

AUDIT & RISK MANAGEMENT COMMITTEE**27 JANUARY 2020**

REPORT TITLE	Transformation Portfolio Update
REPORT OF	Nicola Boardman (Director of Change & Organisation Design)

REPORT SUMMARY

This report has been prepared in response to a request by the Chair of the Audit and Risk Management Committee to provide an update on the Council's Transformation Portfolio initiated in March 2016. The report provides an overview of the organisational context for this work, Portfolio design and set up, governance and funding arrangements, as well as the main projects and benefits delivered. The report goes on to set out current arrangements for the management of the Council's on-going Strategic Change Portfolio.

RECOMMENDATION/S

- **The Committee is recommended to note the contents of this report and highlight any comments or questions.**

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To provide Members of the Audit & Risk Management Committee with an opportunity to review the Transformation Programme initiated in 2016.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The report is provided for information purposes in response to a direct request by the Chair of the Audit & Risk Management Committee. No other options have been considered.

3.0 BACKGROUND INFORMATION

Organisational Context

- 3.1 The Transformation Portfolio was initiated in March 2016 by the then Chief Executive. The Portfolio was developed in response to increasing financial pressures resulting from central government austerity measures and a reduction in the Council's Revenue Support Grant in conjunction with increasing demand for a number of critical Council Services. The five-year budget deficit forecast in the 2016 Medium Term Financial Strategy (MTFS) set out the scale of the challenge as shown below:

2016 Budget Deficit Forecast:

2016/17	2017/18	2018/19	2019/20	2020/21	Total
£28m	£26m	£21m	£21m	£33m	£129m

- 3.2 The Transformation Portfolio also formed part of the Council's response to a Corporate Peer Challenge in autumn 2015 which stated:

"To deliver on the pledges the Council will need much more focus on organisational development and a strong corporate transformation function. It will also need to examine the functions which sit in Business Support to enable transformation to be effective and undertaken at pace", (Corporate Peer Challenge 18 November 2015).

The approach adopted was set out in a report to Cabinet (21 March 2016, Minute No 120 refers) which specified two elements to be delivered concurrently: The implementation of a new operating model for the organisation and a Transformation Programme to drive forward new models of service delivery. This approach was strongly endorsed by colleagues from the Local Government Association.

Programme Design and Set Up

- 3.3 A Transformation Office was set up in March 2016 to take forward this work. Oversight was maintained by a Transformation Portfolio Board chaired by the Cabinet Member for Transformation and Improvement, former Councillor Ann McLachlan.

3.4 The former Chief Executive appointed an Interim Director of Transformation, Stephen Butterworth to oversee the mobilisation and delivery of the Transformation Portfolio. Work was commissioned at a cost of £392,580 from Capita PLC to set out the capabilities required of the Transformation Office to deliver a significant programme of change. A business case was produced setting out the Council's urgent need for substantial transformation capability and the broad range of skills required. The business case advised that without this new and flexible transformation capability, there was a risk to achieving defined objectives including realisation of savings. Whilst a number of key roles were filled, Wirral Council did not fulfil the transformation office structure as proposed in the business case. Key roles not filled, included Benefits Manager/ Programme Finance Analyst.

3.5 The Portfolio was aligned to the 2016 MTFS which set out savings assumptions against the following themes: Managing Demand; Delivering Differently; Service Change; Income and Growth; Resource Management and Commissioning Differently. The Transformation Portfolio became the vehicle for the Delivering Differently theme, supporting an agenda to explore new ways to provide services through alternative delivery models. Under this theme, a number of service change proposals were developed. These, along with their associated savings assumptions (as forecast in the 2016 MTFS) are set out in the table below.

