

Joint Audit & Governance and Performance Scrutiny (Transformation) Sub-Committee – 25 July 2019

Quarterly Review of the Transformation Programme (April - June 2019)

Report by the Interim Assistant Chief Executive

1. RECOMMENDATION

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

2. EXECUTIVE SUMMARY

2.1 Overall programme progress

This is the second quarterly report on the progress of the Transformation Programme, covering the period April to June 2019.

Considerable progress has been made in bringing together within the programme, a total of 49 projects and activities that are planned or already 'in-flight'. Collectively this programme seeks to improve services whilst at the same time delivering £49.7m of annual savings by 2022/23, with £4.6m now confirmed as already delivered in 2018/19. Implementing this scale of change through formal programme arrangements has improved both our understanding of, and grip on the challenges that this scale of improvement presents. Clear governance of the programme, with accountability sitting with 'CEDR' - the Chief Executive's management team - is established, and governance on a day-to-day basis discharged through the Transformation Programme Board.

The arrangements continue to strengthen as they bed in, consolidating existing Transformation activities that were approved as part of the Medium Term Financial Plan (MTFP) and bring into scope further new Transformation projects. Whilst not without challenges, the Chief Executive and CEDR are optimistic that officers have accelerated both the scale and pace of change.

This report includes for the first time a quarterly progress 'dashboard' (at Annex 1) intended to be made available for members, with the ability to click through to further information and case studies (held on the council's intranet pages) that highlight the achievements being made.

Beyond the £26.2m savings already agreed through the specific projects and activities agreed in the Medium Term Financial Plan, there remains a further £18.5m of savings required from the Transformation Programme. For 2019/20 the savings target is a further £1.5m and indications at the end of the first

quarter of this financial year, are that we have already identified a minimum of £700k and work to find the remainder continues at pace.

This is predominantly because substantial activity has occurred in the last three months with respect to redesigning and restructuring the following functions:

- Finance - how we plan and manage our finances.
- Strategic Capability - strategy and policy development, project and programme management, quality assurance and performance management, communications, consultation and engagement.
- The Provision Cycle – the way we commission, procure and manage contracts with our supply chain.

Collectively this work seeks to radically improve our processes so that we can do the same or more, with less, do more of what matters for our residents and the combined total for annual savings target in these three areas alone totals £4.6m (full year effect). Latest projections suggest that this target will be surpassed and that an annual recurring saving of £5.4m may be possible.

Work has already commenced to plan activity for 2020/21, with a further savings target of £7.5m.

In addition, and building on the initial work at the beginning of April to develop our Digital Strategy, we have begun to improve our School Admissions process. This builds on the existing technology capabilities that the council currently has, as a test of how we can rapidly redesign services incrementally, and much more focused around our residents' needs. We will roll out this approach to other council functions in the next six months, where we know we have the opportunity to improve our residents' interaction with us at key points in their lives.

2.2 Adherence to Business Case and Design Principles

The Programme continues to oversee a projected total of £49.7m in savings, of which £4.6m is confirmed as having been delivered in 2018/19, against a target for the year of £4.9m. The remaining £0.3m will now be delivered in 2019/20.

A further £26.2m of planned Transformation savings are included in the Medium Term Financial Plan covering the period 2019/20 to 2022/23 and all projects related to these savings have been brought formally into the scope of the programme, in order to ensure their delivery.

Of the remaining £18.5m savings required during that period, £1.5m is required to be delivered in 2019/20 and plans are well advanced to ensure that this is capable of being delivered. A further report will be provided to the committee in October 2019.

The Transformation Programme Board's role is beginning to achieve 'steady state' – shifting from its initial focus of ensuring that the governance and remit of the programme is coherent and functioning, to carrying out its two formal programme management roles:

- as the 'Design Authority' – ensuring that all proposals for redesigning services and functions meet the Programme Objectives and adhere to the Design Principles that have been agreed.
- as the Benefits Realisation Board – ensuring that both service improvements and savings result from the programme.

