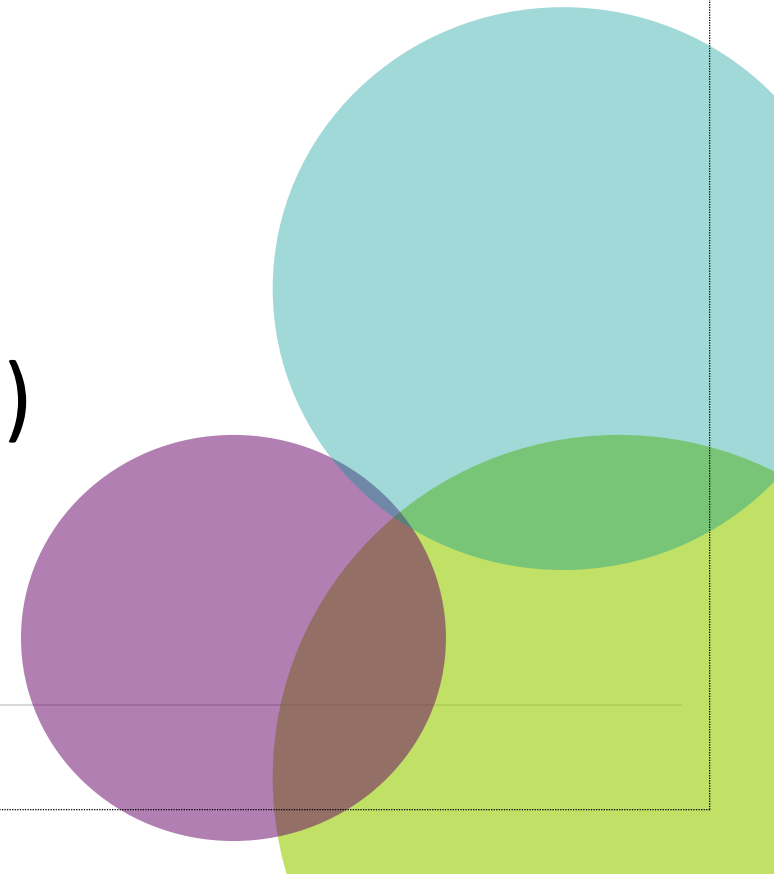


Transforming the way we work

Midlothian Council
Transformation Programme –
2017/18 Closure Report (June 2018)



Introduction

The previous annual update of the Business Transformation Programme report provided a snapshot of the Business Transformation Programme in place prior to the introduction of the Delivering Excellence Change and Improvement Programme agreed at Council on 13 February 2018. The report was originally introduced to respond to the recommendations of Internal Audit's Business Transformation review of September 2016. Whilst the Transformation Programme has played an important role in driving improvement in Midlothian in line with the Council's ambitious agenda, whilst also generating significant savings to enable the Council to meet its budget challenges, the need for a more comprehensive change and improvement programme, including a refreshed approach to transformation, was agreed at Council in February 2018.

In recognition of the scale of the future financial challenge faced by the Council, as set out in the Financial Strategy in February 2018, the ability to robustly track savings and performance across the full scope of the Change and Improvement Programme, incorporating transformation activity, was put in place. The change in approach also recognised the role and accountability of services and managers to deliver change from within their areas to ensure successful delivery of the Financial Strategy. The change in direction also recognised the shift of the performance improvement and transformation resource from the corporate centre to being embedded within Directorates.

The future approach to transformation will continue to focus on achieving substantial and sustainable change to deliver outcomes which have a positive impact on the Council as an organisation and for our communities. Central to this approach is the recognition of the financial pressures faced within the public sector and the need to respond to the Christie Report and the Government's integration agenda which are recognised by the critical link that the approach has to the Council's wider Financial Strategy. The previous future models activity which responded to the Christie Principles identified the following core principles which continue to inform the transformation agenda going forward:

- Communities are partners in service design and delivery – Co-production
- Services are targeted and focussed – Prevention/Accessibility
- Best Value outcomes are delivered through partnership working – Community Capacity Building

Whilst an annual report in respect of the change in delivery and reporting of transformation activity will continue to be an essential part of providing the Audit Committee and the Council with the necessary assurances about the progress and direction of this work it is the intention that this report is used to formally close the pre 2018 programme for transformation and that the revised approach for transformation elements of the Change and Improvement Programme being developed be presented to Audit at a later date.

