

Item 6

3rd October 2018



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Executive Director of Finance

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2016-2018 TRANSFORMATION PROGRAMME

Purpose of Report:

To provide an update on the financial and non-financial benefits delivered through Phases 1 and 2 of the ongoing Council Family Transformation Programme.

Recommendations:

Committee is asked to note:

- a) the outcomes of the Transformation Programme over the last two years
- b) the revised governance arrangements for the remaining Transforming the Council projects as outlined at section 9
- c) the next steps for the Transformation Programme as outlined at section 11

Ward No(s):

Citywide:

Local member(s) advised: Yes No consulted: Yes No

PLEASE NOTE THE FOLLOWING:

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1 Background

- 1.1 Following committee approval of the strategy in November 2015 ([Report](#)), Transforming Glasgow became the council family's corporate change programme to address financial challenges and transform the organisation by making best use of our resources to be leaner and more efficient.
- 1.2 The transformation programme was organised around the themes of **transforming the council family** and **transforming the city**.
 - 1.2.1 Transforming the council family focused on short to medium-term deliverables to support the council family in balancing its budget and in doing so to deliver a more sustainable organisation, one with a naturally reduced workforce. The capacity and capability of that workforce has been enhanced through activities such as workforce planning and redeployment and programmes like LEAN and Our Glasgow to get the right people, with the right skills to where they are most needed.
 - 1.2.2 Transforming the City is focused more on the medium to long-term deliverables of which internal and external partnerships and community planning development are key priorities. Utilising the Innovation stream under the Extended Corporate Management Group (ECMG) and access to partners via the Glasgow Community Planning Partnership (GCPP), the Transforming the City programme is focusing on reforming service delivery for the city and its citizens over the next five years. An early priority has been establishing the Health and Social Care Partnership with NHS Greater Glasgow and Clyde (NHS GGC).
- 1.3 Critical to the success of the programme has been delivering the following key objectives while minimising the impact of change on citizens, businesses and communities:
 - the need to reduce our expenditure
 - delivering the commitments set out in the Council Strategic Plan
 - greater collaboration with partners to deliver better outcomes
- 1.4 These objectives evolved into a four phased approach to transformation:
 - Phase 1 – Focus on finance including addressing the **financial shortfall**
 - Phase 2 – Focus on ways of working and principles including developing the **Transformation Principles**
 - Phase 3 – Focus on **partnership working** through the Glasgow Community Planning Partnership
 - Phase 4 – Focus extends to the use of the city assets, culture and supporting capabilities
- 1.5 The strategy was and continues to be delivered as a programme of initiatives and projects that impact upon all areas of the council family and influences our engagement with partners, citizens and communities. It represented a new approach to managing change, moving from service reform to **corporate transformation** to change how we work across the council family.

- 1.6 The **budget strategy** for the two year period 2016-2018 assumed savings of £110.7million would be delivered through the Transforming the Council programme. The final out-turn for 2016-2018 was £102.5million (93%), the shortfall being met within overall council family budgets. 80% of these savings were to be delivered by sixteen council-family wide transformation projects, with the balance to be delivered through service-based initiatives.
- 1.7 These savings would be delivered in the context of:
- Protecting front line services and meeting the commitment to no compulsory redundancies
 - Not replacing staff who leave naturally (attrition) and looking at ways to release people capacity and increase our efficiency to continue to deliver services
 - Increasing the flexibility of our people resources to enable them to move to where they are needed most for the benefit of the city (redeployment)
 - Looking for ways to reduce our expenditure (3rd party spend reduction) and increase our revenue (income generation)
- 1.8 The projects varied in terms of savings value, scope and impact from the small (deliver a reduction in costs associated with health and safety of £0.2m) to major (deliver savings of £24million through more effective procurement).
- 1.9 This report focuses on the 10 major transformational projects that contributed £76million of financial savings and/or represented the greatest transformational change.

