

<b>6 February 2013</b>		<b>ITEM 9</b>
<b>Standards and Audit Committee</b>		
<b>THURROCK TRANSFORMATION PROGRAMME 2012/14 – REVIEW OF PROGRESS</b>		
<b>Report of:</b> Jackie Hinchliffe, Head of HR, OD and Customer Strategy		
<b>Wards and communities affected:</b> All.	<b>Key Decision:</b> Non-key.	
<b>Accountable Head of Service:</b> Jackie Hinchliffe, Head of HR, OD and Customer Strategy		
<b>Accountable Director:</b> Graham Farrant, Chief Executive.		
<b>This report is</b> a public report.		
<b>Purpose of Report:</b> To provide Audit Committee with an overview of the Thurrock Transformation Programme and the delivery of key projects		

**EXECUTIVE SUMMARY**

The Thurrock Transformation Programme has been established to deliver improved working practices within the Council and a reduction in the cost of delivering services. It has been set a target of achieving a total of £7.1m of savings between 2012 and 2014.

The Programme is organised into 5 thematic programmes:

1. Customer Services
2. Community Hubs
3. Centres of Excellence
4. Better Buying
5. New Ways of Working

There is an overarching Transformation Programme Board that steers the delivery of the Programme and this is comprised of the Portfolio Holder for Transformation, the Board of Directors and heads of service that provide specialist functions to support the transformation journey. The Transformation Board meets monthly to review progress.

This report provides Audit Committee with an overview of the aims and objectives of the programme and the delivery to date of activities and outcomes.

**1. RECOMMENDATIONS:**

**That Audit Committee:**

- 1. Notes and considers the progress to date in respect of the delivery of the outcomes required of the Transformation Programme during 2012-13**

**2. Considers and notes the progress in respect of the development of business cases to deliver the outcomes required of the Transformation Programme during 2013-14**

**2. INTRODUCTION AND BACKGROUND:**

- 2.1 Thurrock Council is in a period of unprecedented change. The national policy changes and economic situation is requiring the Council to fundamentally rethink how services are delivered to residents, the way that it operates as an organisation and how it organises itself.
- 2.2 As part of its response to this landscape the Council has embarked on a pan council transformation programme with the objective being to reduce delivery costs through providing a more efficient and effective service for residents and to also improve working practices within the Council by leveraging technology and best working practice where practical.
- 2.3 The Programme was set targets to achieve £2.7m of savings during 2012-13 and £4.4m of savings in 2013-14
- 2.4 The current Transformation Programme was agreed in January 2012 and has five programme themes:
  - Customer Services
  - Community Hubs
  - Centres of Excellence
  - Better Buying
  - New Ways of Working

**3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:**

- 3.1 There is an overarching Transformation Programme Board that steers the delivery of the Programme and this is comprised of the Portfolio Holder for Transformation, the Board of Directors and heads of service that provide specialist functions to support the transformation journey. The Transformation Board meets monthly to review progress.

**4. REASONS FOR RECOMMENDATION:**

- 4.1 The programme was agreed in January 2012 and staff have been working since then to deliver the targets for the 2012-13 financial year together with developing business cases to enable the 2013-14 targets to be met.
- 4.2 A summary of the savings for 2012-13 and 2013-14 is set out in the table below.

Programme and Projects	2012/13 - £2.70m	2013/14 - £4.35m	Comments
<p><b>Customer Services</b></p> <p>(Cabinet Paper containing full business case will be brought to January 2013 Cabinet)</p>	£51k	£487k	<ul style="list-style-type: none"> <li>• The savings will be achieved by transferring initial customer contact to better more cost effective channels.</li> <li>• Requires investment in the Council Web site,</li> </ul>

