

ANGUS COUNCIL

**POLICY AND RESOURCES COMMITTEE – 30 AUGUST 2016
SCRUTINY AND AUDIT COMMITTEE – 27 SEPTEMBER 2016**

TRANSFORMING ANGUS: PROGRAMME UPDATE

REPORT BY THE STRATEGIC DIRECTOR – RESOURCES

ABSTRACT

This report provides a progress update in relation to the Council's Transforming Angus change programme.

1. RECOMMENDATIONS

It is recommended that the Policy and Resources Committee:

- (i) considers the update in relation to the various aspects of the Council's Transforming Angus change programme.

It is recommended that the Scrutiny and Audit Committee:

- (ii) scrutinises the update in relation to the various aspects of the Council's Transforming Angus change programme, including the financial update in relation to the Transforming Angus Change Fund.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/ SINGLE OUTCOME AGREEMENT/ CORPORATE PLAN

- 2.1 The outcomes associated with this report will contribute to the Angus Community Plan and Single Outcome Agreement 2013 - 2016 by underpinning the projects identified through the Council Plan 2014 – 2017 and Transforming Angus change programme.

3. BACKGROUND

- 3.1 Reference is made to Report 113/16, considered by the Policy and Resources Committee at its meeting on 15 March 2016. That report provided the previous progress update in relation to the Council's Transforming Angus (TA) change programme.

4. GOVERNANCE ARRANGEMENTS UPDATE

4.1 Governance Structure

- 4.1.1 An updated version of the [TA Governance Structure](#) reflects the current scope of the overall change portfolio.

4.2 Transforming Angus – Governance (Internal Audit Report 14-24)

- 4.2.1 An independent review of the TA programme governance arrangements was required to address the final recommendation from the above noted audit report.

- 4.2.2 This review was carried out during June and confirmed that the current TA programme governance model is structured correctly in relation to the size, type and magnitude of the Programmes and Projects that are currently undertaken within the Council's portfolio.

- 4.2.3 Some areas were identified where further improvement could be achieved (rated on a priority 1 to 3 scale) and these will now be addressed, in consultation with internal audit colleagues and monitored through the TA Board.

4.3 Transforming Angus – Benefits Realisation (Internal Audit Report 15-21)

4.3.1 Reference is made to Internal Audit Report 15-21 Transforming Angus – Benefits Realisation, which identified a number of areas for improvement to the identification, tracking and realisation of benefits arising from various programmes and projects.

4.3.2 The 5 recommendations (all level 1) reflect the requirement for completing relevant benefits management documentation as per the TA governance model; improvements to tracking performance; clearer roles and responsibilities; and better reporting of benefits realisation to Programme Boards, TA Board and elected members. These recommendations are being addressed by the Service Manager (TA), along with Lead officers, and are nearing completion.

5. TRANSFORMING ANGUS PROGRAMME/ PROJECT UPDATES

5.1 Progress Overview

5.1.1 TA Programme initiatives have continued to progress since the last update report to the Policy and Resources committee on 11 March 2016. While some initiatives have made good progress (e.g. Help to Live at Home), others have been less positive (e.g. Channel Shift and Procurement Review) with only minimal progress achieved. The TA Board is aware of this position and is providing direction to address and overcome the specific challenges.

5.1.2 Further detail is included in the latest [TA Highlight Report](#) for all the current TA Programme and related project initiatives. An overview of key ‘headline’ progress is included in the following table:

| TA Programme | Progress Overview |
|-------------------------------|--|
| Angus Digital | <ul style="list-style-type: none"> Business cases supporting the control and progression of the information management & governance, internal systems and digital implementation programmes are being developed in accordance with the TA programme governance arrangements. The Angus Digital Implementation Board are refreshing the council's digital roadmap to ensure effective prioritisation and targeting of resources to enable delivery of dependent transformation programmes and projects. |
| Improved Customer Experience | <ul style="list-style-type: none"> The business case supporting the control and progression of the channel shift programme is being developed in accordance with the TA programme governance arrangements. The final proposals for service redesign of payment facilities at Access Offices was agreed by full Council on 24 March 2016 (Report 122/16 refers). The implementation date has moved to 1 September (from 1 August) with full implementation by 30 September 2016. Additional resources have been identified from the TA Change Fund to support services increase the pace of change required from the Channel Shift programme. |
| Improved Business Process | <ul style="list-style-type: none"> The reviews of waste management services, public conveniences and the strategic review of recycling centres (Reports 144/16 and 209/16 refer) were agreed (as amended) by the Communities Committee on 12 April and 24 May 2016 respectively. The participation of Angus Council in a collaborative programme of work to explore 10 areas of potential opportunity with Dundee City and Perth & Kinross Councils was agreed by the Policy and Resources Committee on 26 April 2016 (Report 170/16 refers). |
| Agile Working/ Estates Review | <ul style="list-style-type: none"> Procurement Authority to progress improvement works at Angus House and Bruce House as part of the Agile Working/ Estates Review programme was approved by the Policy and Resources Committee on 26 April 2016 (Report 176/16 refers). Procurement Authority to progress plans for the replacement of Hayshead, Ladyloan and Muirfield Primary Schools as the next phase of the Arbroath Schools Project was agreed by the Children and Learning Committee on 17 May 2016 (Report 207/16 refers). An information report providing a progress update in relation to the Agile Working/ Estates Review programme was available to the Policy and Resources Committee on 7 June 2016 (Report 235/16: Schedule 1 refers). Procurement Authority to progress the improvement works for the ACCESS/ Libraries integration programme, which is a key dependency for the Agile locality hub proposals, was agreed by the Communities Committee on 16 August 2016 (Report 292/16 refers). |

5.2 Benefits Management

- 5.2.1 Report 113/16 provided background in relation to the management of benefits from the overall change programme.
- 5.2.2 Benefits are generally realised at programme level and the latest benefits information is available in the [TA Benefits Management Report](#) for all the current TA Programme initiatives.
- 5.2.3 The TA Benefits Management Report is focussed on the financial benefits being derived from the various programmes. Further work is however ongoing to provide more information in relation to the qualitative or 'soft' benefits, and these will also be identified as part of the reporting process in due course.
- 5.2.4 While the business cases are in development for the Angus Digital and Channel Shift programmes, it is also worth highlighting that a number of enabling projects within these programmes are already identified. For example:
- Records & information management;
 - Resourcelink;
 - ePlanning applications and building standards (national system);
 - Payments at ACCESS Offices; and
 - ACCESS Office top 10 services.
- 5.2.5 The TA Benefits Management Report identifies the components that comprise overall savings from the TA Programme of £1.777m in Financial Year 2016/17; and projected savings of £1.469m in Financial Year 2017/18.
- 5.2.6 Savings are only reported in the financial year they are first removed from the relevant budget, however the TA programme management approach supports service transformation and sustainability of the savings in future years.

5.3 Next Phase of Transformation

- 5.3.1 Reference is made to Report 121/16, which was approved by full Council on 24 March 2016. That report set out the updated Medium Term Financial Strategy for the Council covering the period 2016/17 to 2019/20 and indicated that scoping and planning for future ('Tier 2') reviews would begin shortly to ensure that the Council has a pipeline of projects and strategic savings options coming through beyond the existing TA ('Tier 1') programme.
- 5.3.2 That work is currently being supported by the Council's strategic partner (EY), using their knowledge and experience of public sector transformation throughout the UK, who are working with the Council Management Team (CMT), the TA Programme Office and other stakeholders.
- 5.3.3 Key activities include a 'critical friend' progress review of TA ('Tier 1') programme against the target Medium Term Financial Strategy; validation of additional opportunities ('Tier 2') and what will deliver optimum value; identification of key enablers; and establishing a robust reporting framework.
- 5.3.4 This work is also focussing on the options to identify a suitable commercial model to underpin EY's future activities, which will be determined in relation to the scale of benefits identified and the enhanced value that EY can provide. It is intended that this will be considered at the TA Board meeting in August and reported to the Policy and Resources Committee thereafter.

