

To: City Executive Board

Date: 14th October 2009

Item No:

Report of: Head of Business Transformation

Title of Report: Overview of key benefits of the Transformation Programme

Summary and Recommendations

Purpose of report: This report aims to provide an overview of progress to date on the Council's Transformation Programme, with a focus on the planned benefits.

Key decision: No

Executive lead member: Cllr Oscar Van Nooijen

Report approved by:

Finance: Sarah Fogden & Penny Gardner

Legal: Jeremy Thomas

Policy framework: Transform Oxford City Council by improving value for money and service performance

Recommendation (s): It is recommended that the Executive Board notes the Transformation Programme's achievements to date and targets going forward.

Introduction

1. The Executive Board approved the Council's Business Transformation Strategy 2008-12 in October 2008. The Strategy sets out the context, objectives, structure, programme and arrangements for the Council's four year Transformation Programme, to meet the objectives under the Council's priority to transform Oxford City, as detailed in the Corporate Plan. This report aims to update the Executive Board on progress to date.
2. The Transformation Programme is focused on the realisation of benefits so that the Programme and its constituent projects deliver actual improvements and not just projects. As such, this report is focused on the

13 key benefits of the Programme, including how these benefits are being managed and progress to date.

3. The overall Programme consists of a series of related projects within seven themes, as indicated in appendix one. These projects are coordinated and managed in an interdependent way by the Business Transformation Core Team, led by the Head of Business Transformation.

Key benefits

4. The Programme as a whole is focused the realisation of 13 key benefits, as detailed in appendix two. Each benefit has an identified measure, baseline and target which is managed the identified owner. The Programme's benefits are managed collectively by the Programme Benefits Manager.

5. The report highlights the following key benefits to date:

- i. Customer satisfaction has improved relative to the average for other councils, based on initial estimates from the Place Survey.
- ii. We have achieved our £3.5m savings target for 2008-9 and are on track to meet our target of a further £5.6m savings by March 2012, as illustrated below. We are in the process of reviewing this target to make it even more challenging.

Potential further savings from Transformation Programme	Transformation savings identified in service plans	Business as usual savings (in savings plans)
£724,000	£3,027,000	£2,610,500
Transformation savings to date: £3,751,000		
Efficiency target: £5.6m		

- iii. We have achieved our target for putting measures in place to reduce CO₂ emissions by 800 tonnes in 08/09 (8% based on our 05/06 baseline year emissions) and have been noted as an exemplar authority by the Carbon Trust.
- iv. We have reached level 2 on the Audit Commission's Use of Resources assessment.
- v. We have met our target for reducing our workforce by 5% and will reducing it by a further 1% during 2009-10.
- vi. We have reduced our office footprint by 12%, following the move out of the Northway offices. We are aiming to reduce this by a

further 8% as we continue to implement our accommodation strategy.

6. The Programme's benefits are reviewed quarterly by the Transformation Board and bi-annually by the Value and Performance Scrutiny Committee to assess progress and any risks or issues which may impact on the realisation of these benefits, including any opportunities to set more stretching targets.

Progress to date

7. Since the Programme started in 2008, the following changes have been implemented:
 - Park and Ride sites now managed by the County under unified management, giving commuters a better deal by enabling them to park for free, reducing the number of cars coming into our city, and saving the Council £250,000 per annum;
 - Leisure centres now managed by a not-for-profit organisation, Fusion Lifestyle, generating annual savings of around £700,000 for the Council and enabling substantial investment into our leisure service;
 - Partnership arrangements in place for the provision of our ICT services with the County, enabling us to improve the quality of our service and save £200,000 per annum from 10/11;
 - Customer relationship management (CRM) system and approach successfully implemented at Oxford City Homes and City Works, which is fundamentally changing and improving the way we interact with our customers;
 - A new digital system for the administration of our Cemeteries Service to replace the previous paper based system;
 - Management restructure complete, resulting in a leaner, more focussed management structure. The new management structure is helping to improve corporate governance because it logically groups functions and enables more effective performance management.
 - More secure ICT connection to central Government implemented and used (Government Connect).
8. Other key projects currently in progress include the continued roll-out of CRM, waste and recycling fundamental service review, implementation of the Council's asset management strategy and customer contact strategy, council-wide management development programme, improvements to our website to allow customers to make more payments online and a mobile working pilot in the Public Health Team. Where key decisions are required for any of these projects, reports have and will continue to be presented to the Executive Board as appropriate.
9. Work has been started to investigate, identify and confirm additional benefits and savings in four broad areas: 1) Business Process Improvement and CRM, 2) Making our cross-council administration and generic operations more efficient, 3) maximising savings from our Carbon Management programme 4) maximising savings from agile working

including more staff working at home, or remotely and further future office rationalisation.