meeting)			<p>telephony and contact management systems.</p> <ul style="list-style-type: none"> <li>• End to end re-engineering of the process will improve customer experience and deliver further efficiency opportunity (not yet assessed)</li> <li>• Transfer of all calls to the contact centre will free up professionals time to give greater help to those who cannot self serve</li> </ul>
<p><b>Community Hub</b>  (Cabinet Paper containing full business case was presented to Cabinet November 2012)</p>	£0k	£300k	<ul style="list-style-type: none"> <li>• Service transformation savings (streamlined processes from integrated and flexible working)</li> <li>• Adult Social Care and Health demand management savings from early intervention and prevention work</li> </ul>
<p><b>Centres of Excellence</b> Business support Asset management Complaints Communications ICT</p>	<p>£78k £0k £69K £50k £0k</p>	<p>£164k £100k £0k £100k £200k</p>	<ul style="list-style-type: none"> <li>• These projects bring together functions and activities into single management control</li> <li>• Business support involves transfer of all activities left in the Council to Serco – savings through economies of scale and more efficient modern working practices. TUPE process for 25 staff has been completed</li> <li>• Asset management brings together range of asset functions across the Council and Serco/Europa</li> <li>• Complaints and Communications already delivered</li> <li>• ICT business case under development –resources identified in Council Directorates and Serco</li> </ul>
<p><b>Better Buying</b> Procurement MStair Stationery Multi Function Devises</p>	<p>£569k £774k £40k £353k</p>	<p>£750k £0k £0k £19k</p>	<ul style="list-style-type: none"> <li>• Council has influential spend of £170m per annum with 3<sup>rd</sup> parties. Serco have brought forward proposal to underwrite Procurement savings. Detailed work underway and final</li> </ul>

			<p>proposal expected by mid January 2013</p> <ul style="list-style-type: none"> <li>• MStair, Stationery and MFD savings already achieved (all examples of better procurement/reduction in goods and services costs)</li> </ul>
<p><b>New Ways of Working</b> IT savings Asset rationalisation</p> <p>(Cabinet Paper containing full business case for IT investment and savings will be brought to February 2013 Cabinet meeting)</p>	<p>£250k £300k</p>	<p>£300k £500k</p>	<ul style="list-style-type: none"> <li>• Investment in new IT will deliver over time substantial reductions in IT running costs.</li> <li>• Asset savings over and above those already included in the core MTFS – dependent on speed of disposals</li> </ul>
<p><b>Enterprise Resource Planning (ERP)</b></p>	<p>£166k</p>	<p>£180k</p>	<ul style="list-style-type: none"> <li>• Savings achieved through automation of Finance and HR processes</li> </ul>
<p><b>Total</b></p>	<p><b>£2,700k</b></p>	<p><b>£3,100k</b></p>	

#### 4.3 THE PROGRAMMES IN MORE DETAIL:

4.3.1 The following paragraphs provide Audit Committee with an overview of activities of each of the programmes.

#### 4.4 Customer Services

4.4.1 The Customer Services programme seeks to improve customer service and reduce the cost of customer contact.

4.4.2 Residents want to experience an efficient and effective service every time they contact the Council. Independent customer insight research undertaken in the autumn provided a very strong message from residents that the majority want to do business with the Council differently, on the internet, and to do more for themselves – just like they would when using services elsewhere in their lives.

4.4.3 Accordingly the customer services theme of the Transformation Programme seeks to create a great customer experience and achieve the lowest transaction costs possible - enabling those who can, to self serve offering opportunities to reduce resource levels and focusing those resources on those least able to meet their own needs.

4.4.4 This will be achieved through:

- A substantially new and improved website, able to handle automated customer transactions instead of just imparting information
- A fundamental re-design of processes, automating systems through to the end point of delivery
- The creation of a multi-channel Contact Centre
- Focusing face to face contact for complex cases and vulnerable people, with potentially Community Hubs, as the primary mechanism
- At Cabinet on 16 January 2013 Members will consider a business case to deliver that which will deliver full year efficiencies of over £600,000.

#### 4.5 **Community Hub**

4.5.1 In collaboration with partners, including the voluntary and community sector the “Community Hub” seeks to redefine the relationship between the citizen and the state that will be needed to help meet the growing economic, demographic and social challenges facing Thurrock in the future.

4.5.2 The Hub will:

- enable better community engagement with citizens and provide more opportunities for people to take ownership of the services that are provided in their locality
- help identify target groups before they require costly statutory support from the Council and develop locality specific support mechanisms to allow these groups to remain self sufficient for longer
- facilitate opportunities for citizens to access online Council services either themselves or with assisted support from voluntary groups

4.5.3 A pathfinder project has been established to prove the concept and this involves repurposing the existing Belhus Library in South Ockendon into a Community Hub.