2. Workforce Planning

- 2.1 The release of people capacity has been underpinned by a **workforce planning strategy** governed by the Workforce Scrutiny Board. Attrition doesn't always happen from the right places so, where possible, voluntary redeployment has been used successfully to match the supply of people to the demand for jobs.
- 2.2 It was anticipated that there would be 1,500 leavers across the council family over the period 2016-2018. This would be achieved through natural attrition, the non-filling of posts and increased scrutiny of recruitment. The impact of attrition and of funded re-investment has been monitored on a four weekly basis.
- 2.3 Additional funding has been available to support investment in posts for the European Championships, Early Years Expansion and Pupil Equity Fund and the Streetscene investment programme. After adjusting for funded investment, the reduction in staff was 797fte in 2016/17 and 467.2fte in 2017/18, a total reduction of 1,264.2fte, equating to 84% of the expectation set in 2015.

3. Transformation Principles

- 3.1 As the corporate programme for change, Transforming Glasgow has offered opportunities for cross service/ ALEO innovation and collaboration – to work better together as one organisation to deliver more efficient services to the city.
- 3.2 A key deliverable for the programme has been identifying **ten transformation principles** designed to support change across the organisation, to be applied to generate both financial and non-financial efficiencies:
1. The council family operating model can meet the city's challenges and ambitions, responds to emerging legislative changes, avoids duplication and delivers Best Value
 2. Sharing service delivery will be the default and exceptions to sharing will have to be justified
 3. Resources, including staff, will be deployed for the benefit of the city whatever part of the organisation they work for. This means that staff will be agile and mobile across the council family and partner organisations. Workforce planning will be used consistently across the council family to manage staff numbers, to facilitate sharing of resources and to manage staff costs. Management and expenditure on other council assets such as property, information and fleet will also be subject to council wide control
 4. Staff will be invited to take a greater role in the design of processes and services. Operational decisions will be made at the lowest possible level and staff will be empowered to make those decisions
 5. Policies will be continually monitored to ensure consistency and fairness in their application across the Council Family
 6. All new services and where possible existing services will be designed putting the customer first. Customers will be invited to help design services that impact them
 7. Where new services are introduced or existing services are changed they will have to pass a "designed to be lean" test to ensure the most efficient delivery model is put in place. They will be innovative and use digital approaches and technology where possible
 8. Data based decisions will be the norm. Data from multiple sources will be brought together to ensure that decisions are rigorously justified
 9. Service delivery models will be based on the needs of the city rather than the council. Alternative delivery arrangements will be considered including community, citizen or partner delivery
 10. Resources will be prioritised to preventing problems rather than curing them
- 3.3 Examples of sustained change across the council family aligned to these principles are provided later in this report.

4. Governance

- 4.1 The transformation projects were set up within the governance structure of an overarching programme, ensuring consistency of approach and financial reporting. In addition to the programme-level boards (Transforming the Council

and Transforming the City), each project has had its own board, sponsor, project manager, scope definition and business case.

5. Transforming the Council

5.1 As noted above, this report focuses on the major transformational projects that contributed £76million of financial savings and/or represented the greatest transformational change.

5.2 Leaner Enabling Operations (LEO)

5.2.1 The aim of the project was to enable the creation of shared services models across the council family for functional work areas. A total of 22 different functional work areas involving 1,500 staff were identified during the business case development phase.

5.2.2 LEO savings were based on delivering efficiencies by implementing these models, re-aligning staff that deliver work for functional areas under one functional lead and management arrangement.

5.2.3 Shared ways of working across the council family were successfully implemented for 10 areas: Finance Technical Specialist, HR Technical Specialist, HR Transactional, Finance Transactional, Procurement Technical Specialist, Business Administration Support (including Contact), Freedom of Information/Data Protection, Corporate Health and Safety, Governance and Compliance and Funding.

5.2.4 Each model has a single Functional Lead and is now under new management arrangements. Post implementation, each Functional Lead is responsible and accountable for the development of their functional area operating model and service sustainability.

5.2.5 The remaining projects are either being implemented separately for operational reasons (ICT and Property) or did not progress further (the function already existed as a single or central model, the opportunity for savings was small or there was no immediate business appetite for a shared model).

5.2.6 Recurring savings of **£4million** have been achieved across the council family as a result of this project.

5.3 Fitter Leaner Organisation (FLO)

5.3.1 The council's previous 'spans of control framework' was not applied consistently across the council family. A revised framework was applied to identify areas where management capacity could be released and management ratios applied consistently.

