

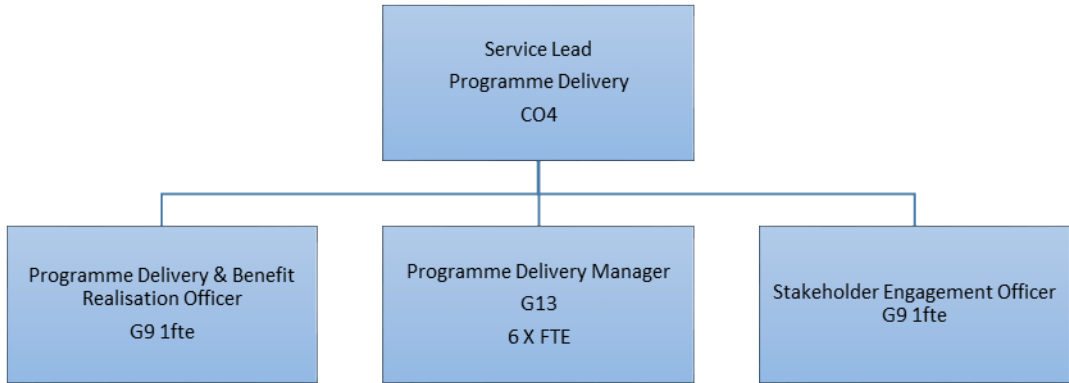
DECISION-MAKER:	OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
SUBJECT:	TRANSFORMATION PROGRAMME UPDATE		
DATE OF DECISION:	16 JUNE 2016		
REPORT OF:	TRANSFORMATION DIRECTOR		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
None	
BRIEF SUMMARY	
This paper provides the Overview and Scrutiny Management Committee (OSMC) with an update on the Transformation Programme as at end May 2016 and progress since the last update to OSMC in January 2016.	
RECOMMENDATIONS:	
(i)	The Committee is requested to consider this report and note progress of the Transformation programme.
REASONS FOR REPORT RECOMMENDATIONS	
1.	At the OSMC meeting in November 2013, the Chair requested that OSMC receives updates and reviews on the Transformation Programme at appropriate intervals. In response, it was agreed updates will be provided on a quarterly basis, commencing January 2014.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	Not applicable.
DETAIL (Including consultation carried out)	
3.	There has been a lot of progress made across the Transformation Programme since the last OSMC update in January. This report will highlight the key areas of change as well as providing a current status update for each programme against activity.
4.	Since January this year, all of the programme initiatives have been reviewed to ensure that resources and plans are aligned to achieve the best outcome, with several initiatives being regrouped or consolidated. The revised programmes are:
5.	Restructuring the Council (Operating Model) – this programme brings

	<p>together all organisation design work relating to the launch of the new operating model. There are 3 phases to this programme with Phase 1 completed at the end of January</p> <p>Service Excellence</p> <p>Capita Partnership Reset including: -</p> <p style="padding-left: 40px;">Core Services</p> <p style="padding-left: 40px;">Digital</p> <p style="padding-left: 40px;">Procurement</p> <p>Temporary Staff Procurement</p> <p>Service Cost Recovery</p> <p>HR Policies and Procedures</p> <p>Children’s and Families Service Transformation</p> <p>These Programmes are described in the detail below.</p>
	Individual Project Updates
6.	<p>Restructuring the Council – Operating Model</p> <p>Phase 1. This phase covered the roll out of the new senior leadership team which was completed at the end of January, and reduced the senior management team from 21 to 13. Projected savings for Full Year (FY) 2016/17 is £0.717m with the Full Year Effect is While some savings accrued at the end of FY 2015/16, the actual full year saving for FY 2016/17 is £0.883m</p>
7.	<p>Phase 2. Phase 2 of Operating Model has entered the consultation phase, which will run from May 23rd to July 7th. All posts which were not part of Phase 1 but are Grade 12 or above are in scope for Phase 2, totalling 142 FTE across the whole organisation. The design proposes to reduce this number to 107 FTE initially with further reductions being dependent on a number of factors, including: demand reduction, potential TUPE agreements being confirmed, potential moves towards academisation of education, partnership agreements with health, and other key relationships. Two functional areas are currently out of scope for Phase 2. These include:</p> <p><i>Strategic Commissioning:</i> work is ongoing to further develop this function with Health and others as part of the integration policy drivers set by Government; and <i>Strategic HR:</i> this was implemented as part of the Phase 1 transformation, although change and development of this function is ongoing particularly in light of the transfer of the HR Advisory service from Capita on 1 June 2016.</p>
8.	<p>Phase 3. An accelerated Phase 3 for Digital and Business Operations is currently being consulted on and proposes a reduction of 61.5FTE. A further consultation process impacting parts of the service currently out of scope is also expected on the 14th July. It is likely that this will be followed by a Phase 3 restructure for Transactions and Universal Services. Phase 3 for Strategy and the other Operations services will follow thereafter but the sequencing and timetable for these areas is still being developed.</p>
9.	<p>Service Excellence: A small core team of council staff (“Change Agents”) continue to drive the bedding in of this programme. This central team trains</p>