4.5.4 Key objectives of the project include:

Designing and implementing a new model and way of working that facilitates:

- new roles for the Council in enabling more resourceful and resilient communities
- new assets and capabilities in the communities for determining and mobilising resources for local solutions
- repositioning the relationship between the Council and the community
- Providing a physical space and focal point for the new model and way of working to be delivered from
- Rationalising and freeing up surplus assets for disposal
- Generating savings from integrating the existing local area housing office and the forum office into the new hub building
- Providing a flexible working base for Council staff enabling them to spend more time in the community they serve
- Enabling early intervention and prevention work to avoid costly statutory health and social care provision
- Gathering learning to be used to inform the development of hubs elsewhere

4.5.5 Based on the work undertaken over the last 6 months by the Community Hub Programme Board the Cabinet gave the green light to the pathfinder Community Hub is meeting in November 2012.

4.5.6 Named, by popular vote by local residents, 'South Ockendon Centre' (SOC) has been fully co-constructed between the Council, CVS and community. The SOC will open in March 2013. A Shadow Management Board is in place and the recruitment of the SOC Manager (seconded initially from the Council) is underway.

#### 4.6 Centres of Excellence

4.6.1 The Centres of Excellence programme aims to create centralised centres of excellence for corporate and support functions across the Council wherever this will provide a better and more efficient service. The following areas have been identified:

- Business Support
- Communications, Marketing and PR
- Counter Fraud
- Asset Management
- ICT resources

4.6.2 Serco moved existing administration staff into the new Business Support Model on 1 October 2012, providing a release of 7 FTE temporary posts in Serco which realised an annual saving of £117,887. The new model requires a level of self serve by Council staff and to support this, a 'Self Serve Toolkit' was produced to support this change.

4.6.3 A TUPE transfer of 15 FTE (20 admin posts) took place on 1 November, and these staff are now incorporated into the new Business Support Model. A saving of 0.45 FTE (£7, 578) has been made as a result of the TUPE transfer. Serco are leading on the final stage of this project, which involves each service undertaking a review of administration requirements, providing savings to the Council of 5 FTE temporary posts (£100,000) by end of March 2013.

4.6.4 Further TUPE transfer of Council staff employed in administration/process related roles was due to be the subject of a further Business Case to be developed in 2013.

4.6.5 Savings have already been delivered in 2012/13 in relation to the centralisation of Communications, Marketing and PR. The drive to reduce spend on print continues, led by the Head of Communications, with a further saving of £100,000 planned for 2013/14. Guidance has been issued to all managers to clarify processes and ensure more effective planning and delivery of communication activity. The review of staffing and other communications related spend will be directly linked to the decisions about shared services in Barking and Dagenham and will happen early in 2013.

4.6.6 A proposal to develop an integrated Internal Audit and Counter Fraud Service (Housing Benefit and Tenancy Fraud only), in order to more effectively use resources, was approved by Directors' Board for immediate delivery in October 2011 (planned savings of £80 000). Provision of a joint service by RSM Tenon is now on hold due to discussions taking place corporately around potential shared services with London Borough of Barking & Dagenham. The Head of Corporate Finance continues to lead on the delivery of this project.

4.6.7 The development of a business case for the establishment of a centralised Asset Management Team is dependant on understanding the impact of the transfer of Development Corporation staff, and implementation and review of the transfer of Europa Lands Office staff back to the Council. The Head of

Asset Management continues to lead on the delivery of this project in order to realise the savings associated with the Asset Management Strategy.

4.6.8 Serco are in the process of developing proposals for a fully integrated ICT service offer, including support for all business applications. Transformation Board will now assess the potential benefits and operational proposals at its meeting in January 2013.

#### 4.7 **Better Buying**

4.7.1 The Better Buying theme is looking to ensure that the Council can buy from the market more effectively by better controlling spend with third parties and achieving a greater co-ordination of the use of suppliers. In doing this the Council will also aim to develop and support the local economy, in line with the Social Values Act, whilst remaining compliant with EU and UK procurement legislation, and using this to develop innovative procurement strategies.

