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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date :</b>	<b>30 March 2010</b>
<b>Report By:</b>	<b>Corporate Director Improvement &amp; Performance</b>	<b>Report No :</b>	<b>ICT/001/1003/GRM</b>
<b>Contact Officer:</b>	<b>Gordon McLoughlin</b>	<b>Contact No:</b>	<b>01475 712787</b>
<b>Subject:</b>	<b>Transformation Programme – Implementation of the Operating Model</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide members with an update on progress with the implementation of the Operating Model.
- 1.2 The report also seeks approval for revised governance and management arrangements for the Council's overall Transformation Programme.

## 2.0 SUMMARY

- 2.1 Policy and Resources Committee agreed in November 2009 to develop and implement Phase 2 of the Operating Model and to revise the release schedule to align the Operating Model with other related activities within the broader Transformation Programme.
- 2.2 Over the last two months the following progress has been made:
  - Revised the governance and management arrangements for the overall Transformation Programme
  - Aligned activities within the Transformation Programme
  - Revised the scope and timelines for Phase 2 of the Operating Model. This revised scope is detailed in Appendix 2
  - Conducted initial presentations and workshops with the CMT and ECMT to further develop the definition and understanding of Phase 2 of the Operating Model
  - Developed the HR/OD mechanisms to be used in identifying staff that are within scope of Phase 2 of the Operating Model
  - Developed initial plans on delivering the Transformation Programme communications programme to inform staff and stakeholders
  - Appointed the new Customer Services Manager, who commences on 1 April 2010
- 2.3 In order to ensure that the Operating Model is synchronised with the wider Transformation Programme for the Council, revised governance and management arrangements have been developed.

This framework detailed in Appendix 1, proposes the establishment of a Transformation Programme Board to oversee the various related activities within the Transformation Programme.

The new governance and management arrangements will replace the existing governance and management arrangements for the M&E Programme.

The Transformation Board will now engage with the Strategic Leadership Forum (SLF) instead of the

Member Reference Group. This is in recognition of the wider scope of the Council's Transformation Programme.

The Transformation Board is supported by the creation of two new Executive Implementation Groups (EIGs) chaired by the relevant Corporate Director to ensure that the implementation of the Operating Model and proposals on Asset Management are delivered in an appropriate and timely manner.

It is recommended that the Committee agree the revised governance and management arrangements for the Transformation Programme.

- 2.4 The Policy and Resources Committee approved the funding model to deliver Phases 1 to 3 of the Operating Model in May 2009. The implementation of Phase 2 of the Operating Model will be delivered within the budget previously agreed. A detailed breakdown is shown in the financial statement in Appendix 4.

Phase 2 of the Operating Model will reduce operating costs by £1.4m by 1 April 2011.

### **3.0 RECOMMENDATION**

- 3.1 It is recommended that the Committee agree to :-

- a Approve the revised governance and management arrangements for the Transformation Programme.
- b Confirm the revised scope of Phase 2 of the Operating Model as detailed in Appendix 2.
- c Note the positive progress being made with the development and delivery of Phase 2 of the Operating Model.
- d Note the funding position of the Operating Model as detailed in Appendices 3 & 4.

Paul Wallace  
Corporate Director  
Improvement & Performance

## 4.0 BACKGROUND

- 4.1 Policy and Resources Committee agreed in November 2009 to develop and implement Phase 2 of the Operating Model and to revise the release schedule to align the Operating Model with other related activities within the broader Transformation Programme.
- 4.2 The Policy and Resources Committee approved the funding model to deliver Phases 1 to 3 of the Operating Model in May 2009. The implementation of Phase 2 of the Operating Model will be delivered within the budget previously agreed. A detailed breakdown is shown in the financial statement in Appendix 4.

Phase 2 of the Operating Model will reduce operating costs by £1.4m by 1 April 2011.

