

**REPORT TO THE EXECUTIVE MEETING OF 3<sup>rd</sup> JUNE 2013**

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**Meeting:** Executive  
**Date:** 03.06.2013  
**Subject:** Transformation Programme- End of Phase 1 and Proposal for Phase 2  
**Report of:** Chief Executive Anna Graves/ Programme Manager Belle Imison  
**Portfolio Holder:** Councillor Blake Pain  
**Status:** For approval

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1 Purpose of the Report

- 1.1 To provide the Executive with a close down report relating to Phase 1 of the Transformation Programme.
- 1.2 To seek approval for the activities to be included in Phase 2 of the Transformation Programme.

2 Recommendations:

- 2.1 That the Executive note the progress, outcomes and benefits achieved in the Transformation Programme as at March 31<sup>st</sup> 2013 and agree to the closure of Phase 1 of the Transformation Programme.
- 2.2 That the Executive agree Phase 2 of the Transformation Programme for the period April 2013 to March 2014.
- 2.3 That the Executive agree to the establishment of a Transformation Advisory Panel as soon as possible.

3 Summary of Reasons for the Recommendations

- 3.1 It is important that the benefits from Transformation Phase 1, both financial and performance related are noted and that savings are captured and the base budget reduced accordingly.
- 3.2 Lessons have been learnt from Phase 1 and will be shared across the organisation and will inform plans for Phase 2.

- 3.3 During the business planning process in 2013 it was determined that the organisation had four aims through its Transformation Programme:
- Revitalise the organisation (injecting energy and new approaches)
  - Engage with the community (focussing on people and asking them what we want)
  - Strengthen accountability (both democratic and officer)
  - Become more efficient (and continue to improve in the future)
- 3.4 Phase 1 of the Transformation Programme has delivered substantially against items 1 and 4. Further work is required to achieve 2 and 3 and these actions will be the focus of Transformation Phase 2.

#### 4 Impact on Communities

- 4.1 None arising directly from this report.

#### 5 Background Transformation Phase 1

- 5.1 Following the “Future Options “ review in 2011 Harborough District Council agreed to evolve as a smarter and more efficient organisation through a comprehensive Transformation Programme.

The Programme was planned in three stages:

- Short Term                      Dec 2011 to Summer 2012
- Medium Term                      Summer 2012 to March 2013
- Long Term                      March 2013 onwards

- 5.2 It was agreed that the programme should deliver against the following objectives:

- High quality services efficiently delivered
- A customer focused organisation
- Mutual interest and understanding with partners, to support long term quality service delivery
- Solutions that work locally and fit appropriately into a national and county wide framework
- Sustainable budgets going forward, including significant savings

- 5.3 A Transformation programme commenced in December 2011 with 14 work streams covering the following:

- Community Engagement
- Customer Services
- Financial Modelling
- Democratic Design

- ICT
- Leadership Development
- Locality Working
- Organisational Design
- Performance Framework
- Property
- Service Redesign
- Waste and Recycling
- Communications
- Business As Usual

5.4 Each work stream operated as an individual project with a Project Sponsor, Lead Officer and in some instances a Member Oversight Group, but was managed as part of the overall Transformation Programme.

## 6 What has been achieved in Phase 1

6.1 The report to Full Council which Members noted in May 2012 outlined 82 service redesign recommendations.

6.2 Subsequent to that additional areas for improvement were identified resulting in 117 specific recommendations which have been monitored through the “Ten” performance monitoring system.

6.3 Highlight reports relating to the main work streams which deliver against the recommendations are produced on a monthly basis and the latest reports are included at Appendix 1.

6.4 To date 67 of the recommendations have been completed, 7 have been withdrawn and 43 are being carried forward into Phase 2.

6.5 Services that were reviewed in Transformation Phase 1 were

Domestic & Trade Waste Management	Wave 1 Report
Enforcement	Wave 1 Report
Regulatory Services	Wave 1 Report
Open& Public Spaces	Wave 1 Report
Community Protection	Wave 1 Report
Business Compliance	Wave 1 Report
Licensing	Wave 1 Report
Community Protection	Wave 1 Report
Leisure	Wave 2 Report
Community Partnerships	Wave 2 Report
Partnership Register	Wave 2 Report
HIT	Wave 2 Report
Planning	Wave 3 Report

Development Control	Wave 3 Report
Building Control	Wave 3 Report
Parking Services	Wave 4 Report
Corporate Complaints	Wave 4a Report
Corporate Service	Wave 5 Report
Corporate Admin	Wave 5 Report
Contract Management	Wave 5 Report
Finance	Wave 5 Report
HR	Wave 5 Report
Legal & Democratic Services	Wave 6 Report
ICT	Socitm Report
Customer Service	Charnwood Business Case

6.6 In consideration of the support that HR, Finance and ICT would need to give to the organisation as a consequence of the number of reviews being carried out in Phase 1, these services were only reviewed with a light touch and a more comprehensive review of these services will be undertaken during 2013/14.

## 7 Summary Benefits from Phase 1

7.1 The Transformation Programme has provided the Council with the opportunity to carry out in depth reviews across a range of service areas with clearly defined outcomes, both quantitative and qualitative. The focus has been on those areas with the greatest potential to achieve significant savings either without detriment to existing service levels or with identifiable enhancements and improvements for both the customer and employees. Some of these are set out below:-

7.2 HDC has achieved much higher recycling rates and this should continue in the long term. Reduced waste contract costs which should decrease further when the contract is re-let in April 2016. The new collection methods for waste have reduced the manual handling risks for the loaders as materials are no longer sorted at the collection vehicle. The removal of the bring sites has led to an increase in the number of Trade Waste customers. The bring sites were not intended for businesses but clearly were being used as such until their removal.

7.3 Flexible working enabled the council to move to smaller temporary accommodation. Early indications show that staff satisfaction has increased as a result of the introduction of flexible working arrangements.

7.4 The promotion of the self service planning pages has resulted in a significant increase in number of page hits on the web site for planning. Enquiries with “views and comments on plans” rising from 9289 hits to 22620 hits over a six month period.

7.5 The withdrawal of the facility to pay by cash at the Customer Service desk has freed up resources to enable Housing Benefit documents to be scanned within

24 hours of receipt by the Customer Service Advisors which has resulted in a reduction in the time taken to assess benefit claims. In the past weaknesses were identified in the quality of data we collect relating to customer interactions. The introduction of the Charnwood call centre which utilises Lagan software has improved the opportunity to collect accurate transactional information and has led to more focus on the back office processes which have started to facilitate channel shift.

- 7.6 The overhaul of the Scrutiny function has resulted in a more focused approach to the Scrutiny function with internal and external facing panels more involved in policy development.
- 7.7 The financial modelling work stream has led to greater transparency and a balanced use of reserves. Cashable savings and efficiencies have been realised through the service reviews.
- 7.8 The Leadership and Development Programme has resulted in motivated, performance and project focused managers. The redesign of the council has led to a leaner more focused organisation that is motivated and embraces change. Flexible working and working across multiple sites has required a cultural change in the organisation. Managers have had to re-evaluate how they manage their teams and manage their teams by outcomes rather than being present in the office. Staff have had to take responsibility for managing their own time and take more responsibility for their own work loads and there has needed to be mutual trust. Communication is important and managers have had to ensure that teams still meet to exchange information and learning and maintain a team ethos. A revised complaints handling process leading to better input to service improvements has also been implemented.
- 7.9 A new Performance Management Framework has been adopted from April 1<sup>st</sup> 2013. Critical activities are linked to HDC priorities providing clarity and purpose. Performance is now managed through the Performance Improvement Board.
- 7.10 The Council has adopted a Communication Strategy with a rolling calendar of events for the coming year.
- 7.11 The community engagement undertaken by CR Research in 2011 and 2012 gave us greater insight into what our customers want and this has informed plans for future developments.
- 7.12 Normal performance was maintained during Phase 1 of the Transformation Programme with no reported slippages. A full breakdown of benefits/outcomes for Phase 1 of the Transformation Programme is held in the Transformation Programme library of documents.

## 8 Lessons Learnt from Phase 1

- 8.1 The lessons learnt from Phase 1 fall into 4 broad categories. These are:

- 8.1.1 Finance. A dedicated financial resource supporting the Transformation Team would have enabled better reporting of savings realised.
- 8.1.2 Data. Insufficient benchmarking information and base line data was captured before some projects began in Phase 1.
- 8.1.3 Legal. Sufficient time should be planned in to projects to deal with complex legal agreements.
- 8.1.4 Timing. Service reviews that will identify interdependencies between services and teams should take place before restructuring of teams takes place. Multiple projects running at the same time can lead to resourcing issues.
- 8.2 Good Member engagement is invaluable.
- 8.3 A full list of lessons learnt is held in the Transformation Programme document library.

## 9 Transformation Phase 2

- 9.1 The Transformation Programme was broken down into three Phases, with the longer term actions due to be undertaken as Phase 2 during 2013/14.
- 9.2 The key areas of focus for Transformation Phase 2 are recommended as:-

### ICT

The ICT Strategy was agreed in 2012 and a three year programme of work was identified. It will include:

- Procurement and implementation of new IP telephony for the organisation.
- Further expansion and better use of the document management system.
- Continue to improve communications and support remote working through instant messaging/presence software.
- Review integration between systems to avoid duplication of functionality.
- Rationalise local systems.
- Continue to explore new technologies such as cloud services.
- Support and enable channel shift.

### Assets

- Delivery of the redevelopment of the Headquarters building.
- Delivery of the redevelopment of the Market Hall.
- Approval of a Corporate Property Strategy including the development of a capital programme through disposals.

### Governance/Decision Making

- Enabling faster decision making at the appropriate level.
- Enabling effective and decision making arrangements to respond to key challenges and manage change, transformation and disinvestment.
- A review of delegations.

### Planning

- A review is planned for the Development Management service. It will focus on the planning process to seek improvements for external and internal customers and will be delivered through an improvement plan. The review will be carried out by an external organisation to ensure that there is an independent, fresh view of the service and will be benchmarked and compared against other organisations.

### Business Focus

- The Chief Executive to take the lead developing the concept of Harborough District Council being “Open for Business”, and ensure the organisation’s officers and councillors have a full appreciation of this.

### Organisational Re-design

- Service reviews to be undertaken for HR, ICT and Finance as a priority.
- Using the operating model to develop further “shared” delegated and merged services and better collaborative working within the Leicestershire family of councils.

### Culture

- Embedding the Customer Service Strategy throughout the authority to develop a Customer focused organisation using the newly adopted Customer Service Standards.
- Ensuring that the new Corporate Performance Framework delivers efficiency, improved project and programme management and improved performance.

### Customer Focus.

- Increasing the input and engagement of the community into service development and shaping of policy.
- Working with Charnwood Borough Council to improve the telephony service we give to our residents and customers.
- Implementing the channel shift strategy to improve our services and achieve efficiencies.

## 10 Legal Issues

- 10.1 The employment law surrounding staffing changes must be complied with to prevent financial and reputational risks to the organisation.
- 10.2 The property review requires a substantial involvement in terms of legal assurance work, the procedural effort to revalue buildings and develop leases and other tenancy arrangements, as well as the contractual obligations to let any redevelopment contract and manage the building process. A budget has been allocated for obtaining external legal advice as required. The lease of Millers House has been dealt with by external lawyers, whilst the two leases from Leicestershire County Council have been dealt with by internal legal team. It is anticipated that the subsequent move back to Adam & Eve Street will also require significant resource allocation.
- 10.3 External advice will be required to deal with the licences for the retail units for The Symington Building, the Agreement for License and Licenses will be dealt with by the in house team.
- 10.4 External legal advice may be required around changes to the Constitution.

## 11 Resource Issues

Tables 1-4 at Appendix 2 were created during 2012/13 to facilitate monitoring both the cost of delivering transformation and the forecast efficiencies.

### 11.1 Table 1

This table sets out the overall 2012/13 budget of £751,256 for Transformation Team resources and includes brought forward figures from the previous year.

Revenue costs of £331,189 have been incurred during 2012/13 with a balance of £47,753 remaining at the year end. Part of this balance is being used to meet the 2013/14 costs of the Transformation Programme Manager. The remaining funds, totalling £372,314, have been allocated as revenue contributions to the capital costs of the Property Review.

### 11.2 Table 2

This sets out at summary level the General Fund Revenue Account budgets for 2012/13 and 2013/14 financial years. The original budget for 2012/13 incorporated an unallocated transformation savings target of £360k. This can be measured against the actual outturn performance once the accounts for 2012/13 have been closed down at the end of June.

### 11.3 Table 3

This sets out the forecast costs/savings to be achieved through the Transformation Programme across the three review areas, namely organisational review, technology review and the service transformation review programme.



The service transformation review figures have been amended to reflect the updated position immediately prior to the 2013/14 budget setting process. The figures derived from the original business case have also been included for comparative purposes. Whilst there were some delays in implementing certain aspects of the service transformation programme during 2012/13, eg waste services and the impact of national Government initiatives, the five year savings forecast for these three areas, which exclude the property review savings, remains around the £2.5m mark.

#### 11.4 Table 4

This sets out the monthly and cumulative savings to date (as at 31<sup>st</sup> March 2013), achieved against the approved staffing budget for 2012/13, adjusted for the costs associated with new appointments and the engagement of temporary and agency staff. The gross savings amount to £587,000 and whilst these have been reduced to £138,000 by one off costs incurred during 2012/13 for agency and temporary staff the underlying position going forward represents a significant saving. The additional one off costs also include expenditure in respect of maternity and sickness/absence cover for which there was no original budget provision. A separate table sets out the cost and spend against the redundancy reserve fund, created to meet those costs associated with service re-structures.

### 12 Equality Impact Assessment Implications/Outcomes

12.1 Starting with Future Options in 2011 and throughout the Transformation Programme, EIA's have been used as a tool to make sure that there is always reference to the wider potential implications on the community and what action would be needed to ensure no protected groups are treated unfairly or excluded in accessing Council Services.

12.2 Particular focus has been given to engaging with vulnerable and disability groups as part of the consultation element of the EIA is to ensure access to services are of a suitable requirement.

12.3 EIA's have been completed for:

- Future Options
- Cash Payments
- Customer Services
- Redevelopment of Property HQ
- Flexible Working

12.4 Future EIAs are planned for the development of the Market Hall and any further changes to the Waste service.

### 13 Impact on the Organisation

13.1 The adoption of the service redesign work stream recommendations had a major impact on the staffing structure and the way the council delivers its services. This necessitated a behavioural and cultural shift.

13.2 The Transformation Team has included both internal Officers and external resources and a programme of legacy skills transfer from the external advisors has been adopted.

14 Community Safety Implications

14.1 None arising from this report.

15 Carbon Management Implications

15.1 None arising from this report.

16 Risk Management Implications

16.1 The Transformation Team are tasked to identify and manage the risks identified within the Transformation Programme risk log.

16.2 The Council’s risk identification and management process has been designed to be a dynamic and responsive programme that meets the needs of the council, and has been applied to this Transformation Programme.

16.3 Regular reporting of progress is made to the Chief Executive and is escalated for consideration where necessary.

16.4 The most significant individual risks to the Transformation Programme at this time remain:

- Customer Service
- ICT
- Market Hall
- Property Review

16.5 The risks and mitigating actions for these current critical risks are summarised in the table below. These risks are being closely monitored and stringent mitigation measures are in place.

<b>CUSTOMER SERVICE</b>				
<b>RISK</b>	<b>MITIGATING ACTIONS</b>	<b>LIKELIHOOD</b>	<b>IMPACT</b>	<b>TOTAL RISK SCORE</b>
Not meeting the high telephone demand we are	Establish reasons for higher call volumes and take necessary action. Promote channel shift. Ensure the service is resourced	4	3	12

currently receiving	sufficiently to meet demands (peaks and troughs)			
The changes to the welfare reform result in higher contact by telephone and face to face during coming months	Additional temporary resources have been allocated to the Contact Centre. F2F staff will cover extra hours if needed. Customer Service staff are trained on all aspects of the changes. Benefit Assessor located within F2F. Website has been updated – this will be on-going	4	3	12
Capita timescale and their cost to make improvements to on-line payments	Changes to financial processes to be agreed and implemented	4	3	12

<b>ICT</b>				
<b>RISK</b>	<b>MITIGATING ACTIONS</b>	<b>LIKELIHOOD</b>	<b>IMPACT</b>	<b>TOTAL RISK SCORE</b>
Interruption to ICT services provided from the Adam & Eve Street offices during the property refurbishment	<p>Where possible cables have been re-routed externally and any cabling that needs to remain in tact has been identified to the building contractor</p> <p>A temporary generator has been installed which coupled with battery backup should handle any interruption in power supply</p> <p>Proposals to route telephony traffic direct to Millers house are being implemented. Discussions on routing other communications services external to the building are also ongoing</p>	4	3	12
Order and installation of new replacement telephony system is not fulfilled and operational in time for re-occupation of the building	Sound procurement advice. Build the procurement time into the plans. Use Framework agreements.	3	4	12

<b>MARKET HALL</b>				
<b>RISK</b>	<b>MITIGATING ACTIONS</b>	<b>LIKELIHOOD</b>	<b>IMPACT</b>	<b>TOTAL RISK SCORE</b>
Financial model not achievable for Market Hall building (high cost OR low	Develop fully tested business case supported by expert advice	3	4	12

income)				
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<b>PROPERTY REVIEW HQ</b>				
<b>RISK</b>	<b>MITIGATING ACTIONS</b>	<b>LIKELIHOOD</b>	<b>IMPACT</b>	<b>TOTAL RISK SCORE</b>
Re-occupation of the building delayed; impacts on footfall into the building and income generation	Commence planning early; incorporate museum and partner move process into project plan at an early stage. Newly appointed Asset Manager to lead this work stream	3	4	12
Financial model not achievable for HQ building (high cost OR low income)	Develop fully tested business case prior to commencement of redevelopment works for HQ.  Continue to review and focus on rental income, in particular rental income rather than retail. It has been assumed that the achieved occupancy level is 85% and rental income has been assumed at the lower end of the market valuation figures.  Commence early marketing to generate interest.	3	4	12
Museum commercial costs cannot be funded longer term.	Continue to work with Harborough Historic Society to develop and agree self-sustaining business plan	4	3	12

## 17 Consultation

- 17.1 The Local Government Association was invited in to carry out a Corporate Peer Challenge in February 2013. The team spent 3 days on site at HDC, spoke to 40 people including staff, Members, Residents and external Stakeholders. They held 20 meetings and visited key sites taking 200 hours to determine their findings.
- 17.2 The primary source for capturing community engagement within Transformation was undertaken by CR Market Research in Autumn 2011 and they undertook a second piece of engagement in February 2013 focusing on Waste and the Transformation Programme.
- 17.3 This focused on a telephone survey, online survey and 3 focus groups in the East, West and Central Area of the District.
- 17.4 In particular this consultation centred on the Waste Service Provision and access to services.
- 17.5 There was also engagement with local Equalities Group, VASAL, Harborough Action Team (Harborough Action Team, a group for people with learning

disabilities and their families/carers), older Forum Groups and youth groups in order to engage with all aspects of the community.

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**Previous report(s): Residents Extensive Public Consultation papers attached to 23<sup>rd</sup> April Transformation Board Papers  
Full Council 25<sup>th</sup> June 2012 Transformation Background Papers  
Transformation Programme Progress Report to Executive Meeting of 25 March 2013**

**Information Issued Under Sensitive Issue Procedure: N/A**

**Ward Members Notified: Not applicable**

**Appendices:**

**Appendix 1 - Highlight Reports**

**Appendix 2 - Resources Table**