5.3.2 The ratios were applied to non-statutory organisational structures (excluding teachers etc.) to align the right number of managers to staff. The aim was to create leaner structures and a workforce with specialist management skills.

5.3.3 The Workforce Scrutiny Board monitors adherence to the council family spans of control and all recruitment requests must include information on spans of control before being considered.

5.3.4 Recurring savings of **£6.8million** have been achieved across the council family as a result of this project.

5.4 Procurement

5.4.1 This project focused exclusively on reducing non-staff costs through more effective procurement.

5.4.2 Savings were achieved by a combination of factors, but most significantly:

- Cost Reduction - savings from an ongoing contract with a revenue budget where previous rates were identified and these rates have reduced as a result of procurement activity
- Demand Management - savings achieved through reducing consumption or ceasing consumption entirely

5.4.3 The project successfully delivered savings by working closely with services and ALEOs to agree priorities, apply consistent ways of working and make best use of existing government frameworks. Opportunities were identified through targeting key commodities and working across the council family to deliver sustainable savings.

5.4.4 Recurring savings of **£23.9million** have been achieved across the council family as a result of this project.

5.5 LEAN

5.5.1 The LEAN methodology has been successfully deployed to deliver organisational change, innovation and create a more empowered workforce to achieve savings, more efficient back-office processes, services designed with customers in mind and early interventions.

5.5.2 In order to create sustainable continuous improvement, savings and release people capacity across the organisation, the project has embedded LEAN capability so that all staff can apply the LEAN methodology to their day to day activities.

5.5.3 A LEAN package was created to build this capability including: governance arrangements, staff forums, online training, accredited vocational and class based learning and an online ideas platform, Employee Voice, for staff to post and comment on ideas. The package has been rolled out to all council family staff - engagement and training is the focus of the project. This package is supported with a forum and senior sponsorship to sustain the cultural changes required to embed LEAN.

5.5.4 By applying the methodology to core activities and asking our subject matter experts – our staff – to suggest ways to improve what they do each day, we are delivering savings and improving services for our customers.

5.5.5 LEAN represents a continuing transformation programme for the council family. All staff across the council family now have access to the package and everyone has been introduced to our “Small things matter” campaign to encourage staff to share ideas.

5.5.6 In March, the LEAN programme won the best efficiency category at the Local Government Chronicle (LGC) Awards 2018

5.5.7 Recurring savings of **£27.9million** have been achieved across the council family as a result of this project.

5.6 Property

5.6.1 The project set out to deliver savings from better management of lease arrangements and use of our buildings and space.

5.6.2 More importantly on a strategic basis, the project developed proposals to review how we manage all of our land and property assets and services, including the establishment of a corporate landlord model to make sure that we get best value from our property assets across the council family and the communities we serve. In March 2018, Property and Land Services (PaLS) was established in DRS.

5.6.3 Recurring savings of **£3.3million** have been achieved across the council family as a result of this project.

5.7 Social Work Services LEAN/FLO/LEO

5.7.1 A number of Transformation Programme themes and the underlying principles of LEAN, FLO and LEO have been incorporated within social work business areas of the Health and Social Care Partnership (HSCP). These consist of operational, workforce and process improvements to deliver more efficient ways of working, reducing duplication, and delivering leaner workforce structures:

- Children's, Adult and Older People services workforce – the revision of the management and staffing structure, the auditing of posts, the development of the skills mix within social work teams and the realignment of core service activity in light of a reviewed and clearly defined social work service
- Savings achieved through the natural turnover of staff in centre-based functions (with the exception of residential, day care, criminal justice and homelessness)
- Transfer of client financial assessments from front-line social workers to the Finance Income Team. This has allowed the dedicated team to process financial assessments more timeously on behalf of social care clients

5.7.2 Recurring savings of **£6.1million** have been achieved across social work business areas as a result of this project.

5.8 Working Terms

5.8.1 The project reviewed existing working terms to offer greater consistency and provide more flexibility on employee benefits. Key deliverables included the review of flexible leave, purchase of additional annual leave, additional salary sacrifice offers, revised annual leave for new starts, flexible retirement options and review of employee support costs with existing providers.