3.6 Delivering Differently Savings Assumptions

Service Change Proposal	17/18 £m	18/19 £m	19/20 £m	20/21 £m	Total £m
Leisure & Cultural Services	0.80	-	-	10.30	11.10
Access Wirral	0.30	-	-	4.30	4.60
Community Safety	-	-	-	0.10	0.10
Adult Social Care Integration	2.90	4.00	3.50	4.00	14.40
Children's Services managing Demand	1.40	3.70	3.70	1.20	10.00
Total	5.40	7.70	7.20	19.90	40.20

3.7 Two Strategic Programmes were defined and mandated to take forward these proposals as below:

Strategic Programmes

Customer Experience Transformation Programme (CETP)	Assets Transformation Programme (ATP)
Purpose: To define and transform services to meet the needs of Wirral Residents.	Purpose: To reform the Wirral estate to be efficient and strategically constructed, to support the 20 pledges and increase income.
Scope: <ul style="list-style-type: none"> • Customer insight and segmentation • Customer contact • Community Safety • Adult Social Care Integration • Children's Services 	Scope: <ul style="list-style-type: none"> • Consolidate office accommodation • Develop One Public Estate to encourage better use of buildings by partners • Commercialism • Service Transformation: Libraries, Leisure, Floral Pavilion, Parks and Open Spaces.

Governance and Funding

- 3.8 As part of the programme design and set up referred to above, a transformation governance approach was developed following good practice in portfolio management to ensure consistency and control in the delivery of programmes and projects. The approach included: Business case gateway in line with the 'five case model'; defined project lifecycle and workflow; configuration index of PPM guidance and templates; defined roles and responsibilities.
- 3.9 Each programme was aligned to the Wirral Plan themes and pledges and a Senior Responsible Owner and Programme Manager were appointed. Programme Boards were set up to define the required projects and budgets to achieve overall Portfolio objectives. As Business Cases were brought forward, these were taken through an Overview and Scrutiny process to enable members to review and comment on proposals.
- 3.10 The Transformation Office and Portfolio were initially funded through the flexible use of capital receipts. In order to accelerate delivery, early appointments to the team were through the hiring of agency staff to initiate programmes and manage early projects. In time and to secure a more efficient delivery model, this moved to the establishment of a full-time, core team, with the option to bring in specialist skills or additional resources subject to demand.
- 3.11 In February 2017, Paul Sator was appointed as the permanent Director of Transformation. The new Director reviewed the status, issues and risks of all programmes and projects within the Transformation Portfolio. In addition, an assessment of the anticipated benefits and savings assumptions as defined in the MTFS was undertaken. This assessment highlighted that many of the original, forecast savings assumptions had been unrealistic or over-optimistic. This was reported to the then Chief Executive and Senior Leadership Team.
- 3.12 Wirral's Children's Social Care Service was deemed inadequate by Ofsted in September 2016. This led to the need to establish an improvement Board and plan to drive forward service improvement. In November 2017, Children's Services' was identified as having a significant budget gap. This led to the allocation of an additional £15m core budget with a further £10m through flexible use of capital receipts to transform the service onto a more financially stable model. This reduced the availability of capital receipts for qualifying transformation expenditure for the wider organisation.
- 3.13 Whilst the delivery of financial benefits through the Transformation Portfolio has proved challenging, there has been success in implementing new service delivery models, capabilities and improvement for the organisation. A summary of the projects delivered including aims, outputs, status and benefits is set out in Appendix 1 to this report.

Transition to Current Arrangements

- 3.14 In January 2018, the then Chief Executive implemented a further organisational restructure and the Transformation Office was re-focussed as a Programme Management Office (PMO) to support corporate consistency and provide assurance

for the delivery of strategic programmes and projects. Following the local election in May 2018, the Transformation Cabinet Portfolio holder role was discontinued by the Labour Group administration with the oversight of change being mainstreamed across all Cabinet portfolios to ensure Council-wide ownership of the transformation agenda.

