

		AGENDA ITEM 4
		CSC/06/13
Committee:	Corporate Scrutiny Committee	
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## **REPORT TITLE: Quarterly Transformation Phase 2 Update**

### **Introduction**

The purpose of this report is to provide members of the Corporate Scrutiny Committee with an update on progress made with our Transformation Phase 2 programme since the last update was in November. The report details our progress towards becoming a commissioning-led, outcomes-based organisation (as described in the November Transformation Update) as well as an update on the delivery of specific projects and programmes that contribute towards our savings targets.

### **Progress towards becoming a commissioning organisation**

As described in the Transformation Phase 2 cabinet paper that was shared with members in the third quarter of 2013 (and subsequent Transformation updates to the Corporate Scrutiny Committee), Essex County Council is in the process of restructuring to operate as a commissioning organisation.

As previously reported, this involved a significant amount of activity at all levels of the organisation and a move away from a traditional “directorate” structure to a more flexible and collaborative “functional” operating model.

To ensure we have the right leadership skills in place, we re-organised the “head of service” level of the organisation, and are pleased to report that as at February, we have filled 149 of these posts with only 17 vacancies remaining. This should be seen within the context of our overall cost reductions and de-layering of management. As

previously reported we have helped reduce the management layers in the organisation which is not only more cost effective, but also improves engagement, leadership and feedback throughout the organisation by making senior managers more accessible to operational staff.

To ensure that we have the right analytical and commercial skills to enable effective commissioning, the restructure also included the formation of a new “Strategy, Transformation & Commissioning Support” function – which is also nearly up to full strength with only 23 vacancies remaining. This function was created through the centralisation of teams that previously existed in the old directorate structure, as well as targeted external recruitment to ensure a high level of capability to support commissioners. This has enabled us to deliver a more efficient service by reducing headcount by an average of 20%, as well as delivering a more joined up, consistent service.

Our new Corporate Outcomes Framework was agreed at Full Council on 11th February. This important document will shape the development of all other strategies and plans and a suite of commissioning strategies will be published this summer. It is a critical milestone towards Essex becoming a Commissioning-led organisation, and will ensure that we focus on providing the best quality services we can to the residents of Essex whilst more effectively prioritising where we spend our budget. The Outcomes Framework will be supported by indicators and measures that enable our commissioners to hold those providing our services to account, and demonstrate to residents how we are improving outcomes as well as delivering services more efficiently.

As agreed at Full Council, the key Outcomes for Essex County Council as described in our Outcomes Framework are:

Outcomes	
1.	Children and young people have the best start in life
2.	People in Essex enjoy good health and wellbeing
3.	People in Essex have aspirations and achieve their ambitions through education, training, and lifelong learning
4.	People in Essex live in safe communities and are protected from harm
5.	Sustainable economic growth for Essex communities and business
6.	People in Essex experience a high quality and sustainable environment
7.	People in Essex can live independently and exercise choice and control over their lives

Work also continues to achieve sign off for Integrated Plans with Health that demonstrate commitment and planning across all of our Clinical Commissioning Groups. Closer integration between Health and Social Care will be at the forefront of our Transformation programme for 2014/15. The Care Bill represents the largest legislative change to Social Care since 1948. The implementation of the Bill could have a significant impact on the Council in terms of increased workload and cost.

At a high level, the implications for Essex County Council of the Care Bill include:

- Reform of Care and Support – including the introduction of a cap on care costs – to which local authorities will have to respond in terms of managing financial impact as well as administrative requirements
- Increase in throughput for Adult Social Care services – including assessment, support planning, and review
- Greater volume of social care related contacts into the Contact Centre
- Developing new services / redesigning existing services to meet our new brokerage / information & advice duties

Furthermore, the Better Care Fund provides the opportunity for the Council to access redirected funding from the NHS as a result of demonstrating a reduction in acute costs across the health and social care system through more effective integrated working. Our commissioners are working closely with the Clinical Commissioning Groups to develop our plans for this, which could range from pooled budgets for commissioning services to integrated operational teams based in GP surgeries.