## 5.0 PROGRESS

- 5.1 Over the last two months the following progress has been made:

- Revised the governance and management arrangements for the overall Transformation Programme
- Aligned activities within the Transformation Programme
- Revised the scope and timelines for Phase 2 of the Operating Model. This revised scope is detailed in Appendix 2
- Conducted initial presentations and workshops with the CMT and ECMT to further develop the definition and understanding of Phase 2 of the Operating Model
- Developed the HR/OD mechanisms to be used in identifying staff that are within scope of Phase 2 of the Operating Model
- Developed initial plans on delivering the Transformation Programme communications programme to inform staff and stakeholders
- Appointed the new Customer Services Manager, who commences on 1 April 2010

- 5.2 As the momentum gathers for the development of Phase 2, there are a number of key activities that are about to be commenced, these are:

- Finalise the scope of Transactional Shared Services
- Deliver appropriate employee communication
- Implement the next interim structure in the CSC
- Deliver workshops to 3<sup>rd</sup> & 4<sup>th</sup> tier managers

## 5.3 Financial Summary

Appendix 3 shows the current position of the MGF2, MGF3 and M&E funding streams which contribute to the funding of the Operating Model.

The Council agreed to fund Phases 1 to 3 of the Council's new Operating Model with £1m from reserves in May 2009. A detailed breakdown of these costs is included in Appendix 4.

## 6.0 CONSULTATION

- 6.1 The CMT and other relevant officers were consulted during the preparation of this report.

