

Division(s): all

## **Joint Audit & Governance and Performance Scrutiny (Transformation) Sub-Committee – 17<sup>th</sup> October 2019**

**Quarterly Review of the Transformation Programme (July - September 2019)**

**Report by Corporate Director for Customer and Organisational Development**

### **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 third quarterly report on the progress of the Transformation Programme, covering the period July to September 2019. Since the second report brought to this Joint Sub-Committee on 25<sup>th</sup> July 2019, significant progress has been made across the programme, including:

- completing the formal staff consultation on restructuring the corporate **Finance** teams in order to deliver our redesigned and improved finance functions;
- completing the review of the council's **Strategic Capability** function, which will propose improvements in how we manage strategy and policy development, programme management, quality assurance, communications, consultation and engagement, and performance management;
- completing the review of the council's **Provision Cycle**, which looks at how the way it commissions, procures and manages contracts with our supply chain can be improved;
- developing the approach to how the council delivers **Business Administration and Support** across its operational services;
- reviewing the **Customer Services Centre**, looking at what can be done to improve current performance, culture, ways of working, use of technology and overall customer experience;
- further work to scope out improvement priorities for how residents first interact with the council when they contact it for information, advice, guidance and support through the provision of services (the so-called '**front door**'); and

- taking stock of the **scale and scope of the Transformation programme** and evaluating whether any revisions to its structure, governance and reporting arrangements are required for the next phase of work, and the opportunities to accelerate the pace of change.

Collectively, our transformation work seeks to radically improve ways of working so that we can improve our efficiency and quality of services whilst delivering savings that will allow us to do more of what matters for residents.

The Programme continues to oversee a projected total of £49.7m in savings. £4.6m of savings was delivered in 2018/19, against a target for the year of £4.9m. The remaining £0.3m was rolled over to be delivered in 2019/20 against an overall target of £15m.

A further £26.3m 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.

The Transformation Programme Board has successfully shifted 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; and
- as the Benefits Realisation Board – ensuring that both service improvements and savings result from the programme.

## *2.2 Taking the Transformation Programme to the next stage*

Twelve months on from the approval of the original business case, it is becoming increasingly clear that to maximise the impact of all of the Council's improvement and development activity, that its entire programme of change needs to be managed collectively. The current scope of the Transformation Programme, whilst necessary initially to provide strong foundations for change, is becoming a limiting factor and creating an unnecessary demarcation in planning and delivering improvement. The upcoming refresh of the business case will address this issue and ensure that there remains the critical balance between maintaining or improving services, and making financial savings.

While the Transformation Programme has generally followed the path that was originally envisaged in the business case approved by Cabinet in September 2018, there have been some revisions agreed in terms of the timing and emphasis on particular elements of the original design.

In all instances, there have been clear reasons why the programme has needed to demonstrate flex. A number of external factors have become more important during the delivery of the Transformation Programme – integration with partners in order to join up services around residents, notably Cherwell District Council and the acceleration of plans to establish an Integrated Care System in Oxfordshire.

The Council is now clearer about what it wants from its Transformation programme than it was when the business case was originally agreed. Its experience of delivering the programme and the recommendations from the Peer Review in March 2019 have enabled it to develop an understanding of what it needs to focus on, but also how it wants to deliver the work. Changes in the chief executive's leadership team over the course of the past six months have brought a fresh and helpful perspective to the programme.

Having now reached the six month point of the Programme, we are commencing a formal refresh of the Transformation business case for the first time. It will seek to bring together all change activity and specifically will cover a number of areas:

- scope – including assessing whether the scope of the Transformation programme is currently targeted on the right areas and is sufficiently comprehensive in terms of its reach across the organisation;
- design – including whether the way the programme is currently structured and governed in the most effective way or whether any improvements can be made;
- savings – including a refresh of forecast savings to be delivered from the programme and a re-evaluation of any risks attached to delivery of these; and
- cost – including a re-evaluation of the costs of delivering the programme and any updates to account for additional support or resources required that were not originally budgeted for.

The proposed refresh will be considered by the Chief Executive's Leadership Team ('CEDR') during November and will be reported to a future meeting of this Committee.

### **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'*

and this reinforces the need to ensure there is now one overall programme of change.

