PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee

23 September 2015

TRANSFORMATION PROGRAMME 2015-2020: PHASE 1

Report by the Chief Executive

PURPOSE OF REPORT

This report updates the Committee with progress on the Council's Transformation Programme agreed by Council on 1 July 2015, and requests £3,283,000 funding from the Earmarked Reserve for Transformation (including £666,000 in 2015/16), and £20,000 from the Housing Revenue Account to provide specific reviews with capacity and support to secure the effective delivery of Phase 1 reviews.

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1. **BACKGROUND/MAIN ISSUES**

1.1 The Council's Transformation Strategy 2015-2020 'Building Ambition' and new Organisational Development Framework was approved by Council on 1 July 2015. Together they detail how we will deliver transformation across the Council over the next five years. Accompanying the strategy is a programme of 39 major reviews, which are considered to be key drivers and enablers of transformation across the organisation. The programme is focussed on continuing to take a proactive approach to public service reform and embracing change that keeps Perth and Kinross Council in a position of strength, to meet the new and significant challenges ahead.

1.2 Of the 39 approved reviews, 22 have been prioritised by the Executive Officer Team (EOT) for initiation during 2015/16 (See Appendix 1 for timeline for all projects). Criteria were agreed and applied by EOT to decide which projects need an Outline Business Case (OBC) before initiating. It was agreed that 19 of the projects planned to start in 2015/16 would be developed further from the initial proposal into an OBC. This is primarily because these projects were seeking funding to progress, were cross- organisational in nature and/or high value/high risk. In 3 other cases, project teams did not seek funding and, as the reviews were Service specific, EOT agreed that it was appropriate for these projects to proceed directly to project scoping stage. This involves producing a scoping report which sets out the full terms of reference, including: aims, objectives, timescales, methodology, resources, project plan and risk log. Scoping reports will be submitted to the Executive Officer Team, and the Modernising Governance Member Officer Working Group. It is proposed that the timescale for submitting these reports will be October 2015.

1.3   Transformation proposals are kept under review, and the Executive Officer Team (EOT) has considered the following amendments to the programme:

- The scope for the Review of Older People's Services as approved by Council on 1 July 2015 has been reconsidered, and sub divided into two sub-reviews - Adult Day Services and Residential Care.

- Following scoping work on the Administration Review (also approved by Council on 1 July 2015), it was considered beneficial to subdivide that review to include a review of Finance functions into the programme.

- The Review into Optimising our Peripheral Workforce has mostly procurement implications, so is proposed to be included as a sub-set of the Procurement Reform Review.

1.4   The short timescale for developing the 19 OBCs over the summer has been challenging, including the robust assessements of each review. Arrangements have been put in place to support managers as effectively as possible. Colleagues in Finance and Human Resources have been particularly proactive in reaching out to lead officers to provide advice on completing the resourcing and workforce implications sections of their OBCs. Quality assurance of the OBC documents was provided by the Council's Heads of Improvement. The Heads took a role in assessing the OBCs against the corporate guidance, offering an external perspective on content, and providing useful feedback to project leads for consideration. The OBCs were considered by EOT on 1 September 2015.

1.5   To ensure effective links were made during the OBC drafting stage between projects dealing with similar challenges, or seeking related outcomes, projects were clustered into key themes. These included: property/ facilities/assets; technology; tackling inequality; and communities. These links will continue throughout the duration of the projects to facilitate an ongoing dialogue and exchange of ideas at all stages, with Executive Directors taking a lead role in overseeing each of these clusters to ensure sharing of ideas between project teams.

2   OUTLINE BUSINESS CASES/ SCOPING REPORTS

2.1   Outline Business Cases (OBCs) for the 16 projects which require additional funding for project initiation during 2015/16 are listed below. A summary of the content of each OBC is contained at Appendix 2.