5.8.2 During implementation some proposals within the business case were withdrawn from scope including new salary sacrifice offers, however the project implemented the revised proposals within the planned timelines.

5.8.3 Savings will continue to be maximised with ongoing promotion of purchased annual leave, reduction of annual leave for new starts and flexible retirement.

5.8.4 Recurring savings of **£1.1million** have been achieved across the council family as a result of this project.

5.9 Mobile Working

5.9.1 The Mobile Working project has continued to roll out hybrid devices, laptops and smart phones to enable more efficient working across the council family to deliver savings.

5.9.2 Mobile applications have been developed and deployed to improve both front line and back office processes, provide greater efficiencies and better information on service delivery and improve the customer experience.

5.9.3 A number of apps have now been deployed across the council to support operational service delivery and enable the delivery of efficiency savings, including:

- The Caresafe app was developed for homecare workers to electronically check in and out of a service user's home by scanning a QR code
- Bulk Uplift App is used by operatives across LES' Cleansing services
- The Streetscene app enables operatives to receive jobs in the field, record and complete jobs with real time updates to the back office. This team are responsible for fly-tipping, fly-posting and also incorporates the rapid response teams who deal with specific jobs including dead animal uplift, needle removal and blood spillages.
- The core bulk enhancement allows the operatives to record kerbside bulk items left out on the pavement.

5.9.4 Recurring savings of **£1.6million** have been achieved across the council family as a result of this project.

5.10 Customer First

5.10.1 The project initially set out to deliver technology changes for customer contact to move citizens and businesses to more cost effective online channels. The benefits were targeted through integrated channel shift and a reduction in corresponding back-office processing.

5.10.2 The new Glasgow.gov.uk website, MyGlasgow app and more online service availability via eforms, supported by a coordinated marketing plan are now reducing overall contact volumes and moving that contact to online channels.

5.10.3 Recurring savings of **£1.5million** have been achieved across the council family as a result of this project.

6. Transforming the City

6.1 This strand of the programme focuses less on generating financial efficiencies and instead concentrates on developing and delivering on **collective city ambitions**.

The scope extends beyond the council and recognises the importance of building on existing partnership arrangements to achieve these ambitions.

- 6.2 Of critical importance has been developing new ways of working, playing to partner's strengths and making best use of city assets. There has been a clear emphasis on building on what we have, with the Glasgow Community Planning Partnership (GCPP) playing a key role in the programme.
- 6.3 There is also a strong focus on delivering cultural and behavioural change to support partnership working as well as beginning to develop the required suite of innovative capabilities and methodologies.
- 6.4 A strong reference point for the work carried out has been the Christie Commission ([Link](#)) and the challenge to focus on outcomes and put the customer at the heart of service delivery. This has resulted in an enhanced focus on early intervention and prevention and the desire to break down organisational barriers and work in partnership.
- 6.5 Advances have been made in considering how to make more effective use of city assets and resources, for example a multi-agency group has been created to consider how partners in the city can make more effective use of property assets and use them to support city priorities.
- 6.6 A major milestone has been the GCPP Strategic Board's agreement of the Glasgow Community Plan (GCP), setting out the partnership's city vision and collective ambition. Key objectives in relation to achieving inclusive growth were defined, and the Focus Areas were identified as **Economic Growth, Resilient Communities** and **a Fairer More Equal Glasgow**. In addition, Transport and Childcare were highlighted as Priority Areas.
- 6.7 Audit Scotland recently published the council's Best Value Assurance Report (BVAR) ([Link](#)), and in response to the question raised of 'is the council working well with its partners?' noted:
 - The council is clearly committed to partnership working and has positive relationships with public sector, business and academic partners.
 - The council works effectively with its partners, particularly NHS Greater Glasgow and Clyde, to deliver an integrated health and social care service. While it is still at a relatively early stage, the Integrated Joint Board is making progress in addressing the significant challenges around delivering new models of care
 - The council is working well with partners to progress its City Region Deal projects.

7. Our Glasgow Programme

- 7.1 Transformation has been supported by a cultural change programme.

