commercial activity

9. The repositioning of roles in scope for phases 2 and 3 is now complete. Formal announcements of successful appointments were made to staff and Members on 25th June. This has involved a large scale selection process which has been sensitively managed and delivered to expected timelines. The headline outcomes of the remodelling exercise are set out in paragraphs 13 – 17 in this report.

10. The extensive redesign of service processes to generate efficiencies and improve customer journeys continues at pace with outputs from the design workshops being fed into the technical build team to create:

    - Digital workflows to create efficiencies through automation
    - Digital content for the new website which includes the customer portal to access customer accounts.
    - Integration specifications for linking customer accounts to business line systems to provide real time view and update capability to enable customer self-serve facilities for transactional and enquiry activity.
    - Scripts for an improved customer focus service to support assisted and mediated access

11. The Service Redesign project sits within the Customer Focus workstream which also has projects which concern Customer Insight, Channel Shift, Website design, Corporate rebranding and New Front of House provision. These projects are interdependent and critical for delivering the digital efficiencies that will reduce overall activity which can be managed with the reduced resources following the repositioning of roles in the new operating model. The workstream is overseen by a steering group led by the Director of Strategy and Support Services, progress is tracked through programme monitoring and reporting through to Programme Board. The Benefits Realisation Strategy outlined in paragraphs 20 –28 sets out how the adoption and sustainment of the new digital provisions and ways of working are essential for the financial benefits to be maintained.

12. The transformation programme delivers a new operating model that moves away from a traditional local government service based structure to one that is centred around the customer. The new model is based on activity type; repositioning resources and effort into a case management and specialists structure. Using the Organisational Design Principles all aspects of the new operating model are being designed, the staffing structure is one element of this.

13. Phase 1 was completed in April 2018, this created a new management structure and repositioned support services into the case management and specialist based operating model with new technology which automated processes and enabled internal self-service access for staff to access HR, Legal, Finance, IT and Democratic functional activity. The new technology and processes are still bedding in with some residual automation of processes to be implemented which is being monitored and tracked through a management group. Progress has been interrupted as support service resources have been required to support the significant selection activity of the Service Delivery Teams in phases 2/3. Additional technical resources have been secured to ensure the residual digital workflows are completed.

Remodelling – repositioning the workforce – headline workforce outcomes for phases 2/3

14. As set out in a previous update report, phases 2 and 3 were combined, this encompasses all service delivery functions, strategy and commissioning services and the property and engineering functions with the commercial and income generation directorate. This is the significant proportion of the council workforce; 197 individuals were in scope for selection into new roles. Members of staff who were not in scope could also be considered for roles such as those who had already secured roles in phase 1 or those in out of scope services in commercial and income generation services.

15. An internal open competitive selection process was undertaken based on a behaviours framework, South Somerset's Attitudes and Approaches Framework, which scored individuals across a set of values. Due the creation of very different roles based on activity there was no ring fencing of roles or assimilations. Individuals submitted Expressions of Interest which listed the roles there wished to be considered for, these were shortlisted against technical or professional requirements. Individuals then were invited to undertake selection activities according to the role types. This resulted in a significant selection process:
    - 235 individuals submitted Expressions of Interest for a range of roles (no restriction on number), this resulted in;
    - 768 preferences were submitted
    - 704 preferences were shortlisted
    - 42 indicated voluntary redundancy
    - 187 individuals went through selection activity, additionally some individuals were in consideration but had already undertaken selection activity in phase 1.

16. The individual outcomes for staff were notified through personal meetings with a range of support on hand for unsuccessful outcomes. The summary outcomes are as follows (as at 18/06/18, individual scenarios are still being worked through as offers are being considered and accepted):
    - 156 individuals were offered roles
    - 144 were offered one of their top 3 preferences
    - 60 individuals were not offered roles and are therefore displaced but, of these 55% expressed an interest in voluntary redundancy

17. Selection was undertaken on the principle of "selecting in", indications for voluntary redundancy was one of the decision factors but not an overriding consideration. The organisation wants to

retain the skills and resources to deliver effective service provision. This approach resulted in placing individuals into roles based on a number of factors:

- Performance in selection activity based on the behaviours framework
- Best fit for role
- Technical knowledge required for role
- Technical knowledge spread across role groups
- Capability of individual to perform at grade or potential to within 6 months
- Additional information provided in Personal Statements and other known information
- Individuals' preferences for working patterns and the available establishment full time equivalent (FTE) headcount for the role group
- Request for voluntary redundancy

18. Using these factors individuals were considered for all their preferenced roles. Those individuals that were not selected for ones of their preferences were also considered for other available roles. At the end of the decision process there were a number of roles that were able to be filled which will be addressed by:

- External recruitment, and
- Retention of some budget provision to buy in skills and resources as required so that the organisation can flex with demand and access specialist expertise that is required intermittently, and
- Create graduate/trainee positions to "grow our own" where there a sector recruitment challenges

Cost modelling for phases 2/3

19. At the end of the selection decision process a costing exercise was undertaken to forecast the financial outturn. Based on a number of conservative assumptions around establishment costs and including provision for vacancies, the exercise has delivered the expected savings target. Detailed cost modelling will now follow as individual role offers are tracked as acceptances are received and worked through into establishment forecasted revenue budgets. Early indications are that the original Business Case target total of £2.54m savings will be met, the modelling has predicted £2.56m but this is subject to further detailed work and so may be slightly higher. Final outturn will be reported in a subsequent update report.

Outturns for total for all phases

20. As the outcomes for phase 2/3 are finalised the data will be combined with that from phase 1 to provide a full picture of the organisational and financial impact of the transformation programme which will be detailed in a future update report to the executive. Early indications are that the financial outturns meet the objectives of the business case.

21. The transformation programme budget has a substantial budget provision for exit costs; redundancy payments and pension strain costs. Initial illustration modelling indicates that combined exit costs for phases 1-3 are within this provision. As individual exit arrangements are finalised with staff regarding exit dates and entitlements this will be tracked and recorded with totals being reported through the budget monitoring within the governance of the programme.

Benefits Realisation Strategy

Financial Benefits

22. The Transformation Programme effectively repositions a decreased workforce into a new operating model at reduced cost to undertake less activity brought about by more efficient ways of working. These "efficiency levers" are at the centre of the business case:
    - Customer enabling (also called demand management)
    - Customer self-serve (also called channel shift)
    - Internal remodelling (work undertaken by different roles)
    - Process improvement (removing non-value activity and automation)
    - Agile workforce (flexible and mobile)

23. The business case was underpinned by significant data and analysis about the council's activity – who was doing what and at what cost. In order to understand what levels of efficiency could be gained from each of the levers, the organisation undertook a maturity exercise to determine how service provisions were being delivered, producing a rating score for each of the factors.

24. The council has made a substantial investment in new technology to maximise the potential for modern service provision to ensure that the efficiency levers are achieved though digitisation and automation. The adoption of the new technology by the customer base and internally by the workforce by automating process is essential.

25. The financial benefits of the programme are effectively realised upfront, as the workforce establishment budget is reduced at the same time as the technology and new ways of working are deployed. It is therefore essential that the benefits realisation strategy focuses on establishing and sustaining the new ways of working. The strategy places emphasis on compliance and performance to prevent establishment numbers increasing to cover non value activity. Progress against the efficiency levers can be tracked and monitored at intervals to measure effectiveness.

26. The control mechanism is a robust vacancy control process owned by the Leadership and Management Team. Rigorous resource management is essential, collective ownership across the organisation as to the needs and demands of service provision as the new operating model matures and customer behaviours are influenced to take up digital self-service.

27. The strategy is supported by an action plan which establishes accountable and responsible owners for a range of necessary initiatives that drive the adoption of new technology, processes and ways of working. Now that the selection of the new roles has been determined for all phases, attention now focuses to developing transition plans to move operations from current to new state from January 2019, the benefits realisation strategy will be embedded into these plans.

