

Report to:	Cabinet	Date: 15 December 2021
Subject:	Transformation Update	
Report of	Leader and Cabinet Member for Finance and Growth	

1 Summary

In July 2021 the Cabinet agreed a multi-year internal transformation programme with the objectives of both improving the quality of provision and delivering financial savings by reducing costs and driving digital. The requirement for this work was further underlined through the advice of a Local Government Association Peer Review revisit in summer 2021.

This report sets out an update of progress against the strategy including some revision to the forecast financial savings. The timeframe over which financial savings will be achieved has been extended, although the programme remains on track to achieve the MTFS commitment of c£5m savings by 2023/4.

2 Recommendation(s)

It is recommended that the Cabinet:

- Approves the “digital-first” contact strategy, roadmap and associated IT operating principles
- Notes that alternative options have been considered and rejected
- Approves the proposed digital-first customer service standards
- Agrees access to agreed investment funding as described in section 6.2
- Notes the revised financial forecast including two new proposals to mitigate some slippage in savings delivery
- Agrees that the recommendations achieve the savings requirement within the MTFS in accordance with available resources and wider corporate strategy and reasons for recommendation(s)

3 Report Author and Contact Details:

Name: Lynne Ridsdale

Position: Deputy Chief Executive (Corporate Core)

Department: Corporate Core

E-mail: l.ridsdale@bury.gov.uk

4 Background

In July 2021 the Cabinet agreed a multi-year internal transformation programme with the objectives of both improving the quality of provision and delivering financial savings. The programme is led by an Executive Delivery Board and comprised of three workstreams: *Let's Do It! ...*

- Once – an integrated contact and transact, digital first strategy
- Flexibly – estates rationalisation and agile working
- Well – internal improvement and efficiencies, including digital by design

The strategic importance of the Transformation Programme was reinforced this summer through the LGA Peer Review revisit, which was reported to Cabinet in October. Relevant recommendations from the Peer Team were to:

- Clearly set out and agree the approach and strategy for organisational development that senior leaders can consistently champion.
- Give focus to consistently 'getting the basics right' which will help increase the amount of capacity the Council can put towards the transformation ambitions, delivery of saving requirements and the corporate priorities.
- Continue to improve performance management and consider where further structural alignment of those in these functions is needed.

This report sets out an update of progress against the Transformation Programme agreed by Cabinet in July 2021. including some revisions to the forecast financial savings.

5 Programme Updates

5.1 Let's Do It! ... Once

Let's do it Once! is the contact and transaction component of the digital strategy. The programme aims to achieve:

- Improved service and user experience standards
- "Digital-first" communication with residents on a 24/7 basis
- Automated transactions integrated with back-office systems as far as practicable, with information requested and input once

Baseline analysis indicates that the council currently:

- Operates c350 forms, of which only c20% operate to a high degree of web-based integration. A number are entirely standalone.

- Takes around 75,000 calls per month through over 60 public-facing numbers, less than one third of which is routed through the Council's Contact Centre. Outside of the Contact Centre only around 65% of calls are answered compared to the Contact Centre performance rate of 85%.

The scale of opportunity to improve the way we handle transactions and contact to drive efficiency and improved experience is clear. Early tactical work has been underway this summer, including:

- the Council's Service Standards have been updated to reflect digital channels and re-communicated to all staff. Proposed refreshed standards are:
 - 24/7 digital-first contact mechanisms will be offered by public-facing services, including a focus on increasing the number of web contact forms and online transactions. Council template letters are being reviewed to ensure that they direct the public to web-based communication as far as possible so that they capture all information at first input and minimise handling time
 - Correspondence will normally be answered within 20 days (to include letters; requests for information including Freedom of Information and Subject Access Requests). Emails will be answered within 10 days
 - Public-facing phone lines will be provided through the council's contact centre as far as practicable and answered 9-5 Monday to Friday. Voicemail will only be used as a last resort. Out of hours emergency provision will be maintained
 - The number of face-to-face reception points will be reduced, and remaining provision remodeled as self-service stations. Meetings with Council Officers may be arranged by appointment
 - High standards of customer service are expected from all staff and will be managed through a corporate branding review; updated template correspondence and publication of customer service statistics within the corporate performance report.
- A service review of the cashier function is now out to consultation. The central change proposed is the closure of the Cashiers' function in Council receptions and migration of contact to online and telephone-based payment channels. This will involve some spend on the reconfiguration of the Town Hall Reception to enable self-serve and provision of an information service. It will be proportionate to the savings from this review and in consideration of any decisions about the future of the building.
- An options appraisal for the 2022/23 priorities for channel shift has been completed.