As we reach the six month point in the Programme, we will formally review the Transformation business case for the first time. This will be considered by the Chief Executive's Management Team ('CEDR') during August and will be reported to this Committee in October 2019. The review will cover scope, design, service improvements, savings and costs.

2.3 *Changes in implementation strategy*

The previous report highlighted the ways in which we have developed our thinking since the Transformation Business Case was approved in September 2018, about the improvements possible in Technology and Business Administration Support Services were being considered as part of the programme.

The Transformation Programme Board in conjunction with the Interim Assistant Chief Executive and the Deputy Director for Human Resources and Organisational Development, is beginning to plan the aspects of how we develop the council's culture, values and behaviours.

3. BACKGROUND

3.1 Programme Objectives

The overarching objective for the programme agreed between CEDR and the Programme Board remains 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.'

3.2 Programme Governance and Accountability

As the programme arrangements continue to mature, a short diagnostic review was conducted in May 2019, in order to assess compliance with the widely recognised 'Managing Successful Programmes' methodology.

The diagnostic found that, while the programme demonstrated a clear scope and vision that aligned with OCC strategy, there were improvements to a number of elements of the organisation and governance of the programme that could be made. These included clarifying how transformation governance integrates with existing governance structures within OCC, improving the quality of management information that informs decision-making and improving consistency in the approach to benefits realisation. The review also concluded that the Programme Management Office, which coordinates the programme, could be further empowered to provide challenge to the rest of the organisation and that internal communication of the programme could be improved.

As a result of the review, an action plan for improvement was developed and is being implemented. Recent improvements include providing greater clarity to the rest of the organisation on the role of the Programme Management Office and how to work with them, improving communication of the programme to internal stakeholders and using data and insights to improve the quality of management information. Further improvements to the governance of the programme are still being considered in order to simplify the overall arrangements, link to other governance arrangements (for example, in relation to capital financing or management arrangements within Directorates), and more closely align with digital and technology driven service improvements that are being made, particularly where they have direct impacts for our residents.

3.3 Risk and Issue Management

The programme controls that have been put in place include rigorous management of risks and issues, in line with our corporate approach to identification, quantification and mitigation of risk. This is in place right down to individual project level, with appropriate escalations to the workstream boards and the Transformation Programme Board. Substantial progress has been made in this regard over the last three months.

The programme's risk register was reviewed by CEDR on 10th July, a summary of which is below. Failure to deliver the Transformation Programme may result in the following impacts:

Risk Impact	Initial Risk Rating	Control Measures in Place	Residual Risk Rating	Further Action Required
A reduction in service quality, sustainability and delivery	High	Every project clearly identifies the benefits to be delivered and the long-term financial implications, supported by detailed planning and milestones where appropriate	Medium	Continue to ensure that detailed planning and monitoring of projects fully understands interdependencies between projects
Failure to deliver savings and reduced financial sustainability	High	Clear financial benefits realisation articulated in all project plans, regularly monitored through monthly highlight reports and integrated with corporate budget monitoring process	Medium	Update the Transformation Business Case in line with the emerging Service and Resource Planning Process, and expand the scope of the programme where further savings are required
Failure to deliver the transformation programme results in failure to meet growing service demand and strategic priorities	High	Systematic service improvement activity focused on demand management, and developing a more preventative approach to our services	Medium	Ensure the Transformation Programme is fully aligned to, and supportive of the corporate priority setting and planning process
Failure to allocate the right capacity, governance and resource to support the transformation results in lack of timely and effective delivery of the programme	High	All project resourcing considered monthly, roles allocated and additional 3 rd party support commissioned where there is a lack of internal capacity or skills	Medium	Transformation Board and CEDR to regularly review the programme's fitness for purpose, as part of quarterly reviews reported to members

3.4 *Structure of the Transformation Programme*

The structure of the programme continues to pull together existing Transformation projects approved as part of the Medium Term Financial Plan, with new projects that will be designed to make service improvements whilst seeking to save a further £18.5m over the next three years.