Non-financial benefits

28. The Transformation Programme was created not just to place the council on a sound financial footing but also to deliver a vision for South Somerset District Council – One Team, Ambitious for South Somerset - through a set of organisational ambition statements:

29. These ambitions are the driving objectives of the Transformation Programme and a range of key indicators and measures will determine whether the programme has achieved a step change towards the ambitions.
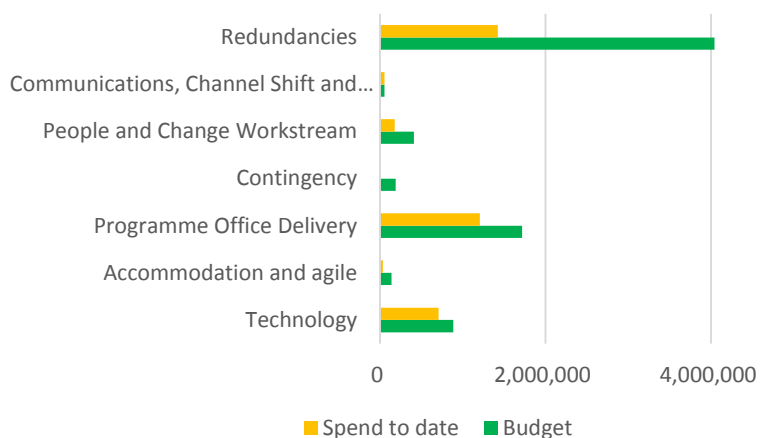
30. The vision statement "One Team, Ambitious for South Somerset" can also be measured for improvement through an organisational culture indicator. The council has a valuable database acquired through the workforce selection process that provides a measure of the organisation based on the values set out in the Attitudes and Approaches Framework. Now that the selection processes have been finished, work can commence on collating the data to provide useful corporate intelligence to form the basis for ongoing organisational development and the personal development of the workforce. A future update report will provide more on the non-financial benefits after the analysis of the data has been undertaken.
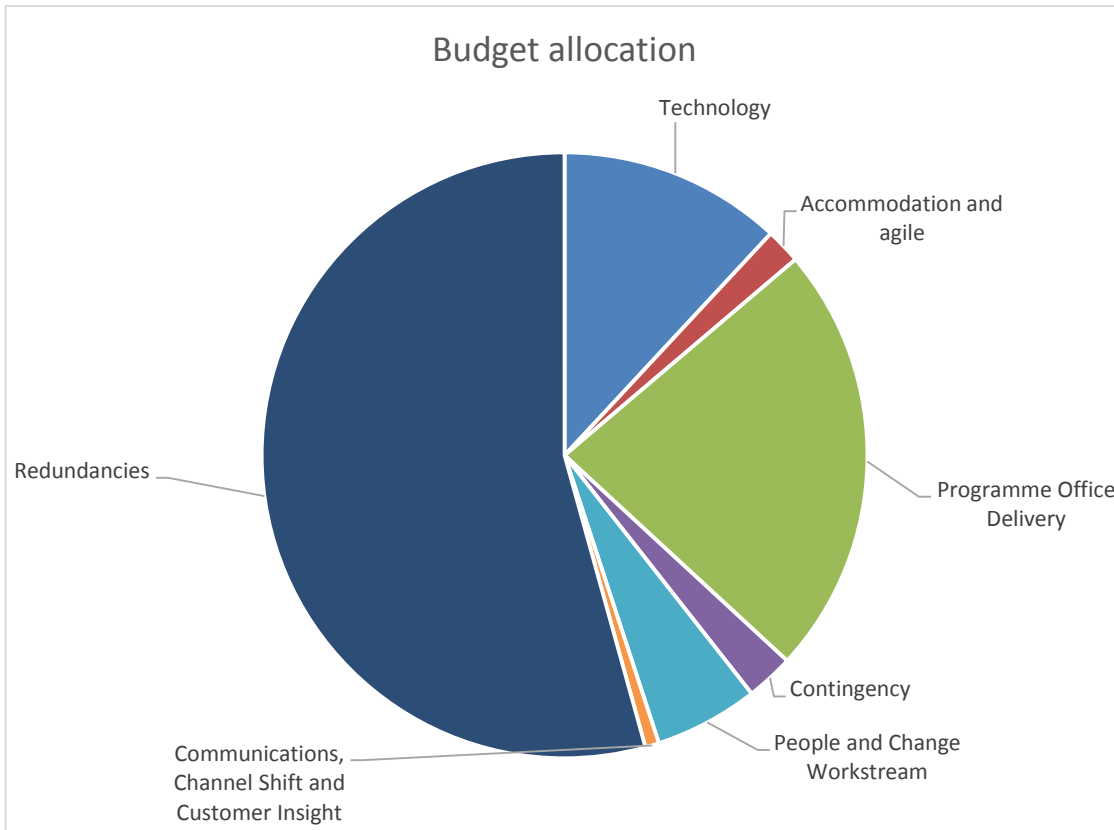
Transformation budget update

