

## **Joint Audit and Governance and Performance Scrutiny (Transformation) Sub-Committee – 18 April 2019**

### **Quarterly Review of the Transformation Programme (January - March 2019)**

#### **Report by Assistant Chief Executive (interim)**

### **RECOMMENDATION**

- 1. The Sub-Committee is RECOMMENDED to note and comment on the report.**

### **Executive Summary**

#### *2.1 Overall programme progress*

The current Transformation Programme mobilised in November 2018, following a significant period of design and development work. Its objective is to deliver an ambitious transformation which helps the Council achieve its strategic objectives as set out in the corporate plan, and meet the financial targets set out in its Medium Term Financial Plan.

Considerable progress has been made across the portfolio of projects, which are now structured under three Workstream Boards: “Serving the Customer”; “Transforming Service Delivery”; and “Enabling the Council”. Furthermore, progress has been made in terms of developing a ‘mixed economy’ delivery model where a number of professional advisors and internal resources are being used to develop and deliver the programme. Where external advisors are used the Council contracts them using a model that ensure payment is based on delivery of outcomes.

A core element of the Programme is a focus on the use of technology to underpin the delivery of efficient services and improve how both external and internal customers experience our service delivery. An ICT health check has already been completed and work in under way to improve the Council’s ICT infrastructure. A new digital strategy is under development to set out what longer term ICT requirements will be needed to underpin transformation.

In summary the programme is on track – it is keeping pace with the implementation plan agreed at the end of 2018 and a significant element of transformation work is ‘in-flight’. This report describes the progress that has been made in more detail and highlights areas of challenge

## 2.2 *Adherence to business case and design principles*

The programme is projected to oversee at least £49.7m in savings, comprising:

- £4.9m of existing 2018/19 transformational activity;
- £26.4m planned in the Medium Term Financial Plan between 2019/20 and 2022/23; and
- £18.5m to be found from further transformation activity.

This compares with the savings range of £34m to £58m, identified in the business case agreed by Cabinet last year (this included an overlap of £15.6m with savings identified by directorates).

The accountable body for the programme is the Chief Executives Direct Reports (CEDR). CEDR has established a Programme Board, to serve as a 'design authority' (checking that transformation projects stay true to the operating model design work carried out last year) and 'benefits realisation board'. This paper describes the overall governance at member and officer level.

## 2.3 *Programme Implementation*

The report highlights some refinements to implementation strategy, notably:

### *Technology*

Since the design of the operating model signed off by Cabinet in 2018, detailed work on the Council's technology infrastructure has been undertaken. This has highlighted the potential advantages of a more incremental approach to implementing the technology required to underpin the new operating model. This means that the Council is working to maximise the use of current technology to deliver process improvements rather than looking to an immediate procurement of a new customer management system. This approach will enable immediate development of technology solutions. That is not to say that in the longer term a more significant investment in a new customer relationship management platform is not required, rather that it is not an immediate investment priority for the Council. This decision means that new and significant investment in a new ICT platform can be avoided in the short term and will be considered as part of a full technology investment strategy that will be considered in the second quarter of 2019/20. This will ensure that the Council is able to maximise any IT investments and be clear about expected savings or return on investment.

### *Business Administration Services*

Some elements of the original operating model, notably Business Administration Services, are under further consideration and it is not yet clear to what extent this may affect the delivery of the savings set out in the original business case. There were a number of assumptions about the extent to which business administration could be consolidated which need to be tested to develop the best delivery model for the business. There is no desire to centralise administration if it reduces costs but impacts upon the performance and delivery of frontline services.

Given the changes outlined above and in line with established programme management arrangements, the business case will be refined and updated on a regular basis and it is intended to complete the first update at the beginning of July 2019.

## **Background**

### *3.1 Programme Objectives*

The overarching objective for the programme agreed between CEDR and the Programme Board is that:

*'The Council delivers an ambitious and successful transformation programme which helps it to achieve its strategic objectives and meet the financial targets set out in its Medium Term Financial Plan'*

This is supplemented by additional statements, to ensure close alignment between the Council's Corporate Plan 2019-22 and to provide the clear linkages to the design principles that were established during the development of the business case.

