Transforming the way we work

Midlothian Council
Business Transformation Programme –
Update Report February 2017

Introduction

This report provides a snapshot of the Business Transformation Programme to date. This is in line with the recommendations of Internal Audit's review of September 2016. To date 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.

It is recognised given the scale of the future financial challenge faced by the Council, as set out in the Financial Strategy, that it will be increasingly vital to robustly track savings and performance across the full scope of the Transformation Programme and all other work programmes contributing to the delivery of the Financial Strategy. An annual report in respect of this will be an essential part of providing the Audit Committee and the Council with the necessary assurances about the progress and direction of this work and it is intended to further develop this report in future years to meet that need.

Our Transformational Aims...

...and Outcomes

Review and transform Midlothian Council services to ensure they are effective, efficient and economically viable and achieve the best outcomes for the people of Midlothian.

Provide a modern, consistent, reliable and efficient service to customers, including maximising self service and interactive service delivery though all available channels.

Work with our key partners to deliver and commission shared and collaborative services and products to facilitate savings, improvement, efficiency and innovation.

Work with our communities to build confidence and capacity.

Develop a supported, engaged and high performing workforce.

Provide a modern, flexible, efficient and cost effective workplace for employees that facilitate effective and efficient working practices, improves service delivery and acts as a catalyst for culture change.

Improve Customer Services

Develop a supported, engaged and high performing workforce

Make best use of our assets

The Transformation Programme aims to achieve outcomes that will have a positive impact on the Council and its Communities

Ensure best use of our resources

Improve our performance

Work with our communities to Improve service provision

OUR TRANSFORMATION PROGRAMME JOURNEY

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 the arrival of the Borders railway. In addition we have successfully delivered 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 following transformation strands:

- Business Services (including Procurement, Purchase to Pay, EDRMS and HR Transactions)
- Customer Services (including Telephony, Customer Satisfaction, Complaints Handling and Customer Care)
- Effective Working in Midlothian (Asset Rationalisation including fit for purpose buildings and work spaces and effective working practices)
- Integrated Service Support (including Services Support, Performance Management and Management Structure)
- People (including Culture, Recognition, Working Lives, Management Development, Performance and Development and Mi-Future)

- Systems Reviews (using Systems Thinking methodology to support whole system reviews in Children's Services and Housing and Homelessness)
- Partnership Working (joint initiatives with East Lothian Council)

