Folkestone & Hythe District Council

Report Number: **C/19/65**

To:	**Cabinet**
Date:	**19 February 2020**
Status:	**Non Key Decision**
Director:	**Tim Madden, Transformation and Transition**
Cabinet Member:	**Councillor David Monk, Leader of the Council**

SUBJECT: **Transformation Update**

SUMMARY: This report gives an update to Cabinet on the Council's Transformation programme as it enters its delivery phase.

REASONS FOR RECOMMENDATION:

Cabinet is asked to agree the recommendations set out below because:-

(a) FHDC are currently in phase 3 (Implementation) of its ambitious transformation programme. This document provides the conclusions of work through phases 1 and 2 and updated expectations of redesigned Council services and organisational model supported by Cabinet at its meeting in June 2017 and approved by Council at its meeting of February 2018.

This report includes, details of the future operating model and the supporting organisation model, along with the high-level implementation strategy and governance. It also outlines that by adopting the refreshed ICT Strategy and making an investment in its ICT infrastructure and changing its business operations, the Council can achieve improvements in services for residents and deliver genuine efficiency without cutting services.

RECOMMENDATIONS:

Cabinet is asked to:

1. Receive and note Report C/19/65.

1. Introduction

1.1 At its meeting of 28 February 2018, the Council agreed report A/17/24 (Transforming Shepway) which proposed a Council wide transformation programme and presented the case for investing in a significant modernisation of the Council, the use of technology and how this related to the relationship with its customers. The case for investment was underpinned by the need to meet increased expectations whilst needing to deliver financial savings. The report can be found at:

https://www.folkestone-hythe.gov.uk/moderngov/documents/s26561/Council%20Report%20Transformation%20FINAL.pdf

1.2 Following the agreement of the report, the programme has been progressed and developed. The purpose of this report is to provide members with an update of key activities and achievements to date. The original blueprint (attached as an appendix to the aforementioned report) was produced with the support of the Ignite consultancy. Following a competitive tendering exercise, the programme was advanced with the support of the Iese consultancy. However, at present the programme is largely being managed internally with the support of an external programme manager.

1.3 The programme itself consisted of 4 delivery phases. Phase 1 (Design and Blueprint) and phase 2 (Analysis and Strategy) have been completed. Phase 3 (Implementation) is currently being undertaken. The final phase 4, is Continuous Improvement and represents the move to an organisation which is constantly developing in the face of changing needs and demands.

1.4 The current phase 3 has the most direct impact upon the staff of the organisation and represents the widest change in the operation of the council.

1.5 The aim of this programme is to design a new model to deliver services which will make the council more flexible and customer focussed. This will give the customer a better experience from the council and also allow them to be more in control of their demands of the council. The new model will fundamentally change service delivery, improve business processes and reduce costs whilst investing in our frontline services to meet the demands of customers and communities

2. Objectives of Transformation

2.1 The aim of the transformation programme, as identified above, is to broadly modernise the operation of the council, take advantage of the opportunities provided by new digital technology and to change the relationship between the council and its customers. The key objectives which have been developed are to:

- Improve service delivery
- Improve resilience
- Improve efficiency

- Deliver financial savings

It is important to note that while financial savings have been an element of the programme, they are only one part of a wider modernisation for the council to deliver its services differently and are not the sole driver.

2.2 The programme itself aims to modernise the Council, enabled by ICT, putting the customers at the heart of what it does and designing services around them. This will help improve the level of service to both existing and new customers and will build the capability of the council to engage with an ever increasing technology capable population while maintaining the option to provide tailored services to our most vulnerable customers.

2.3 The programme development has identified a number of project deliverables which include:
- A new model of public service delivery
- Improved customer processes enabled by digital technology
- A year on year reduction in net expenditure
- Implement new methods of service delivery including changing behaviours of customers
- Continue to be ambitious and deliver high quality services and major projects
- Enable a workforce with the skills, behaviours and abilities essential to delivering high-quality public services

2.4 Underpinning the objectives are 13 principles or "ground rules" which articulate how the new model operates. These reflect the principles for any developments within the model and underpin the delivery of the key objectives mentioned above. The principles are:

1. Focus on the customer experience
2. Fewest steps for the customer
3. Keep customers informed
4. Digital by default
5. Resolve first time
6. Collect less and tell us once
7. Use skills and expertise effectively
8. Efficient working
9. Use technology to ensure compliance
10. Real-time measurement to improve
11. Supporting customers to do more
12. Proactively prevent and shape demand
13. GDPR

These design principles help people to understand where the Council is heading and what should be expected with any developments in the model. They are used throughout the proposed implementation to support decision making in the service redesign work stream.