- Procurement Reform Review
- Smart Perth and Kinross: Perth and Kinross Open Data Review
- Corporate Digital Services and my Account Review
- Mobile Working Review
- Communities First Review
- Review of Older People's Services: Residential Care
- Review of Adult Day Services

- Home First: Review of Homeless Service
- Review of HCC Repairs Service
- Review of Facility Management (FM) Service arrangements
- Review of Community Campuses Contract Arrangements
- Review of Catering Services
- Review of Community Care Services
- Review of Roads Activities
- Modernising Performance Reporting Review
- Modernising Licences, Permissions and Approvals Processes Review

3   SUPPORTING TRANSFORMATION

3.1   It is recognised that within our existing workforce, our people have the skills and talent necessary to ensure the successful delivery of the transformation programme. For each project there is an identified lead officer that will be responsible for overall project management and delivery of outcomes. In some cases this may mean that temporary arrangements are put in place to free up officer capacity to deliver these critical projects. This could in turn create opportunities for other staff to backfill posts during this time, which has the added benefit of promoting staff development and advancement. Capacity to deliver the transformation programme is a key issue going forward. In addition to the support identified for specific projects, additional corporate capacity to enhance existing resources has been included.

3.2   There are a number of corporate groups in place which will support project managers to identify and resource the wider skill set required to deliver the transformation projects. The Executive Officer Team's Change and Transformation Board has a key role in monitoring progress of the Transformation Programme, and working with project leads to understand these requirements and co-ordinate the provision of a holistic and joined up support package which will flex and adapt as necessary.   Other groups exist which provide specialised support to projects. For example, an Improvement Practitioners Network has been established to collectively build capacity for improvement and to provide an expert resource to all projects on using methods such as Kaizen, customer journey mapping and community engagement. The Leadership and Learning Network is supporting transformation by ensuring opportunities for learning are as accessible as possible for all employees.

3.3   Whilst we aim to maximise available resources and build capacity to support transformation internally, bringing in an external resource can offer a fresh perspective and a level of expertise which might not be available in the Council. In some cases this might mean engaging in an external specialist consultant to progress a particularly challenging area such as new technology. In many cases what is needed is a fresh insight and some extra temporary capacity. The previous 5 years have seen a reduction in capacity at Chief Officer and Service Management level. Although operational capacity has reduced, managers have risen to the challenge, however they will need some additional resources to support the service redesign arising from the Transformation Programme.

3.4   Part of our resource approach has been to recruit 7 graduates for a fixed term period of twelve months through the Graduate Work Experience Programme. This year's intake of graduates will be aligned to the Council's Transformation Programme to support specific transformation projects or be deployed to support the overall transformation programme. They will provide project teams with a valuable resource by helping with activities such as research and analysis, project and programme management support, preparing reports and presentations, and stakeholder engagement. They bring new ideas and enthusiasm and have expertise in the use of social media and new technology. In return, they will obtain experience and insight to the workings of our complex and diverse organisation, which will enhance their employability and give them an opportunity to make a difference to the lives of individuals and communities within Perth and Kinross.

4   FUNDING TRANSFORMATION

4.1   The Unaudited Annual Accounts for 2013/14 that were approved by Council on 1 July 2015 (Report No. 15/277 refers) included £12,963,000 which was earmarked towards supporting the Transformation Programme (including Workforce Management). The purpose of this funding is to provide capacity to respond to future financial challenges facing the Council over the short to medium term. Subsequent adjustments proposed in Revenue Monitoring Report No. 1 that will be considered by this Committee (Report No. 15/395 Refers) will increase the amount to £13,294,000.

4.2   The financial implications of the first phase of projects are set out in Appendix 2 to this report. In terms of the General Fund the indicative cost of the projects listed at Appendix 2 is £3,283,000 between 2015/16 and 2019/20. Based on the information contained in the OBCs, the totality of general fund recurring savings from all phase 1 reviews is projected at approximately £11,600,000 by 2019/20. These are net savings, once recurring costs, such as capital charges have been deducted. In terms of the Housing Revenue Account the indicative cost of the project is £20,000 in 2015/16 which is projected to deliver recurring savings of £500,000 by 2018/19.

4.3   Where individual business cases have identified recurring costs, e.g. licenses and loan charges to fund capital expenditure, then these have been offset against the recurring savings. The inclusion of this additional capital expenditure remains prudent, affordable and sustainable.