TRANSFORMATION PROGRAMME STRUCTURE

Midlothian Council, along with all local authorities, has experienced and will continue to experience significant challenges. The Council continues to face unprecedented challenge as a result of constrained funding combined with demographic cost pressures and a number of additional national and local challenges including welfare reform and significant differences in social and economic equality across Midlothian. By adopting a transformation approach, we have become more efficient and at the same time we have delivered changes resulting in improvements to the way we work, the services we deliver and the quality of life experienced by local people. These changes are evidenced in the delivery of new affordable homes, new schools, improved recycling rates, improved positive destinations for school leavers and significant changes and improvements in services to protect children and vulnerable adults.

In response to the changing context the Transformation Programme has been subject to regular review and change. The initial programme approved in February 2010 and the original Business Transformation Strategy 2010-2015 approved in June 2010 identified six key components and associated work streams of: Service Reviews; Asset Management; Organisational Review; Customer Services; Shared Services and Procurement. The programme was further developed with a revised strategy and programme presented to Council in May 2013 which reaffirmed the governance structure and requirements supporting the transformation strands.

Following further review and rationalisation of the previous strands the programme identified for the period 2014-17 was revised and this resulted in there being eight key strands for transformation, with a number of early activities being transitioned to business as usual/ongoing projects with responsibility for delivery transferring to the appropriate Head of Service/Service area.

To provide more visibility and rigour to the financial savings identified for the Transformation Programme the Head of Finance and Integrated Service Support, in introducing a Financial Strategy and regular reporting for members, incorporated an update on the financial position for the programme within the Financial Strategy Report to Council on 4 February 2014. In addition, whilst no longer key strands within transformation, the importance of the need to deliver against the financials for Asset Management and Workforce were also incorporated within the Financial Strategy report and ongoing updates.

In Grant Thornton's External Audit Report presented to Council in December 2014, the following was recommended:

'As one of the smaller councils in Scotland, Midlothian has limited capacity to support significant transformation programmes. There are currently 8 work streams supported by the Council's transformation team and reported to the Business Transformation Steering Group, but not all of the work streams would be considered transformational. We recommend that the transformation program is streamlined to focus support and resources on the areas that will have the biggest impact on the Council's priorities and savings.'

In acknowledging this issue and following agreement with the Business Transformation Board and the Strategic Leadership Group three of the non-transformational strands (Externalisation/Insourcing, Energy, and Income Maximisation) were transitioned out of the Transformation Program (July 2015) for the appropriate officers to consider as part of their ongoing review and activity relating to the Delivering Excellence framework. The latter part of 2016 saw Integrated Health and Social Care appearing within the transformation Section of the Financial Strategy with savings of £1.550 million set for 2017/18. In line with the auditor's feedback and a shift in the programme over the last year a refocused and reduction in the number of transformational strands is shown in Figure 1.

