

SSDC Transformation Programme – Progress Report

Executive Portfolio Holder: Jo Roundell Greene, Environment, Economic Development, Transformation
Director: Alex Parmley, Chief Executive
Lead Officer: Caron Starkey, Strategic Lead for Transformation
Contact Details: caron.starkey@southsomerset.gov.uk or 01935 462120

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 April 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.

Recommendation

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 January 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, there are three phases to the programme ending in January 2019. Phase 1 which involved the repositioning of management roles and support services into the new operating model has been completed, the 60 day "go live window" started on 23rd January 2018 with the expectation that the majority of planned

improvements would be in place by the end of March. Phases 2 and 3 have been combined; the timeline for these phases was brought forward and was outlined in the previous update report to the District Executive in January.

Programme Status

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

6. 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.
7. 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
8. The programme has been internally focussed until this point as Phase 1 was the repositioning of management and support services and the associated redesign of internal processes. Additionally, staff across the organisation have been engaged in learning and understanding the model and roles in phases 2 and 3. Significant time and effort has been given to internal communications and engagement so that the workforce has sufficient insight to make informed decisions around submitting expressions of interest for new roles.
9. Attention now turns to ensuring we commence sufficient communication and engagement with other relevant stakeholders. This has started with a series of engagement sessions with Members to make sure that full extent and scale of the transformation ambitions are fully understood. A comprehensive communications plan is in development to ensure the transformation of customer facing services through service redesign and new technology is properly mapped to appropriate and timely messaging and engagement for all as necessary.

Financial Benefits - Phase 1 Outcome and Revised Profile

10. Phase 1 has delivered more than the expected benefits for 17/18, as outlined in the Business Case.
 - The repositioning of Support Services and the new Leadership and Management roles has been completed. Most appointments to new roles were made in October 2017, with the new operating model going live in January 2018.
 - In-year saving details have been finalised as exit dates for individuals were confirmed.
 - Service budgets for 2018/19 are in development.

TARGET Transformation Savings profile stated in updated July 2017 Business Case				
	2017/18	2018/19	2019/20	Total stated in Business Case
Phase 1	124,830	711,744		836,574
Phase 2 and 3		563,313	1,141,934	1,705,247
Total	124,830	1,275,057	1,141,934	2,541,821

ACTUAL Transformation Savings for Phase 1 in 17/18 and new profile for 18/19 and 19/20, still in line with updated July 2017 Business Case

	2017/18	2018/19	2019/20	Total
Phase 1	185,630	650,944	150,608	987,182
Phase 2 and 3		473,505	1,081,134	1,554,639
Total	185,630	1,124,449	1,231,742	2,541,821

11. The Phase 1 target straddled two financial years with an estimated part-year saving in 2017/18 with the full-year effect seen in 2018/19. Some of the savings were realised earlier than initially estimated due to identified agreed exit arrangements for individuals. Overall the ongoing annual savings from Phase 1 will reach £987,182 by 2019/20, which is higher than the initial estimate. This larger balance of savings in Phase 1 has been balanced with revised scoping of roles in phases 2 and 3, therefore overall the predicted savings at this time remain the same as stated in the business case.
12. The target savings for Phases 2 and 3 have been combined for ease of reporting. As the selection process is now being undertaken at the same time for both phases it will not be possible to differentiate the savings generated between the role allocations for the original phasing.
13. The savings targets set out in the transformation business case were based on specific identified roles and associated activities. The baseline was based on a capture of these identified roles in the Council's "establishment" in June 2016, costed at the April 2017 pay scales. The actual savings figure for Phase 1 is based on the new roles positioned into the new operating model as at March 2018. The business case was based on transforming existing activity in the council and securing efficiencies and other benefits from working in different ways. It does not cover new activity that the council has subsequently decided to deliver, such as the commercial property activity and the associated posts and investment in Westlands, which were put to Council in separate business cases. In addition, a number of service areas and roles were deemed "out of scope" in the original transformation business case, these areas and roles will still be affected by transformation and the new ways of working but no savings were associated with them. They will, however, be subject to a business planning process to take forward transformation and commercial development.
14. However, the Council's draft Medium Term Financial Plan (MTFP) incorporates ongoing assumptions for budget purposes that would see annual savings being delivered quicker than shown in the table above. It is anticipated for budgeting purposes that the MTFP assumption will be delivered as the Council is holding a number of vacancies in advance of the implementation of the new model. This approach effectively means the savings can be delivered in line with budget assumptions and earlier than planned in the updated business case.