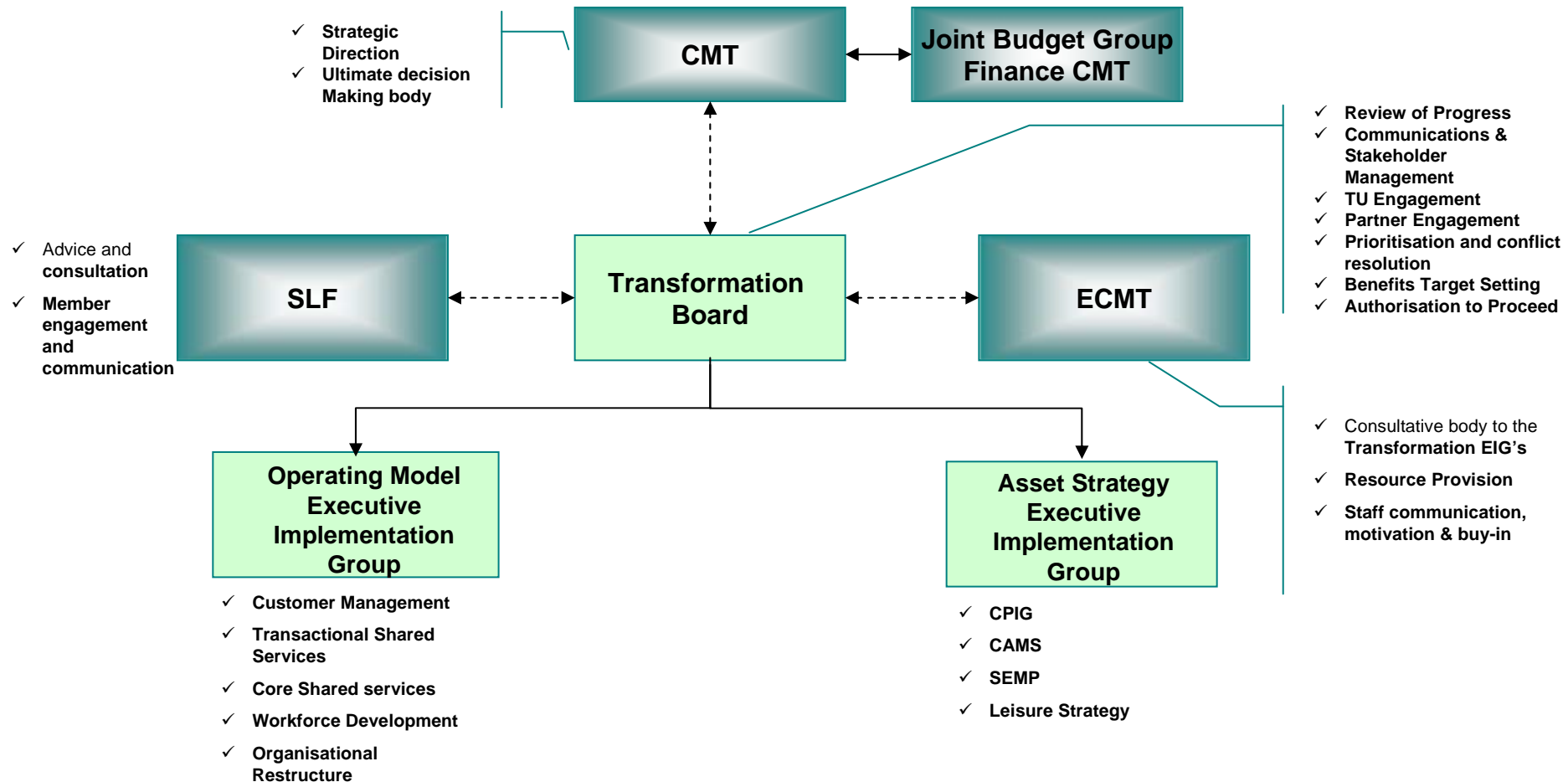
## **7.0 LEGAL CONSIDERATIONS**

7.1 There are no legal considerations.

## **8.0 EQUALITIES**

8.1 The report has no impact on the Council's Equalities policy.

# Transformation Programme - Governance and Leadership



# Transformation Programme - Governance and Leadership

Group	Responsibilities	How Often	Who
<b>Corporate Management Team</b>	<ul style="list-style-type: none"> <li>✓ Strategic Direction</li> <li>✓ Ultimate Decision Making Body</li> </ul>	<ul style="list-style-type: none"> <li>✓ Monthly dedicated Transformation CMT</li> </ul>	<ul style="list-style-type: none"> <li>✓ CMT and relevant officers</li> </ul>
<b>Transformation Programme Board</b>	<ul style="list-style-type: none"> <li>✓ Review of Progress</li> <li>✓ Communications &amp; Stakeholder Mgt</li> <li>✓ TU &amp; Partner Engagement</li> <li>✓ Consistency across all EIGs</li> <li>✓ Prioritisation and Conflict Resolution</li> <li>✓ Benefits Target Setting</li> <li>✓ Authorisation to Proceed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Meets monthly</li> <li>✓ Chair - Chief Executive</li> </ul>	<ul style="list-style-type: none"> <li>✓ Chief Exec</li> <li>✓ EIG Leads</li> <li>✓ Other relevant officers</li> <li>✓ TU's</li> <li>✓ Partners (where relevant)</li> </ul>
<b>Executive Implementation Groups</b>	<ul style="list-style-type: none"> <li>✓ Over-arching business solution</li> <li>✓ Change control, risk &amp; Issue management</li> <li>✓ Accountable for delivery &amp; benefits realisation</li> <li>✓ Resource Management</li> </ul>	<ul style="list-style-type: none"> <li>✓ Meets weekly</li> <li>✓ Chair - Corporate Directors</li> </ul>	<ul style="list-style-type: none"> <li>✓ Corporate Director plus other relevant officers</li> </ul>
<b>Extended Corporate Management Team</b>	<ul style="list-style-type: none"> <li>✓ Sounding Board for Transformation Programme Board / EIGs</li> <li>✓ Resource Provision</li> <li>✓ Communication, motivation &amp; buy-in</li> </ul>	<ul style="list-style-type: none"> <li>✓ Ad-hoc as required</li> <li>✓ Regular briefings through project reports etc.</li> <li>✓ Chair – Chief Exec</li> </ul>	<ul style="list-style-type: none"> <li>✓ All Chief Officers</li> </ul>
<b>Strategic Leadership Forum</b>	<ul style="list-style-type: none"> <li>✓ Sounding Board for Transformation Programme Board / EIGs</li> </ul>	<ul style="list-style-type: none"> <li>✓ 6-8 weekly</li> <li>✓ Regular briefings</li> <li>✓ Chair – Council Leader</li> </ul>	<ul style="list-style-type: none"> <li>✓ Senior Councillors</li> <li>✓ Chief Exec</li> <li>✓ CMT</li> <li>✓ Other relevant Officers</li> </ul>