Following significant user and provider consultation it is proposed that the channel shift priorities for 2022/23 are to:

- Develop existing available functionality within the Firmstep and Civica systems, through which the highest volume of transactions take place (within the Council's Contact Centre and Revenue and Benefits service), to increase the number and depth of Council transactions that can take place online
- Redesign the corporate website to be compliant with GDS standards and to enable greater automation and integrated contact channels (e.g. Web Chat options)
- Commission a strategic partner to implement a digital contact platform – Microsoft Dynamics - which will deliver:
 - a Customer Experience Management (CXM) platform, focused on improved engagement, satisfaction and experience by creating and managing more intuitive conversations, transactions and interactions
 - standardised, consistent and modular reusable digital capabilities e.g. Payments, notification, address lookup, File upload, Booking and Mapping
 - Enhance the use of online forms through maximising the use of the current CRM system including implementation of the "One Account" where all records per address are connected, and other service-based CRM forms to enable two-way integration and end-to-end digital service delivery

The developed technology platform will improve the experience of those in contact with the Council and will also deliver the £500, 000 savings proposed for next year and the scope for the further forecast savings of £800, 000 by 23/24 through:

- Removing current high volume telephony demand through a shift to digital self-service and transfer of residual capacity to the Contact Centre. This is forecast to deliver savings of c£300, 000 in 2022/23 through a review of services with the highest volume calls outside the Contact Centre
- Efficiencies of c£150, 000 through automation of approximately 30 high volume processes within the Revenues and Benefits service, also to be delivered in 2022/23. The Changes will be planned for and savings delivered through the Finance structure review
- A reduction of c£50, 000 cost through reduced printing and postage due to the switch to digital transactions, as part of the above
- In addition, a general efficiency margin from the conversion of the large number of non-integrated web forms is anticipated but has not yet been quantified. This is likely to provide a general

efficiency measure which can be considered by the new proposed corporate business support service.

- A review of the Council's approach to invoicing and collecting payments to reducing processing time will also now commence.

Investment requirements for new technology are set out later in this report. Once commissioned, it is anticipated that the Microsoft Dynamics platform could be built within 12 months and ready for phased roll out. A parallel plan will be developed to identify and implement associated staff changes in order that all savings and service benefits may be realised by Quarter Four 2022/23.

5.2 Let's Do It! ... Flexibly

The Let's do it Flexibly programme is a strategy to fundamentally review and reduce the council's land and property portfolio through a strategic asset plan which will:

- Deliver the agreed accelerated land and property disposal strategy.
- Further corporate objectives through an appropriate estate including agile working; the neighbourhood delivery model and carbon reduction.
- Reflect wider system strategies including the One Public Estate model and Neighbourhood Asset Review.
- Reduce the Council's annual property operating costs by c£900 000 by the end of the 3-year period. This will include a decision on the future of the Town Hall, overseen by a cross party working group of Elected Members.
- Release c£5m capital receipts (for which Ameo applied a 30% confidence rating) from disused office buildings and use these flexibly to deliver savings and/or reinvest in the residual estate. It should be noted this is in addition to the capital receipts generated from the accelerated land and property disposals that are not office buildings.

Progress made by the programme since the summer includes:

- Agreement of an initial set of property disposals by the Council's Cabinet in September and October 2021.
- The structured evaluation of staff agile working has begun and is providing a continued evidence base in support of the Council's wider estates rationalisation plans, further details below.
- Fixed term investment has been made in the Council's main administrative buildings Facilities Management resource as part of a wider strategy to improve occupational health and safety and form the beginnings of a future "Corporate Landlord" model.

