

REPORT TO: POLICY AND RESOURCES COMMITTEE ON 2 MARCH 2010

SUBJECT: DESIGNING BETTER SERVICES – PHASE 3 IMPLEMENTATION

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1 To report on phase 2 of the Designing Better Services (DBS) programme.
- 1.2 To provide Members with an Implementation Plan for the Designing Better Services programme for consideration.
- 1.3 This report is submitted to Council in terms of the following Sections of the Council's Administrative scheme: II (3) relating to the incurring of expenditure exceeding £50,000 not provided for in the approved budget, A (2) relating to Managing the Finances of the Council, A (42) relating to the organisation and management processes of the Council, A (55) relating to developing and monitoring customer access and information.

2. RECOMMENDATIONS

- 2.1 **It is recommended that Members note the aspects of this report in relation to phase 2 (design) of the Designing Better Services programme.**
- 2.2 **It is recommended that Members agree:**
 - (i) **The implementation plan provided as Appendix A to this report**
 - (ii) **The resources required to enable the delivery of the implementation plan as described in Section 5 of this report**
 - (iii) **The governance arrangements for overseeing the implementation summarised in paragraph 4.5 of this report**
 - (iv) **To recognise that the implementation phase is likely to result in disruption to services and short term reductions in performance.**
 - (v) **The implications for services detailed in paragraph 4.4 of this report.**

3. **BACKGROUND AND REVIEW OF DBS PHASE 2**

3.1 The completion of phase 1 of the Designing Better Services programme was reported to the Council meeting on 5th November 2008. At that meeting Members agreed:

- the programme of work for phase 2,
- the resources identified to support this work, and
- the governance arrangements to oversee the programme.

Since that report 9 progress reports have been provided to the Council's Policy and Resources Committee.

3.2 Progress Review

Designing Better Services phase 2 was subdivided into 6 themes and it was planned that each theme would first establish a design mandate (options appraisal) and if approved would progress to the preparation of a business case.

An assessment of progress is provided below against 4 headings: Preparation of the design mandates, preparation of business cases, overall programme timetable and cost against budget.

3.2.1 Preparation of design mandates and approval of Business Cases for 6 themes:

Theme	Project	Approval of Mandate	Approval of Business Case
1	Customer	P&R 30 June 2009	P&R 15 December 2009
2	Workforce Deployment	P&R 30 June 2009	P&R 15 December 2009
3	Operational Support	not appropriate P&R 22 September 2009	P&R 02 March 2010
4	Office Accommodation	P&R 05 May 2009	P&R 22 September 2009
	Property General	deferred	mandate outstanding
	Facilities Management	P&R 20 October 2009	P&R 02 March 2010
5	Procurement	P&R 7 April 2009	P&R 22 September 2009
6	Vehicle Utilisation	P&R 22 September 2009	P&R 02 March 2010

3.2.2 Overall programme timetable

The original target date for reporting the Implementation Plan was the Policy and Resources Committee on 15 December 2009.

A report was provided to Policy and Resources Committee on 20 October advising Members that the revised date for presenting the implementation plan was 02 March 2010.

3.2.4. Project cost against budget

	Budget	Actual Estimated to 31.3.10
	£	£
Staff Costs	566,000	620,000
Other Costs	34,000	46,000
Consultancy	<u>230,000</u>	<u>110,000</u>
	£830,000	£776,000
	=====	=====

3.2.5 Phase 2 represented a challenging programme for the Council and Members and Officers had to balance their commitment to the project against a number of competing priorities including:

- Maintaining service delivery
- Delivery of Moray Performs including the Single Outcome Agreement and the Public Sector Improvement Framework
- Social Work Inspection
- Flood Emergencies and Severe Winter Weather

A great deal has been learned from the review about the challenges associated with such a large scale programme and this learning will be of assistance as we embark on the Implementation Plan.

4. **IMPLEMENTATION PLAN**

4.1 Work commenced on the implementation plan in October. An early working draft plan was established and a structured approach was adopted to ensure that the main components of the plan were given due consideration. The main components identified were: Planning Principles, Governance, Resources and Achieving the efficiency savings.