	<p>about 45 staff (“Champions”) drawn from across the pilot cohort fortnightly, with the aim of embedding the various service excellence tools and techniques so they become business as usual. A recent survey of the champions highlighted the top three benefits they are gaining from the programme as team work, focus and communication.</p>
10.	<p>Productivity gains are starting to be seen with no decrease in quality. Standard operating procedures are being developed and/or revised which are increasing consistency and reducing error rates. Skill sharing between team members to increase flexibility is underway.</p>
11.	<p>On a more local level, local teams are embracing the problem solving element of the service excellence system which has led to staff identifying improvements and areas for savings locally. This demonstrates how staff are beginning to take more initiative by progressing resolutions to problems without recourse to management. One Business Support Officer commented that “for the first time I feel I have a voice”. This demonstrates the potential for Service Excellence to re-engage with staff and increase morale.</p>
12.	<p>We are now starting to place greater emphasis on explaining Service Excellence to the rest of the organisation as a precursor to the eventual rollout of the programme across the organisation. A video showcasing service excellence in action has been produced in-house and has been launched (https://youtu.be/G9_pcTF646U).</p>
13.	<p>Capita Partnership Reset - Council made a decision on 16th March 2016 to retain the Capita contract but transfer back in-house HR Advisory Service and Property Service. The HR Advisory Service transferred back to the Council on 1st June and details are being finalised for the transfer of Property Services later in the year. The Capita programme also includes cost savings in Core Services, Digital and Procurement.</p>
14.	<p>The new vehicle for the delivery of the Capita service to Southampton City Council has now been set up - Capita Southampton Limited. The vehicle will be run by a new management jointly appointed with the Council. Three of the four key leadership roles for the Partnership (Partnership Director, Finance Director and Operations Director) have now been filled (Operations Director joining at the start of July). Recruitment activity is on-going to fill the role of Director for Digital Services. The first Partnership Board takes place on 9th June.</p>
15.	<p>Digital - CMT have signed off benefits linked to the first two tranches of customer journeys totalling 56 Customer Journeys / Development Sprints, and we are in design and delivery phase. Tranche 1 includes journeys in Transactions and Universal Services and consultations with affected staff started on 10th May. Tranche 2 covers a number of customer journeys impacting on Digital and Business Operations, Adults, Children’s and Families, and Growth. Consultation with affected staff in these areas started on 23rd May. Tranche 3, which covers a number of other journeys across Strategy and again areas in Digital and Business Operations and the rest of the Council is currently under development and consultation is expected to start on 14th July.</p>

16.	Two Customer Journey changes are now live. These are Reporting a Missed Bin and Telecare Referral. Early indications are showing a reduction in calls to the Contact Centre regarding Missed Bins as a result of this new Web Form to report a Missed Bin going live. We are still evaluating the impact and improvements made by the implementation of the Telecare Referral web form going live.
17.	We have held 26 user needs workshops and engaged with customers to gain insight on current user experience. The employee account, Staff Stuff, launched successfully in April and work is continuing with members to improve the casework tracker process. Work is underway on a number of specific customer journeys and online forms including Blue Badge application, new residents parking permits and visitors parking permits, purchase a copy of birth, death, and marriage certificates.
18.	Procurement Savings Initiatives - An important element of the re-launch of procurement services with our strategic partner has been the organisation of five ideas generation workshops covering Health and Social Care, Fleet, Facilities Management, Waste Management, Leisure and Low Value expenditure with Service Directors and their teams. These initial workshops have identified 57 projects for implementation for the first two years activity and 12 projects for longer term delivery. Further initiatives will continue to be developed and rolled out. A presentation was made to the Transformation Improvement Board on 31 st May 2016. As a result of this the final number of projects is being refined and the detail being prepared over the next weeks. This will confirm the detailed projects, delivery timescales and levels of savings which will contribute to bridging the budget deficit over the life of the current Medium Term Financial Strategy (MTFS).
19.	Temporary Staff Procurement - Following negotiations the contract documents have been refined to incorporate commercial incentives on the Managed Service Provider (MSP) to drive down overall costs. The MSP HAYS Specialist Recruitment Limited has kicked off the 12 week implementation phase with a target Go Live date of 1 September 2016. The initial intensive discovery and process mapping period is well underway and the technology, policy and communication activities will evolve over the following weeks.
20.	HR Policies and Procedures - A revised sickness absence policy went live on 2 nd March and a further managing change policy went live on 11 th March. A total of 33 posts have been deleted due to the vacant post project. All of these projects have now been closed as any further vacant posts that can be deleted will be dealt with as part of the Restructuring the Council Programme.
21.	Service Cost Recovery - Work is being implemented on 13 projects relating to the savings identified in the February budget. 2 new initiatives are also being worked on – Adult Care Packages and Schools Transport.
22.	<i>Adult Care Packages.</i> A new initiative has been launched to review adult care packages that have not been reviewed for more than 12 months. A validation exercise was undertaken as a pilot to determine the potential for savings in reviewing these care packages. The results of this were encouraging and presented to the Transformation Board on May 31 st 2016