2.5 The overall objectives as identified above underpin and inform the Future Operating Model (FOM). This was set out within the original Council report however has been developed to reflect the more detailed and organisation appropriate work undertaken to date. This has informed the new structure

of the council which has been approved by Personnel Committee at its meeting of 15 November 2019.

3. Progress to Date

3.1 The transformation programme has been set out over 4 delivery phases (see paragraph 1.3 above). The current phase is the implementation phase (3) which is divided into 3 stages. The first stage covers strategy and democratic services, support services, strategic projects and economic development and was launched as a "go live" on the 18 November. The second phase, covering the Place and Housing and Operations directorates is currently out to consultation which ends on the 10 February. The new structures will become effective from the 20 April. The third stage covering IT, HR Communications will take place and conclude during the summer with Development Management forming the fourth stage to be concluded in the autumn of 2020.

3.2 Once this is complete, the final phase (4) is continuous improvement and embedding this throughout the organisation is a key part of ensuring the transformation objectives are successfully me.

3.3 The implementation stage is progressing well and, as outlined above, will be completed during summer 2020. However, to deliver the key objectives and changes needed for the organsation a number of other actions have been taken which will have a significant impact upon the organisation. Some of these are set out below:

- A high level structural change reducing senior management costs by 27%
- The introduction of a new People Strategy which was presented to Personnel Committee as part of the HR Annual Review in June 2019. This is to ensure the future workforce has the skills and culture to deliver the transformation programme and to continue embedding continuous improvement and includes areas such as training and development, performance and reward and recognition,
- The development of role families across the council to provide greater opportunities for staff and to provide greater clarity and equity across staff groups
- Introduction of the behaviour framework to embed positive values and behaviours for the future. Each employee has an individual assessment and a Personal Development Plan based on that assessment.
- Development of a new Communications and Engagement Strategy including the "Place" campaign.
- A new digital strategy to recognise the importance of implementing a digital infrastructure and culture across the council
- Implementing a new case management approach which is customer focused

- Delivering a major change in the ICT infrastructure of the council (see more detail below)
- Establishment of area officers with a view to enhance and strengthen their roles in future stages

These actions have cut across the whole council and are changing the way it operates and will be completed by summer 2020

3.4 A major part of the programme has been work undertaken in the technology work stream. The success of the programme relies upon a sound technology solution. However, it should also be noted that the technology is a means to an end and supports the delivery of the key objectives and the design principles. The primary technology investment required to implement the future operating model is in the integrated, customer focused technology solution that will underpin and enable the new ways of working. Much of the necessary upgrading of existing ICT infrastructure would be needed without the transformation programme in order to meet modern day standards and expectations. The investment being made will provide a platform for the future and greater flexibility moving forward and will replace outdated technology.

3.5 A fully integrated technology platform is needed to support the improvements in the following elements of the transformation programme:
- Customer enabling
- Customer self-serve
- A single view of the customer
- Automate work flow
- Document management
- Mobile solutions

3.6 The initial priority for implementation of system has been identified as:
- The implementation of a new Customer Relationship Management (CRM) and Digital Services platform and the implementation of a new information management /collaboration platform. These will provide the single view of the customer an customer journey
- The replacement of the existing contact centre technology platform with a new multi-channel contact centre platform
- A range of improvements to the Web Content Management System
- Mobile working.

A full procurement exercise has been carried out and Arcus Global was selected as the Salesforce partner to deliver platform environment and several apps that will replace current back office systems.

