

<b>From: Interim Head of Programme Delivery</b>	<b>Report Number: JSC 11</b>
<b>To: Joint Scrutiny Committee</b>	<b>Date of meeting: 2 October 2012</b>

## THE TRANSFORMATION PROGRAMME

### 1. Purpose of Report

- 1.1 This report provides a strategic overview of the key elements of the Transformation Programme, an update of the progress achieved to date in integrating and transforming the Councils and outlines the challenges to come.

### 2. Key Decisions

- 2.1 The Transformation Programme that JSC has considered at earlier meetings has now been updated and refreshed following the progression of the work to date. JSC Members are asked to scrutinise the current position regarding eight key activities that now form the basis of the Transformation Programme for BDC and MSDC.

### 3. The Transformation Programme

- 3.1 The shape of what a truly transformed BDC and MSDC will look like is still to be determined, so while some structure around the Transformation Programme is necessary it must remain flexible enough to fully absorb the ideas and plans as they emerge from Members, staff and the communities we serve. Our transformation ambition is radical and profound. This report identifies the key inter-dependent activities that form the bedrock upon which a truly transformed organisation can be developed. Eight such activities have been identified; these are:

1. The Business Case for Integration and Transformation
2. The Strategic and Financial Planning Process
3. Community Engagement
4. Staff integration
5. The Organisational Development Plan
6. Office Accommodation Moves
7. Governance of BDC and MSDC
8. Review of Finance, Human Resources, ICT and Customer Access

- 3.2 What follows below is a note of what each activity means along with an outline about what has happened so far and what is planned. Behind each activity will be a project plan that details the work breakdown structure with start/finish dates, dependency and relationships details and a progress marker. This degree of detail is not shown in this report, which purely seeks to provide JSC members with a strategic overview of the current position.

## 4. The Eight Key Activities

### ***The Business Case for Integration and Transformation***

- 4.1 *What this means* - the Business Case sets the direction of travel for integration and transformation and identifies the costs to be incurred and savings to be achieved. The objective is to keep the costs and savings of all integration and transformation activities under close scrutiny.
- 4.2 *What has happened* - the Business Case has been independently evaluated and has been approved by both Councils. Details of the costs and the saving made to date have been considered by Members. All Business Case targets to 2011/12 have been met and the outturn from the integration of Tiers 1 to 4 is known. JMIB and JSC regularly monitor the costs and savings compared to the Business Case. It is currently envisaged that, for 2012/13, these are likely to be in line with the Business Case forecasts.
- 4.3 *What is planned* - Members will continue to be kept informed at regular intervals on costs and savings compared to the Business Case. Greater clarity on the level of savings required from Transformation (after integration has been completed) year on year over the next three years will also be provided. The Business Case sets out 'Efficiency, Resilience, Improved Locality Engagement, Capacity and Improved Performance' as the required outcomes from the Integration and Transformation Programme. Members will be deciding if these remain required outcomes as the new strategic priorities are developed as part of the Strategic and Financial Planning process.

### ***The Strategic and Financial Planning (SFP) process***

- 4.4 *What this means* - radically and creatively establishing a new set of strategic priorities for both councils from 2013/14 onwards and then examining who can deliver the required outcomes and how, whilst offering the greatest value for money within the agreed budget.
- 4.5 *What has happened* - Members of both councils are undertaking a fundamental examination of the core purpose of the Council. This will determine the outcomes to be achieved from 2013/14 onwards.
- 4.6 *What is planned* - to have a clear plan for the next 3 years as part of the SFP process to deliver the required savings, an understood and agreed basis for resource allocation, a priority led budgeting system, an updated Medium Term Financial Strategy and a draft budget for 2013/14 that reflects the new approach. We also need to arrive at an understanding about how we can help our communities achieve the outcomes they want, not necessarily by providing them with services but by influencing, supporting and creating energy, ideas and community capacity.

### ***Community Engagement***

- 4.7 *What this means* - engaging with all the communities both councils serve in order to identify community issues and concerns, which will then be used to shape all council activity and identify community capacity.
- 4.8 *What has happened* - the Community Engagement 2012 exercise has been launched. This is currently running and producing some useful results so far.

4.9 *What is planned* - Member Workshops will be held shortly to consider the results of the Community Engagement 2012 exercise and examine what community partners want from us. This work will provide the basis for determining and ranking activity approaches and priorities. Members will then shape the strategic priorities for both Councils. Proposals for the structure of the creation of the Operational Delivery Teams (the final stage of Staff Integration) will reflect these priorities.

### **Staff Integration**

4.10 *What this means* - the process of bringing together all staff at BDC and all staff at MSDC into single fully integrated teams serving both councils.

4.11 *What has happened* – staff integration of Tiers 1 to 4 was completed in July 2012. In so doing a workforce of 81 colleagues was reduced to 46 colleagues. This was achieved by reducing layers of management and creating new posts with increased spans of responsibility. In order that the loss of management tiers does not weaken the organisations the capacity of front line colleagues is being increased by radically devolving decision making, encouraging linkages between colleagues across the organisation regardless of the structure and establishing a ‘can do’ attitude.

4.12 *What is planned* – the establishment of the Operational Delivery Teams (ODTs) at Tier 5 across BDC and MSDC will be the final phase of our integration work. The ODTs need to be created in such a way that they are fully aligned with the strategic priorities of both councils and provide a dynamic, productive platform on which our transformation work can flourish and our savings targets can be met.

4.13 Colleagues will be appointed into posts within the new ODTs by April 2013, but getting to this point depends on the following key things happening:

- Both councils agreeing the emerging new strategic priorities and core purpose by the late autumn
- The ODT proposals being developed to reflect these priorities by November
- Having a firm set of proposals (including job details and pay grades) for all the new proposed ODTs by December
- The 90 day consultation on proposals about the ODTs being launched in early December
- Agreement being reached on all office accommodation moves, I.T enabling infrastructure and back office issues by March 2013

4.14 It has to be stressed that integration will not give us all the savings required and there will be a need to transform services by being innovative and open minded if we are to achieve our medium term savings target, which is over £7m over the next 3 years. Predictions nationally are now suggesting further savings will be required in the longer term too. This means we need to establish an Organisational Development (OD) Plan that will help us to transform the structure, the culture, the people and the systems of both councils.

## **The Organisational Development (OD) Plan**

- 4.15 *What this means* - despite progress on integration we are still, broadly speaking, providing an historical range of services in a traditional manner; based upon budgets that we know we will not be able to maintain. In order to meet the ambitious savings target that must come from transformation both councils need to have the ability and the spirit to transform delivery and outcomes for the communities we serve. We will bring about the radical change of culture that is required by the implementation of an ambitious Organisational Development (OD) Plan. An OD Plan is the mechanism that promotes the four key elements of transformation - people, structure, culture and systems.
- 4.16 *What has happened* – the newly formed Integrated Management Team (comprising the CEO, Directors, Heads of Service and Corporate Managers) agreed the required skill sets needed for a new culture and the principles on which further development of a “change programme” for Members and Officers could take place.
- 4.17 *What is planned* - a programme is now being firmed up that will develop the capacity of the new management tiers and of Members to work effectively together to provide strong organisational and community leadership and deliver our Corporate Vision and Strategic Priorities.
- 4.18 A framework for a series of Fundamental Service Reviews of all service areas is also being developed. This work will begin once the ODTs are in place from April 2013. The purpose of these reviews will be to challenge ourselves by analysing *what* we currently do, *why* we do it and *how* we do it. We then need to examine whether or not there are different, more cost effective and cheaper ways of achieving the same outcomes.
- 4.19 We must also consider the learning and development points from the recent Peer Review as part of this work.

### **Office Accommodation Moves**

- 4.20 *What this means* - bringing together the newly integrated staff teams in single office locations. Office accommodation arrangements must be established that aid the full integration of staffing and services and makes the best use of the accommodation assets that both councils have available.
- 4.21 *What has happened* - Members have agreed that we will continue working at the existing offices at Hadleigh and Needham Market in the medium term, but upon the basis that individual teams can be co-located at one of these locations.
- 4.22 *What is planned* – detailed, individual Business Case proposals for every service area will be worked up by each Head of Service and their Corporate Managers; identifying preferred location and scale of office accommodation needed. Services need to be created that meet the needs of our customers and give them easy access. These will be the key drivers in deciding where services will be provided from in future. These discussions will continue as we develop our new ODTs and decide whether and where to co-locate on a case by case basis with the aim that all office accommodation moves will have been agreed by April 2013.

## **Governance of BDC and MSDC**

- 4.23 *What this means* - a review of governance involves the examination of the effectiveness of the current constitutional arrangements for each of the councils in the context of maintaining their sovereign status whilst progressing the staff integration agenda.
- 4.24 *What has happened* - a Governance Review is currently being carried out. JSC will receive an update on the current situation at the meeting on 2 October. An existing Inter Authority Agreement is in place pending the outcome of the Governance Review. This evolving Agreement relates to Governance, Term of Agreement, Policies, Integration of Staff, Member and Officer Liability, Resolution of Disputes, Apportionment of costs and savings.
- 4.25 *What is planned* - the Governance Review is due to be completed by November 2012. Members of each council will be heavily involved in moulding any change for their council, which will not be adopted until agreed by the respective council meetings. Each Council will then consider whether any changes are required to its governance and constitutional arrangements in order to promote Integration and Transformation and to assist in achieving the savings set out in the Business Plan.

## **Review of Finance, Human Resources, ICT and Customer Access**

- 4.26 *What this means* - Finance, HR, ICT and Customer Access services are all back office services, which are being reviewed in order to identify new ways of providing these services. MSDC is part of a three way contract for these services to be provided jointly to MSDC and Suffolk County Council by Customer Services Direct (CSD); an independent private sector company. BDC is not part of this and has these services provided via its own workforce.
- 4.27 *What has happened* - it has been agreed that the existing contract between Suffolk County Council, MSDC and CSD to deliver Finance, HR, ICT and Customer Access services will not be extended beyond the current end date of 2014. A MSDC / BDC and CSD Joint Management Group has been established to monitor current work relating to Finance, HR, ICT and Customer Access services and to consider how an exit strategy would work. Members have also agreed a set of Customer Service principles and priorities.
- 4.28 *What is planned* - Members have considered four options developed by a county-wide Programme Board on the future provision of back office services. Decisions on these options, which include a county wide shared service arrangement, need to be made by the end of September. This will give all parties 20 months before the end of the current contract to plan and do what is necessary and develop options for the development of a transformed Customer Access Strategy, Finance, HR and ICT Service. In the meantime, proposals to align and integrate the work of the Babergh back office teams with those within CSD to achieve efficiencies and support the new integrated ODTs are being explored.

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