31. The Transformation Programme is within budget to deliver the expected savings target. Latest budget position:

Transformation Programme 2016/17-2019/20

Reporting date:

End of May 2018

	Budget	Actuals incurred to date (end May 18)	Remaining budget
Capital costs			
Technolgy	887,950	710,036	177,914
Accomodation - Brympton Way	120,000	36,818	83,182
Agile	20,000	0	20,000
Programme Office Delivery - Capital	671,551	309,969	361,581
Contingency	91,910	0	91,910
One off capital subtotal	**1,791,411**	**1,056,824**	**734,587**
Revenue costs			
People & Change Workstream	413,580	178,395	235,185
Programme Office Delivery - Revenue	1,046,238	899,636	146,601
Communications, Channel Shift and Customer Insight	55,000	54,839	161
Contingency	97,660	0	97,660
One off revenue subtotal	**1,612,478**	**1,132,870**	**479,607**
Redundancies phase	**4,044,700**	**1,423,342**	**3,291,190**
Total Transformation Costs	**7,448,588**	**3,613,036**	**4,505,384**

Budget vs spend to date

Budget allocation

Technology
Accommodation and agile
Programme Office Delivery
Contingency
People and Change Workstream
Communications, Channel Shift and Customer Insight
Redundancies

Improving customer experience

32. The transformation programme sets out to deliver an increased customer experience, including that received face to face by customers visiting the council offices. The Council is committed to investing in our customers, improving accessibility and service provision. A decision was made earlier this year for front of house customer service to be centred at Petters House in Yeovil. The current layout and facilities require altering and updating to be able to provide an improved customer experience. Currently there are two separate entrances and three separately manned reception desks. Housing customer provision is isolated from other council service enquiries.

33. Alterations to the access and layout can be made to provide a joined up customer service that aligns with the case management approach of the new operating model. Updating amenities to provide online facilities will allow customer to self-service and officers to support customers in mediated and assisted access. These type of facilities are a critical factor that enable the channel shift objectives of the organisation.

34. Discovery and design work has been undertaken to identify needs and requirements that will properly support the new operating model and the design principles of the organisation. Estimates have been received for the required works to adapt and upgrade the facilities amounting to £250,000. The council has an approved reserve of £709,000 for transformation in its capital programme reserves. This amount had been set aside for any capital spend requirements of the programme. As the council has now made a decision to centre front of house provisions at Petters House and estimates for upgrading have been received, this report requests that £250,00 of this reserve can now be accessed to fund the adaptions of Petters House.

Financial Implications

35. There are no direct financial implications related to this report regarding the original transformation programme budget. The programme remains in budget and is forecast to deliver the expected financial savings.

36. The adaptions to Petters House have been costed at £250,000. There is an allocation within the capital programme reserve schemes for transformation of £709,000. Approval is sought to allocate £250,000 to the Transformation Programme budget to commence works for alterations for the building to be functioning as desired in March 2019.

Risk Matrix

37. Programme risks are actively managed through the programme risk register and monitored through the Programme Board and High Level Steering Group. The current heat map is as follows:

	Remote	Unlikely	Possible	Probable	Highly Probable
Catastrophic					
Major	2				
Moderate	1		7		
Minor		6			
Insignificant					

Council Plan Implications

38. This is report is consistent with the Council Plan 2016 – 2021. Transformation is a priority of the current Plan.

Carbon Emissions and Climate Change Implications

39. There are no direct implications

Equality and Diversity Implications

40. There are no direct implications in this report. The redesign of services will require impact assessments to ensure new service delivery options meet with all relevant requirements. The assessment process is embedded into the service redesign work stream.
41. An Equality Impact Assessment was undertaken in 2017 prior to commencing the selection process for the repositioning of roles in the organisation. The Equality Impact Assessment deemed there was no inequitable impact for any group as a result of the reorganisation proposals as sufficient measures have been taken to address any potential areas of risk. The assessment was attached as one of the appendices to the formal consultation document in both phase 1 and phases 2/3.

Privacy Impact Assessment

42. There are no direct implications

Background Papers

Reports to District Executive and Transformation Programme Board as mentioned in this report.