The Our Glasgow Programme supports staff to understand the council's vision and values, recognises the good work they do in the city every day and empowers them to make changes in their service to support improvement.

- 7.2 The first wave of the programme in 2016/17 promoted being proud to work for Glasgow and our values of fairness, equality and respect.

Recent results from the household survey 2018 highlight that residents think we are improving in this area. In 2018/19 we will build on this approach and each service will host an Our Glasgow event for staff.

Perceptions of the council's treatment of residents	2016	2018
The council's services are available to everyone	69%	73%
I am treated with respect when dealing with the council	64%	71%
The council treats everyone equally	53%	61%
The council treats everyone fairly	49%	59%

8. Lessons Learned

8.1 In line with the council's Project Management Toolkit, project managers were asked to complete a standard Lessons Learned Report template for their project.

8.2 Areas perceived as adding value and benefit to the programme included:

- Executive sponsorship and leadership
- Well-structured governance following a corporate approach
- Accountability at senior level
- Robust corporate finance, HR and communication approaches

8.3 Opportunities for improvement were noted for the following:

- External validation of commercial opportunities prior to business case sign-off
- Clearer scoping of project deliverables to remove duplication
- Ensuring support/commitment for change across the organisation
- Ensuring acceptance and understanding of scope and expectations regarding delivery
- Measuring and equating financial resources to the change

9. Future Governance Arrangements

9.1 In May 2018 ECMG considered a proposal for future governance, noting that several of the original Transforming the Council projects continue beyond the original timeframe of 2016-18 and that their delivery requires to be monitored at an appropriate senior forum until they are either formally complete or become Business As Usual (BAU) (e.g. LEAN, Income Maximisation).

9.2 ECMG agreed to monitor these projects with a focus on the delivery of the transformational change. Project sponsors continue to provide quarterly status updates to ECMG with the expectation that ECMG offers support and the appropriate level of scrutiny and challenge to ensure delivery.

10. Best Value Assurance Report

- 10.1 The Best Value Assurance Report (BVAR) referred to in 6.7 above included a review of progress of the Transformation Programme, noting that ‘the Transformation Programme has been successful in delivering significant financial savings, which was its primary objective’, however ‘it needs to develop appropriate arrangements for measuring the non-financial benefits of the programme more widely’.
- 10.2 The council has prepared an action plan in response to the BVAR and this includes a commitment to present a review of the 2016-18 programme to both the Extended Corporate Management Team and to this Committee. In addition, it will be a requirement for the Business Cases for all major programmes and projects to set out anticipated benefits and for these to be monitored and reported within appropriate governance structures. This ensures benefits realisation management is part of the council’s approach to, and governance of, major programmes and projects, including transformation activity.

11. The Continuing Transformation Journey

- 11.1 By focusing on finance and on ways of working and principles, the programme has successfully supported the first two phases of the council’s vision for Transforming the City.
- 11.2 The transformation principles have resulted in permanent, sustained change across the council family that we believe can be evidenced across the organisation. The following are just a few of the examples:

	Transformation Principle	Sustained Change
1.	The council family operating model can meet the city’s challenges and ambitions, responds to emerging legislative changes, avoids duplication and delivers Best Value	Property and Land Services (PaLS) Strategic Innovation and Technology Team (SIT) Council Family Review Leaner Enabling Operations (LEO) Improving the Cancer Journey People Make Glasgow Fairer Strategy Financial and Digital Inclusion - Preparation for Universal Credit Full Rollout
2.	Sharing service delivery will be the default and exceptions to sharing will have to be justified	PaLS SIT LEO