## **Our employees**

Across Essex County Council, headcount has reduced by 389 since April 2013. As previously reported, we have a comprehensive range of policies and tools in place to support employees affected by restructures and consultation, and we work very closely with the Unions when undertaking change programmes.

We have developed a comprehensive programme of work to support our leaders and employees across the organisation to understand and develop the new behaviours and skills necessary to make our commissioning-led organisation a success. This includes:

- Outcomes Based Accountability Training – to ensure that our commissioners and those supporting commissioning fully understand how to relate the work they do to improved outcomes for our residents
- Leadership and Engagement Events – across all levels and functions within the organisation to ensure that all employees understand how our new model works and how their roles fit in

- Leader and Chief Executive Roadshows – to ensure that all of our employees have the opportunity to have conversations and share their views
- Detailed Change Plans – to ensure that we understand the extent of change that our services are going through, minimise risk, and provide support to employees to ensure the change is successful

The top three projects currently affecting our employees are:

- Business Support restructure – employee consultation recently closed
- Youth Service – Public Consultation recently ended and planning is now underway prior to employee consultation commencing
- Adult Community Learning – planning is underway prior to public consultation commencing

## **Delivering key projects**

Two of our largest IT projects are currently reaching the point at which we will be able to award a preferred provider: Transforming Corporate Systems will enable us to streamline and improve the quality of our finance, payroll and HR systems; while Social Care Case Management will provide a joined up case management system across adult and family operations that supports joined up working and significantly improves the support and service we provide to our service users.

Our Business Support project has completed employee consultation, and will see a series of “business centres” going live throughout the year that achieve economies of scale by bringing together key activities in a single place, providing greater resilience and consistency. Work is currently underway with Family Operations to ensure that the model also supports frontline social care.

We currently have a number of public consultations underway on some of our proposed changes, to ensure that we fully consider public opinion and priorities when redesigning our services.

Current public consultations include:

- Overnight short breaks - Received 375 responses to the survey and 51 attended focus groups where views were captured
- Youth Service - Over 5000 responses were received in the consultation
- Home to School Transport consultation: currently subject to call in. Total of 1570 responses were received.
- Recycling Centre for Household Waste Review – User Survey now live until 20th April.
- Non-Household Waste Cap – Trade Waste Trial now underway at two recycling centres until Friday 11th April.

## **Costs and Benefits**

Following the last Transformation Phase 2 update to Corporate Scrutiny in November 2013, a breakdown of where we have achieved our savings in 2013/14 was provided to members. As of February, we have now successfully delivered £49.1m of the £50.9m savings required, and the remainder is on track to be delivered.

Furthermore, we have achieved this at a lower cost than was originally anticipated, having drawn down £2.4m of the £6.7m originally approved in the June cabinet paper.

The Council's budget for the next financial year was agreed at Full Council on the 11<sup>th</sup> February, and we are well progressed in our plans to ensure we have sufficient Transformation activity planned and underway to deliver the required savings for this financial year.

Our Transformation Phase Two Programme was initiated to identify and deliver £200m of further savings. To date we have business cases at various stages of development at a value of £165m and an additional £35m of opportunities at an early concept stage. Since the programme commenced our financial gap has increased to £237.5m so work is currently underway to address this new challenge.

## **Focus for the next quarter**

Following agreement at Full Council, we now need to work to ensure that the new Corporate Plan and Outcomes Framework is embedded, and that key indicators that will measure delivery of these outcomes are in place.

More importantly we need to sign off the commissioning strategies that will describe our commissioning approach to delivering each of the 7 outcomes – and these are due to be produced sequentially between March and June.

We will also be focussing on the development of a Customer Services Strategy, with two key business cases being developed to describe the future vision for both our digital channels and our face-to-face interactions with customers.

We will also be accelerating our work on Health and Social Care Integration, to ensure that we are prepared to make the most of the opportunities (and manage the risks) presented by the Care Bill and the Better Care Fund.