

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 January 2019.

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 note and comment on the report.

Background

5. The previous quarterly progress report was made to District Executive in October 2018. The Transformation Programme Board continues to meet twice each month to resolve emerging issues and drive the programme forward. The programme has reached a critical phase as the new technology and ways of working are due to be deployed at the end of January 2019. This 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 projected annual recurring revenue savings comprise salaries and on-costs only. Associated non-pay savings, other efficiencies from supplies and services made possible by the change programme or by the enhanced capacity for income generation are not included. A provision for workforce exit costs (redundancy and pension strain) of £4m is included in the overall budget. £1.5m of the budget is for new technology solutions to support the digitisation and automation of service delivery that will enable the workforce reductions.
7. Taking into account the provision for workforce exit costs, the payback period for the programme is two years and four months.
8. 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 the end of January 2019.

Programme Status

The programme is on track and within budget and has delivered the expected financial benefits

9. 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.
10. The financial benefits of the programme have been realised from the large scale repositioning of the workforce into new roles to support the new operating model. A phased selection process based on a behaviours framework ran from the opening of consultation for Phase 1 roles in February 2017 to the conclusion of selection outcomes for Phase 2/3 roles in September 2018.
11. The outturn position is a reduction in headcount with individuals exiting the organisation by January 2019. The selection outcomes have secured the required £2,483,925 savings as set out in the Business Case and the MTFS. The new establishment budget has been set and will be agreed as part of the re-profiling of budgets to align with the new operating model structure. The in-year savings for 17/18 have been realised and the budget profiles for 18/19 will be net of the target savings.
12. The financial benefits of the programme have been effectively realised upfront, as the workforce numbers and associated establishment budget is reduced at the same time as the technology and new ways of working are deployed. It is therefore essential, as set out in the benefits realisation strategy, that the focus for the organisation is 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 metrics will sit within the corporate performance framework and will be tracked and monitored at intervals to measure effectiveness as the operating model matures.

Sustaining the financial benefits

13. The challenge for the council is to maintain the financial benefits in the revenue budget by embedding and sustaining the new ways of working and achieving the behavioural changes in customers that provide the degree of channel shift required. The backstop control is a robust

Establishment Control process which challenges any request for additional resources which would increase the revenue budget.

14. The benefits realisation strategy includes an action plan which sets out the actions and activities that must be undertaken to ensure the organisation develops and embeds the new ways of working that achieve the required improvements in the benefit drivers in the maturity assessment which were the basis of the identifying the savings in the Business Case. The action plan sets out maturity targets at key milestone points during 2019 which would deliver the necessary improvements. The action plan must be a live document which can flex with the changing organisational and external environment. Monitoring will be aligned with the corporate performance monitoring routines.

Impacts of the programme on council business

Performance

15. Transformation is a disruptive process, reorganising the way an organisation operates into a new operating model, and creating opportunities for innovative practices and new technologies. This naturally affects our “business as usual” activity, as resources are drawn from the organisation to plan, design and implement new ways of working. Balancing our and prioritising our time and efforts is challenging to minimise the impact on customers and ensuring critical activities continue.
16. The performance of services across the Council have been closely monitored throughout the life of the Transformation Programme, and where possible, disruption to customers has been minimised. In cases where service levels have ‘dipped’, managers’ have acted to either create additional capacity from lower priority areas, or have had the opportunity to use additional funding for staffing on a temporary basis. We will continue to be vigilant about protecting key service delivery while new ways of working are established and the new technology platform is fully operational in the new year. Business continuity is a standing item on the Transformation Programme Board and is kept under constant review.
17. In addition, across the Council our teams have continued the delivery of the Council Plan, the Council’s priority projects and achieved recognition for our communities in South Somerset as widely reported through our social media and newsletters.

Area Working

18. In April 2017, the Area Development teams had 9 officers (FTE) supporting project work across the four areas. After the completion of the phase 1 selection activities of the transformation programme, this reduced to 6 officers (FTE). Each area also had support from Community Support Assistants(CSA) and project support. The CSA roles included staffing front desks in Chard, Petters House on Yeovil, Wincanton, Langport and Crewkerne and back office support for area work. Reducing footfall in some areas had already led to the closure of the Ilminster office and withdrawal from front desk cover in Langport.
19. Arrangements to cover the temporary reduction in staffing have been different in each area but have included a mix of increasing hours of part time officers, employing casual support for specific projects, working across different areas and re-prioritising area plans. The important community focussed area working has been retained and should be significantly enhanced when the new Area+ Working of the operating model goes live in January 2019.
20. Area officers have continued to support projects and administer the grants programmes in each area. Reduced capacity has had an impact on grant applications coming forward in some areas and some underspend is expected. Target contact and grant assessment times have been largely

unaffected. Maps showing achievements on an area by area basis are attached to this report at Appendix A.