### 3.2 Structure of the 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 between 2019/20 and 2021/22. However there is clearly a need to ensure the programme of work addresses the entirety of our change agenda as we begin to create the next Medium Term Financial Plan for the period 2020/21 to 2023/24.

The grouping of projects under the three Workstream Boards 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, carried out in March 2019, are integrated where appropriate into the programme and that the overall Transformation Programme complements ongoing service improvement work that is being led by directorates.

### 3.3 Risk and issue management

As part of the latest draft of the corporate monitoring report, the overall Transformation risk has been assessed as below:

Risk Cause	Risk Effect	Residual Risk Rating	Existing Controls	Further Action Required
The Transformation Programme does not deliver its objectives for service development, redesign and improvement. This could result in an impact on the quality of services and the delivery of savings.	A reduction in service quality, a failure to deliver savings, and/or a failure to meet the growing service demand. The Transformation Programme currently targets £49.7m of base budget savings by 2022/23, whilst seeking to maintain or improve services and manage demand. It currently consists of 48 projects/activities that will deliver the overall programme. The intention of the programme is to ensure that it is built of many constituent parts, so that if any one project fails, it can be "tied off", replaced or redesigned.	Medium	<ul style="list-style-type: none"> <li>- Every project clearly identifies the benefits to be delivered and the long-term financial implications, supported by detailed planning and milestones where appropriate</li> <li>- Clear financial benefits realisation articulated in all project plans, regularly monitored through monthly highlight reports and integrated with corporate budget monitoring process</li> <li>- Systematic service improvement activity focused on demand management, and developing a more preventative approach to our services</li> <li>- All project resourcing considered monthly, roles allocated and additional 3<sup>rd</sup> party support commissioned where there is a lack of internal capacity or skills</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to ensure that detailed planning and monitoring of projects fully understand interdependencies between projects</li> <li>- 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</li> <li>- Ensure the Transformation Programme is fully aligned to, and supportive of, the corporate priority setting and planning process</li> <li>- Transformation Programme Board and Chief Executive Direct Reports (CEDR) to regularly review the programme's fitness for purpose, as part of quarterly reviews reported to members</li> </ul>



In addition, the current Transformation Programme risk register holds the following strategic risks which are reviewed monthly at Transformation Programme Board:

Risk	Residual Risk Rating	Existing Controls	Further Action Required
<p><b>Value for money</b> Transformation does not deliver sufficient value for money for our residents and businesses</p>	High	Detailed 3 year transformation implementation plan established that builds on the approved business case.	Business case in process of being refreshed. Consider establishment of a corporate reserve / contingency specifically for any redundancy costs.
<p><b>Quality of services</b> Transformation does not improve or maintain the quality of services for our residents and businesses</p>	Medium	Quality and customer experience are key design principles that have informed the development of the implementation plan.	Business case in process of being refreshed. Service and Community Impact Assessments will be carried out as part of standard project processes.
<p><b>Scope and governance</b> Transformation is delayed through scope and governance not being in place quickly enough</p>	Low	Governance assessed against established programme methodology and plan for improvement put in place.	Further improvements to governance of the programme are being considered (particularly re links to existing OCC government processes e.g. capital approvals board).
<p><b>Pace and capacity</b> Lack of pace and OCC capacity limits ability of programme to progress against plan</p>	High	Governance structures in place support fast escalation of resourcing concerns to leadership. Capacity needs for next phase of Customer work are being scoped out in detail.	Additional external support has been procured to support programme pace. Further possible external support is being considered for Human Resources and Communications teams, including possible external support for an Organisational Development Plan.
<p><b>Information Communication Technology (ICT) dependency</b> Risk that ICT enablers aren't in place to support delivery of transformation projects resulting in poor services or stalled change activity</p>	Medium	New ICT strategy is currently in development with a focus on getting better at supporting the business. ICT representation at transformation workstream boards is helping to ensure that transformation projects consider ICT implications at an early stage and will provide ICT team with more oversight of transformation programme activity.	Next phase of the transformation programme will involve closer integration with ICT. Scoping of Customer work is considering how to align ICT more closely in the day to day management and evolution of the programme.

## 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 are in progress. A number of these cover core components of the future operating model – these include Finance, Strategic Capability, Provision Cycle and Business Administration and Support (BAS).

