

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	UPDATE ON THE PEOPLE SERVICES TRANSFORMATION WORK		
<b>DATE OF DECISION:</b>	16 JULY 2013		
<b>REPORT OF:</b>	CABINET MEMBER FOR COMMUNITIES AND CHANGE		
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<b>STATEMENT OF CONFIDENTIALITY</b>			
N/A			

## **BRIEF SUMMARY**

This report provides an update on work undertaken by senior managers and their teams and more recently by the People Directorate to transform services. The initial work was facilitated by external consultants who provided expertise in developing the foundations for integrated and effective People's services. The strategic outcomes from transformation are to deliver better outcomes for residents, better quality of service and significantly reduce costs.

## **RECOMMENDATIONS:**

- (i) To note the work undertaken between December 2012 and April 2013 in advance of establishing the People Directorate in April 2013.
- (ii) To note the arrangements put in place by the People Directorate to drive the implementation over the next 12 – 18 months. This will lead to the transformation of services in the People's Directorate.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. The administration is committed to openness and transparency and recognises that all Members have an interest in the transformation of diverse and important services within the newly formed People's directorate. Therefore, although this report does not recommend any decisions or action, the Leader and Cabinet want to raise awareness of this work to ensure that all Members are briefed. This includes the specific contribution made by external consultants who were commissioned to facilitate this work from December 2012 and April 2013. This report is for information only and any decisions arising from the implementation plans will be made through the Council's agreed decision making processes.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The alternative option would have been to organise a special briefing for Members and through the Members' bulletin. This was rejected as the Leader and Cabinet want a public record of this work which was commissioned and delivered earlier this year.

## DETAIL

3. The new administration recognised last year that the Council's challenges included a need to:
  - Work with partners (internal and external) to develop a clear and shared future view which will deliver on city-wide challenges.
  - Make a significant contribution from the transformation of People services towards the financial challenge facing the Council.
  - Modernise some very traditional and very high cost services which seek to protect vulnerable children, young people, adults and families to make them fit for the future and deliver better outcomes.
  - Build the capacity in the Council to address these challenges with recognisable and tangible continuous improvement.
4. In December 2012, following advice from the Chief Executive, the Leader and Cabinet commissioned external consultants to support a core team of eight senior managers to develop a vision, target operating model and options for delivering modernised, transformed and integrated people services. This work was conducted over a three week period, and provided the group with an opportunity to work together to develop a new approach to viewing Council services and how they could change.
5. It was recognised that a point of consensus had been delivered and that it was critical to capitalise on the momentum generated as part of this work. Managers had worked hard to challenge their own ways of working and the Council needed to support them by building on the promise which has been displayed. It was important for the Council to build robust foundations for transforming services and significantly reducing costs in these areas. The challenge was that these services are high cost demand led services and comprise over 65% of the Council's budget.
6. As these services supported the most vulnerable residents in the City, Cabinet were keen to ensure that the transformation work did not in any way impede the progress managers had made. Therefore, external consultants were commissioned to provide additional capacity and expertise to help managers consider how to fundamentally modernise services, making them fit for purpose and fit for the future. The ongoing strategic outcomes from transformation are to deliver better outcomes for residents, better quality of service and significantly reduce costs.
7. In light of the Council's challenging financial constraints, the remit was to agree the vision and a Target Operating Model (TOM) which provided a longer term, strategic approach. It was recognised that the Council has a critical role in:
  - developing capacity in the community and working with other organisations to focus on prevention and manage demand for high cost Council services.