4.4   The phasing of indicative costs is summarised in the table below:

GENERAL FUND	15/16	16/17	17/18	18/19	19/20	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total One Off Costs	666	1,140	942	460	75	3,283

4.5   The indicative costs above may be subject to subsequent change as detailed analysis on the exact breakdown of costs is carried out. For example there may be additional costs that can be capitalised which reduces the pressure on Reserves and slightly reduces the level of recurring savings available to contribute towards the Revenue Budget. In addition, there may be an element of the costs and savings identified above that should be attributed to the Housing Revenue Account. As the projects develop the potential costs and savings will be allocated to the Housing Revenue Account, however the total level of costs should not change. Any variations which do occur will be reported to the Strategic Policy and Resources Committee for approval.

4.6   The implications in terms of budget savings arising from these reviews will be factored into the budget review process, and reported to Council, as part of the Council`s budget setting arrangements.

5.   NEXT STEPS

5.1   Once the OBCs are approved, it is proposed that project teams will proceed to carrying out the reviews in accordance with the Council's Improvement Review Guidelines and using project management guidance. This involves clearly scoping out the review and developing a project plan which identifies the key deliverables for each review. This will be used by each project board to monitor progress throughout the review. The guide and supporting documentation is available to staff on eric. As well as the formal guidance, staff will also be able to access practical support and advice from the Councils' Learn, Innovate, Grow' programme in the form of lunchtime sessions. Reviews should also consider workforce implications and lead officers will be reminded of the Framework for Managing Workforce Changes and Workforce Changes Toolkit available on eric.

5.2   Since the launch of the Council's Organisational Development Framework 'Learn, Innovate, Grow' in July 2015, work continues to prepare for transformation at every level of the organisation. At a corporate level, a number of initiatives are underway to support this process. The Employee Review and Development (ERD) process has been re-shaped to promote the refreshed cultural direction and this is being tested in a number of areas before it is released in January 2016. A corresponding Leadership Framework is also in production and is connected to what has been identified as important in relation to the Council's plans for transformation and cultural development. Work continues at all levels of the organisation to embed the ethos of 'Learn, Innovate, Grow' to capitalise on the expertise and commitment in existence across the Council.

5.3   The next phase of the Transformation Programme is to begin preparations for initiating the transformation projects which are planned to commence in 2016/17 – see Appendix 1. This will involve applying the agreed criteria to identify which of these projects require a business case or a scoping report, and also the reviews which may seek approval for funding from the Strategic Policy and Resources Committee, to support the delivery of the review.

6. GOVERNANCE

6.1   It is proposed that progress with the Transformation Programme will be closely monitored and reported to: the Executive Officer Team Change and Transformation Board on a six weekly basis; the Modernising Governance Member Officer Working Group at each meeting; monitoring reports to the Strategic Policy and Resources Committee at each meeting and annually to Council. In addition to these overall governance arrangements, individual project managers will report to their project board, Senior Management Teams and relevant Service Committee at an agreed interval.   Variances and requests for funding from the Earmarked Reserve for Transformation will be reported to the Strategic Policy and Resources Committee.

6.2   The Head of Finance and the Head of Strategic Commissioning and Organisational Development will have a key role in monitoring both the financial resources and the delivery of the Programme.

7.   CONCLUSION AND RECOMMENDATION

7.1   Perth and Kinross Council is recognised as one of the highest performing Councils in Scotland. To ensure we continue to lead the way nationally and in the context of the complex challenges we face, we must improve and transform the way we do business. The Council's Transformation Strategy and Programme 'Building Ambition` 2015-2020 and new Organisational Development Framework will ensure that the Council is re-energised and ready for the future. This report updates the Committee on phase 1 of the Transformation Programme with OBCs for the projects which will commence this financial year.

7.2   This work will support the future sound management of the organisation. The report seeks authority to undertake far reaching and radical redesign to sustain services into the future. Choices will still remain through future budget processes, however the Council has endorsed the planning of transformation and the Committee is now asked to support that planning phase financially

7.3   It is recommended that the Committee:

(a)   Agree to the release of £ 3,283,000 funding from the Transformation Reserve (including £666,000 for 2015/16), and £20,000 funded by the Housing Revenue Account in 2015/16 to provide initial capacity and support to secure the effective delivery of the reviews detailed in this report.