In addition, the Transformation programme is managing 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.

Annexe 1 provides a high-level assessment of the programme in the form of a dashboard. It covers the scale of benefits achieved against target, the proportion of the identified investment committed, some further detail on key workstreams and links to further information on the programme.

The Transformation Programme currently comprises 48 projects and interventions, of which 25 are 'in flight', 18 are in the planning or preparation phase and five 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, the timings of 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 is on course to help ensure the Council meets its financial requirements.

Further detail on key workstreams underpinning the programme is provided below.

### 4.2 *Finance*

The redesign of the Council's Finance function and the proposals for a new organisational structure have now been completed. The finance function has co-designed its offer with service users, partners and professionals to ensure the customer offer it provides is consistent and effective. The work will support stronger financial management across the organisation, underpinned by improved financial systems and processes. Specific opportunities for joint working with Cherwell District Council have also been developed.

The outputs from this work have been reviewed through the Transformation programme's governance arrangements and CEDR and have been signed off by the project's 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 project will now restructure the corporate Finance teams in order to implement the improvements that have been identified. A period of formal staff consultation has recently been concluded and feedback from this work is currently being reviewed and incorporated into the designs and organisational structures proposed. In parallel, work has commenced to implement a redesigned process for making payments to providers in both adults and children's social care, which accounts for part of the financial savings identified. This entails making efficiencies through the consolidation of finance tasks into specialist functions.

#### *4.3 Strategic Capability*

Work to redesign the Council's Strategic Capability function has now been completed. Strategic Capability has focused on a number of corporate functions including policy and strategy, communications, consultation and engagement, programme and project management, performance management.

As with Finance, a project group of officers, with external support, has worked to design the new function including its customer offer, how it will work with services and other partners, its ways of working and an implementation plan. The Accountable Officer for the project has designed a new organisational structure for a joint function with Cherwell District Council and this will now be taken forward for formal consultation with impacted staff. It is currently anticipated that the consultation period will commence before the end of October 2019. In parallel, work has commenced to design a new process for setting the 2021 corporate plan, with aligned service and financial planning, as well as a new performance management framework.

The business case suggested that improvements in the council's Strategic Capability could deliver savings of approximately £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 exceeded (as with Finance, short, medium and long term savings will be realised over a one to three year period).

#### *4.4 The Provision Cycle*

Work continues to progress the Provision Cycle (the way we commission, procure and manage contracts with our supply chain). This is a three-way piece of work with Cherwell District Council and the Oxfordshire Clinical Commissioning Group and is focused on how we can streamline and improve our processes to get greater value from our spend on suppliers. This will deliver a cutting edge, modern function that will better enable us to drive out savings from our third party spend with suppliers. A key dependency for this project is the emerging work to establish an Integrated Care System (that seeks to integrate health and social care across a wide geographic area that includes Oxfordshire, Berkshire West and Buckinghamshire). There will be aspects of this work that will impact across the Thames Valley, as well as arrangements that need to develop specifically for the Oxfordshire area.

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. An implementation plan for the redesigned Provision Cycle function has been developed, while the Accountable and Responsible Officers for the workstream are close to finalising a proposed new organisational structure. Once the outputs from the work have been reviewed and agreed through the Transformation Programme's governance arrangements and CEDR, they will form the basis of the formal staff consultation, as with the Finance and Strategic Capability work.

#### *4.5 Business Administration and Support (BAS)*

Work to review and revise the Council's approach to how we deliver Business Administration and Support (BAS) is developing at pace. The vision for this work is to make it easier and simpler for our Support Services to help the council be the best it can be. The work will build on the best of what we have already and develop a professionalised, consistent service with clear development opportunities and a defined career path. It will also save money for the Council through improving our use of technology and removing duplicative / unnecessary processes.

A Project Group has now been established to oversee the work which includes representatives from across the organisation. Further analysis of the business processes and volumes of activity currently performed by administrative and support staff has been carried out. In addition, the views of a wide variety of staff that were captured at the annual Managers' Conference in June have been fed into the work, this will be further validated and tested at the Senior Managers Forum in November and shared more widely across the organisation.

Work to develop a redesigned service will continue over the coming weeks. 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.