6. IMPROVEMENT PANEL UPDATE

- 6.1.1 The Improvement Panel have commenced the role of assessing potential new initiatives at project brief stage, to inform the work of the TA Programme Board. This approach is part of the TA Governance model.
- 6.1.2 The Corporate Improvement team are continuing to support improvement work in relation to the use of Covalent, the Council's performance management system, and in particular implementing its use as the routine reporting tool in relation to the TA Programme.

- 6.1.3 Good progress has been made integrating DELTA/ Lean particularly in relation to the work of the Agile Implementation Team to support the first tranche of services' transition to Agile working. This includes a 2-day "Getting Started with DELTA" programme, which provides key staff with an overview of DELTA/ Lean, supporting the need to improve the efficiency of current business processes. This taster session can be supplemented by a 2-day add-on to provide the skills for employees to become DELTA facilitators and achieve a Yellow Belt certification.
- 6.1.4 The Organisational Development team continue to provide relevant support across the whole organisational change programme, also including significant input to the development of the Agile Implementation Team.
- 6.1.5 There is also ongoing commitment to support staff with transformational change through project management training (Prince 2, MSP and TA Governance); a further phase of middle managers leadership programme; and supporting staff make better use of digital technologies.

7. TA COMMUNICATIONS STRATEGY

- 7.1 It is recognised that good communications in relation to the TA Programme is a key element to achieving the successful implementation of change. The TA Communications Strategy is in place and provides the foundation to more detailed strategies being progressed on specific programmes and the change portfolio as a whole, while also linking closely with the requirements of the Managing Workforce Change policy.
- 7.2 The Communications team are involved in all the active TA programmes, with the Help to Live at Home and Agile Working programmes requiring the most significant focus at this stage. Current activity also includes following up on material generated from the 'Space for Success' event held in February. The Communications team are also developing the Transformational change stories identified by the Leadership Forum members as part of the initial engagement for the event.
- 7.3 TA news is now a weekly feature, given a prominent profile in the 'mini-matters' bulletin, aimed at maintaining the profile of the various TA programmes and to highlight the transformational change work going on within services across the organisation.
- 7.4 An extensive communication plan has been developed reflecting proposed activity for the period between June to December 2016.

8. STRATEGIC PARTNER

- 8.1 Report 113/16 provided an update in relation to the scope of services that the Council commissioned EY to progress across a number of projects, amounting to a total cost of £425,851.
- 8.2 EY have since been commissioned to provide specialist advice and support to the external efficiency implementation stage of the Help to Live at Home programme (£12,200); and specialist advice to support the planning of the next stages of organisational change/transformation (£29,280), resulting in a total of £41,480.
- 8.3 The total costs of all the services commissioned from EY to date, together with a brief summary of the scope of service, are summarised in the following table:

| Programme/ Project | Summary Scope of Service | HLH | CLT | PT | IIG | PR | OC | Cost |
|--|---|-----------------|-----------------|----------------|-----------|----------------|----------------|-----------------|
| Help to Live at Home (HLH) | Develop Outline Business Case | £74,240 | | | | | | £74,240 |
| Passenger Transport (inc. green fleet) (PT) | Develop Outline Business Case | | | £61,550 | | | | £61,550 |
| Cultural & Leisure Delivery Model Options (CLT) | Develop Outline Business Case | | £65,608 | | | | | £65,608 |
| Income Investment & Growth (IIG) | In development | | | | | | | £0 |
| Cultural & Leisure Trust (CLT) | Specialist advice and support to deliver implementation and realise maximum benefits | | £64,653 | | | | | £64,653 |
| Procurement Review (PR) | Project assurance and specialist advice | | | | | £33,940 | | £33,940 |
| Passenger Transport and Help to Live at Home (PT/ HLH) | Specialist advice and support to 'Start-Up' implementation phase | £32,160 | | | | | | £32,160 |
| Help to Live at Home (HLH) | Specialist advice to support initial implementation phase to 31 March 2017 | £66,420 | | | | | | £66,420 |
| Organisational Change (OC) | Specialist advice to support organisational change | | | | | | £3,260 | £3,260 |
| Procurement Review (PR) | Project assurance and specialist advice | | | | | £24,020 | | £24,020 |
| Help to Live at Home (HLH) | Specialist advice to support implementation phase of externalisation post 31 March 2016 | £12,200 | | | | | | £12,200 |
| Next steps in transformation (OC) | Specialist advice to support next stages of transformation/ organisational change | | | | | | £29,280 | £29,280 |
| Total Cost of Commissions to Date | | £185,020 | £130,261 | £61,550 | £0 | £57,960 | £32,540 | £467,331 |

8.4 Procurement Authority for potentially £900k over 3 years was approved for the provision of EY services (Report 200/14 refers). The current total is c467k, currently c£433k within that approved limit. This represents a commitment of around 52% of that limit since EY's selection in August 2014.