The further work has identified some revision to the commercial detail of the programme, however, now that the complexity of closing some of the office estate is understood. The forecast scope and benefit of the programme has therefore been reduced to focus on office closures within the agreed Phase 3 Land and Property disposals only. The administrative buildings which will therefore close to release savings are as follows:

- Whittaker Street
- St Mary's Place
- Textile Hall
- Seedfield
- 157 Manchester Road
- Humphrey House

At this stage savings are forecast in detail from the decant and disposal of St Marys Place, Seedfield, 157 Manchester Rd and Humphrey House. Additional savings are forecast from other building closures as proposed above but the detail is not yet confirmed.

5.2.1 Agile Working Evaluation Interim Findings

Since its launch in July a range of activities have been undertaken to evaluate the Council's Agile Working model including:

- An all-staff Survey in September, with a second full-Council survey taking place earlier this month
- Virtual drop-in sessions with staff, managers and Elected Members
- Engagement with customers attending the Town Hall
- Ongoing discussion with the Trade Unions and staff Change Agents
- A daily assessment of space utilisation in the Town Hall and 3 Knowsley Place
- A review of policy and practice in other local authorities in Greater Manchester and beyond.

The above evaluation suggests the model is working well from the staff perspective (86% of respondents from the September Survey were positive about agile working) on the basis of staff work-life balance, ability to support caring responsibilities and a reduction in commuting time (with associated carbon emission reductions). Analysis also supports the viability of a further reduction in the Council's operational estate, with an occupancy rate of only 21% on average reported across 3 Knowsley Place and the Town Hall. Performance reporting against the Corporate Plan has also identified continued delivery and no negative impact from a performance perspective.

The agile evaluation has, however, identified a number of areas which would benefit from further consideration. This includes:

- A stakeholder expectation of greater visibility of staff. To date, office-based staff have largely been working from home in order to manage Covid infection levels. Subject to the public health position more emphasis will now be placed on broader agility, with staff encouraged to work across council office buildings and partner sites as applicable, to maintain community connections and local visibility
- A continued and strengthened focus on engagement and wellbeing, which greater agility will support
- Further support for induction, learning and development in the agile context
- Continued work to strengthen the Council's IT infrastructure and staff capability and confidence with the technology available to them
- Some revisions to workforce policies to ensure congruence with agile working. Specifically in relation to staff travel and flexi time.
- A strong emphasis on ensuring compliance with core people management expectations across the organisation.

It is important that the above evaluation is set in the context of the continued need to ensure appropriate health and safety measures are in place in relation to the risk of Covid. Whilst, in line with government guidance, restrictions have eased, this remains a critical consideration for all areas of the Council.

5.2.2 Proposals to Mitigate Savings

The changes described above have reduced the forecast revenue benefit of this programme from c£1m by 2022/23 to c£400,000. To partially mitigate this gap two further options are proposed, to achieve financial benefit from the agile working model:

- It is proposed that the Council reviews its staff travel provision, as part of the Agile Working strategy. As the new working arrangements are no longer intended to be location dependent and data for the past two years has shown a significant reduction in business mileage, the Council's business travel policies require review. The intention is not to fundamentally change the Council's position but to revise the guidance to reflect the agile working policy and ongoing expectations of significantly reduced staff travel, which will also enable an associated reduction in budgets.
- Revising the structure of the Health and Safety team to rebalance capacity across advisory and facilities management functions, as well as achieve savings. The proposal is a restructure which will also require a period of formal consultation with affected staff. The changes proposed will deliver a potential saving of £85,000; delivery will be complete with full year cash savings in the 2022/23 financial year.