Following further review and rationalisation of the above strands the programme identified for the period 2014-17 was revised as shown in Figure 1 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.
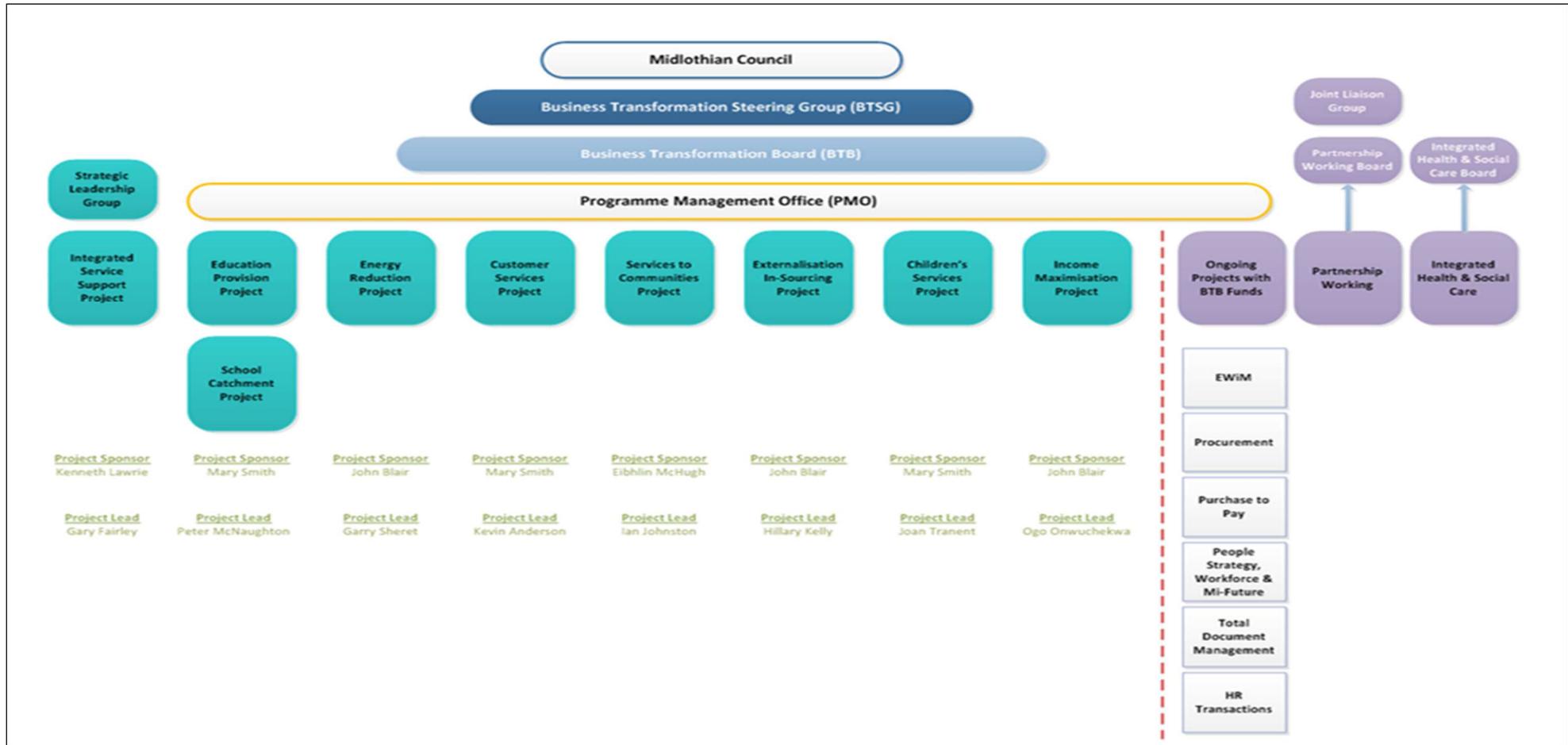
Figure 1: Council Transformation Model 2013/14

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 are 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 and into the Delivering Excellence Framework approach (July 2015) for the appropriate officers to progress. In line with the auditor's feedback the shift in the programme over the last year has allowed a refocus on the areas of high impact, cost and true reshape of key services and the number of transformational strands to reduce to five as shown in Figure 2.
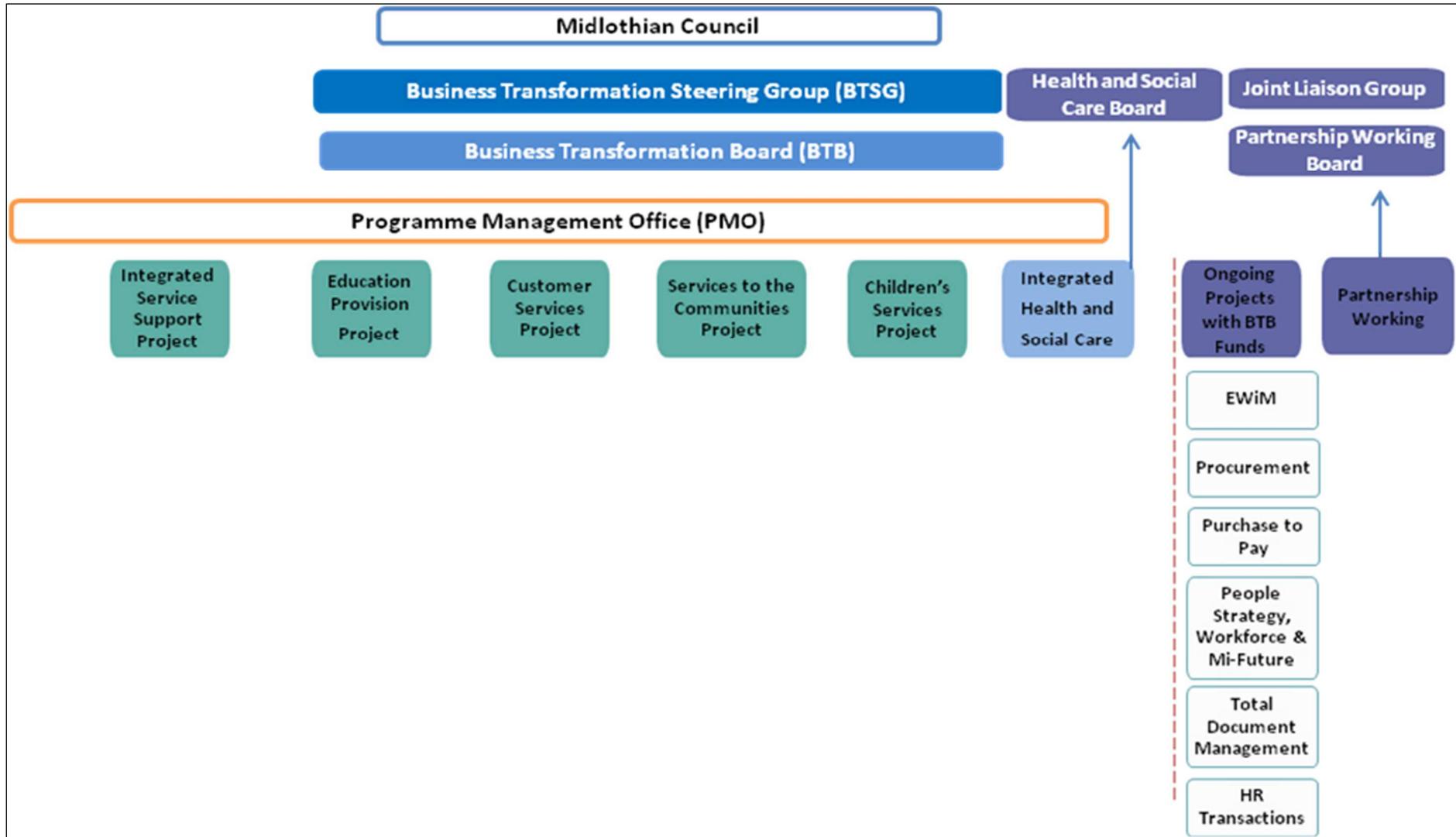
Figure 2: Council Transformation Model as at 2015/16

