

DECISION-MAKER:	OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE		
SUBJECT:	TRANSFORMATION PROGRAMME UPDATE		
DATE OF DECISION:	15 JUNE 2017		
REPORT OF:	CABINET MEMBER FOR TRANSFORMATION PROJECTS		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
This report provides the Overview and Scrutiny Management Committee (OSMC) with an update on the Transformation Programme as at the end of May 2017, including progress since the last update to OSMC in February 2017.			
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)			
	Background		
3.	The main elements of the Transformation Programme have not changed since the last OSMC update in February 2017. While the formal transformation programme has ended, change initiatives continue to be managed, monitored and rolled out by the new Programme Management Office. The 'individual project update' sections below detail the current focus of each individual programme and provide an update from previous report. The current change initiatives are detailed below.		
	Restructuring the Council - Operating Model		
4.	Phase 1 and Phase 2 redesign and restrutures have been completed. The number and total cost of redundancies for the last two years are in the table		

	<p>below. The costs include payments to Hampshire Pension Fund for early release of pension, and exclude settlement payments and payments made by schools.</p>																														
	<table border="1"> <thead> <tr> <th data-bbox="331 338 507 421">Year</th> <th data-bbox="507 338 943 421">Number of Redundancies</th> <th data-bbox="943 338 1398 421">Total Cost of Redundancies £</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 421 507 479">2015-16</td> <td data-bbox="507 421 943 479">74</td> <td data-bbox="943 421 1398 479">2,101,581</td> </tr> <tr> <td data-bbox="331 479 507 533">2016-17</td> <td data-bbox="507 479 943 533">135</td> <td data-bbox="943 479 1398 533">5,063,529</td> </tr> </tbody> </table>	Year	Number of Redundancies	Total Cost of Redundancies £	2015-16	74	2,101,581	2016-17	135	5,063,529																					
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5.	<p>Phase 3 is currently being progressed and is being done in tranches. The first tranche comprised consultations on restructures in Transactional and Universal Services (T&US); Intelligence, Insight and Communications (I,I&C); Housing and Finance and Commercialisation (F&C). Formal staff consultation for 45 days commenced on 30 January 2017. The proposals covered 165.62 FTE, of which 8.32 are vacant posts and 10 were posts covered by agency staff. All restructures are in the final stages of completion with most internal interviews being completed. Roles that have not been filled following the internal processes including redeployment, are being recruited to through external advertisement.</p>																														
6.	<p>To date, the following have been agreed:</p> <table border="1"> <thead> <tr> <th data-bbox="331 987 555 1025"></th> <th data-bbox="555 987 772 1025">T&US</th> <th data-bbox="772 987 989 1025">I&C</th> <th data-bbox="989 987 1206 1025">Housing</th> <th data-bbox="1206 987 1430 1025">F&C</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 1025 555 1077">Retirement</td> <td data-bbox="555 1025 772 1077">0</td> <td data-bbox="772 1025 989 1077">0</td> <td data-bbox="989 1025 1206 1077">1</td> <td data-bbox="1206 1025 1430 1077">0</td> </tr> <tr> <td data-bbox="331 1077 555 1128">Redeployed</td> <td data-bbox="555 1077 772 1128">0</td> <td data-bbox="772 1077 989 1128">0</td> <td data-bbox="989 1077 1206 1128">1</td> <td data-bbox="1206 1077 1430 1128">0</td> </tr> <tr> <td data-bbox="331 1128 555 1205">Voluntary Redundancy</td> <td data-bbox="555 1128 772 1205">3</td> <td data-bbox="772 1128 989 1205">3</td> <td data-bbox="989 1128 1206 1205">0</td> <td data-bbox="1206 1128 1430 1205">5</td> </tr> <tr> <td data-bbox="331 1205 555 1281">Compulsory Redundancy</td> <td data-bbox="555 1205 772 1281">3</td> <td data-bbox="772 1205 989 1281">1</td> <td data-bbox="989 1205 1206 1281">4</td> <td data-bbox="1206 1205 1430 1281">13</td> </tr> <tr> <td data-bbox="331 1281 555 1339">Resignation</td> <td data-bbox="555 1281 772 1339">1</td> <td data-bbox="772 1281 989 1339">4</td> <td data-bbox="989 1281 1206 1339">1</td> <td data-bbox="1206 1281 1430 1339">1</td> </tr> </tbody> </table>		T&US	I&C	Housing	F&C	Retirement	0	0	1	0	Redeployed	0	0	1	0	Voluntary Redundancy	3	3	0	5	Compulsory Redundancy	3	1	4	13	Resignation	1	4	1	1
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7.	<p>The proposals will result in a reduction in headcount of changes and qualitative benefits including:</p> <ul style="list-style-type: none"> <li data-bbox="379 1440 1385 1507">• Finance - A better focus on business partnering to support services and the council's commercialisation ambitions <li data-bbox="379 1514 1430 1619">• IIC - An improvement in delivery against the priority outcomes, income generation and a greater focus on customers, customer experiences and customer insight. <li data-bbox="379 1626 1430 1765">• TUS – A more streamlined and joined up regulatory service, a more commercial and customer focus for bereavement and registration services and the integration and strengthening of management and supervision in the waste and street cleansing services. 																														
8.	<p>An Organisational Design Board has been established to consider and agree all Phase 3 proposals against an agreed set of design principles. Proposals currently being developed for the next tranche of staff consultation relate to Children and Families; Growth (Capital Assets and Infrastructure; Planning and Development); Transactional and Universal Services (Parks and Open Spaces) and digital transformation in Housing.</p>																														