The Programme Board, in its formal role as the 'design authority', uses all of these reference points to ensure any new service design meets the programme objectives.

### *3.2 Programme Governance*

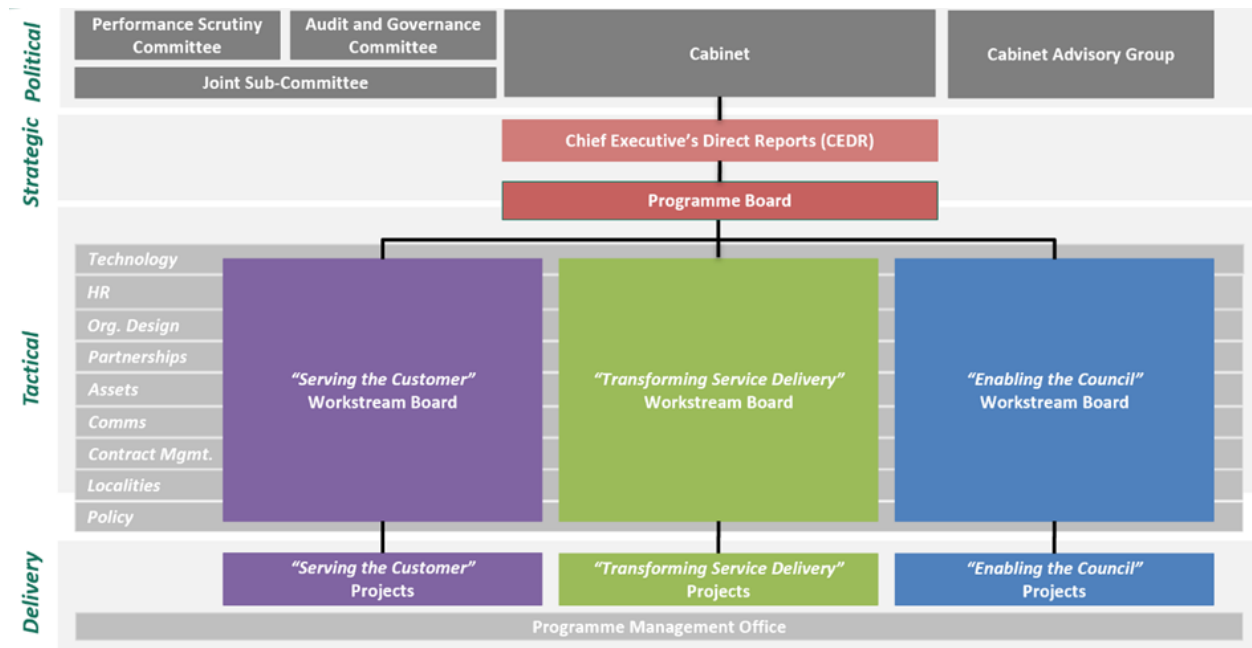
As the Council moves from the design phase (which resulted in the development of the 2018 business case) to the implementation phase, it is critical to ensure that it has robust programme governance arrangements in place. This will ensure there is a coherent structure and methodology for the complex network of projects the Council is seeking to deliver.

The council is following a recognised programme management methodology that requires the following nine themes to be addressed: Organisational governance, vision, leadership and stakeholder engagement, blueprint design and delivery, planning and control, regular refreshing of the business case, risk and issue management, quality management, benefits management.

A Cabinet Advisory Group (CAG) has been established to engage on key policy and delivery issues and to advise the cabinet member for Transformation. Its work will be influenced by the key milestones and work packages identified in the implementation plan, as well as the intentions of members to contribute to the longer-term development of the Transformation Programme. To date the CAG has considered and help shape the development of the approach to IT and digital and has begun to look at the work that relates to contracts, procurement and commissioning.

A Joint Sub-Committee has been established under the Performance Scrutiny and Audit and Governance Committees, specifically to 'challenge, verify and improve' the delivery of the programme and to oversee performance and risk.

The diagram below sets out the governance framework.