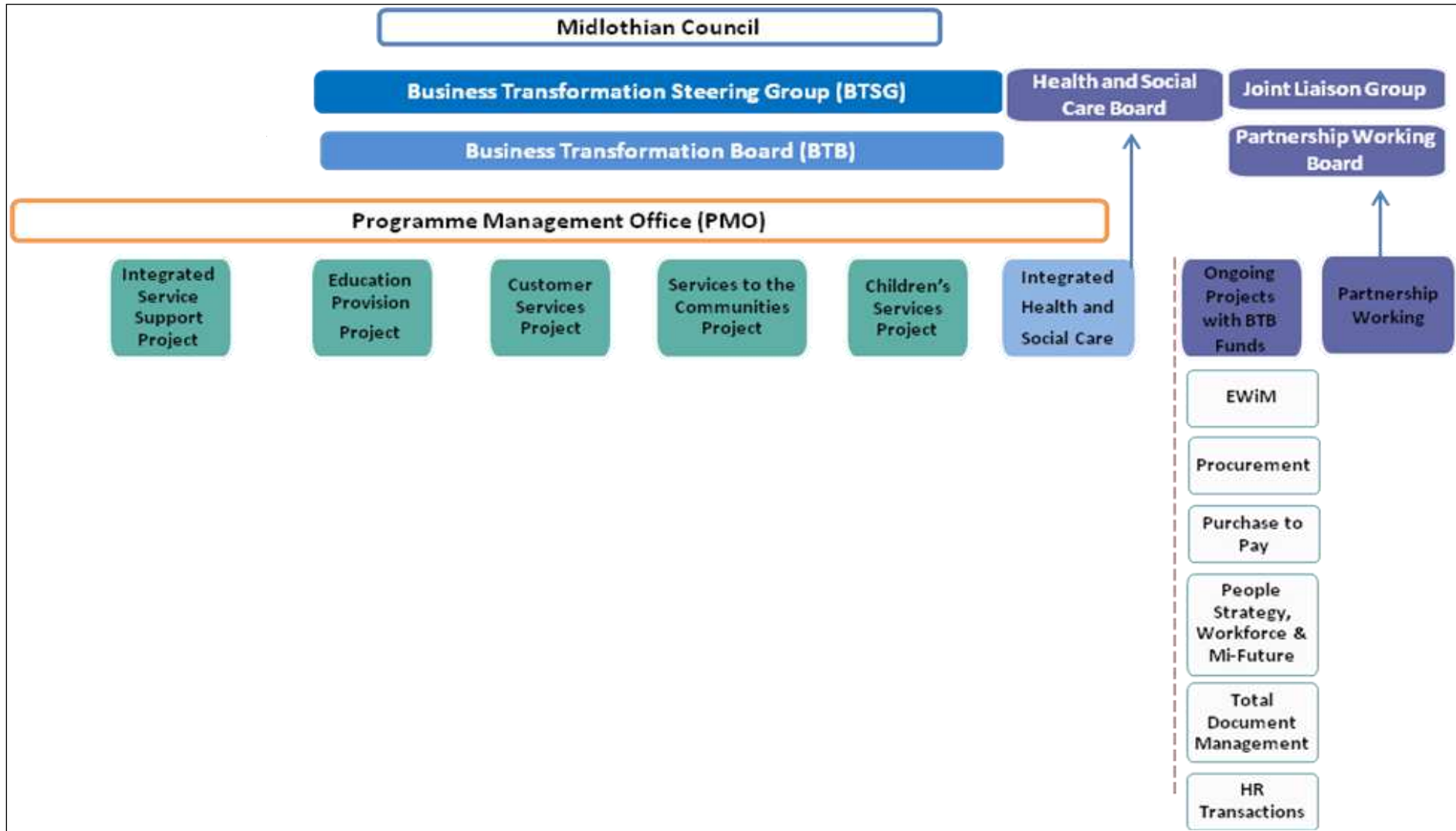


Figure 1: Council Transformation Model (2017/18)

NB: Please note that a closure report for the Children's Services strand was presented to BTSG in August 2017 and the Services to Communities Project is currently subject to a significant refresh as part of its transition to the Change and Improvement Programme in February 2018.

Financial position

Delivery of the financial savings element of the programme has been a key contributor to the wider change programme aimed at addressing the previous projected budget shortfalls. An overview of the targeted and achieved savings is shown in Table 1. Savings achieved to 31 March 2018 total £14.790 million which equates to 7.4% of the 2017/18 budgeted net expenditure.

Table 1: Transformational Savings

Financial Year	Saving Category	Target	Achieved	Variance
		£m	£m	£m
2011/12 & 2012/13	Transformation Programme	7.592	5.735	-1.857
2013/14	Transformation Programme	1.199	1.737	0.538
2014/15	Transformation Programme	1.995	1.955	-0.040
2015/16	Transformation Programme	1.721	1.977	0.256
2016/17	Transformation Programme	0.851	1.098	0.247
2017/18	Transformation Programme	2.791	2.375	-0.416
Totals		16.149	14.877	-1.272

Council has approved utilisation of £7.718 million of General Fund Reserves to fund costs associated with the ongoing transformation programme. At this time £3.421 million of this has been applied as detailed below with a further commitment of £2.271 million to meet costs of the 2017 VSER scheme. Future commitments of £1.163 million identified which leaves £0.863 million as uncommitted.

Table 2: Business Transformation Funding

Activity	Approved Funding	Projected spend to 31/3/18	Funding Remaining
Programme Management	151,318	151,318	0
Programme Facilitation	291,987	326,889	-34,902
Systems Thinking	130,140	119,580	10,560
Customer Services	337,651	321,651	16,000
IT Support	468,000	115,845	352,155
People Strategy and Organisational Review	833,342	835,419	-2,077
Shared Services	113,478	113,478	0
Procurement	144,000	144,000	0
Asset Management	10,300	10,300	0
Purchase to Pay	40,000	40,000	0
EWiM	150,000	150,000	0
Externalisation / Insourcing	10,000	10,000	0
Income Maximisation	151,446	151,446	0
Service Reviews			
Secondary School Management	60,061	60,061	0
Property Services Mobile Working	72,260	72,260	0
Arts, Creativity, Regeneration and CLD	19,796	19,796	0
Older Peoples Services	125,500	44,638	80,862
Childrens Services	55,900	55,900	0
Community care - Internal and Shared Services	30,000	0	30,000
Mobile and Flexible working	33,400	33,400	0
TDM	258,000	258,000	0
Family Resilience Project	85,602	85,602	0
Schools Review	148,000	148,000	0
Renewable Energy	160,000	20,000	140,000
Total	3,880,180	3,287,582	592,598

Programme enablers include:

People and Organisational Development – People Strategy (Transitioned to Workforce Strategy 2017/18)

A key enabler to support the organisation through change, focusing on having the right people, with the right skills, working in the right way.