	Service Excellence
9.	<p>This continues to deliver to plan with Champion Support sessions having been rolled out. The current cohort of staff who have been trained in Service Excellence report that the methodology is helping them be more productive, collaborative and better able to identify and resolve problems quickly. In parallel, EG software was introduced in Business Support (as part of the Digital programme). This enables staff to collect real time data about activities which have the potential to replace/complement the data collected manually as part of Service Excellence. Discussions are underway to identify how the EG data can be integrated with the Service Excellence system. The Council Management Team use their Information Centre (whiteboard) to highlight key issues including good news items and key performance improvement targets (Looked After Children, Direct Payments, Monthly Operational Performance). Other teams who have expressed an interest in using Service Excellence are the Programme Management Office, Communications and HR. It shows that the Service Excellence methodology is starting to build interest outside of the Phase 1 cohort.</p>
	Digital Transformation
10.	<p>The last update provided initial evidence on the improvements the digital solutions were making in line with agreed metrics. The digital journeys which have gone live since the last update include:</p> <ul style="list-style-type: none"> • Register a food business • Buy a memorial • New ways of raising purchase orders • Apply for HMO licence • Renew a residents parking permit • New way to book translators and interpreters. • Embedding of EG workflow tool.
11.	<p>Development work is currently underway for later releases of digital journeys including pest control appointments, Housing transformation and changes within Finance Operations. Managers are continuing to support staff to embed the new ways of working with additional training where needed. Ongoing feedback is being reviewed and appropriate actions taken.</p>
	Procurement Savings Initiatives
12.	<p>New governance arrangements have been set up which include a revised Programme Board, chaired by the Chief Operations Officer. A 2 year saving plan for 2017/18 and 2018/19 is being finalised. 13 of the 49 projects from Wave 1 of the procurement programme have been completed and a further 12 are due to be completed shortly. The rest are work in progress and brought forward into FY 2017/18. Given the timing of the implementation of some of the Wave 1 procurement initiatives, the 2016/17 in year benefits have been lower than expected under the reset contract arrangements with Capita and the Council has therefore called upon the contractual guarantee for this particular financial year. Savings plans for the next two years are being finalised and new governance arrangements have been set up which include a revised Programme Board, chaired by the Chief Operations Officer.</p>