The grouping of projects under the three Workstream Boards (that support the Transformation Programme Board and the structure of which was reported to this Sub-Committee in April 2019) continues to reflect the way the business case set out how the Council would systematically work through the implementation phase of the operating model.

Work continues to ensure that the findings of the Peer Review that was carried out in March 2019, are integrated where appropriate and that the overall Transformation Programme complements ongoing service improvement work that is being led by directorates.

4. PROGRESS TO DATE

4.1 *Overview of progress to date*

Consistent with the implementation plan that was agreed at the end of 2018, a series of transformation workstreams has been initiated. A number of these cover core components of the future operating model – these include Finance, Strategic Capability, Provision Cycle and Business Administration Support (BAS).

In addition, the Transformation Programme has instigated a series of activities to ensure that the other transformational projects and interventions identified in the Medium Term Financial Plan are being driven at an appropriate pace and with sufficient rigour. Each of the three Workstream Boards comprising the Programme's governance arrangements, is responsible for providing additional oversight for these projects and for doing what they can to support the achievement of the desired outcomes.

To assist with this, a series of performance dashboards have been developed (a suggested version for members is included as Annex 1). The dashboard provides a high level assessment of the Programme overall. It covers progress against planned timescales, the scale of benefits achieved against target, the proportion of the identified investment committed, critical issues and risks and an overview of some of the key dependencies.

The Transformation Programme currently comprises 49 projects and interventions, of which 11 are 'in flight', 32 are in the planning or preparation phase and six are complete. The majority of the projects are on track to deliver. However, as would be the case with any complex change programme of this scale, some projects are having to be realigned as the work progresses (as indicated by the dashboard). In some instances, it has been necessary to re-profile some of the anticipated savings, making up any shortfall from existing, as well as new areas of activity. Overall, the Programme

has gained both pace and traction and is on course to help ensure the Council meets its financial requirements.

Further detail on the projects associated with some of the core functions associated with the new operating model is set out below.

4.2 Finance

The redesign of the Council's Finance function – a core component of the Enabling and Support Services layer of the new operating model – has now been completed. Over the course of four months, a working group comprising officers from the Finance team, supported by consultants from PwC, has been meeting to review the functions ways of working and opportunities for improvement.

The group has revised the customer offer associated with the future Function, developed an interaction model indicating how the function will work with Directorates and partners, reviewed and redesigned its core processes, identified specific opportunities for joint working with Cherwell District Council and developed a detailed implementation plan. In addition, a new organisational structure has been developed by the Accountable Officer for the Finance workstream.

The outputs from this work have been reviewed through the Transformation Programme's governance arrangements and CEDR and have been signed off by the Accountable Officer. Detailed analysis of the savings this redesign will release is ongoing, but it is likely the target saving of £500k per annum will be exceeded (with short, medium and long term savings being realised over a one to three year period).

The Finance workstream is now moving to implementation of the new model. For the most part, this will entail carrying out formal consultation with impacted staff ahead of populating the new organisational structure.

4.3 Strategic Capability

The Strategic Capability workstream – which focuses on a number of corporate functions (e.g. policy and strategy, communications, performance management, programme and project management) – is on track to be completed within the anticipated timescales.

As with Finance, a working group of officers, with external support, has been meeting to develop a customer offer and set of design principles, describe the way the future function will work with services and other partners, its processes and ways of working and an implementation plan. The Accountable Officer for the workstream has designed a new organisational structure for a joint function with Cherwell District Council and, subject to further discussion at Transformation Board and CEDR, it is likely this will now be taken forward for formal consultation with impacted staff.

The Strategic Capability workstream was set a savings target of £1.9m per year. Early analysis of the savings that will be recognised as a result of this workstream suggest that the target will be achieved (as with Finance, short, medium and long term savings will be realised over a one to three year period).