#### *4.7 Culture, values and behaviours*

The chief executive's leadership team (CEDR) has scoped how the council's overall organisational culture, values and behaviours can be enhanced, to support Transformation. The Transformation Programme Board, in conjunction with the Deputy Director for Human Resources and Organisational Development, are commissioning the appropriate support for what is likely to be an 18 month programme of engagement that will touch all staff and members.

#### *4.8 Communications*

The previous quarter has seen significant improvements to the regularity and content of our internal communications with staff about the Transformation Programme. The range and detail of content on the Transformation Intranet pages has increased substantially, with updates on key projects and activities provided regularly as part of a new "what's been happening" section. Additional videos and infographics have been added to the Intranet pages and a new link to the transformation site means

that staff are able to access information more readily. In addition, a new monthly staff update on transformation is now being provided to staff via email and the Cabinet Member for Transformation is circulating regular updates to all members, including a 'dashboard' that describes the progress being made.

## **5. NEXT PHASE OF WORK**

### *5.1 Scope and approach*

The first two quarters of the Transformation programme have seen significant progress made across many areas. In particular, this relates to the design of new back office functions – Law and Governance, Finance, Strategic Capability and the Provision Cycle – where formal consultation on new staff structures has either started or is about to commence. In addition, the programme has focused on the development of the council's Digital Strategy, as well as a number of more tactical opportunities to deliver savings and/or other benefits. Work is also now being undertaken to address Business Administration Support and the ICT service.

Consideration is now being given to the next phase of Transformation activity. Consistent with the business case approved last year, and its associated implementation plan, the next phase of the programme will focus on how the council initially responds to its residents and businesses when they first make contact (the so-called 'customer management' and 'customer assessment' aspects of the council's functions). Work has already begun to review the Council's Customer Service Centre and identify short-term opportunities for optimising performance. Further work will require significant effort and input from a range of stakeholders, but particularly from front line service teams.

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 November, 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. Steps will be taken to optimise the residents' experience of the Council by making best use of capacity already in place and examining the opportunities to integrate services with other partners.

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 likely that critical technology decisions will need to be made either at the conclusion or possibly even during the next quarter. This was anticipated within the original business case. The work will build on progress already made in relation to digital services and we anticipate developing further proofs of concept, ensuring that these relate to opportunities to manage demand or prevent avoidable contact wherever possible, whilst not excluding those residents and businesses that aren't able to access services on-line.

Capacity was cited as an issue by the Local Government Association Peer Review Team, so the programme is working hard to ensure that key members of staff are

freed up from their day-to-day roles in order to support the work required and backfilled by other colleagues where needed. Organisational Development support will be needed to help drive culture change, grow and embed supporting behaviours and establish and communicate a corporate narrative. The programme also continues to assess the requirement for targeted external support to help deliver and accelerate elements of the programme.

## 5.2 *Additional areas of opportunity*

Moving forward, the programme recognises that there exists a number of emerging areas of opportunity (driven by both internal and external factors), which the Transformation programme must flex and take advantage of in order to maximise its impact. We are already ensuring that our work on the Provision Cycle is 'future-proofed' to take account of developments towards an Integrated Care System where the Council will work even more closely with the Health sector. Services are also forging ahead with improvements such as the implementation of the Family Safeguarding Plus Model within Children, Education and Family Services and we are ensuring close alignment with such initiatives, because of the implications for how we interact with partners to better support residents, use buildings and technology. In addition we anticipate that there will be:

- opportunities offered by the emergence of new technologies - work in this area is already underway, but it is proposed that the Council intensifies its focus on technology as an enabler of Transformation;
- further opportunities to achieve greater efficiencies from the Council's spend with third parties, once the redesigned officer structure has been implemented through the Provision Cycle project;
- opportunities for the Council to make more effective use of the data and information it holds, using these assets to generate real insight and improve the way services are planned and delivered;
- opportunities to work more closely with partners and the voluntary and community sector in supporting our residents and businesses;
- consideration of the physical presence of the Council across Oxfordshire and a review how its use of assets can be enhanced;
- opportunities to support the Council operate more commercially, including applying more focus to the Council's opportunities to increase its income from current sources where it is appropriate to do so, as well as exploring the potential of new markets and other commercial initiatives;
- opportunities to think further about the Council's relationships with other partners, particularly in relation to ongoing work to establish an Integrated Care System in Oxfordshire, as well as thinking more innovatively about our relationship with other partners, including all tiers of government in the county; and

- opportunities to enhance our demand management work, including addressing specific opportunities to use early intervention, behavioural science and other techniques to prevent the needs of residents escalating to the point where they may require critical support.