3.7 The technology work stream has been progressing well and some key systems are now in place. In particular, the following has been delivered:

- The introduction of a new multi-channel contact centre platform. This provides significantly enhanced technology for the contact centre, enhances mobile communication (through Skype) and has

enabled savings through the removal of desk handsets and a reduction in the number of mobile devices

- Windows 10 laptops being rolled out to all staff
- Replacement mobile phones for all staff
- Delivery of the internal staff hub to support internal case management
- Delivery of the new Planning, Building Control and Land Charges systems which are collectively known as the "Built Environment". These provide better functionality and will, over time, link in to provide part of the whole customer wide view
- Customer Services will be going live with the Customer Management (CRM) module in March. This system will allow us to build a profile of our customers and the services they are requesting over time.
- A new citizen self-service portal is also being delivered alongside the Customer Management module. Through the use of 'My Account', both residential and business customers will be able to look up their information, trace the progress of their requests and carry out transactions fully online without having to contact us via other channels.
- The new regulatory services module is due to be implemented in March which will replace the current Northgate M3 module
- There has been an ongoing move from premise based systems to cloud based systems in line with the agreed strategy. This will improve resilience and will also save in resource for ongoing updates and future capital cost replacement.

Although not directly linked to the transformation programme, Cabinet has also agreed to bring the existing external Steria contract back in house ideally from 1 April 2020. This is on track and once complete it will give the council the capacity and control to design the service in a way which is most appropriate to the demands moving forward. The benefits for this were discussed at the Cabinet meeting of 20 November 2019.

Benefits Realisation

3.8   The original proposal and blueprint model identified savings of "up to £1.8 million". Following the "deep dive" work by Iese, it was recognised there were issues which meant this target needed to be revised. These included the ongoing reinvestment back into key staffing areas, including Area Officers, strategic communications and strategic projects. Additionally, the revenues and benefits team was transformed as part of the council's digital transformation programme. This meant that the team had already sufficiently transformed its processes and reduced staff and therefore any additional efficiencies in this area are negligible. Following this analysis a revised saving of £1 million per annum ongoing is proposed as a realistic but challenging target.

3.9   The main drivers of the benefits realisation are remodeling how the Council works, putting in place demand management, achieving channel shift and using technology to achieve efficiencies. Redesigning the council's operating model has identified savings to date of £500,000 per annum. It is

planned that by December 2020, through the phase 2 and phase 3 restructurings, additional savings will be found which will meet the £1 million target which is accelerated from the original proposal where the savings had a longer "tail". It should be noted that as processes and practices are developed and improved, greater efficiencies are expected to be identified over the medium term. As these occur, decisions can be taken at the appropriate time as to whether these will be taken as savings or be used to invest in other services.

3.10   At the original proposal, a budget of £5.9 million was agreed for transformation. At present the forecast spend for the programme is £3.476 million which is significantly below that anticipated. This is largely due to the significant under spend on the sums allowed for redundancies (budget £2 million; spend £529,000). This has been a result of a conscious attempt to assimilate staff rather than to have wholesale redundancies.

3.11   Whilst the overall programme is underspent, it should be noted that any further funding is dependent on asset sales to take advantage of the government's Flexible Capital Receipts guidance. Cabinets recent decision to dispose of the Fernfield site will allow any further investment in this programme should that be required. As further asset sales are received those decisions can be taken as to how to invest those funds.

Conclusion

4.1   Overall the transformation programme is undertaking its delivery phase. A number of elements within the programme have been delivered and significant ongoing savings have been identified with more expected. It should be noted that the "end" of the transformation programme will result in an embedded culture of service improvement which will make the organisation more fit for purpose and agile to respond to future challenges. This final "stage 4" will embed ongoing Continuous Improvement to ensure the council is able to respond to future challenges.

5   **LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

5.1   Legal Officer's Comments (NE)

There are no legal implications arising out of this report.

5.2   **Finance Officer's Comments** (TM)

These are contained within the body of the report.

5.3   Diversity and Equalities Implications (TM)

There are no issues arising from this report.

6.   CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councilors with any questions arising out of this report should contact the following officer prior to the meeting

Tim Madden, Director, Transformation and Transition

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The following background documents have been relied upon in the preparation of this report:

Council Report A/17/24 – 28 February 2018