4.2 The Implementation Plan is attached as an appendix to this report. Progress to date can be summarised as follows:

Theme	Project	Progress to date
1	Customer	the <u>Core Project</u> is comprised of these 3 projects - Following approval of the customer and workforce deployment business cases the first project board meeting for the Core Project was held on 12 February and good progress is being made
2	Workforce Deployment	
3	Operational Support	
4	Office Accommodation	Tender documents have been issued for the conversion of the supermarket building – completion is anticipated by July 2011
	Property General	to be progressed
	Facilities Management	business case report to Policy and Resources Committee on 02 March 2010
5	Procurement	Implementation is well advanced
6	Vehicle Utilisation	business case report to Policy and Resources Committee on 02 March 2010

4.3 The Core Project implementation plan is subdivided into 8 tranches. The first tranche is preparation and piloting work, followed by seven tranches, each of which will involve the transition of an existing council service to the new ways of working within the core project. The 7 tranches are as follows:

Tranche 2	Housing and Property
Tranche 3	Transportation and Roads
Tranche 4	Environmental Protection
Tranche 5	Development Services
Tranche 6	Education
Tranche 7	Chief Executive, Central Services and Finance & ICT
Tranche 8	Community Care and Children and Families

4.4 Each Tranche of the core project is ambitious in its own right. It would be possible to take further time refining the plans and preparing services for the transition. It would also be possible to spend more time undertaking further research of change programmes at other Councils and seeking further support from external consultants. This far more lengthy approach may reduce the risks associated with such an ambitious programme (a risk register is provided as part of the Implementation Plan). However, there is strong evidence that the new ways of working will deliver service improvements at the same time as generating urgently required cost reductions. It is also apparent that refining plans based on theory and experience from other organisations will not replicate the reality of local circumstances. Taking a balanced view of the issues, the Corporate Management Team is recommending that the Council should move ahead with implementation at this time. The Corporate Management Team recognise that lessons will be learned during the early tranches and that the overall Implementation Plan will need to be altered accordingly and Members will be kept apprised of changes to the plan.

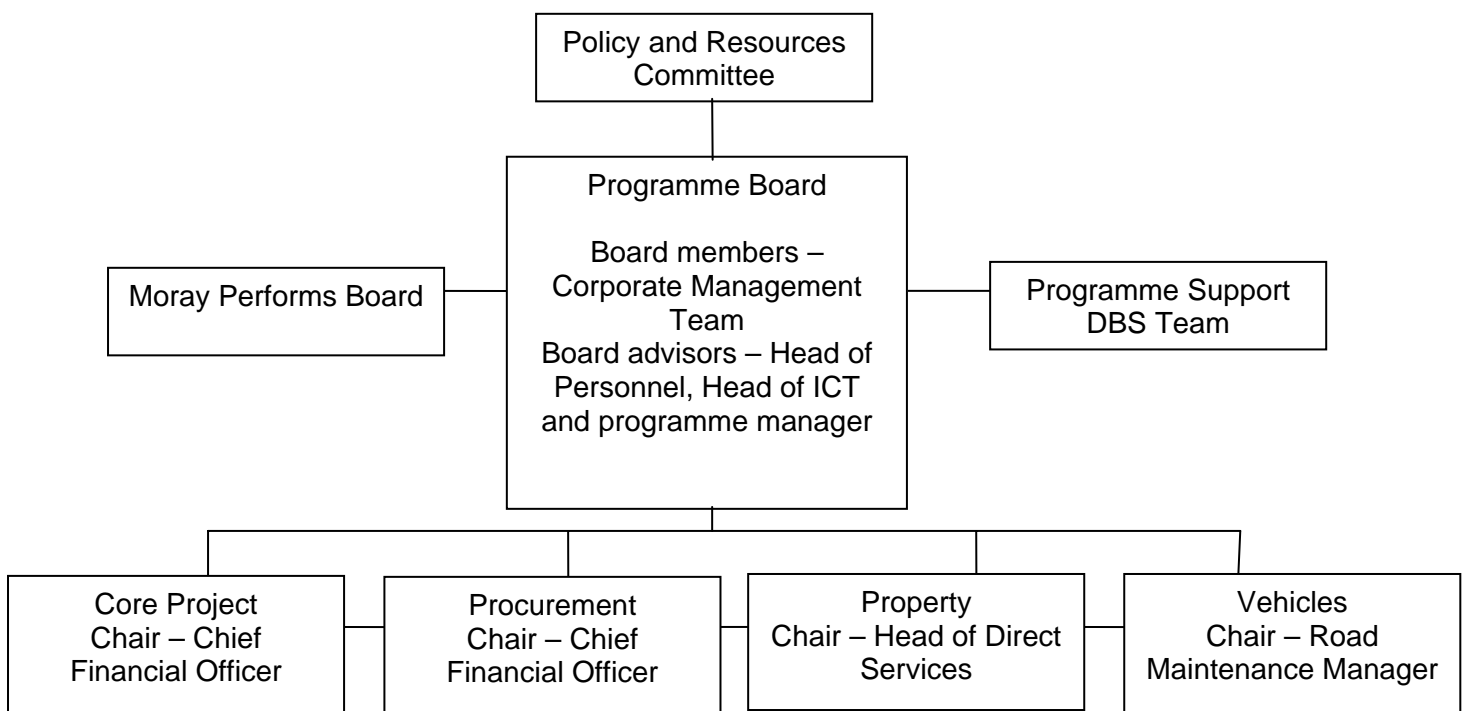
4.5 In recognising that this is an ambitious programme Councillors are asked to acknowledge that service delivery is highly likely to be affected during the transition of each service to the new ways of working. Members are therefore requested to be supportive of the likely disruption and any short term dips in performance. It would be impractical and unaffordable to attempt implementation whilst seeking to maintain services at current levels. Clearly managers will seek to minimise impact on the public, arising from the changes to service delivery during the implementation phase. In particular the Committee is asked to note and agree the following implications of committing to the DBS Implementation Plan:

- (i) Service Improvement Plans will recognise the implementation of the DBS programme as a priority;
- (i) Service Improvement Plans will be restricted to unavoidable improvements for services during their individual implementation tranche;

- (ii) The timetable for introducing the Public Sector Improvement Framework will need to be reviewed to ensure that services are not required to undertake a PSIF review at the same time as being involved in the implementation of DBS changes; and
- (i) Committees will be cognisant of the DBS Implementation Plan and limit requests for additional information and reports during implementation.

4.6 Programme Governance

4.6.1 The proposed governance structure for the Implementation Plan is described below.



4.6.2 Heads of Service will lead the transformation in their service areas and this leadership will be subject to the oversight of the Corporate Management Team taking on the role of the Programme Board. The Corporate Management Team will be represented by the Chief Financial Officer who will Chair the Core Project Board for each tranche. The Corporate Management Team will meet at key decision points of the programme, monitoring by exception and ensuring that efficiency gains are maximised by each service. The Corporate Management Team will provide regular progress monitoring reports to the Policy & Resources Committee and will also provide similar updates for the Moray Performs Board.

4.6.3 Where changes are required to staffing structures appropriate approvals will be sought from Council Committees as required by the Council's Scheme of Administration.

5. **SUMMARY OF IMPLICATIONS**

(a) **Single Outcome Agreement/Service Improvement Plan**

The proposed programme will have very significant implications. The programme will require an assessment of existing and future project activity to ensure the Council maintains focus on the change programme.

(b) **Policy and Legal**

At the Policy and Resources Committee on 1st March 2006, Members formally endorsed that “the Council recognises that Efficient Government must underpin all activities to ensure that maximum output can be delivered from the finite resources available and recognises Community Planning, Performance Management and Reporting, and Efficient Government as the three key areas that will drive Council business in the years ahead”.

This statement was reaffirmed by the Policy and Resources Committee on 28th March 2007.

(c) **Resources (Financial, Risks, Staffing and Property)**

The cost of the DBS Team to support the Implementation Plan is £525,000 per year and at present it is assumed that these additional costs will be required for a period of 2 years. There is currently no provision in the revenue budget for these costs and therefore they will impact on council reserves. The Council has also committed to major capital expenditure in relation to fit for purpose office accommodation and the necessary computer software and hardware. The ICT Action Plan, to be reported to a future meeting of this Committee will include a major commitment of staffing resources to support the Implementation Plan.

The staff from each service will require to devote substantial amounts of time to supporting the change process and adopting new working methods. The programme will be a major commitment for the Council’s Personnel Services Team and will also impact on Finance staff.

The targeted savings from the programme are detailed in the Appendix to this report and are summarised below.

	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
Annual Cost / (Saving)	300,000	(700,000)	(2,200,000)	(4,000,000)	(4,100,000)

The targeted savings are subject to the achievability of the implementation plan. As indicated in Section 6 of the Appendix the Council will learn from the initial tranches and the plan will need to be amended as a result of the lessons learned.

The risks associated with the programme are detailed in Section 7 of the Appendix.

(d) Consultations

The Designing Better Services Executive Board and the Corporate Management Team have been consulted on this report and are in agreement with the contents.

Consultations with staff and unions will take place in respect of proposed changes that impact on staff. A forum has been established with unions to assist with the consultation process.

6. CONCLUSION

- 6.1 A number of challenging targets were established for phase 2 of DBS and taking all factors into consideration it can be concluded that it was a good use of Council resources and has provided a good platform from which to embark on the Implementation Plan attached to this report.
- 6.2 The Implementation Plan is ambitious and will require substantial commitment from the Council at all levels if it is to be delivered on schedule. The Implementation Plan contains a number of risks that will require careful management and support from Members and Officers as each service progresses through the implementation process. The plan will require to be updated as lessons are learned during the early stages of the implementation. As highlighted in Section 6 of the Appendix this may result in an extension of the implementation plan and delays in achieving the savings targets.

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