10. The Programme is underpinned by the development of key skills including project management, business process improvement, benefits management, leading change and programme management. Developing these skills in-house has enabled us to deliver the Programme using mostly internal resources and develop a workforce that is fit for change.

11. The Programme's achievements to date have been independently recognised by Europe's largest independent professional body - the Association for Project Management (APM) who have shortlisted us for their prestigious Programme of the Year Award. Jeff Ridgley has also been shortlisted for the BCS and Computing UK IT Industry Award's under the category APM Group Project Manager of the Year, for his work on managing the implementation of CRM.

Risk Assessment

12. The Programme's risk register is provided in appendix three.

Equalities Impact

13. All projects within the Transformation Programme are now required to state how they will contribute to the achievement of our corporate equalities objectives. This is recorded in section 7 of the Business Case. The internal project management training also ensures project managers are briefed on the process for completing an equalities impact assessment.

Conclusion

14. The Business Transformation Team and Council is using a recognised good practice approach to managing and realising our benefits and as a result has confidence in our ability to continue to achieve the targets set.

Recommendation

15. It is recommended that the Executive Board notes the Transformation Programme's achievements to date and targets going forward.

Name and contact details of author:

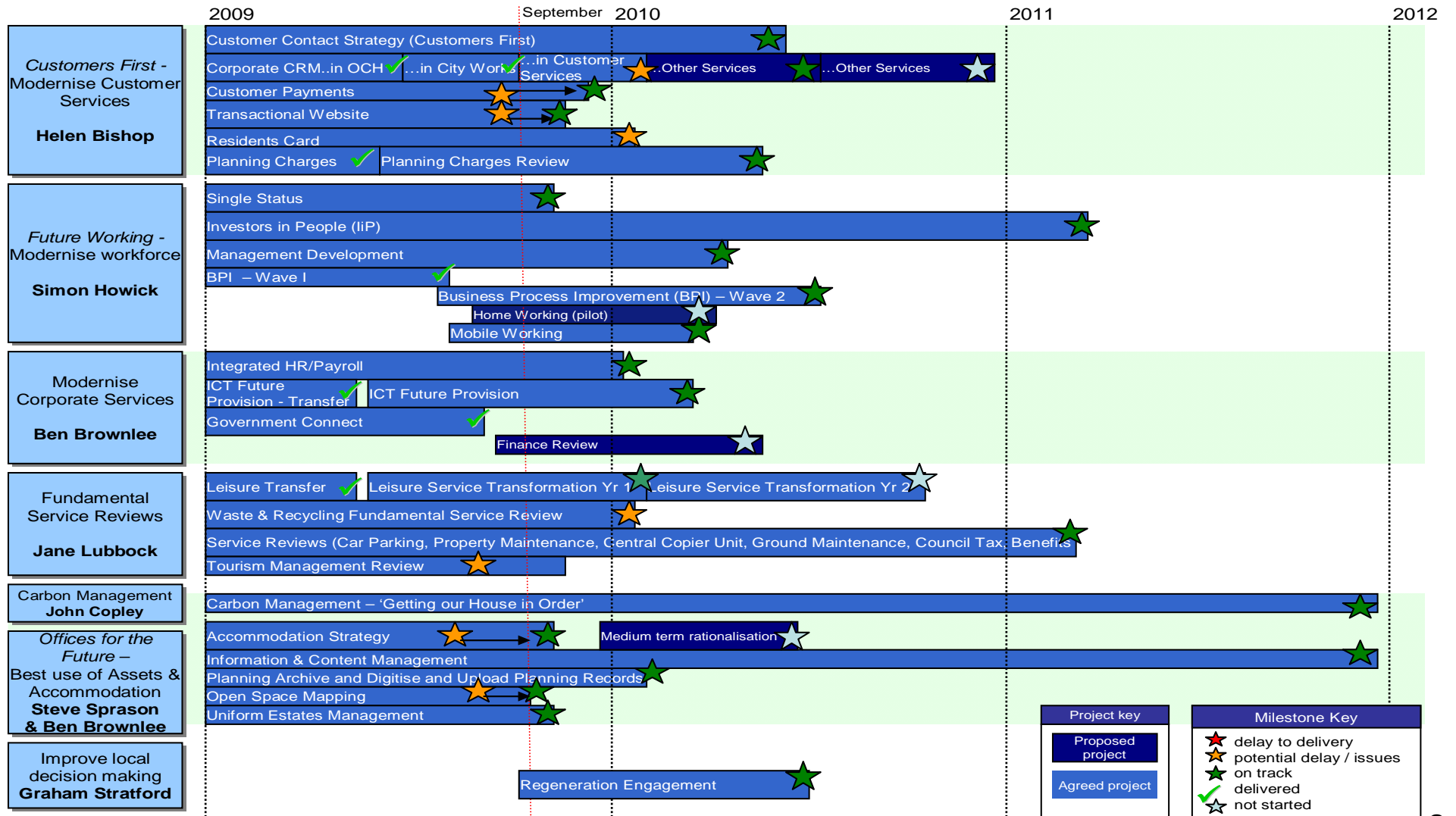
Ben Brownlee, Head of Business Transformation; 01865 25 2220