# Revised Whole Council Transformation Plan – to July 2012

2009		2010		2011		2012			
Oct'09 - March'10		April'10 - March'11		Apr'11 - July'11		Aug'11- Jan'12		Feb'12 – July'12	
<p><b>Phase 1</b></p> <p>Launch of the Customer Contact Centre with initial Operational Support capability. Focus upon Revs &amp; Bens with additional parts of Environmental Services and some Corporate services moving to the new ways of working and structures in the FOM.</p>		<p><b>Phases 2&amp;3</b></p> <p>Implementation of improved processes around scheduling and appointments, ebenefits and epayments                      Addition of further services into the new Customer Contact Centre, including Planning and Building Control, processing all Licenses &amp; Permits and remainder of Environmental Services and Safer Communities customer functions.                      Creation of out of hours service (safer communities, social care, community alarms, roads).                      Focus upon internal Core and Transactional shared services around standardised Finance, HR &amp; Payroll, ICT and other support services.</p>		<p><b>Phase 4</b></p> <p>Customer Contact Centre focused upon providing access to specialists.                      Review of how Museums and Libraries support new ways of working (CM).                      Internal shared services focus on completing Procurement, Commissioning and creating shared Property, Estates &amp; Facilities function.</p>		<p><b>Phase 5</b></p> <p>Addition of further services into the Customer Contact Centre, including remaining Education HQ services and first significant Social Care functions e.g. (Adults &amp; Older People).                      Standardising processes and new applications to support Stores &amp; Distribution functions.</p>		<p><b>Phase 6</b></p> <p>Addition of remaining services into the Customer Contact Centre. Main Social Care Function.                      Completion of deployment of new ways of working and technology enablers</p>	

Limit of Interim Property Solution

Future Releases dependant on suitable accommodation

1	2	3	4	5	6	7	8	9
<u>Funding</u>	<u>Project Name</u>	<u>Total Funding</u>	<u>Actual Spend to 31/03/09</u>	<u>Approved Budget 2009/10</u>	<u>Projected Spend 2009/10</u>	<u>Actual Spend 2009/10 at 31/01/10</u>	<u>2010/11 Onwards</u>	<u>Comments</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
<b>MGF 2</b>	CRM/Citizens Account	483	448	35	35	30		Multivue Master Client Index Implementation, Training & Services - by October 2009.
	Corporate GIS	81	59	22	22	15		Integration work with GIS expected in 2009/10.
		<b>564</b>	<b>507</b>	<b>57</b>	<b>57</b>	<b>45</b>		
<b>MGF3</b>	Part 1 - Smart Card Young Persons	51	0	51	51	0		Reserved for Young Persons smartcard implementation - funds due to Scot. Gov. £51k now proposed to be written back to General Fund.
	Back Office System Integration	150	0	150	24	24	126	Relating to Customer Services. Scheduled to complete 2009/10. £50k slippage into 2010/11.
	Part 2 - E-Procurement	180	0	180	0	0	180	Business Case being developed.
	CRM Integration Services	119	4	115	61	59	54	Majority of work to be completed 2009/10.
	Contingency	20	0	20	20	16		Ad hoc reviews/costs.
		<b>520</b>	<b>4</b>	<b>516</b>	<b>156</b>	<b>99</b>	<b>360</b>	
<b>M&amp;E Fund</b>	<u>Asset Management</u>							
	Asset Management - title checks for disposals (P&R Feb '08)	40	18	22	0	0	22	Remaining disposal checks to be completed in 2010/11.
	Asset Management - market overview for disposals (P&R Feb '08)	50	4	46	0	0	46	Majority of market overview for disposals to complete in 2010/11.
	Asset Management - prep work for Municipal Buildings reconfiguration options (P&R Feb '08)	60	52	8	2	2	6	Remaining budget to be used in preliminary work for front of Municipal Buildings.
	<u>Other</u>							
	Salary Recharges	243	118	115	115	115		Salary recharges for 2009/10. 2010/11 recharge met by FOM.
	Balance of Funding	8	0	18	18			Balance of Funding transferred to FOM.
		<b>401</b>	<b>192</b>	<b>209</b>	<b>135</b>	<b>117</b>	<b>74</b>	



