

FALKIRK COUNCIL

Subject: BUSINESS TRANSFORMATION
Meeting: EXECUTIVE
Date: 24 February 2015
Author: CHIEF EXECUTIVE

1. INTRODUCTION

- 1.1 The purpose of this report is to provide Members with an update on the Council's Business Transformation agenda.
- 1.2 Business Transformation reflects that the Council will, by necessity, be a different organisation in the future and seeks to provide a framework for how the Council can deliver on this challenge by looking at how our services can be delivered most effectively and efficiently.

2. BACKGROUND

- 2.1 The Corporate Management Team (CMT) approved the commencement of a Business Transformation workstream in September 2013, as part of the Council's approach to driving improvement with its services.
- 2.2 CMT agreed that, to achieve the overarching aim of the Business Transformation project, Officers would be asked to identify each service delivered by the Council and to consider:
 - the basis for delivery (statutory or otherwise);
 - the modes of delivery (provider or enabler);
 - the resources utilised in the delivery; and
 - opportunities and barriers to change and improvement.
- 2.3 Fundamentally, this process was to focus on why, how, to what level, and to whom, services are currently delivered, with the aim of identifying corporate and Service specific projects to drive positive change and improvement. The process chart at **Appendix 1** provides a high level overview.

3. WORKSTREAM METHODOLOGY

- 3.1 External engagement commenced early in the project planning process, with visits to, and discussions with:
 - North Ayrshire Council;
 - Inverclyde Council; and
 - The Improvement Service.

3.2 These discussions assisted with the preparation of a formal Project Plan. The Plan is a detailed document that has helped ensure that work to date has been undertaken in a measured and structured way. In summary, it set out two project 'Phases':

- **Phase 1:** collate and consider data and information gathered via questionnaires completed by Service Unit Managers, and review of other information sources (eg, Corporate Plan / Single Outcome Agreement, Revenue and Capital expenditure reports, Asset Management Strategy, etc). The purpose of this phase was to identify potential opportunities for corporate, Service, or workstream specific improvement or change; and
- **Phase 2:** progress and complete discrete projects identified via Phase 1 and approved by CMT, with the Project Board / Team maintaining an oversight role.

3.3 Phase 1 of the project was undertaken between September 2013 and March 2014, with the Project Team analysing a total of 109 questionnaire returns from Services. In reviewing the questionnaire returns, the Project Team sought to identify:

- common issues and themes, particularly where it appeared there may be scope for the realisation of particular benefit or efficiencies across multiple (or all) Services (ie, corporate / cross cutting projects); and
- areas where there may be scope for change at a Service or Activity level.

3.4 The Project Team presented a list of potentially material cross cutting and Service specific issues to CMT in February / March 2014, with CMT agreeing to give priority to the following corporate projects:

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|---------------------------------------|--|
| • Payroll / HR Integration; | • Information Management; |
| • Electronic Data Management Systems; | • Improved ordering and invoice payment processes; |
| • Mobile Working; | • Review of Support Services; |
| • Facilities Repairs and Maintenance; | • Fleet Services; |
| • Project Management; | • Process Mapping. |
| • Building Maintenance Review. | |

3.5 As well as these corporate projects, CMT agreed a suite of Service and activity level projects. Progress with each of these is monitored on an ongoing basis by the Project Board / Team, with periodic reporting to CMT.

3.6 The major service based transformation projects include:

- reviewing our specifications for:
 - building cleaning
 - grounds maintenance
 - street cleaning
- reviewing our waste strategy;
- reviewing the provision of one stop shop services; and
- review of school library service.

- 3.7 A second wave of corporate projects has recently been identified which will look at:
- procurement and commissioning of services;
 - transport; and
 - property costs including energy.
- 3.8 Updates on these will be brought back to Members in due course.
- 3.9 As mentioned in paragraph 2.2 one of the key decisions for the Council moving forward is the service delivery model that is used to provide services in the future. Again work will be undertaken to explore and identify possible options with further information being brought back to Members in due course.

4. **PROGRESS AND EMERGING OUTCOMES**

- 4.1 The Business Transformation workstream forms part of the Council's wider continuous improvement programme and there are, inevitably, linkages with the ongoing budget process. Business Transformation will provide time release savings as well as cash savings.
- 4.2 The following provides an update on the key projects prioritised by CMT in February / March, and set out at paragraph 3.4:
- **Payroll / HR Integration:** Payroll and HR services were integrated within the HR and Customer First Division of Corporate and Neighbourhood Services in July 2014. This is expected to generate savings of £22k for 2015/16 and £47k for 2016/17;
 - **Information Management (including Electronic Data Management System):** an externally facilitated workshop was held in August to identify: existing arrangements, areas of non-compliance with best practice, and priority actions for the development of good information management. An improvement plan was submitted to, and agreed by CMT in October 2014, with improvement action now underway. This includes clearer governance, accountability and prioritisation arrangements via the recently established Improvement Governance Board;
 - **Improved Ordering and Invoice Payment Processes:** significant work is ongoing to develop and improve the Integra Finance system's Purchase to Pay functionality, particularly around E-Series ordering and more streamlined invoice processing:
 - **E-Series Ordering:** this allows Services to raise orders for goods and services electronically, linking to contracted suppliers. The automatic matching of orders to invoices and goods received, and the one stage authorisation process, will significantly reduce manual processing, allowing staff to focus on more value adding tasks. In addition, the electronic transmission of documents will further free up time, and improved management information will allow better analysis in relation to Council spend. Between April and December 2014, 12,463 orders (with a value of £8.37m) were raised electronically, compared to 9,658 (total value £6.6m) during the corresponding period in 2013.