4.4 The Provision Cycle

The Provision Cycle workstream covers elements of Commissioning, Procurement and Contract Management. This workstream is also on track to deliver on time and on budget. Its working group has agreed anew customer offer and design principles, developed an interaction model and redesigned the majority of its core business processes. The group is currently working on a detailed implementation model, while the Accountable and Responsible Officers for the workstream develop a new organisational structure. As with the other workstreams, the scope of the redesign covers Oxfordshire County Council and Cherwell District Council.

In addition, because of the close tie up between commissioning activity in Adult Social Care and the Health Service, additional efforts have been made to ensure views are sought from the Clinical Commissioning Group.

Detailed financial analysis of the projected savings associated with this work is underway to determine the extent to which a target savings of £2.2m per annum can be achieved.

4.5 Digital Strategy and Proof of Concept – School Admissions

In the digital workstream, the main focus has been on the development of a digital strategy. To inform this, an immersion event was held in April which was attended by participants from across the Council. Attendees co-authored the first version of the strategy and agreed that it would act as blueprint for how the Council would design and deliver better customer outcomes, through the pragmatic application of digital technologies and other innovative ways of working.

The strategy was then tested through the development of a proof of concept project with the School Admissions Team – with the aim of setting an example of ‘learning by doing’ and starting to embed a legacy of sustainable service design activity. Working with the School Admissions Team, the Digital team developed a range of customer facing interventions – including creating a new In Year Transfer form (a major pain point for the School Admissions team), building a catchment area mapping application, and simplifying the existing (complex) web content.

Through delivery of the proof of concept, the Council has demonstrated that it can realise benefits from a pragmatic approach to digital. Further work is required to address the challenge of scaling this approach to delivery and improving collaboration between the Digital Team and service areas.

4.6 ICT Strategy

Following on from the ICT Healthcheck conducted earlier in the year, work has now commenced to develop an ICT strategy for the next 3-5 years that will focus on how we can improve our infrastructure, systems and processes to support the council’s organisational goals. A first major improvement will be the replacement of our data centre. A more detailed paper on our approach is being presented to this Sub-Committee on 25th July.

4.7 Business Administration Services (BAS)

Unlike some of the other workstreams, this was one aspect of the redesign of the operating model was felt to need further testing before detailed construct and implement activity could be carried out.

Over the course of the past few months, a number of meetings and workshops have been held to canvass views on how radical any transformation of this area should be. What has emerged from these discussions is a consensus that BAS should not be centralised (there is a lack of confidence that such a model could be made to be effective), but rather that a hybrid model be adopted – one that would see a level of consolidation within Directorates.

In addition, the views of a wide variety of staff have been sought at the annual Staff Conference and further analysis of the business processes and volumes of activity currently performed by administrative and support staff has been carried out.

It has been determined that the redesign of BAS services will form a core component of the next phase of the transformation programme, given its potential to enable significant savings to be achieved over a relatively short timeframe.

4.8 Culture, Values and Behaviours

Initial work has also begun to scope how the council's overall organisational culture, values and behaviours can begin to be developed over the next 6 months.

4.9 Communications

Internal communications with our staff about the Transformation Programme continue to increase, with a concerted push from the end of April, building on the communications plan that has been developed. There remains much more to do on this, in order to better engage both our staff and members. The Transformation dashboard (see paragraph 4.1 and Annex 1) has been developed to provide a high level view of progress across the programme, with the ability to 'click through' to further background information and case studies.

5. PHASE 2

5.1 Scope and approach

Given the imminent completion of the first wave of Transformation Programme workstreams, consideration is being given to the next phase of activity. Consistent with the operating model business case approved last year, and its associated implementation plan, phase 2 of the programme will focus on demand management and our approach to preventative services, customer contact and how we assess our residents' needs. As indicated above, Business Administration Support will also be accelerated during the next phase.

