

<b>TITLE</b>	<b>The 21<sup>st</sup> Century Council – Update</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 25 January 2018
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Heather Thwaites C21 Programme Director
<b>LEAD MEMBER</b>	Oliver Whittle, Executive Member for Finance

#### **OUTCOME / BENEFITS TO THE COMMUNITY**

The transformation of the way the Council operates will achieve the following benefits:

- Improved availability of, and access to, Council services through digital channels
- Swifter resolution of issues and queries
- Ability for residents to track the progress of their issue as it is resolved by the Council
- Greater focus on problem-solving and customer responsiveness
- A leaner, more efficient Council costing significantly less to run

#### **RECOMMENDATION**

The Executive is recommended to note the progress in implementing the 21<sup>st</sup> Century Council programme.

#### **SUMMARY OF REPORT**

The purpose of this report is to inform the Executive of progress over the last quarter in the implementation of the 21<sup>st</sup> Century Council programme. The Executive receives quarterly reports during the implementation period reporting on progress of implementation and revenue return on investment.

The key highlights are set out in the report. Service design in Environment, Income and Assessments and Customer Services is well advanced. The HR process in these areas commenced this month and design of the new Customer and Locality areas is well underway. However there is a delay to the implementation of the programme in most of People Services whilst the Interim Director undertakes a stock take of the Adults and Children's services and this will impact upon the planned realisation of savings in 18/19.

## Background

The C21 Change Programme forms an essential element of the savings contained within the medium term Financial Plan. The programme involves the implementation of a new model of working and organisation for the Council. It is underpinned by an extensive IT programme and will extend to all parts of the organisation over the implementation period. When complete, the programme will contribute ongoing annual savings in staff costs of c. £4.5m.

Implementation commenced following Executive approval of the business case in September 2016. The implementation was phased into two parts, to ensure transition to the new model of working is safe and effective.

Phase 1 ran from October 2016 to Spring 2017 and included:

- Establishment of the reconfigured senior leadership team (Directors and the management tiers below)
- Establishment of the reconfigured Strategy and Commissioning and Support Services
- Implementation of the key IT improvements and integration

Phase 2 is planned to be delivered in two tranches

Tranche 1:

- Environment
- Income and Assessments
- Customer Services
- Children's Social Care

Tranche 2:

- Health and Wellbeing
- Education
- Integrated Mental Health
- Housing
- Public Health

The table below details the revenue reduction targets broken down by these Tranches in order to stay consistent with the Business Case

Phase 2	18/19	19/20
Tranche 1	1.594m	2.125m
Tranche 2	0.425m	0.850m

## Member Engagement with the Programme

The dedicated 21<sup>st</sup> Century Council Member has become cross party and its IT Reference sub group disbanded and encompassed into the main group. The group has met regularly approximately every six weeks. It is making good progress particularly around discussions for active member engagement in the promotion and development of the new ways for residents and users to interact with the Council.

Member IT engagement sessions have been held to introduce Members to Office 365, Modern Gov. and the Customer Account. To date 29 Members have attended and the majority are actively utilising the new and improved systems. The availability of these 121 sessions will be ongoing through the life of the programme. Discussions are beginning on the development of a Member on line intranet to enable greater access to information.

Briefing sessions have been held with all Lead Members whose areas fall within the Tranche 1 service areas. These have enabled Lead Members to understand the design process in the service areas and are precursors to further involvement as process redesign progresses.

The design element of the programme relooks at the data that drove the business case and provokes thought to shape a future service vision and high level service offer. Then looks to produce and validate a “to-be” structure. It also tests that design assumptions are safe validating what we know looking to identify and fill any gaps.

When this is complete individual process are batched together and an intense period of redesign happens using the principles of the programme to improve the resident and customer journey.

A much more joined up and focused locality service delivery is a strong component of the new operating model. A group of Members met in December to commence the design and development of the locality offer. This work is at an early stage and it is also planned to engage the Towns and Parishes in the design process.

The Member group has also instituted a regular briefing update for members similar to that issued regularly for staff. The communication is intended to be targeted and easy to access and signpost where and how to find further information.

Audit Committee received an audit report and judgement on the governance arrangements for the programme. The opinion was that the controls were substantially in place and generally effective – being the second highest possible judgement out of 4 opinions.

A progress update was provided for Overview and Scrutiny at its meeting on 9 January 2018.

## **Highlight Report**

### Tranche 1

Good progress has been achieved in the majority of the service areas that will constitute the Customer and Localities Directorate.

Part of the lessons learnt from Phase 1 was that the Tier 4 managers needed to be appointed earlier in the design process so that they could play a more active role in design, to lead process redesign and crucially to be much better informed and able to lead and support their staff through the HR process. This has been achieved and all but one of the T4 manager posts in Customer and Localities were selected by mid-November.

Service redesign for all of Environment and Incomes and Payments has been undertaken and the HR processes for staff commenced on 9<sup>th</sup> January. This area remains on target for go live in the summer.

Following the departure of the Director of People Services the incoming Interim Director is undertaking a stock take within the Adults and Children's services. This has delayed the progress of the programme in these areas. Consequently, Children's Social Care staff are not involved in the current HR processes as previously planned. This will impact on the timing of the realisation of savings in this area in the next financial year.

