



REPORT TO: SPECIAL MORAY COUNCIL ON 12 DECEMBER 2018

SUBJECT: IMPROVEMENT AND MODERNISATION PROGRAMME

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 To update the council on progress in the development of the Improvement and Modernisation (I&M) programme and to seek homologation and agreement on how to progress the work, including allocation of resources to initiate and advance projects.
- 1.2 This report is submitted to Committee in terms of Section III (A) 2 of the Council's Scheme of Administration relating to considering Capital and Revenue Budgets and long term financial plans

2. RECOMMENDATION

- 2.1 It is recommended that the council agrees the content of projects and overall direction set out in the current I&M programme, including those areas identified as not being part of the current programme (Appendix A).
- 2.2 In order to progress the findings of the i-ESE diagnostic in relation to the 3 main areas of work, it is recommended that the Council agrees the following:
 - i) **Customer Services: Change to an enabling model of customer services, supported by accelerated and widely applied digital solutions and that this is incorporated into the I&M programme with support secured from i-ESE as set out in this report;**
 - ii) **Children's Services: reviews to proceed as specified in the I&M programme, including the deployment of technology to support changes in service delivery and new ways of working with support from i-ESE in respect of business change and project planning to provide definition and plans for the progress of the substantive work required to deliver change;**

iii) Leisure and Libraries: It is recommended that the Council provides direction in respect of the re-consideration of Leisure Review and consideration of options for Libraries

2.3 It is recommended that the Council agrees to allocation of £700k funding to be ear marked in reserves and used flexibly over a period of up to 2 years to initiate and advance projects as requirements develop, based on the estimates indicated in paragraph 4 c) below.

2.4 It is also recommended that the Council:

- i) notes that further work will be undertaken to develop the projects in the programme including clarifying the investment required and the benefits that will accrue;**
- ii) agrees that this is reported to the relevant Transformation Boards for approval and monitoring; and**
- iii) that regular progress reports on the whole programme are submitted to the Policy and Resources Committee.**

3. BACKGROUND

Improvement and Modernisation Programme

3.1 The Council on 26 September 2018 noted that an Improvement and Modernisation (I&M) programme is being developed to provide the basis for a medium to long term financial plan to enable the financial sustainability of the council and that this will continue to be refined until the council budget for 2019/20 is set in February 2019 (para 6 of the minute refers).

3.2 Since then, the Improvement Service has been consulted and feedback has been received on the first draft of the I&M programme, which was the version reported to the council on 26 September. This endorses the overall direction of the work and has not identified any gaps in terms of projects that may have been omitted.

3.3 Project mandates summarising each project, including information on investment, benefits and risks have now been updated and refined for most of the projects proposed in the first draft. These have been reviewed by CMT/SMT with a view to identifying which projects have clear benefits either in financial terms or in establishing a base from which other transformation could be led. In respect of benefits, consideration has been given to the need to draw these out as early as possible and projects that will produce earlier benefits have been prioritised in order to produce a manageable programme of work. There are many interdependencies within the projects and so some have been drawn together into a single project or identified as stages within a larger, longer term piece of work. Where there may be merit in exploring projects in future these have been identified as on hold and where appropriate and possible preliminary work will continue to ensure a state of readiness as resources become available and/or the council determines its position.

- 3.4 Many of the projects have resourcing implications and work will now be undertaken to assess these more fully and cost any requirements for internal or external resource so that these can be considered in the context of the return on the investment required. An initial indication of the resources that will be required to initiate and progress projects is included in the Summary of Implications (section 4) of this report. Authorisation is requested to proceed to secure resources for the projects recommended for commencement.
- 3.5 A revised programme has been drafted that adds definition to the purpose of each project and the anticipated outcomes (**Appendix A**). Work will continue to define and refine the programme of work as business cases and project plans are developed. A summary document has been produced for ease of reference and to enable high level progress to be charted for future reporting. This also includes an overview of resources that have been identified as necessary at this stage.

Feedback from i-ESE and Next Steps

- 3.6 On 26 June 2018, the Council agreed to commission i-ESE to undertake and facilitate diagnostic work on efficiency improvements which would form part of the proposed Improvement and Modernisation Programme (I&M Programme) (para 24 of the minute refers). A presentation was delivered to all members by i-ESE on 26 November providing the outcome of the diagnostic work.
- 3.7 The i-ESE work was structured into three parts:
- i) Customer Services - a high level diagnostic using the i-ESE customer focus wheel to understand the level and nature of customer demand, mainly focusing in the Customer Contact Centre and Access points;
 - ii) Leisure and Libraries – desk top review and interviews with key staff to consider possible future options for services;
 - iv) Children’s Services – a workshop with staff to consider the opportunities for efficiency and improvement
- 3.8 I-ESE gave positive feedback about the Council’s customer service and provided a useful independent external assessment of services. A number of areas were identified where it would be possible to derive benefits in terms of the service provided to the public and/or efficiencies that might reduce costs. The main thrust of the findings in relation to customer service would be a move towards an enabling customer service approach for those customers who are able to self-serve. This could release resources to focus on assisted support for those who require it and allow for the release of savings. The work would rely largely on an increased deployment and take-up of digital services. The current direction of travel is positive but acceleration and greater focus on service change could increase the benefits. This has been fed into the relevant project mandates in the I&M programme (e.g. Customer services).

- 3.9 For the customer services project work , it is proposed to seek support from i-ESE to act as a “critical friend” to enable and accelerate work and bring experience and learning from elsewhere. A proposal for this work has been requested and any update on costs that become available by the meeting date will be provided to the council.
- 3.10 I-ESE have identified risks in respect of the approach being taken to the Leisure review and the limited options now under consideration. They consider that the level of council funding in this area warrants investigation of alternative options that may impact differently future funding for leisure services. They suggest that the current approach does not transfer risk from the council for the long term. I-ESE have proposed that a review is conducted to ensure that the evidence is in place to support consideration and determination of all of the options. This is reflected in the I&M programme and i-ESE have provided a proposal on how to take this forward in a short period of time.
- 3.11 It should be noted that any new review could consider the future scope of services that should be provided to meet the needs of the Moray population and models other than an ALEO would be considered e.g. a commercial tender. i-ESE report that alternative options could provide significant savings and potentially improved (though smaller) services.
- 3.12 For libraries services, i-ESE have identified that there are alternative service delivery models available that could offer more sustainable service options and have suggested that these are considered.
- 3.13 Finally, in Children’s Services, the i-ESE work was more limited and feedback reflects this. The main area identified with scope was in the deployment of technology to support new ways of working (largely picking up on the Designing Better Services (DBS) approaches). The I&M programme incorporates this into the flexible working and children’s services projects.
- 3.14 Recognising the feedback and in light of the transformation projects the council has already identified in children’s services, i-ESE were asked for a proposal as to how a diagnostic could be taken forward to inform the development of these projects. Given the scale and scope of work in this area, restricted availability of service resources and lack of broad experience in this type of project work within the service area, it is recognised that external business change and project support would be crucial. However, the proposal as originally framed did not reflect the direction that is beginning to be established. Therefore, following consultation with Group Leaders the Chief Executive instructed that i-ESE be asked to consider the direction set out in the I&M programme and asked to adapt their proposal to respond to this with a view to securing business change and project management support to enable the progress of projects without delay.
- 3.15 It is likely that additional expertise will also be required for a team to deliver on the range of children’s services projects and this will have to be considered

and reported back. The development of project plans and definition of the work with the support of i-ESE will be an important first step in establishing this work.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) The proposals in this paper support the priority of enabling a financially stable council.

(b) Policy and Legal – there are no policy or legal implications arising directly from this report to be determined at this time. However, there are a number of principles raised in the I&M programme that will have to be determined and direction provided as the relevant projects develop.

(c) Financial implications

As noted in the report, development of the projects is at an early stage and resources are indicated for the initiation and early development of projects. Approval is sought for the resourcing set out below in relation to the overall programme of work and the specific projects where resource requirements have been identified in the project mandates. Further requirements would be addressed in the business cases for the various projects and would be assessed based on the returns the projects are projected to generate.

In all cases funding requests are temporary. It is suggested that funding is agreed for up to 2 years and is earmarked in reserves with future use being adapted to the different stages of the projects as directed through the programme governance arrangements with monitoring reports to Policy and Resources committee. Budget management and authorisation will be allocated to the Corporate Director (Corporate Services).

There is no specific budget provision for these projects and the Council agreed in September that funding would be allocated from the “Change Fund” referred to in the report to the council on 26 September 2018 which is being drawn down from reserves.