- **Invoice Processing:** the aim of this workstream is to assist Services realise savings in staff time by moving responsibility for invoice processing to Finance (via the use of electronic scanning) and negating the need for the manual input of invoice details by Services. 17,800 (i.e. 23%) of all invoices entered directly into the Integra system are now processed by Finance, with work ongoing to increase this by a further c60,000 per year. Work is also progressing in relation to invoices currently manually processed via 'feeder' systems;
- **Mobile Working:** Members will be aware of the report presented to the Executive in December 2014 summarising work to date and next steps. The move to more mobile and flexible working will help facilitate improvements and provide significant additional flexibility to the way the Council delivers services and interacts with stakeholders. It will free staff from desks and provide opportunities for services to review current working practices leading to reduced service costs and efficiency. This links directly with other Business Transformation workstreams, such as the Review of Support Services.

The next key action is for Building Maintenance Division to move to mobile working in Spring 2015;

- **Review of Support Services:** CMT has recently approved a business case to review the Council's approach to the delivery and provision of support services. It is proposed to bring the management of all support services across the Council within a single management structure. This will bring economies of scales, introduce consistent practices and allow processes to be streamlined. It is anticipated that this project will deliver c£500k in savings through managing support services on a corporate basis;
- **Facilities Repairs and Maintenance:** a tender process is nearing completion to commission an independent external review of the facilities management service provided by the Facilities team within the Building Design Unit of Development Services. The aim of this review is to ensure an improved, customer focussed, Facilities Management Service. The review will be completed by the end of April, with any resultant improvement plan considered thereafter;
- **Fleet Services:** a review of our fleet arrangements has been undertaken. As a result of the review savings of £500k per annum have been made in the capital programme provision for vehicle replacement and revenue budget savings of c£800k per annum will also be realised through better procurement, utilisation of vehicles and avoidable damage;

In addition, work is underway to extend the fleet workshop hours by introducing a backshift. This will increase the capacity to deal with vehicles outwith core operating times, reduce vehicle downtime, and lessen the need for the short term hire of replacement vehicles;

- **Project Management:** new, corporate, project management documentation has been developed and rolled out to staff, and an awareness and training programme is underway. The aim of this workstream is to further improve the Council's approach to managing and monitoring more material projects, such as the Support Service project referred to above;

- **Building Maintenance:** a review of our building maintenance function has been undertaken by APSE. Two working groups comprising employee volunteers, trade unions stewards and management have been established to work through solutions to the key recommendations raised by APSE. These include productivity, use of vehicles, depot facilities and use of mobile working. It is anticipated that the work of this project will bring both financial and time release savings; and
- **Process Mapping:** successful process mapping exercises have been undertaken in both Licensing and Roads Sections, leading to process improvement. This has been delivered in conjunction with colleagues from the Improvement Service, who have committed to on-going support. Process mapping will also be an integral part of the Review of Support Services project.

4.3 A number of the service specific projects are included within the budget proposals considered by Members at the budget meeting earlier this month. These will be progressed in accordance with the decisions of Members at that meeting.

5. PROJECT GOVERNANCE ARRANGEMENTS

5.1 The Business Transformation workstream is led by a Project Board, comprising the Chief Executive (Project Owner) and the Directors of Corporate and Neighbourhood and Development Services. The Project Board is responsible for the overall delivery of the project and reports to CMT. Update reports will be submitted to the Executive.

5.2 A Project Team, led by Internal Audit but utilising resource from across all Services, is responsible for the day to day co-ordination of the project. The Project Team provides monthly progress and monitoring information to the Project Board, drawing on information gathered via its facilitative role.

6. RECOMMENDATIONS

6.1 Members are invited to:

- 6.1.1 note that business transformation is well embedded across Council Services;
- 6.1.2 note the business transformation governance arrangements, approach, progress and emerging outcomes set out in this report; and
- 6.1.3 agree that further progress reports be presented to Members as set out in the report.

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CHIEF EXECUTIVE

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Appendix 1 – Process Chart

LIST OF BACKGROUND PAPERS

None

Business Transformation – Overview Diagram