**Operating Model - Earmarked Reserve**

	<u>£000's</u>	<u>£000's</u>
Unspent M&E Balance 31/3/09		(14)
Reserves Contribution Agreed September 2008		(160)
Additional Contribution from Reserves		(166)
Balance Agreed February 2009		(1,000)
Contribution from Core ICT budgets		
2009/10	(34)	
2010/11	(34)	(68)
Less: 2010/11 Salary Recharge	100	<u>100</u>
		(1,308)
Less: Gross Revenue Expenditure*		
2008/09 Release 1-3 Costs	160	
2009/10 Release 1-3 Costs	453	
2010/11 Release 1-3 Costs	605	
2011/12 Release 1-3 Costs	<u>64</u>	<u>1,282</u>
<b>(Balance)/Overspend remaining 31.03.11</b>		<u><u>(26)</u></u>

**Notes:**

- \* Inclusive of Loan Charges resulting from Capital Expenditure
- \*\* In excess of savings already included in budget.

Rephasing of the capital works has resulted in a reduction in expected loan charges in 2009/11 totalling £26,000.

**Operating Model - Financial Monitoring, Overall Revenue Costs**

	<u>Actual to</u> <u>31/3/09</u> <u>£000's</u>	<u>2009/10</u> <u>Actual to</u> <u>31/01/10</u> <u>£000's</u>	<u>2009/10</u> <u>£000's</u>	<u>2010/11</u> <u>£000's</u>	<u>2011/12</u> <u>£000's</u>
<b><u>Release 1</u></b>					
Consultants	160	119	90	0	0
Direct Employee Costs	0	65	28	0	0
Training	0	20	70	0	0
Maintenance Agreement	0	0	0	0	0
7/8 Clyde Square Rental	0	5	20	30	17
Loan Charges - Property	0	2	3	19	0
Loan Charges - Operating Model	0	11	11	94	0
<b>Release 1 Totals</b>	<b>160</b>	<b>222</b>	<b>222</b>	<b>143</b>	<b>17</b>
<b><u>Releases 2&amp;3</u></b>					
Consultants	0	0	148	156	0
Direct Employee Costs	0	0	36	197	47
Training	0	0	25	0	0
Maintenance Agreement	0	18	18	50	0
7/8 Clyde Square Rental	0	0	0	0	0
Loan Charges - Property	0	0	0	0	0
Loan Charges - Operating Model	0	1	4	60	0
<b>Release 2&amp;3 Totals</b>	<b>0</b>	<b>19</b>	<b>231</b>	<b>463</b>	<b>47</b>
<b><u>Total of Release 1-3</u></b>					
Consultants	160	119	238	156	0
Direct Employee Costs	0	65	64	196	47
Training	0	20	95	0	0
Maintenance Agreement	0	18	18	50	0
7/8 Clyde Square Rental	0	5	20	30	17
Loan Charges - Property	0	2	3	19	0
Loan Charges - Operating Model	0	12	15	154	0
<b>Release 1-3 Totals</b>	<b>160</b>	<b>241</b>	<b>453</b>	<b>605</b>	<b>64</b>
Contribution from Reserves	(160)	(241)	(453)	(605)	(64)
<b>Cost to General Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>