While the precise details of the work that will be carried out are still being determined, it is likely that the work, which is due to commence in August, will entail a detailed review of the way in which the Council currently serves residents through the contact centre and via its online presence. Steps will then be taken to optimise the capacity already in place and examine the opportunities to integrate the service with those in Cherwell District Council.

In addition, the next phase will entail a more extensive redesign of all 'front office' capabilities. It is important to note that this work will focus on the experience of the Council's customers and is likely to result in a significant shift of emphasis towards more customer enquiries and requests for service being satisfied at the first point of contact.

The work will also build on the progress made during the current phase in relation to digital. We anticipate developing further proofs of concept, ensuring that these relate to opportunities to manage demand or prevent avoidable contact wherever possible (consistent with the work on the Pre-Front Door layer of the operating model).

Much of the work that will be taken forward under the next phase will be highly dependent on the Council's approach to technology. It is highly likely that critical technology decisions will need to be made either at the conclusion or possibly even during phase 2. This was anticipated within the original operating model business case which was agreed by Cabinet last year.

Other areas likely to be covered during the next phase include BAS and activities designed to accelerate the implementation of transformation across Finance, Strategic Capability and the Provision Cycle. Finally, steps will be taken to extend the Council's thinking in relation to its innovative partnership with Cherwell District Council, as well as potential collaborations with other partners (e.g. through the Integrated Care System).

It is widely acknowledged that the approach taken during the current phase has worked well, and that the Council's revised relationship with its Strategic Partner has enabled the work to move at pace and achieve the required outcomes. This will be built on during the next phase, during which the Council will ask additional suppliers to support aspects of the work (e.g. technology suppliers), at the same time as drawing on the ongoing support from its Strategic Partner. This is consistent with the Council's desire for a 'mixed economy' approach in relation to how it supports the Transformation Programme.

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 Organisational Development 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.

5.2 *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:

- Opportunities to expand and extend the Council's innovative partnership with Cherwell District Council and, where authorities are willing, to engage in closer collaboration with the council's other district and city partners, whether by way of formal partnership or on a project-by-project basis.
- The introduction of the Integrated Care System.
- The ongoing development of the Oxford-Cambridge-Milton Keynes Arc.
- The emergence of new technologies.
- Opportunities to secure productivity gains and cultural change alongside the delivery of the Transformation Programme.

6 OTHER CONSIDERATIONS

6.1 *Equality and Inclusivity*

At the time of writing, no new Service and Community Impact Assessments (SCIA) have been completed, but each functional redesign will have an updated SCIA developed as part of the formal staff consultation documentation.

6.2 *Staff Implications*

The first phase of restructuring proposals for Finance, Strategic Capability and the Provision Cycle are in the process of being considered and signed off by the Transformation Programme Board and CEDR, between the end of May and the end of July 2019. This will lead to formal staff consultations commencing with those members of staff directly affected by the proposals as early as mid-July. Given the required timescales for full and meaningful consultation, the first structure to be implemented with staff in new roles, will be that affecting the Finance function, with an estimated implementation date of November 2019. Strategic Capability and the Provision Cycle restructures will follow shortly afterwards.

6.3 *Financial Implications*

The financial implications of the Transformation Programme overall were provided to the Sub-Committee at its inaugural meeting on 17th January 2019 and the first

quarterly update at its second meeting on 18th April 2019. A separate update for the period April to June 2019 is included at Annex 2.

6.4 Climate Change and Sustainability

The Transformation Programme will begin to routinely assess the climate change and sustainability implications and opportunities of the proposals that are being developed.

Annexes

Annex 1: The Transformation Dashboard

Annex 2: The Transformation Programme's Financial Outlook

Background papers

Transformation Business Case (August 2018):

<http://mycouncil.oxfordshire.gov.uk/documents/s43280/Annex%201%20Operating%20model%20business%20case.pdf>

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July 2019

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