## **6 OTHER CONSIDERATIONS**

### *6.1 Equality and inclusivity*

At the time of writing, a Service and Community Impact Assessment (SCIA) is being completed for the redesigned Finance function work. Each functional redesign will have a SCIA developed as part of the formal staff consultation process.

### *6.2 Staff implications*

For the Finance workstream, a period of staff consultation has recently been concluded and feedback is currently being reviewed and incorporated into the designs and organisational structures proposed for the function.

For the Strategic Capability workstream, it is anticipated that the proposed structure and redesign of the function will enter a period of staff consultation before the end of October 2019. Provision Cycle restructures will follow shortly afterwards.

The programme continues to do all it can to minimise the impact on staff and to avoid redundancy wherever possible, through natural turnover, redeployment and retraining.

### *6.3 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 2019. A separate update is included at Annex 1. As part of the upcoming business case refresh and the Service and Resource Planning process for 2020/21 to 2023/24, the financial profile of the programme will also be reviewed.

### *6.4 Climate change and sustainability*

The Transformation programme has begun to routinely assess the climate change and sustainability implications and opportunities of the proposals that are being developed. As part of some transformation projects, climate change considerations are being explicitly built into the objectives and structure of the work. The next phase of the programme will more systematically consider the role that the Transformation programme can play in contributing to the Council's climate action agenda.

## **Annexes**

Annex 1: Finance outlook for the Transformation Programme (July – September 2019)

Annex 2: Transformation dashboard (July – September 2019)

## **Background papers**

Transformation Business Case (August 2018):

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

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**October 2019**

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## Annex 1 – Finance Outlook for the Transformation Programme (July – Sept 2019)

### Purpose

1. This annex provides further information on the financial progress of the transformation programme and savings delivered, for the period July to September 2019.

### Savings

2. The Transformation programme is committed to delivering at least £49.7m of savings between 2018/19 and 2022/23:
  - £4.9m was from previously agreed transformational activity deliverable in 2018/19 (of which £4.6m was achieved and the remainder carried forward into 2019/20 to be delivered),
  - £26.2m of previously identified savings in the planned Medium Term Financial Plan (MTFP) between 2019/20 and 2022/23,
  - £18.5m to be found from additional transformational programme activities, the detail of which continues to be developed, planned and implemented.

### The Transformation Programme

3. The current Medium Term Financial Plan includes £18.5m of savings to be delivered from additional Transformation programme activities, i.e. through redesigning services to maintain or improve them at lower cost, reducing our third party spend with our suppliers, and generating additional income streams where appropriate to do so.

**Table 1 – Forecast Delivery of Additional Transformation Programme Savings**

Transformation Programme Activity (additional to MTFP savings activities)	Total Target £m	Confidence of Delivery of Savings								
		19/20			20/21			21/22		
		Original Target £m	High £m	Low £m	Original Target £m	High £m	Low £m	Original Target £m	High £m	Low £m
Finance, Strategic Capability, Provision Cycle	-4.600	-1.000	-0.400		-1.200	-2.500		-2.400	-1.700	
Other Service redesign (being scoped out)	-10.900	0.000		-0.600	-4.800		-3.500	-6.100		-6.800
Reducing Third Party Spend	-2.000	0.000			-1.000		-1.000	-1.000		-1.000
Increasing Income	-0.500	0.000			-0.500		-0.500	0.000		
Other Efficiencies	-0.500	-0.500		-0.500	0.000			0.000		
<b>Transformation Programme</b>	<b>-18.500</b>	<b>-1.500</b>	<b>-0.400</b>	<b>-1.100</b>	<b>-7.500</b>	<b>-2.500</b>	<b>-5.000</b>	<b>-9.500</b>	<b>-1.700</b>	<b>-7.800</b>

**\*\* confidence of delivering savings is rated High (on track to be delivered in full), Medium (some risk to delivery but being mitigated) or Low (savings unlikely to be delivered as planned).**

4. £4.6m savings is on track to be delivered from the service redesign of Finance, Strategic Capability and Provision Cycle. The redesigned functions for Finance and Strategic Capability will begin to be implemented in the last three months of the year with Provision Cycle to follow from April 2020. All these will be delivered in stages, focusing initially on those core teams whose roles predominantly deliver

these functions and then in a second wave, directorates will implement the remainder of the redesigned functions.