Background papers: Business Transformation Strategy 2008-12

Version number: 5

Appendix one: Transformation roadmap

Business Transformation Programme Roadmap 2008 to 2012



Project key	Milestone Key
Proposed project	★ delay to delivery
Agreed project	★ potential delay / issues
	★ on track
	✓ delivered
	☆ not started

Dates subject to review September 09 2

ref: BT Structure v30

Appendix two: Key benefit report

Benefit Report - September 2009

No	Benefit	Benefit Owner	Measurement	Baseline	Target	Progress	To plan	Outcome
1	Increased customer satisfaction	Peter McQuitty	Place Survey - Q: Taking everything into account, how satisfied or dissatisfied are you with the way the authority runs things (% fairly or very satisfied)	50% (06) BVPI survey (BV3) N.B. National average for districts was 60%	60% (11/12)	2008/9 interim Place Survey results now available - overall satisfaction is now at 48% (of those that expressed an opinion, 71% agreed). According to MORI, overall customer satisfaction with local authorities has dropped by 7%. Since Oxford City's score dropped by just 2%, this shows a relative improvement and one of the best districts overall. However, this still represents a move away from our 60% target. The Transformation Board will be prioritising projects in the future that will have a significant impact on both customer satisfaction and value for money.	Green	Amber
2	Reduced workforce	Simon Howick	Total number of FTE budgeted posts, excluding staff transferred	1351.10 (May 08) This excludes 19.7 staff for ICT and 83 for Leisure	1337.59 (Mar 09) 1324.21 (Mar 10) 1310.97 (Mar 11) 1297.86 (Mar 12) Total target: 5%	The number of FTE budgeted posts as at 1st April 09 is 1272.87, which means we have exceeded our total 3 year target. We are now working towards a further 1% target for 09/10.	Green	Green
3	A reduced office footprint of up to 10%, enabling assets to be released	Steve Sprason	Occupied office space in M ² (the target refers specifically to Northway)	7350 M2 (08/9)	6441 M2 (09/10) Target: 10%	Following the move out of Northway, this target has now been met with a 12% reduction. Providing a successful move to modern flexible ways of working, it is estimated that a further 8% office space can be released by March 2011.	Green	Green

No	Benefit	Benefit Owner	Measurement	Baseline	Target	Progress	To plan	Outcome
4	A reduction of the Council's carbon emissions of at least 25% (CPI 5.1)	John Copley	Culmination of the following: - Energy and water use from all operational sites and buildings outlined in the baseline scope (all sites/smart metering data) - Energy from on-site renewable energy technologies (monitoring equipment at point of energy source) - CO2 from fleet vehicles (annual fuel and mileage records) - Waste produced from operational sites (waste disposal invoices)	9829 tonnes (05/6)	25% carbon reduction by Mar 2011 comprising: 8% in 08/9 9% in 09/10 8% in 10/11 3% reduction year on year thereafter.	The 8% target for putting measures in place to reduce carbon emissions for 08/09 has been exceeded (estimated 810 tonnes). Measures are now being identified to reduce carbon emissions by 9% (900 tonnes) for 09/10, but will require support from all service areas if they are to be realised. All new corporate proposals must be worked up fully in terms of carbon implications and stronger controls may be required to prevent proposals that will have a negative impact on this target.	Green	Green
5	Enhanced reputation of the Council	Peter McQuitty/ Sarah Fogden	Audit Commission's Use of Resources and Direction of Travel Statement	Level 1 (06/7) Weak (04)	Level 3 (11/12); A judgement label of either 'significant improvement or 'some improvement'	Level 2 Use of Resources achieved and positive annual audit letter from the Audit Commission during 08/09. We have also received positive inspections within Regeneration and Housing.	Green	Green
6	Increased efficiency savings (CPI 6.1 08/09 & NI179 09/10-11/12)	Sarah Fogden/ Ben Brownlee	Monthly monitoring pack produced in Finance	Total baseline - £49,787,330 (07/8)	£3.5m by March 09 (7.6% of baseline) £5.6m by March 12 (11% baseline)	£3.6m achieved for 08/09. If additional Transformation savings are realised, the target for 09/12 will be exceeded. Risk: Some of the savings were identified before the ICT transfer and the Park and Ride, Leisure partnerships and may not be realised due to a reduction in procurement activity and staff.	Green	Green
7	Increase in the % of contact resolved at first point	Helen Bishop	% of customers that contact the Council in any way with a request or query that is resolved at that point	Not yet available (08/9)	50% (11/12)	Baseline and measure still to be identified. Some delays to recording this information via CRM.	Amber	Awaiting data

No	Benefit	Benefit Owner	Measurement	Baseline	Target	Progress	To plan	Outcome
8	Increased staff job satisfaction	Simon Howick	Annual staff survey 2005/6 Q: Overall, how satisfied or dissatisfied are you with your present job?	66% (05/6) - % very or fairly satisfied	68% (09/10) 75% (11/12)	Survey currently being developed and will be undertaken in September 2009.	Green	Awaiting data
9	Reduce avoidable contact by 10% (NI 14)	Helen Bishop/	NI 14 (% avoidable contact)	31.06% (Mar 09)	27.95% (Mar 10)	Baseline for 08/09 and target for 09/10 now identified.	Green	Awaiting data
10	Increase staff attendance (BV12)	Simon Howick	Number of staff attending work as a % of staff reporting sick	95% (Feb 09) = 12 days per employee	96% (09/10) = 10 days per employee	Workshops have taken place to identify some of the reasons for the high figures, new reporting arrangements are in place, a new attendance policy has been drafted and training for managers is underway.	Green	Green
11	Increase in the number of customers that can reach us first time on the councils main service lines	Helen Bishop/ Sue Newman	Reverse measure for abandonment rates - number of calls abandoned as a % of total calls received (Customer Services, City Homes and City Works)	88.4% (08/09)	90% (Mar 10)	Average abandonment rate as at 20th July was 3.8%. We are currently hitting our targets, but since temporary operational support is still in place, we are investigating how to move this to a sustainable and stable situation. Further indicators are being considered to provide a holistic picture of improvement.	Green	Green
12	Increase the number of transactions (including financial) carried out online	Martin Cliff	Number of online transactions made on average per month over a year	2156 per month average over 08/09	2264 by March 10 (increase of 5%) 2372 by March 11 (increase of 10%)	We are starting to offer more services online, but publicity has not yet started. The target is not expected to be impacted until Autumn 09.	Green	Awaiting data
13	Reduced cost of goods and services bought in (CPI 6.3)	Jane Lubbock	Additional savings achieved through procurement intervention	£0	£200,000 pa until March 12	On track to achieve 09/10 savings (approx £16k per month) - £71,335 identified so far.	Green	Green

Appendix three: Programme risk register

Risk Score **Impact Score:** 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic **Probability Score:** 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