	and it was agreed that the project would progress to a more detailed trial covering 220 cases to further evaluate the potential savings that could be made from a systematic review of the full 1900+ packages.
23.	<i>Schools Transport.</i> A Transport Task and Finish Group has been set up to identify possible efficiencies and savings across children's and adult's social care in the provision of transport services. This was presented at the Transformation Improvement Board and a project has been set up to make savings in the Schools Transport Service.
24.	Children's and Families Transformation - Given the challenges in this part of the Council, a new programme is being developed for this service area, and a proposed business case and action plan is expected to be presented to TIB on 28 th June. This change programme is expected to be structured along three main themes – 'cost/demand management', 'improving the staff offer', and 'system redesign' – and details can be provided at the next OSMC meeting. A new Programme Manager was appointed in April 2016 with responsibility for this area of work. This has seen a phase of activity, programme planning and design, with a wide scope of specific projects being developed to address an improved service offer to staff, service re-shaping and cost/demand management over a 4/5 year life cycle. A Programme Brief is due for final sign off by TIB at the end of June 2016 and this will drive future transformation work for children's services with clear governance arrangements, delivery timescales and spend reduction targets in place.
	<i>Long Term Structure</i>
25.	The Council has, is and will continue to face significant strategic and corporate change. These changes will require the articulation and delivery of a number of programme and project initiatives to ensure the requisite capacity to continue improving and enhancing services in parallel with business as usual activity.
26.	The structure below has been designed to "make the changes stick", The programme and project initiatives delivered through this central corporate function will be defined and aligned to the Council's strategic priorities and outcomes. As such, there will be a dotted line of reporting to the Service Lead for Corporate Finance and Commercialisation, who will provide direction on the strategic prioritisation of the Council's corporate initiatives.
27.	 <pre> graph TD SL["Service Lead Programme Delivery CO4"] PDR["Programme Delivery & Benefit Realisation Officer G9 1fte"] PDM["Programme Delivery Manager G13 6 X FTE"] SEO["Stakeholder Engagement Officer G9 1fte"] SL --- PDR SL --- PDM SL --- SEO </pre>
28.	With the arrival of Sue Thomas as the Interim Head of Programme Delivery Office on 31st May, we are implementing the controls and methodologies that

	will provide better visibility of progress to outcomes and deliverables, Risk Management, Benefit Realisation tracking. We are also improving the Programme and Project Management capability including Benefit Management and Business Change skills and expertise to the benefit of the staff and SCC in managing and implementing change to start transitioning Transformation into 'business as usual' (BAU) activity.
	Current Focus/ Next Steps
29.	<ol style="list-style-type: none"> 1. Bedding in the Operating Model through Service Excellence and change management; Continuing to deliver the 56 Customer Journeys in Digital that have been signed off while preparing additional Customer Journeys that are targeted for sign off on 14th July; Continuing with the delivery of the Temporary Staff Procurement and developing the Procurement Initiatives with Capita. 2. Design and rollout of the Operating Model Phase 3 3. Developing the Programmes for the remaining savings target to 2020 4. Implementing industry standard controls and methodologies to introduce more robust programme governance and transition Transformation into BAU.
30.	<p>The overall political and officer oversight of the Transformation Programme remains unchanged with:</p> <ul style="list-style-type: none"> • 1:1 meetings between the Transformation Director and Cabinet Member for Transformation • Monthly Transformation Improvement Board • Escalation of issues to Cabinet and Council as and when required • Regular Overview and Scrutiny Management Committee reporting <p>The Transformation Improvement Board has been extended to include the Senior Leadership Team.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
31.	The revenue cost of the SCC transformation team is largely being met from the transformation programme reserve approved by Council.
32.	The primary current capital investment for the work described above is £0.5m for Firmstep investment (£0.25m) and Mobile Device investment (£0.25m) in relation to the Digital (Part 1) programme. Requests for any future additional investment to deliver additional savings on this and/or other programmes will be presented to TIB and Capital Board when required.
<u>Property/Other</u>	
33.	No implications at this stage.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
34.	The duty to undertake overview and scrutiny is set out in Part 1A Section 9 of

	the Local Government Act 2000.
Other Legal Implications:	
35.	None
POLICY FRAMEWORK IMPLICATIONS	
36.	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None directly as a result of this report

SUPPORTING DOCUMENTATION

Appendices

1. None

Documents In Members' Rooms

1. None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.

ESIAs have been completed for Transformation projects where appropriate. The need to produce ESIs will be reviewed for each new project as it develops.

Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.

PIAs have been completed for Transformation projects where appropriate. PIA's will be reviewed for each new project as it develops.

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. Implementing the Council Strategy 2014 – 2017 (Item 81) http://www.southampton.gov.uk/modernGov/ieListDocuments.aspx?CId=122&MId=2835&Ver=4	