5.3 Let's Do It! ... Well

The Let's Do It! ... Well programme is focusing on internal service improvements; culture change and efficiencies from procurement, ICT and staffing spend. Over the last 3 months the programme has:

- Developed a detailed Programme Plan and delivery mechanism across all six projects.
- Developed and taken to consultation the planned proposal to establish a corporate Business Support function and achieve c£900,000 of savings.
- Agreed and begun work on improvement plans in relation to absence management, agency spend and reductions in the number of honoraria; the agency spend work supporting the required £65K saving.
- Supported the release of a first draft dashboard of key workforce metrics based on a cleansed employee database.
- Commenced a programme of improvements to core HR processes with some initial quick win deliverables in relation to the recruitment and selection process
- Procured external support to deliver training for staff and Members on the use of Microsoft 365 to help with user adoption and productivity.
- Begun work on organization design to achieve the savings target of £200,000 from senior management structures next year.
- Commenced the process of commissioning external support to develop an internal values and behaviours framework which will drive a culture change strategy.

The programme has also further analysed commissioned spend to pursue agreed Procurement savings of £650,000 in 2021/22 and £2.1m for 22/23. This work has established that the Ameo recommendation of 2% savings against highest spend contracts is significantly more ambitious than the Greater Manchester norm and, further, did not take account of the £650,000 of target savings already outstanding in the budget cycle. The savings target has therefore been re-profiled and progressed as followed:

- Work is underway to identify alternative savings proposals to deliver the £650,000 agreed in the 2020/21 budget. The majority of mitigation will come from a review of households in receipt of council tax single person discount who are no longer eligible. This work will be undertaken with support from a delivery partner. This is unlikely to deliver the full value and therefore alternative schemes are still being explored to mitigate any remaining balance.

- Delivery of the transformation savings is still being scoped and this may need the support of a delivery partner or additional capacity to support the existing team.
- c£1m of additional savings will be achieved 50/50 across 2022/23 and 2023/24. Savings will be targeted from the 20 contracts with highest spend value initially, along with reviewing expenditure which is bought off contract rather than through existing framework agreements. Achieving these savings will, however, require collaboration with others in Greater Manchester to maximise market influence.

5.3.1 Digital Strategy

The Transformation Programme is designed around the principles of the Council's proposed digital strategy. The strategy has four overarching objectives:

1. Promoting digital first as engagement approach for the Council
2. Providing a digital workplace to underpin agile working
3. Creating improved access to business intelligence
4. Supporting collaboration between colleagues, partners and stakeholders

To deliver these objectives a series of IT operating principles are proposed, which will be delivered through the Transformation Programme:

Innovation

- Our solutions will be scalable, flexible and adaptable in order to be responsive to the dynamic nature of change within the operational environment.

Governance

- Formal change and configuration management process will be managed by the IT Management Team

Architecture

- IT services, software, hardware and processes will be standardised and centralised.

Standardisation

- Our solutions will remove technical complexity and be easy and intuitive to use. Where possible we will take advantage of commercial products to avoid bespoke development or advanced training.

Security

- Our solutions will meet the required security standards to protect the organisation from the threat posed by cyber-attacks and information loss.

Staffing

- Permanent staffing levels are set to accommodate base work levels and maintain core capabilities.
- Contractors and outsourced services will be used to accommodate fluctuations in demand and provide non-core capabilities.

The high-level digital roadmap which will be implemented through these principles and around which the transformation programme is framed is as below

Stakeholder Group	Objectives	22/23 changes	23/24 changes
Customers & customer service staff	24/7 end to end web-based self-service availability – reduced costs & improved service standards	Expansion of web-based self-service processes from c40% to c80% of contacts, through the existing CRM system (Firmstep) and Civica Expansion of customer contact centre to include all high-volume telephone activity within a single team, working to common processes	Fully automated & integrated customer interface and associated “Back office” processes including bookings, payments, and service requests
Managers	Internal self-service across all corporate processes. Systems enable real-time decision making and action for managers; scale and cost of support services reduced	Maximise self-serve automation in core enterprise systems such as HR and Finance.	Further automation through other key line of business systems including further development of the HR systems, Finance and Operational Systems.
Case holders (Children & Adult’s social care)	Master data management through MS Power BI via an integrated data warehouse to provide system-wide, integrated business intelligence which will inform high quality data forecasting and reports	Multi agency data reported through Power BI developed for to support the work of Children’s services, Integrated Neighbourhood Teams and Place Based Leadership	Controcc implemented to manage all adult social care package costs in one system, to support cost control and analysis. Whole family service history available on multi-agency basis.