8.5 In addition to the benefits that EY have delivered as part of these specific commissions, other 'added value' benefits derived from the strategic partnership with EY over the past 2 years include, for example:

- Experience of specific market sectors – this assisted in the development of the adult services Help to Live at Home programme;
- Ability to call on specialist advice – this was crucial in the development of the Culture & Leisure Trust particularly in relation to Tax and VAT treatment;
- Availability of key skills to add pace – this was fundamental in the development of the Culture & Leisure Trust Outline Business Case in a period of around 8 weeks; and
- 'Critical friend' challenge – this was particularly visible in the Help to Live at Home programme to maintain focus on key aspects of programme delivery.

9. FINANCIAL IMPLICATIONS

9.1 Overall Transforming Angus Change Fund Position

9.1.1 The overall TA Change Fund has received budget support totalling £4.157m (up to 2017/18), including £1.393m from General Fund Reserves.

9.1.2 Based on expenditure in 2014/15 (0.426m) and 2015/16 (£0.693m), along with the base projected expenditure position for 2016/17 (£0.789m); 2017/18 (£0.491m); and 2018/19 (£0.027m), the projected balance for the TA Change Fund currently amounts to £1.731m at the end of financial year 2018/19.

9.1.3 This currently excludes the £250,000 potential addition for 2017/18, which is referred to in the Council's Medium Term Financial Strategy.

9.1.4 The [TA Change Fund projected expenditure](#) is based on known commitments at this stage and this is summarised in the following table:

| TA Change Fund Summary | £m |
|------------------------------------|--------------|
| General Fund Reserves | 1.393 |
| 2014/15 Budget Allocation | 0.921 |
| 2015/16 Budget Allocation | 0.939 |
| 2016/17 Budget Allocation | 0.904 |
| Total TA Change Fund | 4.157 |
| Less Projected Expenditure: | |
| 2014/15 (Actual) | 0.426 |
| 2015/16 (Actual) | 0.693 |
| 2016/17 (Projected) | 0.789 |
| 2017/18 (Projected) | 0.491 |
| 2018/19 (Projected) | 0.027 |
| TA Change Fund Balance | 1.731 |

9.2 TA Change Fund: Potential Investment Demands

9.2.1 The updated position with Potential Investment Demands emerging from the various TA Programme initiatives are detailed in the following table:

| TA Programme Initiative | Description | Indicative Cost £m |
|--------------------------------|---|---------------------------|
| Potential Future EY Support | Potential EY fees to support other aspects of the TA Programme (balance between £900k approved limit and current commitments) | 0.433 |
| Resources Review | Potential funding to support outcome of potential resources to support TA programme | 0.093 |
| Total indicative Cost | | 0.526 |

9.2.2 Although only indicative at this time, the above table highlights a Potential Investment Demand of £0.526m, in comparison to the projected balance in the TA Change Fund amounting to £1.731m, resulting in headroom of £1.205m.

10. OTHER IMPLICATIONS

10.1 Risks

10.1.1 Risks to the TA Programme are being actively managed at TA Programme Board, specific Programme/ Project Board and Project Team levels. Risks shall be escalated to the immediate hierarchical governance body, including this committee from the TA Programme Board, where this is considered necessary.

10.1.2 The Corporate Risk Register is currently being reviewed and updated and this includes a review of the corporate risks related to the TA Programme. The council's financial sustainability is heavily dependent on the effective implementation of our ambitious transformational change programme. Failure to deliver the level and nature of change required, and to realise the associated benefits, will put the council at significant financial risk.

NOTE: No background papers as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

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