

PLYMOUTH CITY COUNCIL

Subject: Transformation Programme
Committee: Cabinet
Date: 25 March 2014
Cabinet Member: Councillor Williams
CMT Member: David Trussler, Interim Strategic Director for Corporate Services
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Ref:
Key Decision: Yes
Part: I

Purpose of the report:

1. During Scrutiny of the Council's indicative three year balanced budget 2014-15 at the meeting of the Co-operative Scrutiny Board of 8 January 2014, the Cabinet Member for Children and Young People (with responsibility for Transformation) presented an overview of the Council's proposed Transformation Programme. She confirmed that work was being carried out to build Outline Business Cases for the five elements of the Programme, and that these would be available for scrutiny in March 2014. This report:
 - 1.1 Summarises the context and drivers for the Transformation Programme, the Council's Blueprint and the Programme's governance arrangements
 - 1.2 Sets out the project and programme summaries for each of the five transformation programmes where savings are to be delivered during 2014-15. These include the strategic case, aims, scope and costs and benefits for the programme, with summaries of specific projects within each programme.
 - 1.3 Includes Outline Business Cases for each of the five transformation programmes, summarising the management and financial cases by programme, risk and compliance issues and guiding principles and methodologies.
2. The purpose of the report is to:
 - 2.1 Provide Outline Business Cases to the Co-operative Scrutiny Board as promised to enable effective support and challenge of the Council's Transformation Programme
 - 2.2 Respond to recommendations (7), (8) and (9) of the Co-operative Scrutiny Board's recommendations presented to Cabinet on 11 February requesting further reassurance concerning the robustness of the figures relating to transformation income, savings and investment, information relating to the deliverability of the 2014-15 transformation proposals and the assumptions on which the transformation figures for 2015-17 are based, including the risks associated with delivery.

3. It is envisaged that the Outline Business Cases will be developed over the next six months into full business cases for each of the projects for which formal approval will be sought. These will be made available for consultation and scrutiny prior to formal decision making as the programme develops.
4. Transformation costs and benefits in 2014-15, as set out in the budget papers presented to Council on 24 February 2014, will be monitored and reported through the Council's revenue and capital monitoring processes.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17

When the Council adopted its Corporate Plan in July 2013, the role of the Council's transformational change programme was recognised in addressing the financial challenges that the Council will face over the coming years. In September 2013, the Council supported the implementation of a Council-wide transformation programme to substantially reduce its operating costs and ensure the maximum possible investment in achieving its objectives. The Council was informed that advice had been sought from Ernst and Young concerning the robustness of its financial estimates for future years and the nature and scale of changes that it would have to make to its structure and delivery arrangements to meet its financial challenges and deliver the Corporate Plan. At the same time, the Council adopted a longer term approach to addressing the reduction in funding available to the Council, planning for a balanced indicative budget in each of the coming three years. This approach was considered and endorsed by the Co-operative Scrutiny Board at its meetings of 4 September and 16 October 2013.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

1. Ernst and Young concluded in their report that the "*new transformation programmes could result in net savings of £34m over three years, based on our experience and examples*". In this report, indicative costs and benefits were assigned to each separate strand of transformation amounting to cumulative savings of £49.9m with projected costs of £16.1m. Due to the longer term nature of the transformation, the bigger savings were back-loaded within the three year programme.
2. During the financial year 2013-14, up-front costs for the preparation of the Transformation Programme have been met from the Transformation Programme Reserve. This was created following a recommendation from Cabinet to full Council agreed on 10 June 2013. A further recommendation was made by Cabinet on 3 September 2013 to review earmarked reserves and balances to ensure that the Transformation Reserve was adequate to cover cash flow requirements for the period of 2013/14 to 2016/17. This recommendation was agreed by Council on 16 September 2013. The 3 Year Sustainable Budget report to Cabinet on 10 December 2013 reported a Transformation Reserve of £1.7m, to be fully drawn down by the end of March 2014. The Council bid to the Department for Communities and Local Government in 2013 for Transformation Challenge Award funding in the sum of £500k to support the DELT project. Confirmation will be received on the outcome of this bid before the end of March 2014.

Total forecast expenditure against this reserve for 2013-14 is set out below:

Transformation strand	Total 2013/14 forecast (£k)
Indirect costs	
Business change support, including change management and staff engagement	117
Business & Technology Architecture, including business analysis and IT systems design	204
Portfolio Office (described at Appendix B)	230
Talent Pool (initial internal secondments to support transformation projects)	164
Ernst and Young: validation and initial programme costs	250
Ernst and Young: initial blueprint and business case costs	419
Subtotal: Forecast Indirect costs	1,385
Direct costs	
Cooperative Centre of Operations	86
Customer and Service Transformation	158
Growth and Municipal Enterprise	110
Integrated Health and Well Being	97
People and Organisational Development	106
Subtotal: Forecast Direct costs	558
Total Forecasted 2013/14 Outturn	1,942

3. The budget adopted by Council on 24 February 2014 included investment, revenue and income impacts of the Transformation Programme for 2014-15. The details of the contribution that each element of the programme makes to these totals are included in the appended project and programme summaries and outline business cases. In summary, the budget report sets out the following with respect to the Transformation Programme during 2014-15:
 - An increase in income to the Council of £3.4m
 - A reduction in revenue expenditure of £3.1m
 - Investment in the Transformation Programme of £5.3m

4. During 2014-15 the intention is that a minimum of 75% of all resources utilised across Transformation programmes and projects will be provided by existing staff who will be supported through comprehensive training and mentoring facilitated by expert external resources. It is expected that in subsequent years Council staff will become more skilled and experienced and will be able to take on increasingly more complex tasks. The requirement for external expert resource will therefore reduce, and this is reflected in the resource profile. Over the life of the Transformation Programme, approximately 80% of all human resources allocated to projects and programmes are expected to be Council employees. Plans for investing an additional £800k in staff skills and support during 2014-15 will be put in place through the People and Organisational Development Programme. Proposals for this

area of work will come forward through the relevant Full Business Cases which will cover Career Transition, Leadership Development and other relevant initiatives.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The Transformation Programme underpins the Council's Corporate Plan and will have a material impact on its ability to deliver its objectives with respect to the above. Individual programmes contain their own risk management arrangements; although the Council's corporate risk management arrangements will continue to apply.