4.7.2 Over the last six months a review of third party expenditure has been carried out which has identified that (based on 2011/12 expenditure) there is approximately £170m of expenditure by the Council that can be considered influencible, i.e. council officers can influence how this money is spent, and therefore could lead to savings opportunities or create greater value from contracts.

4.7.3 Following on from this analysis, a number of activities were identified to support the identification of savings opportunities:

- refresh the Councils procurement strategy
- develop a 'Low Value Strategy' for spend below a defined level.

4.7.4 A Common Vision and Procurement Strategy have been drafted and have been circulated for consultation to Council Officers involved in all areas of procurement/commissioning and contract management. This is now with the Joint Strategy Group for final comment before being presented to Cabinet for approval as a Key Strategy.

4.7.5 Officers have been assessing how best to take forward the procurement service including proposals that have been received from Serco. A final recommendation for a future procurement/commissioning function is expected early in 2013.

#### 4.8 **New Ways of Working**

4.8.1 The New Ways of Working programme aims to transform the way people work so that they can work more flexibly and reduce the costs of working.

4.8.2 A vision has been developed for how people will work in the Council. In the future the Council will:

- Be a connected workplace – no longer a static physical place that employees travel to in the morning and leave in the evening
- Evolve to be a working environment where any employee can work at any time, in any place
- Maximise the space available in the Civic Offices and be a modern flexible workspace
- Bring people together to work effectively in teams
- Provide efficient systems for managing data and records
- Modernise work arrangements and practices

- 4.8.3 This involves looking at the buildings we use, the IT equipment that staff are equipped with and the policies that will enable staff to work more flexibly.
- 4.8.4 A review by a specialist property company identified 17 assets that are current operational buildings which could be disposed of. Of these 17, 7 can be disposed of in the short term – i.e. within 2 years and could generate capital receipts within a range of £3.2m to £5.1m.
- 4.8.5 The New Ways of Working programme is predicated on realising this opportunity and reconfiguring the Civic Offices to enable the 200 staff working in satellite buildings to migrate back to it and equipping the workforce to work flexibly so that all staff can work comfortably from the Civic Offices. To do this will require capital investments in both buildings and ICT to enable this wider transformation.
- 4.8.6 The first project to establish Civic Offices as the administrative hub of the borough has started - the 4<sup>th</sup> floor repurposing is underway and will enable a space previously occupied by 12 staff will be used by up to 55 staff and will go live in February 2013. The transfer of staff out of the Culver Centre is also underway and a business case for the refurbishment of the whole of Civic Offices – enabling up to 300 staff to move into the buildings – will be completed by February 2013.
- 4.8.7 The Council's IT and telephony is outdated. A new strategy is under development which will enable it to take advantage of developments in technology and leapfrog from its current out dated systems to leading edge solutions. This will enable the Council to operate in a flexible and agile way, improving and delivering service more cost efficiently.

## 5. CONSULTATION (including Overview and Scrutiny, if applicable)

- 5.1 The Transformation Programme has been co-designed by a wide range of stakeholders involving members, managers, staff and partners. Corporate Overview and Scrutiny Committee has previously reviewed savings targets as part of the budget setting process.

## 6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 6.1 The successful delivery of the Transformation Programme will help support the delivery of key local priorities.

## 7. IMPLICATIONS

### 7.1 Financial

Implications verified by: **Michael Jones, Management Accountant**  
 Telephone and email: **01375 652772**  
**mxjones@thurrock.gov.uk**

There are financial implications and these are included in the Council's medium term financial strategy.



## 7.2 **Legal**

Implications verified by: **David Lawson, Principal Solicitor**  
Telephone and email: **01375 652087**  
**dlawson@thurrock.gov.uk**

There are no legal implications.

## 7.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**  
Telephone and email: **01375 652472**  
**sdealyn@thurrock.gov.uk**

There are no diversity and equality implications.

## 7.4 **Other implications** (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

None

**BACKGROUND PAPERS USED IN PREPARING THIS REPORT: None**

**APPENDICES TO THIS REPORT: None**

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