Advice has been sought from multiple technology providers concerning the level and nature of existing resources within the Council to achieve the transformation vision, however. All three organisations reached the same conclusions:

- The current ICT structure does not align to organisational priorities both in terms of capacity and capabilities, especially where there is an appetite for Digital Transformation to underpin circa £5m savings.
- The structure is not sufficiently resourced to carry out standard IT & Digital functions and therefore significant risks exist in the organisation in terms of the security and stability of core systems.
- Staff are spread thinly over a number of roles therefore subject matter expertise has been diminished. At the same time there are numerous single points of failure around important systems such as Elections, HR, Finance and other key business systems.
- The current ICT Revenue Budget is just over 3% of the overall Council Revenue budget which is below the general benchmark for Local Government that currently trends between 4-5% of a council's revenue budget. That average benchmark would be for a council with a well-established digital function, not with the work Bury Council still needs to do to modernise and transform.
- Gartner's analysis indicated an average spend per employee on IT services within Bury Council of approximately £1,900 per year compared to an industry average of £6,800.

Based on this advice:

- A minimum recurrent additional revenue funding requirement of £850,000 has been identified but, in the context of significant wider pressures reported in the updated MTFs, has yet to be found
- The scale of forecast savings from digital within the *Well* programme has been reduced. The ambition remains to ultimately reduce architecture costs from a smaller ICT estate, but it is anticipated that any savings will be a basis for reinvestment rather than savings
- The risk scores around failure of ICT/digital delivery which are included within the corporate risk register have been increased.
- The latest update which was provided to Audit Committee in October 2021 and now advises each of the following risks have all increased to a "red" rating:
 - Failure to deliver digital strategy
 - Failure of ICT infrastructure
 - Failure of Town Hall data centre
 - Cyber attack

6 Financial Position

6.1 Forecast Savings

The revised savings forecast, mapped against original proposals, is provided below :

Programme Let's do it!	Activity	Cashable Savings						Total Recurrent savings	Refresh Total Recurrent savings
		21/22	21/22 Refresh	22/23	22/23 Refresh	23/24	23/24 Refresh		
Revenue		£m	£m	£m	£m	£m	£m	£m	£m
...Once	Digitisation & channel shift	0.100	0.000	1.300	0.5		0.9	1.400	1.400
	End user device strategy	0.000	0.000	0.420	0.000			0.420	0.000
	Applications Rationalisation	0.000	0.000	0.280	0.280			0.280	0.280
...Well	Business Support	0.900	0.150	0.000	0.750			0.900	0.900
	Organisation Design	0.000	0.000	0.200	0.200			0.200	0.200
	Internal Performance Management	0.000	0.000	0.065	0.065			0.065	0.065

	Contract Management	0.000	0.000	2.100	0.500	0.000	0.500	2.100	1.000
...Flexibly	Building revenue reductions	0.500	0.034	0.500	0.358	0.500	0.500	1.500	0.892
New Mitigation	Health & Safety restructure			0.000	0.085			0.000	0.085
New Mitigation	Staff travel review			0.000	0.115			0.000	0.115
Sub Total		1.500	0.184	4.865	2.853	0.500	1.900	6.865	4.937
Estimated Gap			1.316	2.012		1.400		1.928	

6.2 Investment requests

An investment proposition to deliver the Transformation Programme was agreed, below.

