

Cabinet

18 October 2017

Transformation Programme



Report of Lorraine O'Donnell, Director of Transformation and Partnerships

Councillor Joy Allen, Cabinet Portfolio Holder for Transformation.

Purpose of the Report

- 1 The purpose of the report is to inform Cabinet of progress in the Council's Transformation Programme, since the last Cabinet report in December 2016 and to set out the main elements of the programme for the next three years.

Background

- 2 Cabinet received a report in December 2016 setting out the initial approach to the Council's Transformation Programme, documenting the objectives of the programme and the initial projects and programmes being initiated.
- 3 The report highlighted that Durham County Council has been on a continual programme of change since its inception as a Unitary Council in 2009 with notable success in forming the Council and providing good quality public services.
- 4 This has been achieved whilst simultaneously dealing with significant budget reductions escalating to over £209m pa, and reductions in staffing levels of over 2500 FTE posts.
- 5 The Council remains in a sound and stable financial position and is well placed to manage the financial challenges which lie ahead. However it is recognised that to do this well the Council needs to look through the organisation as a whole, review and digitise business process, modernise Council workplaces, and equip our workforce to be productive within future business models.
- 6 The report set out the four outcomes of the programme to:
 - a) Redesign our services to better meet customers' needs at reduced cost to the Council.
 - b) Help communities become more self-reliant and resilient
 - c) Move our partnership working from good to great
 - d) Become renowned for our skilled and flexible workforce and our employee engagement.

- 7 The report further highlighted that whilst a number of transformational initiatives, such as the Inspire Programme, were already in existence, further work was required to increase productivity and maintain the best possible outcomes for the people of the county in the face of continuing austerity.
- 8 This would include a renewed focus on the digitisation of process with associated investment in ICT and staff training, partnership working and a series of service reviews. The report also highlighted that a deep dive exercise was being commissioned to carry out an analysis of the Council's working practices, procurement activity and business models in order to highlight further areas where savings and improvements could be made.

Progress to Date

- 9 Since the report to Cabinet in December a progress has been made in the following areas:
 - a) PWC were engaged earlier in the year following a competitive process, to seek areas of improvement and suggest areas where additional savings could be found. This work was completed just prior to the summer and has helped to inform the Transformation Programme for the next three years. Details of the areas of search are given later in the report.
 - b) Following the elections in May 2017, Cllr Joy Allen was appointed as a new Cabinet Member for Transformation to give additional political oversight to the Transformation Programme.
 - c) Following from the restructure of the Corporate Management Team (CMT) a restructure of the Council's Extended Management Team (EMT) (Heads of Service) was completed for 1 June 2017. The new EMT gives additional focus to the digitisation of process and ICT systems management, strengthens our capacity to lead organisational change and manage our people and gives additional focus to our work to support looked after children.
 - d) Phase one of the Unitisation of Policy, Performance and Planning services within the Council was completed on 1 July 2017. Employees from a range of service areas across the council including, policy, performance management, partnership support, research and development, service planning, information management, service reviews and improvement were realigned into the newly formed Transformation and Partnerships Service.
 - e) Work has commenced to identify and implement a Cultural Change programme within the Council. Work has been carried out with Transformation Board, EMT, strategic managers and a staff survey to ascertain the values and behaviours we would wish to promote as well as cultural audits undertaken as part of the process reviews. Utilising the emerging themes of People, Outcomes, Innovation and Empowerment a cultural change programme is being developed, building on the current staff engagement and change programmes already in existence in the Council.