	Hays Update
13.	Southampton City Council entered into a contractual arrangement with Hays Specialist Recruiting for Hays to supply all Temporary and Agency Workers (TAW) and permanent recruitment services to the council. The contract commencement date was 5 September 2016, for a period of 3 years. Client management of the Hays contract was transferred to the Associate Director, HR Operations in January 2017.
14.	<p>Management information is supplied by Hays on a monthly basis and this is monitored by the Associate Director, HR Operations and reported to the Transformation and Improvement Board on a regular basis. The focus for Hays has been to substantially drive down the temporary staffing costs in line with the council priorities and this is monitored on a monthly basis. As anticipated with the introduction of a new contract, initial teething problems were identified and these were primarily:</p> <ul style="list-style-type: none"> • Refusal of second tier suppliers to sign up to the Hays contract • Initial difficulty in filling certain posts due to demand being greater than expected • Managers defaulting to known suppliers <p>These issues were addressed jointly by the council and Hays and have now been resolved.</p>
15.	<p>Following a full review of the contract it was proposed that an in-house provision for permanent recruitment be considered for the following reasons:</p> <ul style="list-style-type: none"> • Hays to focus on provision of Temporary and Agency Workers and council priority to drive down temporary staffing costs • The recruitment volumes of permanent staff were higher than anticipated which would lead to an additional cost within the terms of the contract • The numerous hand-offs between Hays, SCC and Capita resulted in an inefficient and lengthy process • An in-house team would provide a more cost effective service.
16.	Following discussions with the Leader, and an update at the Transformation and Improvement Board, the Council Management Team approved the establishment of an in-house recruitment team which will be effective from 1 July 2017. The recruitment team will provide a comprehensive service and additional support for managers undertaking the recruitment process.
17.	HR Policies and Procedures – Project complete
18.	Service Cost Recovery - This programme has moved to 'business as usual' implementation with the PMO tracking the delivery of agreed benefits. Home to School Transport will now be incorporated into a wider Strategic Transport Review.
	Adult Care Package Review
19.	An Adult Social Care Transformation Board has been established to oversee the delivery of four core work streams which will be underpinned by both an area of work for 'Information, Data & Finance' as well as support from an area of work 'building community capacity' which is being led by the Integrated Commissioning Unit (ICU):

	<ul style="list-style-type: none"> • Workforce Development • Direct Payments & Support Planning • Re-shaping provider services • Customer journeys and pathways.
20.	The 'Southampton City Council Certificate in Adult Social Work Practice' was launched in April 2017. This council led mandatory learning and development programme for social work practitioners and selected multi-agency partners supports delivery of a new 'strengths-based' model of practice. This is to ensure people are supported to maintain their independence with the help of their families, communities, care technology, extra care housing and direct payments, wherever possible. This leads to the best outcomes in the most cost effective way.
	Children's and Families Transformation
21.	The Children and Families Transformation Programme is made up of three core projects and they are interlinked, the update is a summary covering all 3 projects: <ul style="list-style-type: none"> • Reducing Demand and Cost • A Permanent and Productive Workforce • System Reshaping
22.	The Children in Need numbers have been re-profiled to account for 'step down' to reach a 500 case reduction by August 2017. The Looked After Children numbers are currently at 537 against 600 in December 2016, showing a significant reduction. This trend is expected to continue – a profile of LAC financial savings is currently being worked upon and will be completed by end of June 2017.
23.	Staffing reductions are still focussing on fewer agency staff than at the beginning of the year. Permanent recruitment is steady but slow and a working group has been set up to develop a retention evaluation and offer. There continues to be on going work in MASH around managing demand and this has seen an overall reduction in referrals to social care.
24.	The development of an Edge of Care team is ongoing and the aim is to commence the service by September 2017. Originally the service was to be run and part funded through a social impact bond and topped up from the National Lottery. Therefore the proposal being worked on is to design and develop an in house team. The review of short break service is underway and will require further legal analysis and wider consultation.
	Transaction and Universal Services – Proposals for a Local Authority Trading Company (LATCo)
25.	Further due diligence on the implementation of the LATCo programme has been carried out since the last OSMC report and the launch of an initial public consultation has had to be delayed to mid-June because of the announcement of the general election. This has caused a delay in the start of the procurement process (which cannot proceed before completion of the consultation process and a review of the results by Cabinet) and this is now scheduled to commence in early August, with a short-listing of bidders