5. £10.9m remains to be delivered through future service redesign. Projects to deliver the next phase of service redesign have commenced, supported by our Strategic Partner PwC. The next phase of work will include our Business Administration Support, Customer Service Centre and all those areas of the Council where residents and businesses initially contact us for information, advice, assessment and for support/services. The financial benefits of these workstreams are currently being modelled.
6. Savings of £3m are to be delivered by reducing third-party spend (following the implementation of a new Provision Cycle function), increasing income and other efficiencies. Proposals for these targets are being developed and overseen by the Transformation Programme Board and chief executive's leadership team (CEDR). Of this, £0.5m is in the Medium Term Financial Plan to be delivered in 2019/20.

## 2019/20 Savings

**Table 2 – Forecast Delivery of 2019/20 Savings Targets**

Transformation Activity Type	CONFIDENCE OF SAVINGS DELIVERY				
	19/20				
	Original Target £m	Delivered £m	High £m	Medium £m	Low £m
Service Redesign	-2.282	-0.100	-1.247	-0.360	-0.600
Reducing Third Party Spend	-10.027	-2.570	-1.528	-3.422	-2.507
Increasing Income & other	-2.415	-0.375	-1.240	-0.100	-1.000
<b>Total Transformation</b>	<b>-14.724</b>	<b>-3.045</b>	<b>-4.015</b>	<b>-3.882</b>	<b>-4.107</b>

*\*\* confidence of delivering savings is rated High (on track to be delivered in full), Medium (some risk to delivery but being mitigated) or Low (savings unlikely to be delivered as planned).*

7. Just under 50% of the savings for 2019/20 have been delivered or are on track to be delivered. It should be noted that the size of the Transformation savings target for 2019/20 is three times the size of what was planned and achieved in 2018/19. Savings so far delivered include the contract reductions for Waste Management and the Integrated Business Centre as well as the ongoing effect of the increased income from changes to the Adult Social Care contributions policy and the full year effect of the Children's Services' Reconnecting Families initiative.
8. Where current assessments of deliverability of savings suggest that specific targets will not be met, then directorates are highlighting those issues and planning mitigating actions (such as making alternative savings) in line with normal budget monitoring arrangements. In particular, in Children's Services, additional support is being brought in to help identify how £1.3m of third party savings can be robustly and sustainably delivered. Cost reductions to care packages in Adults' Services for those service users with Learning Disabilities

(£1.2m) and income from parking services in the Communities Directorate (£0.5m) are also examples where other options to mitigate potential under-delivery are being developed.

9. Transformation Programme savings of £1.1m in 2019/20 are also flagged as low confidence of being delivered on time, owing to the time taken to mobilise the programme. In order to help mitigate this, the next phase of service redesign is already underway. The savings profiles are currently being modelled and it may be possible to accelerate the financial benefits of these to contribute towards the 2019/20 savings target. Options for other Transformational efficiencies in 2019/20 are currently being considered by the Transformation Board and the chief executive's leadership team (CEDR).
10. Those savings targets with a medium confidence of delivery include:
- £2.7m in Adult services, reducing care home prices and reviewing home care packages.
  - £0.7m in Children's services, reflecting the sensitivities in savings on transport costs for those with Special Educational Needs and/or Disabilities, reducing third party spend with suppliers, and savings from unregulated placements.
  - £0.4m in Communities, the effect of slippages in timescales to small scale service redesigns in Transport and Fire and Rescue services.