	Transformation Principle	Sustained Change
3.	<p>Resources, including staff, will be deployed for the benefit of the city whatever part of the organisation they work for.</p> <p>This means that staff will be agile and mobile across the council family and partner organisations</p> <p>Workforce planning will be used consistently across the council family to manage staff numbers, to facilitate sharing of resources and to manage staff costs.</p> <p>Management and expenditure on other council assets such as property, information and fleet will also be subject to council wide control</p>	<p>Workforce Scrutiny Board</p> <p>Staff Redeployment</p> <p>PaLS</p> <p>SIT</p> <p>Council Family Review</p> <p>LEO</p> <p>Transport Review</p> <p>GCPP Employment Bureau</p> <p>GCPP Property Group</p>
4.	<p>Staff will be invited to take a greater role in the design of processes and services. Operational decisions will be made at the lowest possible level and staff will be empowered to make those decisions</p>	<p>Employee Voice</p> <p>LEAN</p>
5.	<p>Policies will be continually monitored to ensure consistency and fairness in their application across the Council Family</p>	<p>Fitter Leaner Operations</p> <p>Workforce Scrutiny Board</p> <p>Staff Redeployment</p>
6.	<p>All new services and where possible existing services will be designed putting the customer first. Customers will be invited to help design services that impact them</p>	<p>Customer First</p> <p>Pay360 Income Management</p>
7.	<p>Where new services are introduced or existing services are changed they will have to pass a “designed to be lean” test to ensure the most efficient delivery model is put in place. They will be innovative and use digital approaches and technology where possible</p>	<p>Bin Replacement Programme</p> <p>On-line forms for Pupil Absence Line/P1 Registrations</p> <p>Pay360 Income Management</p> <p>Kelvingrove Park</p>
8.	<p>Data based decisions will be the norm. Data from multiple sources will be brought together to ensure that decisions are rigorously justified</p>	<p>Data Centre of Excellence</p> <p>School Clothing Grants Automatic Entitlement</p>
9.	<p>Service delivery models will be based on the needs of the city rather than the council. Alternative delivery arrangements will be considered including community, citizen or partner delivery</p>	<p>Co-location of services in libraries</p> <p>Early Learning and Childcare</p>
10.	<p>Resources will be prioritised to preventing problems rather than curing them</p>	<p>Towards the Nurturing City</p> <p>Glasgow’s Improvement Challenge 2015-2020</p> <p>Financial and Digital Inclusion - Preparation for Universal Credit Full Rollout</p>

- 11.3 The council family's transformation journey is not complete and our approach to delivering transformational change now includes:
- service-led programmes to deliver financial savings and support invest to improve programmes
 - ECMG taking the lead on innovation and emerging programmes
- 11.4 Further, there is a requirement to deliver on the Council Strategic Plan priority to 'ensure that we deliver our transformation programme to support our financial framework and forecast, encouraging staff ideas on how to reform and improve our services' and a key element of this will be the continuing use of LEAN approaches to change.
- 11.5 Phase 1 and Phase 2 have provided a stable platform to further transform the council, with the next phases focusing on partnership working through the Glasgow Community Planning Partnership including the Health and Social Care Partnership (Phase 3) and then to extending this out to transform city assets and culture (Phase 4). There is also the opportunity to build on current examples of regional collaborations through the Partnership with the NHS GGC, Education Regional Collaborative and the Glasgow City Region City Deal.

12. Policy and Resource Implications

Resource Implications

<i>Financial:</i>	No new financial implications arising from the report
<i>Legal:</i>	No new legal issues
<i>Personnel:</i>	No direct personnel implications
<i>Procurement:</i>	No relevant procurement issues

Council Strategic Plan: The Programme directly supports **A Well Governed City that Listens and Responds, Priority 97** – 'ensure that we deliver our transformation programme to support our financial framework and forecast, encouraging staff ideas on how to reform and improve our services'.

Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2017-22</i>	No potential equality impacts as a consequence of this report
<i>What are the potential equality impacts as a result of this report?</i>	No potential equality impacts as a consequence of this report

Please highlight if the policy/proposal will help address socio economic disadvantage.

No potential socio economic impacts as a consequence of this report

Sustainability Impacts:

Environmental: No direct impacts

Social, including Article 19 opportunities: No direct impacts

Economic: No direct impacts

Privacy and Data Protection impacts:

No privacy and data protection impacts

13. Recommendations

13.1 Finance and Audit Scrutiny Committee is asked to note:

- a) the outcomes of the Transformation Programme over the last two years
- b) the revised governance arrangements for the remaining Transforming the Council projects as outlined at section 9
- c) the next steps for the Transformation Programme as outlined at section 11