Funding the Transformation Programme

15. The estimated overall costs of implementing the Transformation Programme were updated in April 2017 with Full Council approving the total budget of £7.448m. Members will be aware from that report and subsequent financial monitoring and budget reports that part of the funding was to be found from underspends and future budget plans. In April the target to be found from underspends/budget was £1.1m.
16. Good progress has been made and the significant majority of these funds have now been secured. Of the £1.1m, only £267k remains to be identified, and at the time of this report there is a good probability that most if not all of this sum can be identified from underspend against the 2017/18 budget at the end of this financial year. The following table summarises the current costs and proposed funding position:

	£k
Costs:	
Capital Costs – Programme Implementation	1,791
Revenue Costs – Programme Implementation	1,612
Revenue Costs – Redundancy Provision	4,045
Total Costs	7,448
Funding:	
Capital	
Capital Receipts Reserve	1,791
Revenue	
General Reserves / Underspends	1,676
MTFP Support Fund	1,508
Earmarked Reserves	1,232
Revenue Budget Allocations	474
Flexible Capital Receipts	500
Still to be identified	267
Total Funding	7,448

17. The budgeted implementation costs have been reviewed to confirm latest estimates. As a result there is effectively a swap of £300,000 of costs between capital and revenue expenditure. This does not change the costs overall but ensures expenditure is accounted for correctly as this classification is important for the annual accounts. However, this does have a funding implication. It reduces the call on the historic Capital Receipts Reserve balance – which can only be used for capital expenditure – with the additional revenue costs to be funded from the “Capital Reserve” earmarked reserve (current unallocated balance is £1.25m) which can be used for both capital and revenue purposes.
18. Budget monitoring is currently on track and all budgeted costs are within profile. The largest budget provision is for redundancies, with an overall provision for redundancy and related costs of up to £4,044,700. As previously reported this is not a target to spend but rather a reasonable estimate of possible costs based on a range of assumptions. The position on redundancy payments at the end of phase 1 have been finalised at £1,038,704 plus additional future pension strain costs of £160,272. This averages at £54,499 person for the 22 redundancies. However, this first tranche of redundancies included management roles, which naturally presented higher than the average, the financial modelling for redundancies overall remains within target.

Transformation of Area Working - Area+

19. SSDC has a proud history of Area working, first established in the early 1990s and evolving over a 25 year period. The Area working system was established to recognise that South Somerset is geographically a large district encompassing a diverse set of communities, ranging from larger urban Areas such as Yeovil to small, relatively isolated rural settlements in the north of the district.
20. The needs of these communities are individual, including relatively high levels of deprivation in the urban areas of the south and west, and access to transport and services in rural parts of the district. Therefore, whilst there are district wide needs, there are also distinct local community needs. Whilst it is appropriate for some Council delivery and services to be homogenous across the district, it should not be “one size fits all”, and delivery should be tailored to different local requirements.
21. Through Transformation, the concept of “Locality Working” has also been introduced as a fundamental part of the new business model. It should not be regarded as replacing Area Working, but as an addition and an enhancement to Area Working - hence the use of the term Area+.

22. The purpose of Locality Working as set out in the Business Case and Future Operating Model is:

- To meet local priorities within the Council Plan
- Provide a responsive and high profile presence in the community
- Deliver locally tailored inspection and enforcement
- Respond to customers
- Proactively resolve issues on the ground and reduce service requests

These operational considerations have been blended together with the legacy of SSDC Area Working to form the basis of the proposal for Area+

23. The proposal for Area+ working was issued to all Members on 22nd February 2018. This document sets out a proposal on how Area+ will work in the future in SSDC. The proposal has been drafted following discussions of the Transformation Member Working Group, a survey of all Members and discussions with officers in the new structure and working methods, concerned with delivery at a local level.

24. Making Area+ an integral part of the new operating model ensures that the legacy of successful Area Working and the new opportunities of Locality Working can be woven into the redesign of service delivery and embedded into strategy development and corporate planning. An outline implementation plan and associated communication plan have been approved by the Transformation Programme Board, these plans will be incorporated into the Transformation Programme Management, governance and reporting routines so that progress can be monitored and dependencies managed effectively.

Financial Implications

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

Risk Matrix

26. A 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					
Moderate			7		
Minor		4			
Insignificant					
	Remote	Unlikely	Possible	Probable	Highly Probable

Council Plan Implications

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

Carbon Emissions and Climate Change Implications

28. There are no direct implications

Equality and Diversity Implications

29. 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.

Privacy Impact Assessment

30. There are no direct implications

Background Papers

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