(b)   Agree the governance arrangements for monitoring the Transformation Programme, as detailed in section 6.

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Bernadette Malone	The Chief Executive	10 September 2015

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	**Yes**
Corporate Plan	**Yes**
Resource Implications	
Financial	**Yes**
Workforce	**None**
Asset Management (land, property, IST)	**None**
Assessments	
Equality Impact Assessment	**None**
Strategic Environmental Assessment	**None**
Sustainability (community, economic, environmental)	**None**
Legal and Governance	**None**
Risk	**Yes**
Consultation	
Internal	**Yes**
External	**None**
Communication	
Communications Plan	**Yes**

1 Strategic Implications

Community Plan/Single Outcome Agreement

1.1 The proposals relate to the delivery of the Perth and Kinross Community Plan/Single Outcome Agreement in terms of the following priorities:

(i) Giving every child the best start in life
(ii) Developing educated, responsible and informed citizens
(iii) Promoting a prosperous, inclusive and sustainable economy
(iv) Supporting people to lead independent, health and active lives
(v) Creating a safe and sustainable place for future generations

Corporate Plan

1.2 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

(i) Giving every child the best start in life;
(ii) Developing educated, responsible and informed citizens;
(iii) Promoting a prosperous, inclusive and sustainable economy;
(iv) Supporting people to lead independent, healthy and active lives; and
(i) Creating a safe and sustainable place for future generations.

1.3   The report relates to all of these objectives.

2.   Resource Implications

Financial

2.1   As detailed in the report, £666,000 funding is requested from the Transformation Reserve in 2015, and £20,000 from the Housing Revenue Account to support the delivery of the reviews detailed in this report, as part of a wider Transformation programme of £3,283,000 which will deliver a net projected saving of £11.6m by 2019/2020.

Workforce

2.2   There are no direct workforce implications arising from this report.

Asset Management (land, property, IT)

2.3   There are no direct asset management implications arising from this report.

3.   Assessments

Equality Impact Assessment

3.1   Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

3.2   The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as not relevant for the purposes of EqIA.

Strategic Environmental Assessment

3.3   The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.4   The proposals within this report have been considered under the terms of the act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

3.5   Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

3.6   The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

4.   Consultation

Internal

4.1   The Head of Finance, Corporate Human Resources Manager, Head of Legal, Head of Finance and Support Services, Senior Corporate Strategy Manager, Chief Accountant, and Employee Innovation and Engagement Manager were consulted in the preparation of this report.

External

4.2   Not applicable.

5.   Communication

5.1   Planned ongoing communications with staff and elected members has been set out in the report.

2.   BACKGROUND PAPERS

2.1   The background papers referred to within the report are:
       Report 15/592: Building Ambition: The Council's Transformation Strategy 2015-2020 and Organisational Development Framework

3.   APPENDICES

3.1   Appendix 1 – Transformation Programme 2015-2020 Timeline
3.2   Appendix 2 – Summary of Outline Business Cases 2015/16