- moving from a focus on “safeguarding only” to working with partners to address the causes of long term support.
  - changing the culture, capability and capacity to act and generate a culture of continuous self-improvement.
8. At the time the new People’s directorate was to be launched in April 2013 and it was agreed that given the Council’s financial pressures, the Council had to seize the opportunity before the arrival of the new Director to shape the future and make sure the Council has substantial savings and service improvements underway. This meant delivering on the following outputs:
- Developing the future design for People Services through designing a detailed operating model for the future – a TOM for service delivery in Southampton. This was to focus more directly on delivering better outcomes for residents through integrated, more efficient and cost effective services, including the following:
    - Commissioning models
    - Delivery models
    - Processes and activities
    - Systems and information
    - Benefits realisation
  - Delivering a series of business cases which once validated, would support the Council to make priority-based decisions about investment and to deliver the savings required within the context of the design above. Identifying areas where transformation activities can be accelerated quickly and benefits can be realized now.
  - Providing access to subject matter experts.
  - Bringing tools and methods to bear, e.g. customer journey mapping, business process re-engineering, strategic and operational commissioning approaches.
  - Maintaining a coherent a link across the programme.
  - Developing an overall draft plan to explain how the operating model could be brought into being. This was to enable the Council to take a longer term view about tangible change in the short and medium term to deliver the savings as well as coherence about how the whole set of services can move forward together.
9. As explained earlier in this report, the Council recognised that it did not have all the necessary experience or capacity to deliver on its own and therefore a management consultancy was commissioned to work over a 3 month period between January and April 2013. This was effectively adoption of an ‘invest to save’ approach to drive the implementation of sustainable solutions. The consultancy provided a team of management consultants to work with officers to:
- Structure, facilitate, guide and direct the delivery of the outputs set out above (culminating in the delivery of the outline business cases and design of the People Directorate). This had to be delivered in the spirit of consensus already developed so that we “make change stick”.

- Challenge current modes of doing things requiring some root and branch analysis to understand where the Council could do things differently, where changes could be introduced, how other people do things and what the options are for Southampton. This required some fundamental service knowledge, as well as some careful stakeholder engagement to help people develop options for the services they manage.
  - Build internal capacity including through skills transfer in some fundamental business change areas. These included the development of draft outline business cases, benefits tracking, performance reporting and performance management, balancing risk with innovation and delivering new models of delivery (locations but also cultures).
  - Provide service managers with support on leadership, methodologies, learning and insight from best practice in order to deliver.
10. The consultancy provided a range of supporting services including:
    - Scoping and planning the review
    - Facilitating of workshops and leadership discussions
    - Reviewing and analysing evidence
  11. Over the 3 month period, seven work streams were developed as priority areas for transformation:
    - a) Children's Services
    - b) Adult Services
    - c) Joint and Integrated Commissioning
    - d) Housing
    - e) Information, Advice and Channel Shift (now called Customer Services)
    - f) Supporting the Front Line (IT and Business Support)
    - g) Organisational Design
  12. It is important to highlight that the Workstream on supporting the front line, especially business support is being led by the Head of Strategic HR as it affects the whole Council
  13. This work was overseen by the Council's Change Programme Board, whose membership during this period was extended to include the Cabinet Members for Children's Services, Adult Services and Housing Services. This Board was chaired by the Cabinet Member for Communities and Change, who at that time was also the lead Member for Health. This Board met fortnightly until the first phase of the work was completed in mid April. The Director of People now chairs the new Implementation Board and will report to the Change Programme Board.
  14. Council Members have been kept informed of progress through briefings by the consultant and lead Cabinet members including informal Cabinet briefings and the members of the administration's policy group. A report was also presented to Overview and Scrutiny Management Committee on the 20 May 2013.

15. Over a relatively short period of time a lot of progress had been made and this has varied in depth and detail, depending on the service area. Some areas were able to make more progress than others. In five cases, the Change Programme Board was able to agree the outline business cases and in the other two (Supporting the Front Line and Organisational Design), further work is being undertaken. The more detailed work embraced developing TOMs, outline business cases, benefits realisation monitoring and financial models along with high level implementation plans. The high level TOM which was defined early in the process is set out in Appendix 1

16. Each draft outline business cases addressed the following key topics:

- Current position and need for change
- Future design
- Target Operating Model (TOM)
- Costs and Benefits
- Implementation Plan
- Dependencies

Summaries of the five outline business cases completed to-date are set out in Appendix 2. Officers are continuing to develop the full business cases and implementation plans under the leadership of the new director. These outline business cases are currently being reviewed by officers under the leadership of the Director of People so that firm implementation plans can be agreed to deliver reshaped services by April 2014. The director has prioritised the redesign of services over any staff reshaping so that significant savings can be identified.