#### Tranche 2

The intended programme for delivery of Tranche 2 was August 2018. However the current stock take within People Services has also impacted on progress of the programme in Health and Wellbeing, Education and Integrated Mental Health. Again this will impact on the timing of the achievement of the agreed business case savings in this area.

Significant progress has been made alongside our involved tenants in the emerging design for Housing Services. It is hoped to be able to progress this area together with Public Health including Leisure as intended to be implemented by August 2018.

As we are again in a period of HR processes and staff changes attention is being paid to staff morale although it has to be accepted that some staff will be undergoing a period of uncertainty. Again lessons learnt from phase 1 have led to a reconsideration of the some of the timings and processes involved. Attempts have been made to limit the numbers of staff who have to be placed at risk whilst retaining the paramount intention to be fair to all. Regular temperature checks are being undertaken through the use of the change readiness survey, the closer involvement of the Tier 4 managers and the widened group of Change Agents.

#### Risk Mitigation

The six key programme risks identified in the business case continue to be managed and the member group provides further oversight. Of the risks, given the stock take in People Services, attention will need to be paid to the risks of late realisation of savings and potential increased programme costs. Further consideration to these is given below. Mitigation in respect of the remaining risks: - loss of key people and organisational knowledge; less capacity available post implementation; reduced performance in key service areas and slippage in IT implementation, remains in place.

#### The next period

The next period will see the completion of the HR processes for the Tranche 1 areas (minus Children's Social Care) and the start of the change and transition work in these areas as the new Customer and Localities service areas take shape. Further engagement with Members will be undertaken together with the Towns and Parishes as highlighted above. Work will continue with our tenants and the service areas of Housing and Public Health.

Decisions concerning the programme for People Services will be required to ascertain when the programme can proceed.

## Finance

Phase 1 - Capital and revenue expenditure was within forecast. Financial benefit (from staff savings delivered through the design of more efficient processes and integrated IT systems) is predicted to be £2.1m full year effect for phase 1. This is on track to deliver what was envisaged in the business case and savings.

Phase 2 - The previous update report indicated that the financial impact of the splitting of Phase 2 into two tranches could be contained within the MTFP. The then expected three month lengthening of the programme has been contained within the existing programme budget. The slightly later final realisation of the full savings to the first quarter of 2019/20 (£500,000) has as reported been contained within the MTFP. At that time the programme remained on track to break even in year 2019/20.

However the current delay of the programme in People Services is placing at risk the timing of the full realisation of the planned savings as envisaged in the business case. The planned people services elements of the savings are 18/19 £749,250 and £1,156,000 full year effect thereafter. These figures are comprised of £1.198K Children's Services; £225K Education and £481.5K Adult and Integrated Mental Health Services.

The non-realisation of these savings in 2018/19 and the move to realisation in 2019/20 is reflected in the table below.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	£'000	2016/17	2017/18	2018/19	2019/20	Total
	<b>Revenue</b>	710	2,180	1,500	0	<b>4,390</b>
Business Case	<b>Capital</b>	2,752	1,577	0	0	<b>4,329</b>
	<b>Saving</b>	<b>0</b>	<b>(2,250)</b>	<b>(2,250)</b>	<b>0</b>	<b>(4,500)</b>
	<b>Revenue</b>	600	1,430	2,360	0	<b>4,390</b>
Actual/Forecast	<b>Capital</b>	900	3,329	100	0	<b>4,329</b>
	<b>Saving</b>	<b>0</b>	<b>(2,250)</b>	<b>(1,000)</b>	<b>(1250)</b>	<b>(4,500)</b>

	<b>Revenue</b>	110	750	(860)	0	<b>0</b>
Variance	<b>Capital</b>	1,852	(1,752)	(100)	0	<b>0</b>
	<b>Saving</b>	<b>0</b>	<b>0</b>	<b>(1250)</b>	<b>1250</b>	<b>0</b>

#### **Other financial information relevant to the Recommendation/Decision**

The total programme is intended to deliver an ongoing cost reduction of £4.5million savings pa.

Expenditure over all for the programme remains within budget. Financial benefits for phase 1 were set out in the business plan to be £2.250m of which £2.094 are currently on track for delivery through staffing savings.

The planned lengthening of phase 2 of the programme by approximately three months with the resultant forecast short delay in realisation of the full savings has been contained within the MTFP. Implementation costs of slightly extended programme has also been contained within the existing programme budget.

However the financial impacts of the current delay of the programme in People Services need to be considered. The table above assumes that delayed savings from 18/19 are achieved in 19/20. This will also require further funding to be provided to extend the life of the programme team (currently funded into the third quarter of 18/19). This will result in an overall budget underachievement of savings in 18/19. This will be kept under review but some alternative means of securing a balanced budget may need to be considered including the use of reserves.

#### **Cross-Council Implications**

This change programme impacts on the whole Council.

#### **List of Background Papers**

21<sup>st</sup> Century Council Business Case – see Executive papers 29 September 2016

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