TRANSFORMATION PROGRAMME 2015-2020 TIMELINE

No	Title	Type (see note 4)	Timescales for initiation		
			15/16	16/17	17/18
1	Corporate Property Asset Management Review	O	▓		
2	Procurement Reform Review	O	▓		
3	Smart Perth and Kinross: Perth and Kinross Open Data	O	▓		
4	Strategic Commissioning with the 3rd sector	S	▓		
5	Corporate Digital Services and my Account Review	O	▓		
6	Mobile Working Review	O	▓		
7	Communities First Review	O	▓		
8	Review of Older People's Services: Residential Care (see note 1)	O	▓		
9	Review of Community Capacity and Empowerment	O		▓	
10	Home First: Review of Homeless Service	O	▓		
11	Residential care services (children and young people)			▓	
12	Building for Communities Review			▓	
13	Review of School Staffing Standards				▓
14	Review of HCC Repairs Service	O	▓		
15	Review of Facility Management (FM) Service arrangements	O	▓		
16	Electronic Document Management	O		▓	
17	Review of Community Campuses Contract Arrangements	O	▓		
18	Review of Catering Services	O	▓		
19	Early Years Strategy Phase 3 Review		▓		
20	Review of Inclusion Services			▓	
21	Securing the Future of the School Estate	O	▓		
22	Review of Community Care Packages for Adults	O	▓		
23	Review the Delivery of Class Contact Time			▓	
24	Expansion of Family Based Care Review			▓	
25	Council Vehicle Fleet Utilisation and Optimisation Review			▓	
26	Review of Efficiencies in ICT			▓	
27	Review of Council Assets for Commercial Sponsorship			▓	
28	Review of Roads Activities	O	▓		
29	Review of Recycling Service	S	▓		
30	Review of Working Week Arrangements in Schools			▓	
31	Community Greenspace Review			▓	
32	Public Toilet Best Value Review			▓	

No	Title	Type (see note 4)	Timescales for initiation		
			15/16	**16/17**	**17/18**
33	**Modernising Performance Reporting Review**	O	▓		
34	**Optimising our Peripheral Workforce Review**	O	▓		
35	**Modernising Licences, Permissions and Approvals Processes**	O	▓		
36	**Review of Administrative Support Services**			▓	
37	**Inveralmond Reuse Shop Review**			▓	
38	**Grounds Maintenance – Continental Shift Working Review**	S	▓		
39	**Review of Event Management**			▓	
40	**Review of Adult Day Services (see note 1)**	O	▓		
41	**Review of Finance (see note 2)**			▓	

Notes

1. The scope for the Review of Older People's Services as approved by Council on 1 July 2015 has been sub divided into two sub-reviews - Adult Day Services, and Residential Care.

2. Following scoping work on the Administration review (also approved by Council on 1 July 2015), it was considered beneficial to subdivide that review, to include a review of Finance functions into the programme

3. The Optimising and Peripheral Workforce Review is to be incorporated as a sub-element of the Procurement Reform Review

4. Key to 'Type' column – O = Outline Business Case required; S = scoping approach required

SUMMARY OF OUTLINE BUSINESS CASES 2015/16 – REQUESTING FUNDING SUPPORT

Original OBC Ref No	Title/Description	Funding During 2015/16 £'000	Total Funding £'000	Indicative estimated net recurring saving £000	Payback ratio (recurring savings to initial investment)
	Reviews commencing 15/16 which require investment				
2	Procurement Reform Review	41	770	2,500	3.3:1
5	Corporate Digital Services and my Account Review	18	18	122	6.8:1
6	Mobile Working Review	26	26	428	16:1
7	Communities First Review	325	725	588	0.8:1 (note: this review will also support avoidance of future costs)
8 / 42	Review of Older People's Services: Residential Care / Adult Day Services Review (shared support funding for both reviews)	25	175	696 / 702	8:1
10	Home First: Review of Homeless Service	22	195	676	3.5:1

Original OBC Ref No	Title/Description	Funding During 2015/16 £'000	Total Funding £'000	Indicative estimated net recurring saving £000	Payback ratio (recurring savings to initial investment)
15.	• Review of Facility Management (FM) Service arrangements	25	50	200	11.6:1
17.	• Review of Community Campuses Contract Arrangements			180	
18	• Review of Catering services (shared support funding for three reviews)			200	
22	Review of Community Care Service	75	722	1,372	2:1
28	Review of Roads Activities	20	50	200	4:1
33	Modernising Performance Reporting Review	16	16	34	2:1
35	Modernising Licences, Permissions and Approvals Processes Review	7	20	40	2:1

	Enabling Reviews (to support the delivery of other Reviews)	50	200
3	Smart Perth and Kinross: Perth and Kinross Open Data Review	16	316
	TOTAL	**666**	**3,283**

Housing Revenue Account

Original OBC Ref No	Title/Description	Funding During 2015/16 £'000	Total Funding £'000	Indicative estimated net recurring saving £000	Payback ratio (recurring savings to initial investment)
14	Review of HCC Repairs Service	20	20	500	25:1