17. The work completed to date indicated that total financial benefits could be up to £16.5M in the medium term and is the beginning of a strategic financial planning journey. More detailed estimates of the required investment and the level and timing of the financial benefits will be developed and validated as part of the preparation of the full business cases. These benefits include cost avoidance and also savings which will contribute directly to addressing the financial pressures the Council faces.

18. In essence the work completed so far has provided:

- A clear and coherent sense of direction
- A coherent target operating model drawing together the initial design work and implementation plans
- An initial services structure for the People Directorate
- A set of robust and validated outline business cases
- Progress with key enablers and specifications for enabling support
- Practical leadership development
- Outline financial model and phased savings proposals
- A robust transformation programme

19. The main benefits of utilising external support were :
  - Creating an appetite for change across the services, led by a senior management team who are seeking ways to integrate services from a customer point of view
  - Providing much needed, objective analysis of how the services can be redesigned and understanding of how this has been done elsewhere with consequent benefits
  - Highlighting the performance vacuum in which many services were being delivered (this ranged from data not being collected, data collected but not being used, inaccurate data to issues with Paris - the social care client database).
  - Shining a light on the urgent need for the Council as a whole to support immediate improvements in Children's safeguarding. This had resulted in the Interim Chief Executive establishing weekly intensive care meetings to ensure progress was made in critical areas,
20. In support of all of this work, the following actions have been taken:
  - Development and launch of an internal intranet micro site for the change programme including the People Service transformation
  - The commencement of the process for data cleansing the PARIS system
  - Identification of funding to backfill posts where managers have to dedicate their time to the transformation work
  - Agreement to have a dedicated programme manager and four project managers to support the ongoing programme
  - Subsequently the business support element of the Supporting the Front line workstream has been widened to incorporate a whole Council approach, led by the Head of Strategic HR
  - Strengthening internal communications support to enable access to regular information for all staff.
21. The external consultants supported the Council to establish the foundation so that the directorate is able to develop long term plans. A considerable amount of work is already in hand including the establishment of an Implementation Board along with project teams and plans.
22. The main focus of the work for the remainder of the 2013/14 will be the preparation of the final business cases and corresponding implementation plans. These will define how and when the services will be transformed and the estimated savings that can be delivered in the short and medium term through radical reshaping of services. It is anticipated that the TOMs will be in place by April 2014. In parallel with this work any 'quick wins' will be implemented ahead of the start of the delivery of the more significant levels of savings from summer of 2014. The Cabinet is committed to ensuring regular updates are will provided on the programme.

## RESOURCE IMPLICATIONS

### Capital/Revenue

23. One off costs for the employment of external consultants, backfilling for officers engaged in the project as well as any implementation costs have been funded from the Council's Transformation Fund.
24. As final business cases are developed, and implementation plans confirmed, the financial implications will be incorporated into the Council's medium term financial position as part of the ongoing budget planning and development process.

### Property/Other

25. None

## LEGAL IMPLICATIONS

### Statutory power to undertake proposals in the report:

26. N/A

### Other Legal Implications:

27. None

## POLICY FRAMEWORK IMPLICATIONS

28. None

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	ALL
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## SUPPORTING DOCUMENTATION

### Appendices

1.	People Directorate – Target Operating Model (TOM)
2.	Executive Summaries of draft Outline Business Cases for each Workstream

### Documents In Members' Rooms

	None
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### Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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### Other Background Documents

#### Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s) Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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