21. Area Development Teams have worked on 2 significant district wide economic projects over the last few years.
- The SSDC coordinated Market Towns Investment Group has worked on Digital High Streets across the 13 market towns around Yeovil. This has resulted in 29 town centre businesses getting help with their digital presence. Small grants awards of £9,784 have attracted investment of £30,404 in total to help keep these businesses thriving in difficult market conditions. Also a complementary training programme in digital strategy and skills delivered by Cosmic has supported 225 training places across 24 free sessions.
 - The 3 LEADER programmes, covering all rural parts of the district, have been supported, by signposting/ supporting eligible projects and assisting with programme delivery. The result is 41 business and social enterprises have been aided leveraging a total of £2,162,645 of grant to date and a total investment of £4,650,615 into South Somerset.

These projects will continue to be supported via the Economic Development specialism under Area +

22. The capacity of the Community Health & Leisure team has been largely unaffected by the transformation programme. Delivery has continued with a successful programme of playdays and holiday activities and a number of play area improvements completed.

Peer Review

23. A Peer Review visit was completed in October, following up on a visit which took place in March 2017 and was aimed at assessing SSDC's progress since that time with specific focus on the transformation programme and commercial strategy. Peer Reviews are a sector-led improvement activity undertaken by the Local Government Association supported by senior officers and members from other Councils.
24. The Peer Review report praised the efforts and achievements of the transformation programme. This external validation of the programme delivery and impacts is most welcome for staff, managers, leaders and Members after a challenging period. The full report has been published, comments of note include:

"The peer team found the enthusiasm and commitment of staff to be truly remarkable given the level of change occurring and as high as any seen in most authorities."

"Most adverse feedback from staff was not about having to undertake the Transformation process but more a strong desire to 'get on with it' faster."

"It was noticeable that staff felt there had been a real change in management culture in most areas during the last two years and that support and openness had improved significantly."

"The Council's finances are managed prudently and with good self-awareness of the financial position. The result of its good financial management (and the effects of Transformation and commercialisation programmes) is that the Council has a short-term revenue financial position which is relatively positive compared to many other councils."

"While the Council has dealt with some challenging issues so far, some of the hardest parts of Transformation are to come. The introduction of new working practices and channel shift in customer-facing services will place considerable strains on staff and members alike."

“The Council does have a good awareness of what still has to be done and committed leadership to do this.”

25. The last two points above relate to the significant work to transition the front facing service delivery activities from the old ways of working to the new teams, technology and ways of working at the end of January 2019. There are plans in place to manage this undertaking and managers are actively engaged in ensuring the best possible outcomes from maximising the opportunities of the operating model and new technology. However, further disruption is expected for a short period whilst staff learn new computer systems and work alongside new teams. As detailed in paragraph 18, service delivery performance is being closely monitored to protect key services as much as possible.

Next steps

26. The Transformation Programme delivers the workforce positioned into new roles and teams in a new operating model together with new technology that underpins the new ways of working at the end of January 2019. The scale of this change whole organisational change of people, process and systems cannot be understated. The temporary resources and the consultancy support that were bought in to support the delivery of the programme are due to cease at this time, as was set out in the business case funding.

27. However, the work to embed the new ways of working and the behavioural shift in the customer base to adopt the digital provisions will require significant effort and management. Plans are under development to ensure the appropriate resourcing, governance and monitoring is in place to manage the phased introduction of the new technology between January and May and the residual service redesign of the lower priority/low transactional volume activities of the council. The transition from Transformation Programme to Change as a “business as usual activity” will be carefully managed and some temporary resourcing may be required to support the transition, this will be funded from existing transition funds and the new establishment budget.

Financial Implications

28. The Business Case for the transformation programme set a comprehensive budget to fund the costs associated with delivering the new operating model. There was significant provision for workforce exit costs, new technology and programme delivery. Spend against the budget has been monitored through the life of the programme and reported through the Programme Board and previous district executive reports. There has been movement between revenue and capital funding of expenditure as the actual spending commitments have become known. Overall the costs are within expectations. As the end of the programme approaches the remaining expected spend has been profiled and is shown in the following table:

| | Budget provision (re-profiled October 18) | Actual spend to November 2018 | Further projected spend to April 2019 | Projected Underspend (-) / Overspend |
|---------------------------------|--|--|--|---|
| Capital | 2,041,411 | 1,470,952 | 577,653 | 7,194 |
| Revenue | 1,612,478 | 1,409,957 | 187,570 | -14,951 |
| Redundancies and pension strain | 4,044,700 | 2,112,709 | 1,880,564 | -51,427 |
| Total | 7,698,588 | 4,993,617 | 2,645,787 | -59,184 |

29. Overall the budget bottom line position is that the transformation programme can be delivered within budget based on current known expected spend as at 15.11.18.

Risk Matrix

30. 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:

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

Council Plan Implications

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

Carbon Emissions and Climate Change Implications

32. There are no direct implications

Equality and Diversity Implications

33. 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.

34. 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

35. There are no direct implications

Background Papers:

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