## Future Savings

**Table 3 – Forecast Delivery of Savings Required Across the Remaining Medium Term Financial Plan**

Transformation Activity Type	CONFIDENCE OF SAVINGS DELIVERY											
	20/21					21/22				22/23		
	Original Target £m	Delivered £m	High £m	Medium £m	Low £m	Original Target £m	High £m	Medium £m	Low £m	Original Target £m	High £m	Low £m
Service Redesign	-7.300	0.000	-3.800	0.000	-3.500	-9.750	-2.800	-0.150	-6.800	-0.500	-0.500	0.000
Reducing Third Party Spend	-6.883	-0.087	-2.669	-2.670	-1.457	-2.925	-0.950	-0.400	-1.575	-1.180	-0.930	-0.250
Increasing Income & other	-1.110	0.000	-0.610	0.000	-0.500	-0.330	-0.330	0.000	0.000	-0.115	-0.115	0.000
<b>Total Transformation</b>	<b>-15.293</b>	<b>-0.087</b>	<b>-7.079</b>	<b>-2.670</b>	<b>-5.457</b>	<b>-13.005</b>	<b>-4.080</b>	<b>-0.550</b>	<b>-8.375</b>	<b>-1.795</b>	<b>-1.545</b>	<b>-0.250</b>

*\*\* confidence of delivering savings is rated High (on track to be delivered in full), Medium (some risk to delivery but being mitigated) or Low (savings unlikely to be delivered as planned).*

11. Over £30m savings are profiled for the next three years. Currently 58% (£17.3m) of the savings are reported as having medium or low confidence of delivery. However, plans to meet £12.8m of Transformation Programme savings are currently being developed beyond the detailed work that was completed as part of the original Transformation business case.

## Transformation Spend and Funding

12. The business case estimated £17.9m of implementation costs to deliver the Transformation Programme. This excludes redundancy/pension costs. Costs of

implementation are being monitored against that initial forecast and the plan is being refined on an ongoing basis.

**Table 4 – Comparison of Transformation Programme Costs to the Business Case Estimates**

Area	Business Case £m	Actual Spend £m	Committed Spend £m	Planned Spend £m	Total Estimated Spend £m
Technology implementation					
1.1 Technology platform components	<b>£4.9</b>	£0.0	£0.0	£4.9	<b>£4.9</b>
1.2 Technology support	<b>£2.0</b>	£0.2	£0.0	£1.8	<b>£2.0</b>
	<b>£6.9</b>	£0.2	£0.0	£6.7	<b>£6.9</b>
People					
2.1 Training	<b>£1.0</b>	£0.0	£0.0	£1.0	<b>£1.0</b>
2.2 Backfill	<b>£2.0</b>	£0.0	£0.7	£1.3	<b>£2.0</b>
	<b>£3.0</b>	£0.0	£0.7	£2.2	<b>£3.0</b>
Commissioned Support					
3.1 Strategic advice & programme management	<b>£2.6</b>	£0.8	£0.4		
3.2 Support to the PMO	<b>£1.3</b>	£0.1	£0.5		
3.3 Service construct & implement				£2.1	<b>£8.0</b>
3.4 Organisation design	<b>£4.1</b>	£1.5	£2.6		
	<b>£8.0</b>	£2.4	£3.5	£2.1	<b>£8.0</b>
<b>Total</b>	<b>£17.9</b>	<b>£2.5</b>	<b>£4.2</b>	<b>£11.1</b>	<b>£17.9</b>

13. Funding for the estimated implementation costs has been identified from corporate reserves (£9m) and the Capital Programme (£5m). £4m of funding is still to be identified. The investment to date will predominately be funded through reserves, due to the nature of the spend, leaving £2.2m to fund similar costs for the rest of the programme.

**Table 5 – Return on Investment (to date)**

	Investment Cost	Financial Benefits	Return on Investment
	£'m	£'m	
Target	17.90	18.50	1.0
Actuals (to March 2020)	6.80	0.40	0.1
<b>Balance</b>	<b>11.10</b>	<b>18.10</b>	
Balance %	62%	98%	
Current Forecast	6.80	4.60	0.7

14. 38% of the estimated investment costs have been spent to date. Due to the phasing of the savings profile (releasing dispersed activity savings in service redesign phases) only £0.4m of savings will be released in 2019/20. It is anticipated that by the conclusion of the programme this will deliver £4.6m ongoing annual savings – plus savings on other activities still being scoped out (for example Business Administration Support).