Equality and Diversity:

1. Due to the phased nature of the Transformation Programme equality impact assessments (EIAs) will be undertaken as and when required as projects are developed for implementation. The high level Equality Impact Assessment of the Corporate Plan vision, values and objectives will inform these.
2. When changing, starting, stopping or procuring any service, officers will complete EIAs, as appropriate, to identify and address any equality considerations of the decisions we make, including cumulative effects and unintended consequences. The Transformation Portfolio Office will ensure that due regard will be given to the protected characteristics, concerning staff as well as Plymouth citizens. Service managers have the responsibility to ensure EIAs are completed and signed off by their Assistant Director or Director.
3. Where any changes to structures or service delivery arrangements lead to redundancies, we will ensure that staff are not unfairly selected, e.g. on the basis of them having a protected characteristic within the Equality Act 2010. We will also seek to avoid any indirect impact on staff within these groups that we cannot objectively justify. Where changes lead to commissioning and procuring services in different ways, we will use our strategic procurement procedures, which include specific reference to inequality and local priorities and the co-operative commissioning principles adopted by Cabinet in December 2013 to ensure differential impacts are addressed appropriately.

Recommendations and Reasons for recommended action:

That Cabinet:

1. Endorse the expenditure and actions taken to date by officers in 2013/14 in preparation and implementation of the council's transformation programme
2. Endorse the Programme and Project Summaries for 2014-15 and Outline Business Cases for the Transformation Programme so that they can be developed into full Business Cases for further consideration
3. Endorse the Strategic Principles of the Council's Blueprint at Appendix A
4. Note that the following agreements have been incorporated within the overall transformation programme:

- (a) Co-location with Health initiative, agreed by Cabinet in January 2013, is built into the Outline Business Case for Integrated Approach to Health and Wellbeing;
 - (b) The Redevelopment of the Civic Centre and future accommodation requirements initiative, agreed by Cabinet in September 2013, is built into the Outline Business Case for People and Organisational Development;
 - (c) The Investment in Customer Transformation and Core ICT infrastructure, agreed by Cabinet in September 2012, is built into the Outline Business Case for Customer and Service Transformation;
 - (d) The ICT Shared Services DELT proposal, agreed by Cabinet in October 2013, is built into the Outline Business Case for the Co-operative Centre of Operations
5. Asks the Co-operative Scrutiny Board to review the Programme and Project summaries and Outline Business Cases for the Transformation Programme to ensure that the Board and Panels are able to play an active part in supporting and challenging the programme as it develops
 6. Notes that an independent review is being commissioned to appraise the overall status of the transformation programme including an opinion as to the achievability of the benefits, and that this work will be undertaken over the next three months

Alternative options considered and rejected:

The Council could wait for Full Business Cases to be developed before publishing further details of the Transformation Programme. This would not however facilitate early involvement of the Co-operative Scrutiny Board and other stakeholders in the development of the programme, and would not support the Council's values. The Council has received and considered external advice relating to governance structures, which have been considered by the Audit Committee. Cabinet members were involved in the development of the strategic principles of the Council's Blueprint, which have been subject to extensive consultation. Previous Transformation decisions made by the Cabinet have now been included in the overall programme, rather than being the subject of separate and potentially non-aligned oversight and management.

Published work/Information

[Cabinet report 21 May 2013: Financial Out-turn](#)

[Council report 22 July 2013: Corporate Plan 2013/14-2016/17](#)

[Cabinet report 3 September 2013: The Brilliant Co-operative Council Sustainable Three Year Plan](#)
Co-operative Scrutiny Board minutes [4 September](#) and [16 October 2013](#)

[Cabinet report 10 December 2013: Delivering the Co-operative Vision with a 3 year sustainable balanced budget](#)

[Co-operative Scrutiny Board 8 January 2014: Budget Scrutiny 2014-15](#)

[Council report 24 February 2014 Delivering the Co-operative Vision with a 3 year sustainable balanced budget](#)

[Audit Committee Briefing 13 March 2014: Transformation Governance Arrangements](#)

[Cabinet report 11 September 2012: Investment in Customer Transformation and Core ICT infrastructure ICT](#)

[Cabinet report 15 October 2013: Shared Services: DELT](#)

[Cabinet report 3 September 2013: Redevelopment of the Civic Centre and future accommodation requirements](#)

[Cabinet report 15 January 2013: Co-location with Clinical Commissioning Group at Windsor House](#)

Background papers:

EY Report July 2013: Delivering the Co-operative Vision: The plan for transformation to achieve your ambition of becoming a 'Brilliant Co-operative Council'

Sign off:

Fin	Mcl 314. 40	Leg	TH0 157	HR		Corp Prop		IT		Strat Proc	
Originating SMT Member: Tracey Lee											