Requirement	Solution	Cost	Est Financial Benefit
<u>Whole Project Resources for I&M Programme</u>	Appointments to be phased to suit project stages. All up to 12 months initially.		
Project management resource	IS temporary appointment (early focus on establishing business cases and project plans for programme; developing customer project and defining and developing plans for Children's services)	£80k	
Project Officer resource	Deploy flexibly across whole programme/ projects	£50k	
HR Resource	Support for range of projects with workforce implications	£50k	
Children's Services business change and project planning to produce defined benefits and plans	<p>i-ESE support and expenses</p> <p>Service resource (secondment and backfill of manager level resource)</p> <p>Specialist advisor (social work) – tbc</p> <p>Project Officer resource</p> <p>Technology (devices) - £30k accommodated within service budget</p> <p>*these will not be drawn down in full until the projects are specified and benefits clear but some early service resource may be required to do preparatory work</p>	<p>£30k to £50k (estimate pending amended proposal)</p> <p>£70k*</p> <p>£50k* (estimate)</p> <p>£50k</p>	tbc
Property Asset Management	Temporary appointments for 9 Months (see separate report on agenda)	£90k	£200k

Customer Services	i-ESE support and expenses Project Officers (1.5 fte) Service Resources for temp secondment to project Initially for up to 12 month with possible extension based on business case	£20k to £50k (estimate pending proposal) £70k £25k	£250k
ICT & Digital	Service Resources for temp secondment to project	£25k	£250k
Leisure and Libraries	i-ESE support and expenses (subject to council direction on project)	£20k to £50k	tbc
Sponsorship (income generation)	Project Officer (post to exceed costs after 12 months in order to continue)	£50k	tbc
i-ESE total		£90k	
I&M Total (including i-ESE)		£700k	£700k

- (d) **Risk Implications:** The Council is facing a very difficult financial situation and it would be extremely damaging and undesirable to attempt to address the extent of the predicted budget shortfall through service cuts alone. Therefore, this transformation programme is central to the development of a more sustainable financial position that addresses the underlying historical overspends in the council's budget. However, there is still much uncertainty as the individual projects continue to be developed. Education and Children's services form a significant proportion of the Council's budget and by their nature these services are particularly sensitive to risk and require time to implement change. Although every effort will be made, there is a real and high risk that these services will struggle to deliver savings of the scale and speed that are necessary to assist with the 2019/20 budget. Other services have undertaken significant transformation in the recent past and so while they will also seek to change and reduce cost, previous reform and the smaller proportion of the budget that they comprise means that savings in these areas are likely to be constrained.

Project work will be developed over the next weeks and months to define projects and increase the confidence in what they can deliver. This will include the development of risk registers so that these can be assessed and managed for each project.

The employment of a specialist project management resource will ensure appropriate project management discipline and governance arrangements across the programme of work. This will help to ensure that risks are effectively managed.

- (e) **Staffing Implications:** This programme represents a significant piece of work for the Council and while specific additional resources are identified against some projects above, there will also be considerable reliance on existing individuals and teams to progress the transformation required.

The overall programme of work will be managed on a day to day basis by the Corporate Director (Corporate Services) and the Chief Executive with the support of CMT will be responsible for the overall delivery of the programme.

A number of Heads of Service will take on roles of Senior Responsible Officer for various projects. All Heads of Service are committed and enthusiastic about the delivery of this change, however, it must be noted that this transformation work is in addition to normal service delivery, which will require careful management and prioritisation.

Initial assessment of staffing requirements for the development of the projects is set out in paragraph c) above.

There will also be workforce implications as various projects develop and these will be considered and reported on as necessary when they arise.

- (f) **Property:** there are no property implications arising directly from this report at this time. There are a small number of appointments and staff will be accommodated within existing office space. The I&M programme includes projects that will impact on the council's long term property portfolio and decisions will be required in relation to these in due course.
- (g) **Equalities/Socio Economic Impact:** there are no equalities/socio economic implications arising directly from this report.
- (h) **Consultations:** Heads of Service have developed the project mandates that have informed the I&M programme. CMT, Head of Children's Services, Head of Financial, Acting Joint Heads of HR&ICT, Head of Property Services and Head of Legal and Democratic Services have been consulted on this report as the lead officers for the corporate projects that are recommended for progression.

5. **CONCLUSION**

- 5.1 **The Corporate plan includes the development of a modernisation and improvement programme that incorporates transformation and change aimed at enabling a financially stable council. This report provides the next stage in the development of the programme of work.**

Background Papers: Council report 28-06-18: Modernisation and Improvement Programme

Council report 28-09-18 – Financial Planning
i-ESE full presentation