Financial position

Delivery of the financial savings element of the programme has been and will continue to be a key contributor to the wider change programme aimed at addressing the projected budget shortfalls. An overview of the targeted and achieved savings is shown in Table 1. Savings achieved to date (31/3/17) total £12.310 million which equates to 6.3% of the 2016/17 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	1,952	-0.043
2015/16	Transformation Programme	1.721	1,730	0.009
2016/17 (Q3 Projection))	Transformation Programme	1.659	1.156	-0.503
Totals		14.166	12.310	-1.856

Council has approved utilisation of £7.718 million of General Fund Reserves to fund costs associated with the ongoing transformation programme. At this time £3.287 million of this has been applied with future commitments of £0.593 million identified for 2017/18 and 2018/19. This leaves £3.838 million as uncommitted.
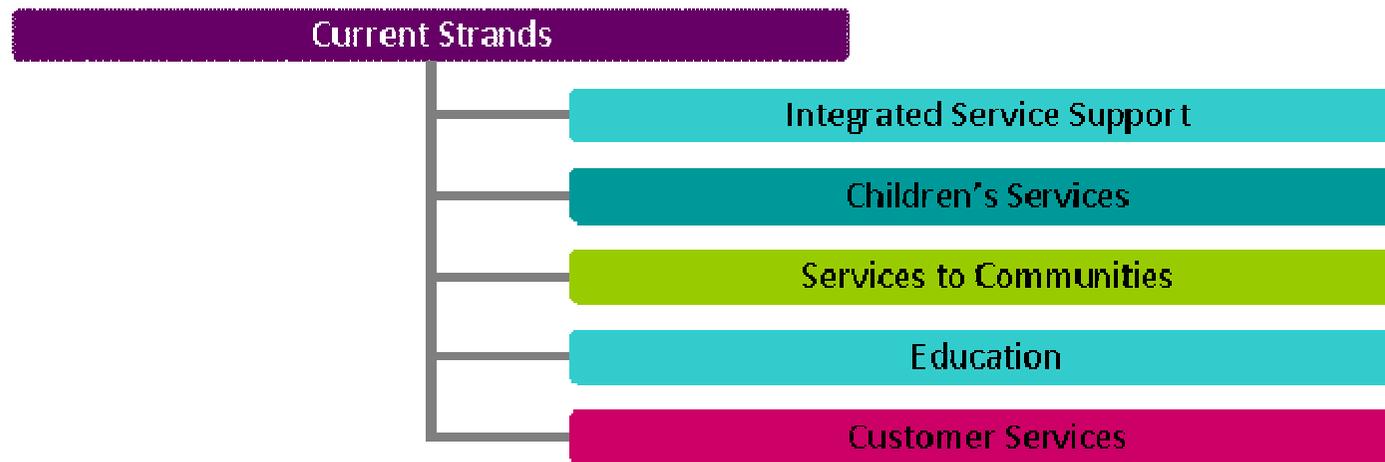
Table 2: Business Transformation Funding

Activity	Approved Funding	Projected spend to 31/3/17	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

Financial position for each of the current strand of transformation is detailed later in the report.

A shift in our programme over the last year has responded to the need to refocus the programme and strands on areas of high impact and cost and the need to reshape key services.

This is as a result of a number of factors including

- Grant reductions and prospects for future years financial resources
- Current spending pressures

- New spending commitments
- Demographic and cost pressures
- Risk of non delivery of saving targets

Current Strands

- Integrated Service Support
- Children's Services
- Services to Communities
- Education
- Customer Services

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 (note this activity has always been visible to BTB/BTSG)

Successes from the Programme enablers include:

People and Organisational Development – People Strategy

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 during 2015/16, testing new technology that can assist our 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 toolkit/Resources

Our Transformation Team work with managers across the organisation to support, build organisational strength and capacity to manage change. The team deploy a range of skills and our toolkit includes:

- Project Management
- Coaching and Mentoring
- Change methodology
- Business Case development
- Information Analysis

Transformation Officers deploy a variety of tools and techniques across a range of activities in their wider Council support role and all are accredited with the nationally recognised Systems Thinking methodology, a core tool applied within the transformation strands.
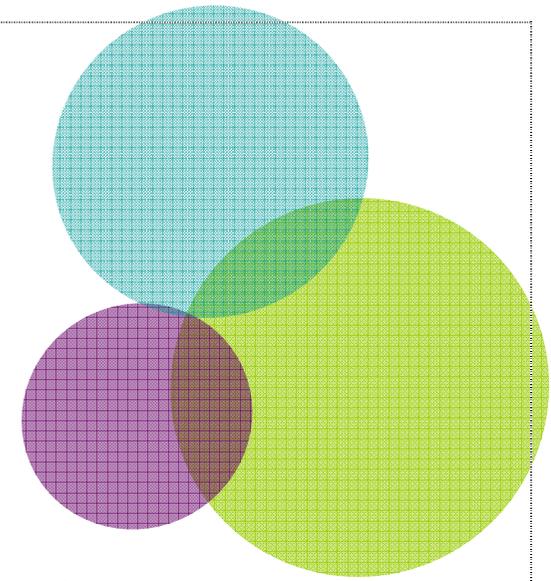
In addition to supporting the wider transformation and change agenda, a key focus of the Transformation Unit, and in particular the Programme Management Office (PMO), is to provide appropriate assurance around delivery of the Transformation Programme and the supporting governance framework. See page 18 for programme assurance.

Transformation Strand Case Studies

Customer Services

The 2015-18 Customer Service Strategy sets out our commitment to:

- Listen, engage and involve our customers in the future design of our services.
- Improve customer access and deliver services locally.
- Introduce new services and change the way we do things.
- Work in partnership with others and delivering services from co-localities.

Through significant service redesign our customer service teams, identified channel shift efficiencies, telephony integration, automation of applications and transactions and customer service asset rationalisation we are meeting the challenge of transforming our service. Since the project commenced we have:

- ➢ Realigned our customer service functions (libraries, customer service points, contact centre, and registration services) and created service flexibility and resilience through the implementation of phase 1 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.
- ➢ Signed up to the Digital Participation Charter, along with other organisations as part of a national initiative to promote digital participation and basic digital skills.
- ➢ Launched our new mobile library service into communities across Midlothian and established a shared service arrangement with our neighbours in East Lothian.
- ➢ Established the Mayfield Library and Customer Hub 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 the new fit-for-purpose community hub buildings at Loanhead Paradykes and Newbattle. Working in partnership with our colleagues in schools, leisure, health and early years, our new service will be open in Paradykes later in 2017 and in Newbattle later in 2018.
- ➤ Carried out a range of projects and activities to extend services to our wide range of different users groups including:
  - o Extended funding for our Bibliotherapy services
  - o Supporting the Macmillan Living Well in Midlothian project with dedicated space provided at Lasswade Library.
  - o Secured funding to work in partnership with Creative Scotland to increase access to film resources for communities across Midlothian.
  - o Extended funding for our Connect Online digital support services in partnership with Volunteer Midlothian to provide a range of digital learning opportunities.
  - o The launch of Codling Clubs (computer programming) for primary aged children in our libraries across Midlothian.
  - o Secured funding from the Scottish Library and Information Council, for the development of 3D printing services, the launch of Appiness – a digital project for under 5s and their parents and the commitment to ensuring that every child is a library member from birth.

Listening to our customers is fundamental to the continued redesign of our services. The feedback from the 'Choices for Change' public consultation for Libraries and Customer Service, will inform future proposals on the rationalisation of library opening hours, alternative models of service delivery, and how best we can deliver core services locally.

Target Savings 31.3.17(£)	£350,000	Delivered Savings 31.3.17 (£)	£240,000

Children's Services

Our vision is to improve families' lives by giving them the support they need, when they need it. We support children, young people and their families to manage a number of difficulties and traumas so that they can fulfil their potential and experience fulfilling and positive lives.

We have recently undertaken a 'whole system' review of children's services, taking 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 be able 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.

Target Savings 31.3.17(£)	£950,000	Delivered Savings 31,3,17 (£)	£1.986m

Integrated Service Support

The integrated service support project sets out to consolidate key support services, review and challenge service delivery and priorities as well as management arrangements and ensure appropriate spans of control through layers and specialism's. With the aim to deliver service improvements and achieve cost efficiencies by eliminating duplication and silo working and support 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

- Creation of Workforce Profiles across the organisation

- New entry level jobs created for school and college leavers (positive destinations recruitment)

- Team succession planning and career paths strengthened

Target Savings 31.3.17 (£)	£2.340 million	Delivered Savings 31.3.17 (£)	£1.858 million

Education

The Councils aspirations for Education are high. A key priority will be to continue to make sure our youngster progress to positive destinations after leaving school. The latest position highlights that 95.1% of school leavers have gone on to further education, jobs or volunteering. The figures are 1.7% above last year's Midlothian figures and 1.8% above the national average with Midlothian Council now ranking joint 4th when comparing performance across the 32 local authorities. In comparison in 2008/9 only 78.4% of school leavers had a positive destination.

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Our delivery of world class education is a priority. We aim to review and streamline processes and structures to appropriately utilise education staff across all of our schools. We want to ensure we deliver 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 with a minimum annual saving of £368,000.

A review of the secondary provision will 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 which will be implemented 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 will be developed and support the implementation of the Local Development Plan. It is proposed the strategy is submitted to Council in summer 2017. The work to review and rationalise the schools estate and catchment areas is complex and involves contributions from many services across the organisation. In order to make this flow as well as possible establishment of a School Estate Planning Group has been

Target Savings 31.3.17 (£)	£1.044 million	Delivered Savings 31.3.17 (£)	£947,000

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 £300k 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 an 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.

Target Savings 31.3.17 (£)	£300,000	Delivered Savings 31.3.17 (£)	£300,000

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.

Integration of Health and Social Care in Midlothian went live in April 2016 when the Midlothian strategic commissioning plan for 2016-19 came into effect. This signalled a very significant change, delivering sustainable health and social care services for the future that focus on people's needs.

The new integrated arrangement is responsible for delivering a range of nationally agreed outcomes that apply to adult health and social care across Scotland. These include:

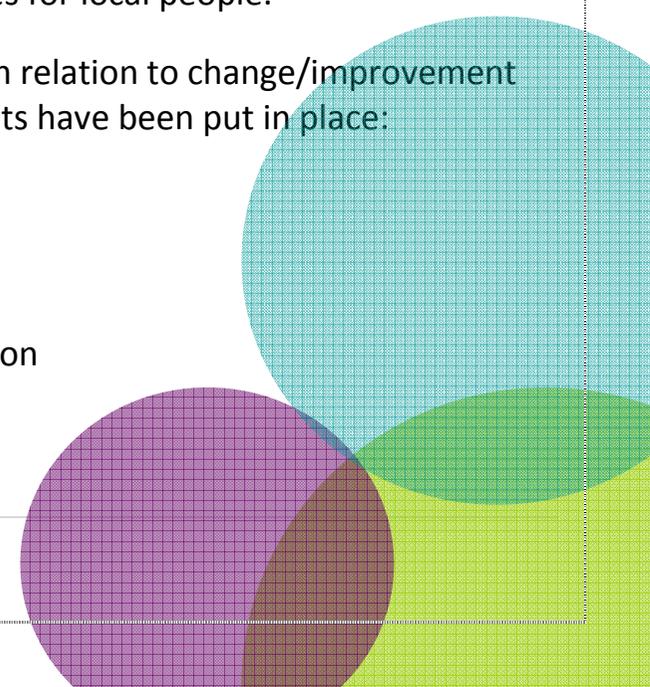Improving adult health and social care services | Delivering more services in community settings

Reducing inequalities | Improving health and care outcomes for local people.

The regular Transformation 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

Managing the programme - Programme assurance

A key focus of the Transformation team, and in particular the Programme Management Office, has been to provide appropriate assurance around delivery of the Transformation Programme ensuring that projects are delivering to time, cost and quality, that the information being reported about the programme is correct.

Following an Annual Health Check and internal audit, some of the key ways in which we have improved our approach to providing assurance around the delivery of the Transformation Programme include;

➢ Developing and implementing strategies, processes and tools to ensure a consistent and effective approach to managing risks and realising benefits across the Transformation Programme

➢ Evaluating whether the right projects are being taken forward within the Transformation Programme, assuring that those projects are supported by robust business cases and appropriate governance arrangements

➢ Improving project and programme level monitoring and reporting to ensure the right information is collected and clear and accurate view on delivery progress is provided. In turn, providing Business Transformation Board and Steering Group with the assurance that Programme is on track to achieve its objectives and where appropriate identify areas where further support is required.

➢ As part of our commitment to continuous improvement, we will focus over the forthcoming months on continuing to work with key stakeholders to identify where strengthening assurance arrangements can enhance delivery of the Transformation Programme

Our evolving change agenda – Delivering Excellence

This annual report sets out the significant progress that is being made in the area of transformation across the council, and there is still so much more for us to do. Moving to a more agile and responsive approach to the delivery of change and service transformation will ensure that the council continues to identify and act on opportunities for continuous improvement, service efficiency and transformation across all areas of the council.

Our employees are key to the successful delivery of the new transformation programme, and as such the development to shape and lead transformation projects has never been more critical. All staff will be expected to work in new and different ways, will have the tools for the job and will know what is expected of them. A programme of cultural change and different ways of working across the council will be essential as the council moves forward on this next phase of Transformation. Areas of focus for change will include:

1. Delivery of our services in new and effective ways, using the most up to date thinking, the joining of complimentary services and effective partnership working to provide better outcomes for our customers.

2. Helping our customers and communities to become and remain independent by understanding needs and by providing appropriate responses.

3. Reviewing our commissioned services and securing the best deals possible through; ensuring effective contract management.

4. Continuing our changes to become a more modern council, improving our use of digital approaches, improving access to information and increasing our self-service offering for customers where it makes sense to do so.

5. Shaping structures, resources and ways of working, to reflect a lean and effective model that; remains responsive to the challenges and priorities ahead.

6. Maximising income generation by reviewing our charging models to help generate a contribution that protects front line services.

Next Steps

The latest Financial Strategy report to Council sets out the longer term projected budget shortfalls for the period 2017/18 to 2021/2022 and the contribution change activity will have in reduceing the projected shortfalls. This includes further savings across the strands of the transformation programme of £2.791 million in 2017/18 rising to £5.437 million by 2021/22 . Taken together with the savings delivered to date set out earlier in this report overall savings for the transformation programme are expected to be in the region of £17.8 million, or 9% of net expenditure.

Whilst the existing and planned change programme go some way to addressing the projected budget shortfalls there is still more to be done to move from longer term financial projectios to the development and agreement of a longer term financial plan which sets out the actions to balance future years budgets.

As the organisation evolves, the need for a more flexibly designed Change Programme becomes essential. The introduction of Delivering Excellence will help us to ensure the programme is realistic and achievable whilst still ultimately ensuring that the associated benefits (both financial and non-financial) in supporting the delivery of the Financial Strategy are achieved.