	<p>(referred to as the Selection Questionnaire Stage) completed 6 weeks after. This will be immediately followed by the first stage of competitive dialogue (known as Invitation to Submit Outline Solutions – ISOS) which is estimated for completion by the end of the calendar year. A report to Cabinet to consider the merits arising from the procurement is due to be presented for discussion in early January 2018, following which a detailed 12 week public consultation will need to be carried out in parallel with the completion of the procurement process should the outcome of the ISOS stage prove beneficial and acceptable to Cabinet. Mobilisation of the LATCo will follow thereafter, focusing on both the establishment of the LATCo company itself, as well as the gradual transfer of affected services and members of staff.</p>
	<p>Other Activities</p>
26.	<p>Communications and Engagement - The PMO Communication and Engagement Officer is now part of the team that leads on staff engagement and internal communications. This role continues to work closely with the PMO on key projects and the current focus is supporting the digital transformation programme in order to ensure that roll out has longevity and buy in. Continued support is being given to the Employee Account and Service Excellence projects.</p>
27.	<p>Student Project Managers - Work is underway with Southampton Solent University and their MSc Project Management Course Leader to provide opportunities for students on the MSc course. Many of their students would bring excellent prior experience and are looking to put their academic training into practice in a 'real-world environment'. To date placements have been provided for 3 students, for one day a week each. They have helped the Programme and Projects Managers in the PMO with additional project management support while gaining valuable experience. A feedback session has been held at the end of the placements to inform planning for future placements starting from next academic year.</p>
	<p>Programme Management Office</p>
28.	<p>As agreed, a Programme Management Office (previously known as the Programme Delivery Office) has been established to ensure major initiatives are defined and aligned to the Council's strategic priorities and outcomes and that strategic programmes and project initiatives are delivered. This replaced the Transformation Team from April 2017 and the PMO is within the Strategy Hub, reporting to the Service Director, Finance and Commercialisation. Since the last update 2 Programme Managers have started, leading the work on the Children and Families Transformation programme and the digital transformation programme. Further recruitment of two Project Managers is currently underway.</p>
	<p>Looking Forward</p>
29.	<p>The going focus continues to be on:</p> <ul style="list-style-type: none"> • Delivery of customer journeys in agreed as part of the Digital Transformation programme • Delivery of Procurement Initiatives with Capita • Support to services with the design and rollout of the Phase 3 of the

	<p>Operating Model</p> <ul style="list-style-type: none"> • Development of budget initiatives into new Programmes and Projects to deliver the remaining savings target to 2020 • Progressing proposals for a LATCo • Implementation of industry standards, 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"> • Regular Cabinet Member Briefings • Monthly Transformation and Improvement Board meetings, with the membership extended to all members of the council's Senior Leadersip Team. • Escalation of issues to Cabinet and Council as and when required • Regular reports to the Overview and Scrutiny Management Committee.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
31.	Revenue funding has been identified to create an ongoing revenue budget from April 2017 onwards for the Programme Management Office.
<u>Property/Other</u>	
32.	No implications at this stage.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
33.	The duty to undertake overview and scrutiny is set out in Part 1A Section 9 of the Local Government Act 2000.
<u>Other Legal Implications:</u>	
34.	None
RISK MANAGEMENT IMPLICATIONS	
35.	None
POLICY FRAMEWORK IMPLICATIONS	
36.	None
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None directly as a result of this report
<u>SUPPORTING DOCUMENTATION</u>	
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 ESIAs 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.	None