Achievements through this enabler include the development of smarter working policies for:

- Promotion and support of flexible working;
- Promoting Midlothian as an employer of choice and improving the employment deal;
- Ensuring we have a workforce profile that adapts as the organisation changes; and
- An Investing in Our Workforce strategy to reshape the relationship with employees

Digital Foundation – Digital Strategy

A number of smarter working initiatives have been piloted and new technology tested that can assist transformational activity.

These new ways of working help the Council to adopt new and modern working practices and underpins a great deal of transformation across the council. Examples include the introduction of multi-functional printing, scanning and copying devices (removing traditional table top printers) and end to end transactions processing through Purchase to Pay

Transformational Resources/Governance

A review of the Transformation Team in 2017 saw the shift of both resource and activity to a Directorate level. The performance and change resource within each Directorate provides managers across the directorate with support to build organisational strength and the capacity to manage change. This change allows Directorate specific deployment of a range of skills and tools to support their Change and Improvement Programme.

Whilst the Transformation function and team no longer exists, the previous requirement to monitor and report delivery of the transformation programme centrally now sits within the Corporate Policy and Scrutiny team with the existing governance structures of the Business Transformation Board and Business Transformation Steering Group remaining in place with an expanded remit to include the wider Change and Improvement Programme oversight.

Transformation Strand Updates

Customer Services

In the Customer Service Review we realised benefits evidenced in cultural change and organisational development with a focus on innovation, change and improvement to equip the council and colleagues for an emerging future as public services continue to transform and our communities continue to change we are reliant on the resilience and flexibility in our workforce, enabling them to be part of the transformation process; working with our communities to ensure they are engaged and able to participate; maximising opportunities around alternative delivery models and taking advantage of the advances in technology as a bridge and not a barrier to deliver our Service Plan outcomes. Redesign service benefits realised included: channel shift efficiencies, telephony integration, automation of applications and transactions and customer service asset rationalisation. The transformation activity has:

- Realigned our customer service functions (libraries, customer service points, contact centre, and registration services) and created service flexibility and resilience through the implementation of the Customer Service staffing review.
- Developed and launched of a new responsive Council website to improve customer accessibility and functionality.
- Secured funding for the upgrade and extension of free public WiFi provision across libraries, our mobile library and right across our hub buildings.
- Launched our new mobile library service into communities across Midlothian and established a shared service arrangement with our neighbours in East Lothian.
- Established local Customer Hubs creating a place where we offer frontline services and support locally within the community.
- Delivered an automated contact portal for external switchboard calls and moved our main switchboard number to our customer contact centre to offer first time resolution, reduce the double handling of enquiries, and ensure distribution of calls across all available customer service advisors.
- Designed new library and customer service provision for inclusion in new fit-for-purpose community hub buildings.

The project to date has secured savings of £0.056 million in 2017/18 remaining target of £0.239 million carried forward to 2018/19.

Children's Services

A 'whole system' review of children's services, has provided the opportunity to re-build the foundation of our service provision by re-directing resources to provide earlier levels of support, reducing demand for and minimising the high costs incurred and improving outcomes for the children and young people involved.

There is significant evidence that responding at an earlier point of intervention prevents situations escalating and often results in more positive outcomes for families. In response to this and to the feedback shared, we have introduced three Early Intervention and Prevention teams, consisting of social workers and practitioners. Early engagement, underpinned by the Getting It Right First Time principles, ensures that children have the best start in life and families get the right support when it is needed.

Working with education services, we hope to re-invest money into our own local infrastructure so that we can ensure we have the skills, experience and capacity to meet the needs of those children and young people who struggle to be educated within our mainstream provisions. We also have an ongoing fostering campaign to recruit more local foster carers so that we do not have to use external carers who often live a long way away from Midlothian. Our vision moving forward is to prevent children and young people being placed in external foster placements and meet their needs within Midlothian.

