

		AGENDA ITEM 5
		CSS/06/13
Committee:	Corporate Scrutiny Committee	
Date:	23 July June 2013	
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Transformation Programme Phase II Update

A copy of the report Transformation Programme – to approve the implementation of the next phase of the Council’s transformation programme agreed by Cabinet on 18 June 2013 can be found on the ECC website.

Background

In December 2012 Cabinet identified the need to save at least a further £200M per annum by 2016/17 due to the continuing financial challenge from reductions in central government funding, increased demand for services and inflation pressures; and approved detailed design work to support Transformation Mark II (TMK II) with five key objectives:

1. Become a truly agile and flexible council
2. Deliver major improvements in key customer services at a lower cost
3. Deliver operational performance and efficiency across all areas of the Council
4. Long term sustainability of key services
5. Pro-actively manage demand for council services by targeting a reduction in avoidable spend

Cabinet reaffirmed the intention for the council to move towards a commissioning organisation with a focus on outcomes and agreed proposals to separate the commissioning of services from their delivery within the council. It also approved a restructured CLT to help drive through the programme.

Update since April 2013 Scrutiny Meeting

Following detailed design work over a six month period, PLT/CLT approved the business case for Transformation Mk II on 17 May 2013. Cabinet endorsement on 18th June 2013 agreed to an investment of between £5M - £6.7M for the period June 2013 to

31 March 2014 and an approach to delivering proposed benefits of £215m over the next three years.

How the new organisation will help to deliver savings

The next phase of transformation will enable the County Council to operate within a very different and constrained financial envelope.

The new operating model for the council will transform the organisation into an outcomes-led, commissioning organisation and enable it to operate within a very different and constrained financial envelope.

- It will **separate commissioning and delivery** so we can continuously open up the way we deliver services to challenge. This means the council will be objective in seeking the best provider to deliver outcomes and be agnostic as to whether the provider is in-house or external.
- It will enable **accountability for outcomes** so we prioritise where we invest and understand how our investment makes a difference against key measures of success.
- It will give us the confidence to **relinquish control and work collaboratively** in support of the outcomes we seek to achieve.
- The organisation will enable **flexibility and agility** including working across structural and organisational boundaries to bring the right capability together.
- We will increasingly **join up customer access** to support a single view of the customer including across partner organisations and digital as default will be achieved.

All of this requires significant changes to the organisational structure and the way we work. The new organisational structure is based on:

- **People and Place Commissioning functions** – these will be small functional areas of subject matter experts that develop commissioning strategies to deliver the corporate priorities set by elected members. Commissioners will be accountable for investing ECC resources
- **Strategy, Transformation and Commissioning Support function** will support Commissioners in making and implementing decisions and support the whole organisation by providing HR, change and IT services
- **Corporate Services function** will provide support functions to whole organisation (including governance, finance, audit, business support and property)
- **Customer Services function** will be responsible for ensuring our customers receive a consistent and positive service, as cost efficiently as possible. It will also oversee the delivery of Place Operations services where these are delivered in-house or in partnership (for example, Essex Highways services)
- The **Deputy Chief Executive function** will develop a strategy for all traded activities
- **Adult Operations and Family Operations** will be responsible for in-house adult and family related services and will be accountable to the People Commissioner for delivery.

Progress on restructure:

We have completed the high level design of the new organisation structure (tiers 2, 3 and 4) and consultation and recruitment processes are now underway. We are now starting to look at the tier 5 design and this will be introduced in a phased approach over the next three years

It is intended that the new organisational structure will 'go live' by October 2013. Over the next 3 months the focus will be on:

- Consulting tier 4 (head of service level) employees and appointing to roles
- Carrying out a capability assessment and preparing a training programme to induct employees into new roles
- Transferring financial management responsibilities to the new roles, along with the appropriate delegation and control framework

Areas of focus	Target saving
Re-commission services over 3 years on an outcome basis	£35m
Reduce support costs	£27m
Drive out efficiencies in our directly delivered services	£36m
Manage demand – eg community resilience and early intervention	£40m
Drive out better value from supply chain (over £750m 'purchasing power')	£25m
Additional income through trading or full cost recovery	£5m
Reduce the cost of customer interactions – “channelling” to lower cost routes	£9m
Rationalise property and intensify use	£6m
Other central costs (eg insurance and better treasury returns)	£5m
Workforce savings – improve productivity, reduce management cost and layers	£17m

Role of the Corporate Scrutiny Committee:

The Corporate Scrutiny Committee has agreed to receive quarterly updates on the Transformation Programme. The first of these were considered by the committee on

29th January 2013 and 23 April 2013. Going forward, the Cabinet will continue to welcome comments and views from the Corporate Scrutiny Committee.