### 3.3 Accountability

The accountable body for the programme is CEDR and it has established the Programme Board in order to fulfil two specific programme management functions:

- The Design Authority (are the new services/processes/technologies going to deliver savings or an improved service)
- The Benefits Realisation Board – oversight of the delivery of savings or improvements

In turn, the Transformation Programme Board has established three distinct and cross-cutting Workstream Boards, replacing the previous directorate-based 'working groups', which are aligned to the way in which it is suggested the new operating model is constructed. This encourages and drives pan-council working by officers, beyond their own directorates and already begins to address some of the Peer Review feedback about avoiding silo working.

The Workstream Boards are in the process of coming into being and agreeing the portfolio of projects they will each govern. The first round of board meetings were held in March. Members of the Extended Leadership Team are chairing and vice-chairing these Boards.

Every project has an Accountable Officer, with Responsible Officers supporting activity where appropriate. Further details of these arrangements will be given verbally at the Sub-Committee.

In addition to the formal governance required, it is essential that officers from the Programme Management Team ensure they work right across the entire programme to ensure that key dependencies are understood and resolved where required. Steps have been put in place to ensure this happens.

### 3.4 Risk and Issue Management

The Programme is following the Council’s risk management strategy and assessing and quantifying risks and issues at all levels of the programme. Risk and issues logs are being developed for all projects, in line with standard project management methodology, and escalated under established protocols as appropriate. The Programme Board itself also holds its own risk register, to reflect the broader concerns that need to be mitigated.

### 3.5 Structure of the Programme

Many of the projects clustered into the programmes that the Workstream Boards will oversee, are already integrated into the Medium Term Financial Plan. These will help deliver service improvement and / or savings through substantial service redesign, better management of the Council’s third party spend or by increasing income.

The grouping of projects under the Workstream Boards reflects the way the business case set out how the Council would systematically work through the implementation phase of the operating model. The operating model was broken down into a series of ‘layers’ (enabling a horizontal view of the common functions being carried out across different service areas), these were:

<b>Front Office</b>	<b>Pre-Front Door</b>	Individuals, communities, members, the council and partner organisations working together to build resilience, develop strengths and create opportunities in local areas, which helps to reduce the need for council services.
	<b>Customer Management</b>	The customer management layer contains all activities undertaken by the council that involve interaction with customers and/or have an immediate impact on service delivery to customers.
	<b>Customer Assessment</b>	The customer assessment layer contains activities that are a key part of many customer interactions with the council, with information being used to decide whether and how services are provided.

<b>Back Office</b>	<b>The Provision Cycle</b>	The Provision Cycle layer provides the framework of processes and activities through which the Council decides how best to meet an identified need or to achieve a specific outcome, including commissioning, contracting and the management of third party suppliers.
	<b>Enabling and support services</b>	The Enabling & Support Services layer provides services that are optimised to meet the needs of internal customers through process improvement, the use of enhanced digital systems and clear delineation of roles and responsibilities.
	<b>Strategic capability</b>	The strategic capability layer provides the capabilities that the Council requires in order to define its vision, high level strategy and objectives, as well as capabilities required to support, manage and review the realisation of each of these.
	<b>Business intelligence</b>	The business intelligence layer provide information, intelligence and insight to a range of customers including businesses, partners and staff within the organisation.

## **Progress to Date**

### *4.1 Mobilisation – from design to implementation*

Following the Cabinet decisions in September 2018 (approval of the business case) and October 2018 (approval of the implementation strategy and appointment of PwC as the Council's Strategic Partner), the Chief Executive moved quickly to appoint an interim Transformation Programme Director and to agree the governance of the programme.

Using the support of the existing Programme Management Office and dedicated support from Finance and the HR/ OD Service initially, the programme reconciled the then draft Medium Term Financial Plan (MTFP) 2019/20 to 2022/23 with the objectives of the programme and set about agreeing the programme of activity.

This identified that £4.9m of transformational activity that was already being delivered in 18/19, and a further £11.7m planned in the existing MTFP for 19/20 to 21/22. The MTFP approved by Full Council in February 2019 for the period 19/20 to 22/23 identified a further £14.7m to be delivered. With a further £18.5m to be found from further transformation activity, the programme is currently projected to oversee at least £49.7m of savings from the Council's base budget by 2022/23.

Coupled with this, a vacancy management process was put in place in order to maximise opportunities to redeploy staff service redesign commenced, enabling natural turnover to be used as a strategy to minimise any potential redundancies. It should be noted that this is fully in line with the statements made around the impact of potential job losses when the original business case was developed. At this stage work is still in train to develop and redesign services, no proposals for reducing the number of roles in the organisation have been developed and the figures previously quoted remain no more than a rough estimate based on the size of the savings required and average costs of posts.

### *4.2 External Support*

The business case estimated that approximately £8m of commissioned support may be required to help drive the programme forward. Contract negotiations with our strategic partner PwC commenced during December 2018. This resulted in six months' worth of support being commissioned in order to deliver the next phase of transformation.

During these negotiations, the Council and PwC recognised the need to develop the nature of the strategic relationship in the following ways:

- Improve the Council's role as the client – accountabilities and responsibilities made clearer.
- Agree a payment model which demonstrated that both parties were committed to the delivery of change and to accept an element of payment by results.

- Agree that knowledge transfer was an essential part of the relationship going forwards, in order to upskill the Council's staff.
- That the strategic relationship would operate in the context of a wider group of suppliers which may be brought in with specialist expertise or where the Council felt the need to demonstrate value for money through competitive dialogue.

Dedicated technical support was commissioned from Entec Si in January 2019 to conduct a technology Healthcheck, and this was discussed at the Cabinet Advisory Group in early February 2019. This has been an essential piece of work to understand the Council's existing capability to drive improvements in its digital agenda. It has led to further work to begin rapid development of a digital customer strategy.

The aim of this is to develop a shared understanding of what 'digital customer' means to the Council. This will be distinct from the work being carried out to look at the ICT Service and will create a view of the opportunities presented by 'pragmatic digital transformation' (delivering change through the more effective use of the Council's current technology).

This work will be evidence based, reflecting the input in a full day design event of a wide cohort of Council staff and drawing on the experience of a proof of concept piece of work for a selected customer process. The intention is that the blueprint should act as a foundation for future digital transformation and that it will be capable of subsequent refinement and adoption by the Council. PwC have supported the development of this work.

#### 4.3 *Key areas of progress*

The Transformation Programme mobilised in November 2018, following a period of due diligence and assessment, with the new Chief Executive further strength testing the proposals set out in the business case to ensure they remained as robust as possible.

Since that time, considerable progress has been made across the workstreams described above. Key areas of progress include:

- **Implementation plan and supplier engagement:** development of an overarching implementation plan, setting out greater detail on the timelines associated with delivery of the operating model, supplier engagement to support delivery.
- **Law and Governance** service design completion of a project examining options for the redesign of the Council's Law and Governance function, as well as for its integration with related services in Cherwell District Council – recommendations arising from this work were shared the Partnership Working Group on 27<sup>th</sup> March 2019. This will be followed by consideration by the Cabinets of both Councils.
- **Quick Wins (Shared Service Partnership)** implementation of a number of 'quick wins' associated with the Shared Services Partnership (the provision of

'back office' services such as Finance and Human Resources (HR) in partnership with Hampshire County Council).

- **Phase 1 programme projects** The design and early start-up of additional workstreams covering the Council's Finance, Strategic Capability, Provision Cycle (commissioning, procurement and contract management) and Human Resources functions – all of these workstreams are in progress at the time of writing.
- **Programme Governance** mobilisation of an overarching governance structure for the programme (as described above).
- **Resource Planning** identification of the resources required to deliver the early phases of the programme and the provision of training and knowledge sharing opportunities for the Council's own Programme Management Office.
- **ICT** Completion of a healthcheck of the Council's ICT service and technology infrastructure.
- **Digital Customer Strategy** initial development of a digital customer strategy and an associated 'proof of concept' redesign of a key customer process.
- **Consolidation** of additional 'already-in-flight' projects and programmes under the overarching governance of the Transformation Programme, as well as building appropriate links between the programme and a number of new initiatives being pursued within particular service areas and with partners – e.g. The Family Safeguarding Plus Service.
- **Partnership Working** endorsement by the OCC / CDC Partnership Working Group to pursue further opportunities between the two councils, e.g. Strategic Capability, Finance, HR and Organisational Development.
- **Clarification and validation** of the timings and potential savings associated with the programme.

The progress set out above means the programme is on track with the revised implementation plan agreed at the end of 2018.

As a matter of priority further consideration will be given to the scope and scale of the next substantial phase of delivery, recognising that complex projects take time to plan and align resources. It is expected that the next tranche of projects (or phase of the programme) will address pre-front door, customer management and customer assessment processes – which were all set out as pan-organisation activities or layers in the business case.

#### 4.4 *Challenges*

There are a number of challenges with the potential to impact on the successful delivery of the Transformation Programme. These include:

##### 4.4.1 *Pace*



The Council has not delivered a programme of this scale or ambition before. It has also committed to implementing change at pace. While additional support and expertise has been brought in to ensure the anticipated timelines are adhered to, there is impact on a number of teams within the Council.

The Programme Management Office, colleagues within HR, Finance, IT and Customer Services (to name just a few), as well as senior officers, have had to accelerate their work significantly. To date, the results of this have been extremely positive. However, sustaining this pace will be challenging. As such, the impact on the teams and individuals concerned is being monitored closely, to ensure mitigating action can be taken should the pace of change either drop or start to have any negative consequences.

#### *4.4.3 Capacity*

Similarly, a programme of this scale places additional requirements on the organisation's internal capacity. A number of individuals have been asked to support the central administration of the programme (including HR and Finance specialists). The risks associated with this are being mitigated in part by the external capacity the Council has secured from its Strategic Partner – PwC – as well as a number of other suppliers and external contractors and the role of the interim Programme Director.

Service teams are also being asked to do more to ensure the programme is a success, indeed this is required as those delivering and developing a service have essential insight in terms of designing new solutions. This position is being monitored on an ongoing basis, to ensure any capacity challenges which do arise can be addressed quickly.

Capacity was also cited as an issue by the LGA Peer Review Team. This included specific reference to the Council's ability to support transformation, and in particular the OD support that will be needed to help drive culture change, as well as other challenges related to the delivery of priority areas, such as the growth agenda.

#### *4.4.4 Communications*

While overall progress across the programme has been positive, one of the areas which has been challenging is communications. Staff within the Council have reported that they do not feel the current approach to communications is working effectively. This issue was also picked up by the LGA Peer Review Team.

Though steps have already been taken to address this – such as refreshing the Senior Managers Forum, the introduction of ELT and the Chief Executive's weekly briefing - further work is needed to address shortcomings in this area. A communications framework for the programme has recently been developed and it is anticipated that this will help to facilitate further progress in due course.

### *4.5 Opportunities*

Going forward the success of the Transformation Programme will, to a greater or lesser extent, be influenced by how effectively it can flex in order to take

advantage of new opportunities for change likely to emerge over the course of the programme. For example:

#### *4.5.1 Peer review*

The initial feedback from the Peer Review was provided by the Peer Challenge Team on the 22/03/2019.

The feedback noted the following strengths:

- The overall positioning of the Council representing something exciting and unique.
- The unique opportunities provided by the Growth Agenda.
- The relative strength of the Council's starting financial position.
- The strength of relationships with partners.
- The innovative relationship with Cherwell District Council.
- The passion that Council staff have for providing services to residents.
- That transformation is already happening and is a real opportunity for the Council to change its culture.

As well as the following opportunities:

- Unique position to shape a collective vision for Oxfordshire as a county including co-developing growth agenda narrative with partners and then driving its wider communication.
- Opportunity to leverage the global nature of the "Oxford" brand and associated assets.
- Leveraging the operating model to address siloed ways of working.
- Opportunity to develop investment strategy and approach to commercialisation.
- Aspiration to consider implications of Cherwell relationship on our relationships with other districts

Going forward, as projects are proposed for inclusion in the Transformation Programme, consideration will need to be given to how they align with, and support, each of the opportunity areas identified above.

#### *4.5.2 Partnership working with Cherwell District Council*

At the Partnership Working Group on 28<sup>th</sup> January 2019, further options for joint working were discussed and agreed as part of the Transformation Programme (work to examine joint working opportunities relating to the Legal Service has already been commissioned at this point):

- Strategic Capability (Strategy and Policy, Project and Programme Management, Quality Assurance and Performance Management, Communications, Consultation and Engagement).
- Finance.

- HR / OD.

#### 4.5.3 *Working with other partners and the Voluntary Community Sector (VCS)*

Opportunities for closer collaboration and engagement with other public bodies and the VCS will be considered as part of the initiation of any projects included within the Transformation Programme.

It is likely that this will be as work progresses around the Customer facing elements of the operating model (especially the 'pre-front' door – the pre-front layer of the operating model identifies the Council's desire to manage or prevent demand for some services within a community setting, either in partnership with other public bodies and community groups, or through the more effective signposting of potential service users to the other forms of support that are available).

#### 4.6 *Forward Look*

Looking forward over the next three months, the principal activities of the programme will focus on the successful delivery of the following projects:

- Finance
- Strategic Capability
- Provision Cycle
- HR/OD
- Digital and Customer Strategy

This will be in addition to providing oversight and support to the other projects that fall within the scope of each of the Workstream Boards, as set out in the mobilisation and external support section above.

Looking beyond the next three months, the focus of the programme will start to shift to specifying and mobilising the projects needed to deliver changes to how the Council engages with its residents and customers, as set out in the business case.

This will have a significant dependency on the "digital blueprint" currently under development, as well as decisions the Council makes about the use of its existing technology to support practical digital transformation.

#### 4.7 *Equality and Inclusivity*

As we begin to redesign the way that services are provided, the Programme Board and its Workstream Boards will continue to ensure that Equality and Inclusivity considerations fully influence our thinking and Service and Community Impact Assessments will be completed to help guide us. By way of example, the emerging work to develop our digital customer strategy included full consideration of the protected characteristics under the Equality Act 2010.

#### 4.8 *Staff Implications*

We know that a fundamental part of the business case is the need to decrease the number of posts that the Council directly employs. In doing so the Council has given a firm commitment that it will seek to hold vacancies as they emerge through natural turnover in our staff, as well as maximising the opportunities to retrain and redeploy our staff wherever possible. The HR/ OD Service is currently reviewing the council policies and procedures on reorganisation to ensure they remain fit for purpose.

#### 4.9 *Financial Implications*

The financial implications of the Transformation Programme overall were provided to the Sub-Committee at its inaugural meeting on 17<sup>th</sup> January. A separate update is included at Annex 1.

## **CONCLUSIONS**

As set out in the Executive Summary, the programme is on track with the revised implementation plan agreed at the end of 2018.

There are however, as set out in this quarterly review, a number of challenges that on-going consideration if the Council is to deliver the savings set out in the original business case.

## **Annexes**

Annex 1: The Transformation Programme's Financial Outlook

### **Background papers**

Transformation Business Case (August 2018):

[http://mycouncil.oxfordshire.gov.uk/documents/s43508/CA\\_SEP1818R20%20-%20A%20New%20Operating%20Model%20for%20Oxfordshire%20County%20Council.pdf](http://mycouncil.oxfordshire.gov.uk/documents/s43508/CA_SEP1818R20%20-%20A%20New%20Operating%20Model%20for%20Oxfordshire%20County%20Council.pdf)

---

**Claire Taylor**  
**Interim Assistant Chief Executive**  
Oxfordshire County Council  
County Hall, New Road, Oxford OX1 1ND

[claire.taylor@oxfordshire.gov.uk](mailto:claire.taylor@oxfordshire.gov.uk)

**Phil Dart**  
**Programme Director**  
Oxfordshire County Council  
County Hall, New Road, Oxford OX1 1ND

[phil.dart@oxfordshire.gov.uk](mailto:phil.dart@oxfordshire.gov.uk)