Savings on Children's Services amended to later years given the demand led service pressures in 2017/18. Overall the review has reduced the Children's Services budget by £1.986 million as at 31 March 2018.

Integrated Service Support

The integrated service support project consolidates key support services, reviews and challenges service delivery and priorities as well as management arrangements and ensures appropriate spans of control through layers and specialism's. This approach has delivered service improvements and achieved cost efficiencies by eliminating duplication and silo working and supports the delivery of service 'enablers' and services across the council.

Key successes include:

- Key support functions merged across all 3 Directorates
- Creation of a 'fit for purpose' Finance and Integrated Service Support Management team
- Development of a Workforce Strategy and the creation of Workforce Profiles across the organisation to support the Investing in Our Workforce programme
- New entry level jobs created for school and college leavers (positive destinations recruitment)
- Team succession planning and career paths strengthened

Overall savings achieved total £4.854 million

Education

Delivery of world class education continues to be a priority. The ongoing review and streamlining of processes and structures ensures the appropriate utilisation of education staff across all of our schools. With a focus on delivering the most cost effective pre-school provision giving children access to a wider curriculum and educational experiences, a new preferred pre-school provision model has been delivered.

A review of secondary provision with a move away from an age/stage basis to organising opportunities that create pathways that enable young people to pursue their choices. The principals of the models of delivery have been developed and all six secondary schools will move to the new timetabling model over the next two years.

A strategy for Midlothian's learning estate which plans for new schools in Midlothian for the next 10 to 20 years has been developed and supports the implementation of the Local Development Plan.

Overall savings achieved through the review of secondary provision and pre-school provision total £1.200 million at 31 March 2018 with further savings of £0.277 million being delivered in 2018/19.

Services to Communities

This strand of transformation was agreed in 3 phases:

Phase 1. A new transparent approach to awarding grants was successfully introduced in 2015/16 with savings delivered to date rising to £500k in 2017/18.

Phase 2. A streamlined and focused review of structures within Lifelong Learning and Communities teams has provided a good foundation for resources to be deployed across Midlothian but with emphasis on those areas of priority and higher levels of inequality

Phase 3. Development of an approach to focus on the 3 priority areas (Woodburn/Dalkeith, Mayfield/Easthouses and Gorebridge) that will build strong communities where individuals and families have opportunities to improve their health and wellbeing, achieve their aspirations through education and employment, feel safe, and can play an active part in their local community.

Alongside this, it is recognised that local people are often best placed to support each other and take positive action to improve their area. Individual residents can take action that has a significant impact on their family, friends and neighbours, from volunteering with a local group, improving their own health and wellbeing, or just by being neighbourly.

Each of the 3 Priority areas has Neighbourhood plans and local action plans (developed with local people). At a strategic level, regeneration work progresses on improving Town Centre regeneration and investment in physical condition of premises.

Overall savings achieved of £0.500 million as at 31 March 2018.

Integrated Health and Social Care

Whilst Integrated Health and Social Care is not a formal strand of the Transformation Programme, the governance framework in terms of reporting to the Board and the Strategic Group is a mechanism used to ensure awareness of the current position of the integration agenda.

Regular updates focus on the foundations of progress on governance and not in relation to change/improvement initiatives planned (these are reported to Integrated Joint Board). To date the following arrangements have been put in place:

- Integrated Joint Board established
- User/Carer Collaborative in place
- New Public Partnership Forum arrangements agreed
- Joint Management Team in place/ Revised Senior Management Structures under consideration
- Interim Professional Leadership for AHPs agreed
- Risk, performance and communication frameworks agreed

Achieved savings target of £1.555 million in 2017/18.

Managing the programme – Next Steps

The latest Financial Strategy report to Council sets out the longer term projected budget shortfalls for the period 2018/19 to 2021/2022 and the contribution change activity will have in reducing the projected shortfalls. This includes savings across the existing strands of the transformation programme of £1.167 million in 2018/19 rising to £1.502 million by 2021/22.

Whilst the recently developed and approved change programme looks to address the projected budget shortfalls the programme continues to include transformational elements as follows:

- Entrepreneurial Council
- Enterprising with Communities
- Digital-led
- Shared Services

The revised transformation elements will be reflected in a refreshed Delivering Excellence Change and Transformation strategy which is currently being developed and which will be presented to Council in due course. It should be noted that the outstanding savings associated with the transformation strands covered in this report for 2018/19 and beyond will be incorporated within the wider change programme being taken forward under the Delivering Excellence Change and Transformation strategy and will therefore be subject to the governance applied for the change programme going forward.