No	Risk Description Link to Corporate Objective	Gros s Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Curren t Risk	
										Q 1	Q 2	Q 3	Q 4	I	P
1	Lack of understanding of change agenda may cause Transformation programme to miss its objectives	4	4	Lack of effective two way communication	Develop and communicate programme of change, regularly updated Level of Effectiveness: (M)	3	3	Action: Reduce Action Owner: Rachel Greenham Mitigating Control: Continued engagement at team meetings Staff conference follow up and survey Control Owner: Rachel Greenham	Outcome required: Strategy implemented leading to satisfactory staff feedback. Milestone Date: ongoing	☺				3	3
2	Wider council staff may fail to engage with the Transformation process and objectives	4	4	Lack of involvement in projects, degree of comfort factor or inertia at a personal level	MPG, CPMG and Service Plans Level of Effectiveness: (M)	3	3	Action: Reduce Action Owner: Rachel Greenham Mitigating Control: MPG, CPMG and Service Transformation Plans Control Owner: Ben Brownlee	Outcome required: Staff engagement Milestone Date: 24/12/2009	☺				3	3

No	Risk Description Link to Corporate Objective	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness			Current Risk		
3	Longer term funding and savings may fail to be secured	5	4	Council may not generate enough savings to meet targets and fund ongoing transformation programme	Secured and managed funding of £900k (BT) and £798k (I2S) plus £100k additional from HRA. Secure further funding in 2009/10 from external sources and internal savings and under spends. Use a Benefits Management approach to deliver sustainable change Level of Effectiveness: (M)	4	3	Action: Reduce Action Owner: Ben Brownlee & Rachel Greenham Mitigating Control: Benefits Management & Funding and spend analysis pre-Business Case approval Control Owner: Romina Peddis / Finance	Outcome required: Fully funded programme, achieve targeted savings Milestone Date: ongoing	☺				4	3
4	May lack skills and experience to deliver change and performance improvement	4	3	City Council staff not trained in the areas now required	Project Management training completed. BPI Training in progress with Unipart. Further Project Management training being scheduled. City Project Managers Group formed and to meet bi-monthly Level of Effectiveness: (M)	3	2	Action: Reduce Action Owner: PM Training Romina Peddis. BPI Training Ben Brownlee Mitigating Control: PM assurance, BPI assurance Control Owner: Ben Brownlee	Outcome required: trained and skilled resources in place Milestone Date: 31/03/2010	☺				3	2

No	Risk Description Link to Corporate Objective	Gros s Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness			Curren t Risk		
5	May suffer loss of credibility if a key project fails to deliver	3	4	Insufficient project planning, project control, financial management or external factors	Active assurance and monthly board reporting and QA. Forecasting to identify where projects are high risk and might fail in order to take action to avoid failure. Use a robust Business Case process including cost estimating tool Level of Effectiveness: (M)	3	3	Action: Reduce Action Owner: Ben Brownlee Mitigating Control: Assurance of projects Control Owner: Ben Brownlee	Outcome required: Successful projects (objectives met) Milestone date: ongoing	☺				3	3
6	May fail to meet our target to increase staff satisfaction by 2% during 09/10	4	4	Low morale associated with Single Status and restructures	Identify those areas most significantly affected by the changes and provide targeted support as appropriate Level of Effectiveness: (M)	4	3	Action: Reduce Action Owner: Simon Howick Mitigating Control: Work with HR to identify areas to target and provide additional support as appropriate	Outcome required: Increased morale, staff satisfaction target met. Milestone date: End Sept 09	☺				4	3
7	May fail to meet our target to increase customer satisfaction by 10%	4	4	Decreasing levels of public satisfaction nationally	Review findings from Place Survey to identify areas of dissatisfaction. Prioritise future projects that will have a significant impact on customer satisfaction. Level of Effectiveness: (M)	3	3	Action: Reduce. Action Owner: Peter McQuitty Mitigating Control: Work with Transformation Board to identify and commission further projects	Outcome Required: More projects specifically targeting customer satisfaction, increased customer satisfaction. Milestone date: 2011/12	☺				3	3

No	Risk Description Link to Corporate Objective	Gros s Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness			Curren t Risk		
8	Opportunities available to secure further external funding from bodies such as Improvement and Efficiency South East.	4	4	Availability of external funding	Mitigating Control: Maintain good relationship with IESE Programme Managers to ensure we hear about opportunities as they arise. Ensure representation at all regional meetings Subscribe to emails/newsletters from IDeA and LGA Level of Effectiveness: (H)	2	2	Action: Exploitation Action Owner: Ben Brownlee and Rachel Greenham Mitigating Action: Attend meetings, keep in contact with Suzanne Batchelor and Richard Tyndall	Outcome Required: Further external funding secured	☺				2	2