- f) A new Organisational Development strategy is being developed which includes a renewed focus on training and skills development across the Council, management development, digital and commercial skills, workforce planning, and ensuring that the Council is equipped to take advantage of the investment made into the apprentice levy by the Council. A new Head of People of Talent Management has been recruited (starting at the end of October) as part of the restructure of Extended Management Team to give additional focus to this work. The Council is also taking part in the Local Government Association's National Graduate Development Programme with four graduates starting with the Council in September 2017.
- g) Through the Inspire programme significant progress has been made in the preparation of the business case for the potential relocation of Council HQ to free up the Aykley Heads site for investment, development and additional job opportunities in the city and county, in line with the procurement process agreed by Cabinet in July 2016. The Full Business Case is will be presented to Cabinet in December for full deliberation.
- h) Significant work has also been carried out to modernise the working environment in Council buildings beginning in Crook and Spennymoor to support greater efficiency and productivity of staff. Work has been carried out with the employees in those buildings to change culture and working practice to support modern digital and mobile ways of working. Staff are being decanted to alternative premises whilst the physical work is carried out to the buildings which will result in much greater use of shared office and desk space, breakout areas, communal meeting rooms and digital equipment, commensurate with a modern productive workplace. This work is part of long term programme of building modernisation, cultural change and increased productivity.
- i) A process of "whole systems thinking" has been launched to review council processes in a holistic way along with a training programme to embed this thinking into the organisation. The first of these reviews are underway within Children's Services to support the replacement of the SSID IT system. The process reviews have utilised significant staff engagement within the looked after children teams to review existing processes and practice in order to simplify process for staff and service users and remove potential duplication. This work will ensure that the maximum benefit can be derived from the investment in the new SSID IT system and will support additional MTFP savings.
- j) Further work has also been undertaken to scope out and define the newer areas of work which the Council will undertake over the next three years as part of the Transformation Programme. These include: Commercialisation, Digital Customer, Digital Workforce, Transformation of Adult Health and Care, Transformation of Education, and the Transformation of Library and Leisure services. These are further explained later in the report. Governance arrangements with relevant Boards and associated membership has been agreed.

PWC Deep Dive Findings:

- 10 As stated in the previous paragraph PWC Consulting were commissioned at the end of last year, following a competitive process to carry out a deep dive exercise into the Council's business processes as directed by the Council. The brief required the deep dive to consider 5 specific areas of search which were: Digital, Demand Management, Commercialisation/Traded Services, Third Party Spend and Estates. The process involved working with Council staff to carry out research into internal business process and practice to seek improvements and additional savings.
- 11 PWC worked in conjunction with employees from across the Council in an organisational scanning exercise which covered a full range of council processes. Following the organisational scan, opportunity workshops were held followed by more detailed staff focus groups.
- 12 High level findings were presented to Council managers just before the summer, which can be summarised as:
 - a) The Council is in a sound financial position with significant savings being achieved on time and on budget, at that time £185m pa
 - b) The Council has areas of good practice and an appetite for investment in digital solutions and improvements in customer service, e.g. the Firmstep CRM system and the SSID replacement
 - c) The Council has good procurement processes and has achieved good value for money in its major contracts
 - d) The Council has a good, proactive, culture, with staff demonstrating a desire for change and a willingness to be involved in improvement programmes. The Council has recognised the need for further cultural change and training and development
 - e) The Council has a good track record in commercialisation and innovation, with the investments in Finance Durham and Atom Bank cited as areas of good practice
 - f) There is an opportunity to embrace greater digital solutions within a range of customer based services with associated process reviews to reduce the amount of time and staffing resource spent on non-front-line activity and to improve the customer experience. There is a further opportunity to improve the use of digital customer data to provide more targeted services and reduce demand for more costly services. This is referred to as the Digital Customer opportunity
 - g) There is an opportunity to unitise and professionalise the business and strategic support services within the Council and also to digitise processes that cut through the organisation, such as HR processes and performance management with more self-service options available. There is further opportunities for greater productivity through mobile working, digital training, premises rationalisation and facilities

management. This broad area of work is referred to as the Digital Workforce opportunity

- h) There are opportunities to make additional sustainable income streams through commercialisation of activity, building on the good practice that already exists in the Council.

The Transformation Programme to 2020

- 13 The Council has reshaped its Transformation Programme to take account of the PWC findings and has integrated a number of new projects into the portfolio.
- 14 The programme is a significant undertaking of change and is organised through four main interlocking initiatives; these are:

The Inspire Programme

- a) Developing a Full Business Case for the re-development of Aykley Heads and building modernisation programme
- b) Workplace re design and digital working practices roll out
- c) Change management and mobile working opportunities introduced
- d) Staff engagement in shaping the future, new staff focus groups and cultural change
- e) Refresh of Vision for County Durham to give a renewed sense of direction for public services in the County and support strategic planning through the County Durham Partnership.

Digital Workforce

- a) Unitisation and transformation of Strategic Support services, digital business intelligence and targeted performance and customer intelligence systems.
- b) Council wide review of Business Support services, closely aligned to programme of whole systems reviews.
- c) Council wide digital staff systems, leaner, streamlined business processes with associated whole system reviews where required.
- d) Promoting values of people and outcome focus, innovation and empowerment through a programme of communication, staff involvement, non-financial rewards and publicity.
- e) Renewed focus on Organisational Development with a council wide Learning and Development Programme to support the new skills required for the Council, improve productivity and service delivery.

Digital Customer

- a) Use of business intelligence, digital customer profiles to support targeted place based service offers.
- b) Continued rollout of Customer Relationship Management system to improve digital access to Council services and reduce costs.
- c) Customer experience led, business process reviews to modernise processes and reduce duplication or fragmentation.

- d) ICT systems architecture to gain a more strategic use of information technology and capital investment
- e) Improvements in the customer journey through digital channels, access to services and information to encourage channel shift and reduced costs.

Service Transformations & Commercialisation

- a) Children's Social Care Transformation (QIB), SSID replacement and associated whole system service reviews to improve social work processes, improve outcomes for children and their carers and simplify back office systems.
 - b) Transformation of Education Service focussing on the educational development service and the future relationship with schools, the commercial and paid for services, delivering a sustainable school organisation and the transition from school to work.
 - c) Adult Health and Care Transformation support the integration of health and care, review the internal management arrangements, manage demand better and develop a strategy for the utilisation of better care resources with relevant partners.
 - d) Provide a programme of sustainable income streams though commercial activity at both a corporate and service levels, integrated with service transformations, cultural change and new ways of working.
- 15 The Programme will work in a systematic way over the next three years integrating projects into a single portfolio of programmes and projects to transform the way the Council operates and to support the resilience of service provision during continued austerity.
- 16 By 2020 the Council will have:
- a) Completed a programme of modernisation of Council workplaces with greater use of mobile working, flexible space, and digitised more productive working practices
 - b) Digitised a full range of Council processes and unitised central support services to improve the productivity of Council staff, reduce costs and support front line service delivery
 - c) Improved the range of ways in which people can access Council services through digital and traditional means with associated reviews of Council processes from a customer service perspective.
 - d) Introduced a greater range of commercial services to create sustainable income streams for the Council
 - e) Invested in ICT, business intelligence, staff training and cultural change to manage change
 - f) Made a number of individual service based transformations in education, adult health and care and the provision of placed based services.

Governance

- 17 Progress on the programme will be reported through the Transformation Board, Chaired by the Leader of the Council. The Transformation Board consists of Cabinet Members and the Council's Corporate Management Team.
- 18 The programme will be regularly reviewed by the Council's Corporate Management Team to give senior management focus to the programme.
- 19 A series of officer steering groups are being established with senior officer membership and with a series of supporting staff engagement initiatives.
- 20 Day to day co-ordination is through a steering group made up of senior officers leading on aspects of the programme. The Steering Group is chaired by the Director of Transformation.
- 21 The programme has been informed by a number of consultation events with staff including staff roadshows, Members seminars, meetings with the Trade Unions and focus groups. The programme will be further enhanced through a comprehensive engagement process with staff and customers as it progresses.

Recommendations and reasons

- 22 Cabinet are recommended to note the contents of the report and endorse the approach taken to transform the Council over the medium term.
- 23 Cabinet are recommended to continue their engagement in the programme through the Transformation Board in order to provide governance for the programme and shape future high quality services.

Background papers

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Appendix 1: Implications

Finance

The Transformation Programme will seek to support the further reductions of over £40m to annual budget through a series of reviews and a whole Council approach to business process. Staffing and programme costs have been met through a reconfiguration of existing resources.

Staffing

The Programme will be staffed from the reorganisation of existing staffing resource. As the Council's budget is further reduced staff reductions are also anticipated.

Equality and Diversity

Equality impact assessments will be undertaken on projects within the Transformation Programme.

Accommodation

The Inspire, accommodation project is contained within the programme.

Crime and Disorder

No implications

Human Rights

No Implications

Consultation

Customer consultation and comprehensive staff engagement are fundamental elements of the Transformation Programme.

Disability Discrimination Act

No implications.

Legal Implications

No legal implications.