- 3.15 It is acknowledged the Council has had to develop quickly from a position of having limited experience or capacity for implementing change. The scale of the work to modernise and transform services to meet the financial challenge remains significant. The experience of implementing the Transformation Portfolio has provided considerable learning which is now being used to inform the on-going development of the Strategic Change Portfolio.
- 3.16 In particular, the need for change to be service led but with strong corporate oversight, governance and control. This is now being developed through a corporate Programme Management Office (EPMO) model which will ensure:
- Governance and accounting of the investment in change is robust and separate from business as usual, with return on investment clearly defined,
 - Closer alignment with finance and the MTFS to define and realise the financial benefits of change.
- 3.17 New governance and programme management arrangements have been developed as set out below:
- 3.18 **Investment & Change Board** – this has replaced the Transformation Portfolio Board to provide oversight of the Strategic Change Portfolio. Chaired by the Director of Finance and Investment / Section 151 Officer, its membership is made up of selected members of the Strategic Leadership Team and relevant corporate service leads. Senior Responsible Owners of the Council's key strategic programmes are in attendance to be held to account for delivery. The Board scrutinises all emerging business cases to ensure business justification and alignment with strategic priorities.
- 3.19 **Corporate & Technical Design Authority** – chaired by the Director of Change and Organisational Design, this acts as a gateway for all new organisational design proposals and requests for new IT solutions. This ensures alignment with the Council operating model and digital strategy. Reports up to the Investment and Change Board.
- 3.20 **Capital & Assets Group** – Chaired by the Assistant Director for Finance and Investment, the group monitors and reports on the Council's Capital Programme. CAG also acts as a gateway for all new requests for capital programme funding and reports up to the Investment and Change Board.
- 3.21 **Strategic Programmes** – Programmes are mandated and reviewed by the Investment and Change Board to achieve specified outcomes and deliver against Council priorities. For each defined programme, a Senior Responsible Owner is appointed, and a Programme Manager assigned. The Chief Executive is currently reviewing Strategic Programmes, however, for information the current Portfolio governance arrangements are included in Appendix 2.

Member Engagement

- 3.22 In terms of current arrangements, Portfolio Holders are regularly briefed on proposals within their Cabinet Portfolios. Key decisions are planned into the work programmes of scrutiny committees to ensure opportunities for pre-decision scrutiny are realised. Moving into the new municipal year, it will be critical to align the governance of change with the emerging committee system to ensure there is assurance of the Council's evolving Strategic Change Portfolio by the appropriate Committee.
- 3.23 It is proposed that regular reporting of progress is designed and embedded into the new Council governance arrangements. As a minimum, a quarterly update report should be provided for review by the relevant committees.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications arising as a direct result of this report.

5.0 LEGAL IMPLICATIONS

- 5.1 There are no legal implications arising as a direct result of this report.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no resource implications arising as a direct result of this report.

7.0 RELEVANT RISKS

- 7.1 There are no risks arising from this report. In line with good programme and project management practice, detailed risk registers are maintained and regularly reviewed in support all defined programmes and projects.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 For all programmes and projects, stakeholder mapping is undertaken and used to inform communication plans.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are no equality implications arising as a direct result of this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 There are no environment / climate implications arising as a direct result of this report. Climate implications in relation to specific projects and programmes will be included through future reporting arrangements.

REPORT AUTHOR: Tim Games,
Head of Business Change and Programme Management
0151 691 8170
timgames@wirral.gov.uk

APPENDICES

Appendix 1 – Summary of Transformation Portfolio Projects and Benefits

Appendix 2 – Strategic Portfolio Governance

BACKGROUND PAPERS

N/A

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Outline Transformation Approach	21 March 2016
Audit & Risk Management Committee – MTFS Looking Back Looking Forward	11 March 2019

Appendix 1: Summary of Transformation Portfolio Projects and Benefits:

Programme / Theme	Project	Start Date	End Date	Status	Budget	Commentary and Benefits
CETP / Customer insight and segmentation	Power BI project	10/12/18	17/12/19	Live	£420,000	Phase 1 of Power BI implementation has led to improved performance reporting and analysis prioritised around services for vulnerable children and adults. The financial benefits forecast in the business case for capital investment are £1,764,000 delivered through service efficiencies or improvements within a context of increasing demand.
CETP / Customer contact	Advanced Digital Portal Project	01/11/16	30/06/18	Closed	£240,000	The project has led to digitisation of Council Tax and Housing Benefit transactions to improve efficiency including: <ul style="list-style-type: none"> • 84% of all Housing Benefit and Council Tax claims now online. • 30% of all Change in Circumstance applications now online. • 34% of New Claims are processed via automation.
	Customer Access Solution	01/01/18	31/03/21	Live	£2,873,910	<ul style="list-style-type: none"> • Over 22,000 customers signed up to 'My Wirral' user account. • Programme to shift legacy forms onto new customer access platform. • Implementation will deliver an increase in internal capacity.
CETP / Community Safety	Safer Wirral Project	03/09/16	27/07/17	Closed	£70,000	<ul style="list-style-type: none"> • Integrated, service established with Police at Solar Campus • Improved intelligence, planning and deployment of services. • Reduction in crime and ASB levels.
CETP / Adult Social Care Integration	Adult Social Care Integration Project	08/08/16	28/06/17	Closed	£1,400,000	This project delivered the initial integration of NHS and Council social care services under a single service model. The development of the service continues and contributes to meeting additional service demands. On target over a 4 year profile to deliver net financial savings totalling £14.4m.
	Integrated Commissioning Project	23/03/17	01/05/18	Closed	£112,218	Better demand management and market development. Single point of commissioning reducing duplication and improving outcomes. Contributes to Adults Social Care integration savings of £14.4m.
	All Age Disability & Mental Health Project	01/09/17	30/09/18	Closed	£70,000	Delivery of a single integrated children and adult disability and mental health service located at Millennium House, Leasowe. Contributes to Adults Social Care integration savings of £14.4m.
CETP / Children's Services	Children's Improvement	01/10/16	31/03/20	Live	See 3.13 above	<ul style="list-style-type: none"> • Ofsted Report: Inspection of Children's Social Care Services - judgement 29/07/19

						<ul style="list-style-type: none"> In the 2018/19 budget an additional £25m investment was provided for Children's Services. This was to support the Transformation of the Service and stabilise the budget against significant demand pressures. Revised savings from the Children's Services Improvement Programme were forecast in the March 2019 ARM Committee paper (MTFS Looking Back, Looking Forward) of £12.5m
ATP / Partnership for Growth (JV)	Wirral Growth Company Programme	27/02/17	31/03/20	Live	£2,800,000	<ul style="list-style-type: none"> Procurement and mobilisation of Wirral Growth Company through Joint Venture with Muse. Secure local economic growth, job creation and training and skills development opportunities for Wirral residents. Make a positive contribution towards delivery of the local authority's Asset Transformation Programme. Contribute to ensuring that businesses encouraged to invest in the Wirral have access to property that meets their needs and delivers business rate growth. Better utilise the Council's assets to drive socio-economic change to secure a sustainable future for the benefit of the community. Maximise the Council's financial return from the disposal of its land and property assets, with a preference to generate secure revenue income streams. To encourage additional private sector investment, capacity and capability is enabled to support the broad regeneration objectives of the Council.
ATP / Consolidate Office Accomm.	Asset Consolidation / Staff Relocation Programme	27/02/17	30/09/22	Live	£1,000,000	<ul style="list-style-type: none"> Programme on course to relocate c1,300 staff to fewer sites Service improvement through co-location and increased collaboration Optimisation of vacated sites and buildings for reuse/capital receipts Programme benefits forecast as £3.3m.
ATP / Libraries, Leisure, Floral Pavilion, Parks and Open Spaces.	Review of Libraries Leisure & Cultural Services Review	01/10/16	31/03/20	Live	£567,000	<p>Original approach developed business case for alternative delivery model for Libraries, Leisure and Cultural Services. Business benefits identified did not sufficiently meet expectations, service outcomes and efficiencies. Subsequent projects have considered service transformation.</p> <ul style="list-style-type: none"> Golf – Procurement exercise completed for Arrowe Park & The Warren. Proposals not progressed. Floral Pavilion – procurement exercise in progress (decision pending) Libraries – Strategy developed and consultation completed. Programme of individual library proposals in development. <p>Financial benefits to be confirmed pending outcomes of above initiatives.</p>

Appendix 2: Strategic Portfolio Governance