Workstreams	Funding source	Investment			Total agreed £m
		21/22 £m	22/23 £m	23/24 £m	
Digital: Power BI design & build 2 year staff digital skills development – webinars; videos & super users Infrastructure build including applications & end user experience Website & intranet re-build New operating and funding model	Transform reserve	1.300	1.200		2.5
Workforce support – Strategic HR & OD Management & workforce development	Transform Reserve	0.250	0.250		0.5
Digital inc. Hybrid meeting provision Document management storage & security design Contact management	ICT capital fund	1.8	0.7		2.5
Estates	Capital receipt re-investment		0.500	0.500	1.0
Investment Cost		3.35	2.65	0.500	6.5

Use of this funding is on track as follows:

- £266K of £500K of the workforce support funding has been committed through an Operational decision

- This report requests access to £1020 of the £1.3m digital funds agreed for this year as follows
 - £400k to commission a strategic partner to implement MS Dynamics and enable Let's Do it! ... Once, as described
 - £120k for User-Adoption support for Microsoft 365
 - £120K for developing the Council's website
 - £150k to improve current digital processes for supporting online transactions and contact
 - £350k for developing the enterprise architecture to support the business intelligence function
- ICT Capital fund
 - Approval to draw down from the ICT Capital fund for the delivery of the Business Intelligence Platform, and the implementation of mobile device management to achieve end-user device savings and security objectives.
 - Permission to progress planning for the use of further capital funds to support Hybrid working through the investment in new facilities and improved intranet facilities through the use of Microsoft SharePoint.

The Council is not yet in a position to progress "invest to save" capital funding as this requires agreement to an associated policy which will be included within the 22/23 budget proposals next year. In the meantime, one-off revenue support to deliver estates rationalisation as described is requested.

6.3 Late savings delivery mitigation

The programme is forecast to deliver the majority of forecast savings for 2021/22 but there has been some slippage on delivery, meaning that the majority will not be achieved until year end. This will require mitigation within the overall budget which will be achieved through holding corporately the quarter one grant which partially mitigates for loss of sales, fees and charges income as a consequence of the pandemic, use of departmental reserves, stringent budgetary control in all departments and the maximisation of the contain outbreak and management fund as previously reported to Cabinet.

Consultation

These proposals have been developed by the Executive Delivery Board for the Transformation Programme which is comprised of the Executive Team, cross-department Programme leads and delivery unit, together with service managers who have public interface roles and the network of staff Change Agents. The Trade Unions are engaged regularly on the

programme through informal Employee Relations meetings and standing items at the corporate JCC.

Proposals which relate to staff contract changes will be subject to separate detailed reports and statutory consultation on the detail when brought forward.

Links with the Corporate Priorities:

The proposals are consistent with the "Let's do it" direction of targeting resources at community need by reducing costs within Council services. The digital strategy will also drive community engagement and inclusion.

Equality Impact and Considerations:

Equality Analysis	<i>Please provide a written explanation of the outcome(s) of either conducting an initial or full EA.</i>
An EIA will be completed as required at project level	

Environmental Impact and Considerations:

A central driver of the agile working strategy is to minimise staff travel and make a direct contribution to the council's carbon neutral strategy

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Forecast savings not delivered	Financial enabling workstream part of programme governance which is regularly monitoring the cost/benefits forecast. Escalation to Delivery Board
Changes not delivered in time for budget cycle	Programme and individual project Boards in place, reporting to the Executive Delivery Board
Employee relations issues associated to changes in roles and structures	Ongoing dialogue with the TU. Every change related to contracts subject to formal consultation period

Legal Implications:

This report updates Cabinet on the progress of the transformation programme and the associated savings proposals. The financial forecasts will be incorporated in the Medium Term Financial strategy. Legal advice and support will be provided at all stages of the programme to each of the work programmes. Periodic updating reports will be provided to Cabinet.

Equalities Impact assessments will be carried out throughout the programme to ensure that the proposals meet our legal duties in accordance with the Equalities Act 2010.

Financial Implications:

The delivery of the savings associated with the transformation programme are key to supporting the Council in closing the financial gap in the current and future years. There are a number of proposals within the programme that span all departments and this programme is being managed in conjunction with the Councils mainstream savings programme to ensure there is no overlap and that all savings are accounted for only once.

The revised profile of the transformation programme cashable savings has been built into the refresh of the Councils medium term financial strategy.

Background papers:

Transformation Report to Council Cabinet; July 2021

<https://councildecisions.bury.gov.uk/documents/s27913/Transformation%20Strategy.pdf>

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning