

ORGANISATIONAL TRANSFORMATION PROGRAMME

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Executive Summary:

The OTP continues to make good progress across a wide range of initiatives to transform the productivity and effectiveness of the organisation, enhancing its capacity to deliver on Members' objectives – as expressed in the Corporate Plan – and achieve significant efficiencies and cost reductions over the medium term.

Major initiatives that have come to fruition during the last quarter include the 'localisation' of HCA roles and responsibilities; the variation of the Mouchel contract; the creation of two Limited Liability Partnerships to derive further benefit from the HCA assets and from the effective management of the services previously delivered by Mouchel; and the appointment of the preferred bidder for the residual waste treatment contract. Other important initiatives – eg, to modernise the Council's customer service model, to enhance its ability to procure and manage major contracts, to review the overall approach to the management of open spaces in the Borough and many more – are also reporting useful progress.

The OTP Programme Board/Corporate Leadership Team has reflected on the progress made to date and the challenges – including the financial challenges – that still lie ahead and decided that the time has come for a further evolution in the Council's management arrangements, to strengthen the Council's functional capacity in key areas whilst ensuring an ongoing focus on the achievement of desired outcomes in the various professional service areas. Staff have been briefed and detailed work to develop and consult on the proposed new arrangements has commenced. The outcome will be a further overall reduction in management costs – thus helping to protect front line services – but should ensure continued strong and effective management of the organisation into the future.

1. Recommendations

- 1.1 That the sixth quarterly update on the progress made by the Organisational Transformation Programme, covering the last three months of 2012 be noted.
- 1.2 That comments and contributions regarding the Organisational Transformation Programme be invited from the Corporate Affairs and Performance Select Committee.

2. Progress and Impact of OTP

- 2.1 As reported to Cabinet in October 2012, Strand 2 (Children and Families) moved to Business as Usual from the end of September 2012, and the programme is now operating under the revised arrangements with six enduring strands of activity:

- Public Access
- Health and Well Being
- Improvement and Service Development Board (ISDB)
- People, Processes and Performance
- New and Alternative Sources of Funds
- Housing

2.2 Strand - 1 Public Access

This programme will improve the customer experience and maximise the proportion of enquiries that are resolved at first point of contact, avoiding double-handling and reducing current levels of wasteful contact, such as numerous follow up calls.

A critical component of the transformational work is the Customer Contact Portal (CCP), which although delayed by IT issues, will "go live" internally in the middle of January 2013. This will ultimately benefit Milton Keynes' residents by reducing the number of phone numbers provided for different services and speeding up the response to residents in respect of environmental issues. In addition, the operating model for the Public Access Contact Centre Design has been developed and approved, confirming the technical framework for the new system.

Other work during this quarter has included the early implementation stages of the service redesign for Waste & Neighbourhood Services. Detailed Business Cases, which review current practices and aim to identify methods to improve the customer interface, have been completed for Taxi Licensing, Street Lighting, Blue Badges, Passenger Transport and Traffic Management. Phase one of the Detailed Business Case for the Regulatory Unit is currently being implemented.

2.3 Strand 3 - Health and Wellbeing

Work in this strand continues to focus on those areas where the Council has an increasingly influential and transformational role in promoting health and wellbeing. There are, however, continuing challenges in terms of our ability to influence areas where the council has no current direct line of accountability.

The Health & Wellbeing Strategy developed by the Shadow Health & Wellbeing Board was launched at the Feel Good Friday event held at Stadium MK on 23rd November 2012 and the Terms of Reference for a statutory Health & Wellbeing Board were approved by full Council on 9th January 2013. The Council is on course to establish a statutory Health & Wellbeing Board in April 2013.

A Vision for Public Health has been developed and is being recommended for adoption as part of the separate report on Public Health elsewhere on tonight's agenda. This will also include an update on the transfer of public health functions and staff from the MK PCT to the Council. A Public Health Transition Sponsor Board is meeting regularly to ensure a smooth transition.

In terms of the integration of the Health & Social Care agenda, the Clinical Commissioning Group has commissioned external work to energise developments with the continued aim to create a unified approach to service delivery across health and social care. The first meeting of the Long Term Conditions Programme Board was held on 4th December 2012.

The outcome (immediately before Christmas) of the NHS process to procure new management arrangements for the MK Community Health Services is that from 1 April 2013 the responsibility will rest with the Central and North West London (CNWL) NHS Foundation Community Trust. Initial meetings have been held with the Chief Executive and other Directors of the Trust, who have expressed a clear desire to work with MKC and other local partners to maintain and enhance services and to build on the local approach to service integration across health and social care. As a service delivery partner in many of the services concerned, MKC will need to have an initial agreement in place for 1st April and thereafter form a view regarding whether it wishes to put in place a longer term formal arrangement with this organisation. As part of this consideration the format and scope of the new Section 75 agreements that could be required will be reviewed..

2.4 Strand 4 - Improvement and Service Development Board

Work in this strand continues to be challenging and progress is being closely monitored by the strand board.

The Pre-Qualification stage of the work on the new highways contracting arrangement has suffered some delay. However, as a result of effective officer intervention this is not forecast to impact on the planned contract start date of April 2014.

A feasibility report on the future of the Bleak Hall Workshop, Fleet and MOT service has been received by the strand board and options for the future of the service are under development.

Plans for restructuring the Planning, Economy and Development service are progressing well, and relevant Homes and Communities Agency (HCA) staff will be transferred to the council with effect from 14 January along with HCA assets and responsibility for the Tariff and development control in the city's expansion areas.

The remaining focus of work in this strand relates to the future maintenance and management of Open Spaces. The project has four elements: the Joint Open Spaces Strategy, developed with partners including the Parks Trust and which is to be considered by Cabinet for adoption tonight; the establishment of a database of land ownership records (pictorial and records based), to ensure accurate land data records are maintained; the future management & provision of landscape maintenance about which there is a separate report on tonight's agenda; and the categorisation of open spaces into a) Large Strategic Open Space b) Areas of Value to MKC c) Areas with development opportunities d) Sundry areas. The aim is to have a corporate transparent approach which supports the best decision making for the future management of open spaces.

As this work progresses, the impact of the transfer of land assets from the HCA and the connection to Regeneration priorities along with the role of the Development Company have created the opportunity for an holistic review of the approach taken to all council land assets. The OTP programme board is currently considering how to promote such a review to ensure a co-ordinated and consistent approach is taken.

2.5 Strand 5 - Organisational Structure and Processes

Work under this Strand has focussed on the following areas during the last quarter:

- embedding improved corporate processes, to improve effectiveness and avoid duplication of effort,
- improving and streamlining access to HR guidance and the handling of basic administrative and management processes, through the progressive roll out of Employee and Manager Self-Service systems (ESS/MSS),
- handling the transfer of c.670 former Mouchel staff into a Council-owned LLP with effect from 1 January 2013, and planning a review over the next 6 months to maximise the synergy with 'MKC' teams; cut out any 'duplication' between the previous service delivery and 'client side' functions; and explore opportunities for traded or shared services,
- developing proposals to strengthen and improve contract management across the whole organisation, to ensure greater consistency of approach and to give confidence for the future – as we become more of a 'commissioning' organisation – that services will be procured effectively and delivered in line with the relevant contract specification, and
- continuing to make progress with the rationalisation of office accommodation. Several teams changed location in the last quarter of 2012, and, as a result, members will be involved in decisions to approve the sale of buildings that have become surplus to requirements.

Additionally, during the last quarter the CLT Performance Challenge sessions focused on reviewing the structure and capacity of the organisation in the light of the ongoing financial challenges we face and the impact of all the organisational changes mentioned above. Arising from those sessions, the Corporate Leadership Team has set out proposals for a further evolution in the Council's management arrangements. These will strengthen the Council's functional capacity in key areas whilst ensuring an ongoing focus on the achievement of desired outcomes in the various professional service areas. Staff have been briefed and detailed work to develop and consult on the proposed new arrangements is under way.

2.6 Strand 6 - New and Alternative Sources of Funds

The variation of the Mouchel contract has been under the general governance of this Strand. All Milton Keynes Mouchel personnel and functions have now been transferred to a Council owned Limited Liability Partnership (LLP) with effect from 1st January 2013. The MTFP forecast shows that this is expected to reduce costs by around £4m pa over the medium term.

The purchase of the HCA assets was completed on 14 January, with those assets being transferred to a Council-owned LLP (the MK Development Partnership) that will have a strong private sector ethos. The intention is that the MKDP should at least cover the costs arising from the transfer of the HCA's roles and functions and maximise the overall economic value of the assets (and relevant MKC assets) over time, for the benefit of MK residents, in line with the aspirations of the Corporate Plan, the Core Strategy and the Economic Development Strategy. An independent Chair (Mr John Duggan) has been appointed, a process to appoint independent Board members was initiated at the beginning of January; and the MKDP Board has begun the process of recruiting a Chief Executive.

The transfer to MKC (also from 14 January) of responsibility for the management of the MK Tariff will strengthen the Council's ability to co-ordinate the delivery of all the infrastructure required as the city grows. Work continues on the preparation of a Community Infrastructure Levy (CIL) charging schedule, and in developing our approach to Planning Obligations (under Section 106 of the Planning Act). All these various sources of funding or 'works in kind' will need to be effectively co-ordinated with the application of other streams of capital funding (eg for schools, highway infrastructure) and the Council's own capital resources to ensure the most effective overall capital programme. The forthcoming consultation draft of the Local Investment Plan will give the Cabinet the opportunity to ensure that the needs of the growing community for appropriate infrastructure will be met so far as is practicable.

A range of Waste Infrastructure projects are making good progress. Serco have moved into Colossus, the new depot is making good progress, difficulties in the delivery of the planned anaerobic digester appear to have been overcome and a preferred bidder for a new residual waste treatment plant has been successfully determined. Final contract negotiations will now take place.

The Community Asset Transfer Programme is progressing. Public / stakeholder engagement is continuing over the next tranche of assets and we are awaiting final legal transfer of the first five pilot sites.

Planning for the new Country Park at Stanton Low continues. A draft stage one implementation plan has been developed and recommendations on options for the park will be considered by Cabinet on 13 March 2013.

2.7 Strand 7 - Transformation of the Housing Service

This is the newest strand of OTP activity and it has now developed much of its programme and governance arrangements. There are five specific areas of activity:

- Regeneration for MK
- Community Energy Saving Programme (CESP)
- Asset Management including green/low carbon. Delivery of an Action Plan phased over 30 years
- Tenancy Strategy incl. Affordable Rent
- Building Council Houses

This transformation programme is planned to continue until late 2014 and will ensure that projects and work streams are complementary, so that the housing service adapts, meets challenges and is able to take full advantage of new freedoms and opportunities as they present. These range from having more independence financially, tenancy reform and regeneration delivery to building Council houses.

The Community Energy Saving Programme is already receiving positive comments from residents who are recognising and valuing the difference the scheme has made for them.

The original Cabinet approval of the Tenancy Strategy, including Affordable Rents Housing Policy, in October 2012, was reviewed by Council on 9th January 2013, and reaffirmed by Cabinet on 10 January, but will be kept under review, taking account of points made during the call-in process].

The project to deliver a first tranche of New Council Homes has been affected by initial concerns about the strength of the three tenders received. Officers have worked proactively with potential providers to ensure that future proposals are fit for purpose.

- 2.8 A detailed summary of progress under each Strand over the twelve months to December 2012, and of the further progress made in the past three months is provided at the Annex.

3. Strategic Governance

- 3.1 Since the last report to Cabinet, the OTP has given attention and focus to benefits realisation within each Strand and worked with individual Strand leads to improve the identification and tracking of benefits.
- 3.2 To ensure coherence of reporting and governance arrangements, the Corporate Dashboard now includes a specific component on OTP.

4. Financial Implications

- 4.1 As previously reported, OTP achieved its forecast savings of £600k in 2011-2012 and is on track to deliver virtually all the OTP-related savings forecast for 2012/13. The MTFP currently identifies a further £15.9m of OTP-related savings for the period 2013 - 2017.

4.2 The OTP-related savings for 2012/13 are likely to be £1.4m. The major contribution to the 2012/13 savings is from the impact of the early phases of OTP in Children and Families. A 400K saving has resulted from service redesign in the former Universal Services and other remodelling in Education, Effectiveness and Participation. A further £600k has resulted from the remodelling of Integrated Support Services and Children’s Social Care in line with Early Intervention. £107k is being saved from work of the Community Facilities Unit on the Community Asset Transfer Programme, and £200k will be saved as a result of the management efficiencies arising from the review of the Council’s Regulatory Services to create a single Regulatory Unit.

5. Implications and Risk

5.1 The implications of the OTP are wide ranging and will result in the Council creating an organisation that is fit to meet both the service and financial challenges ahead.

5.2 The proposed further changes in the Council’s management arrangements would reduce overall management costs – thus helping to protect front line services – but it will be important to ensure that the new arrangements will deliver continued strong and effective management for the organisation into the future. Formal consultation on the various proposals will be initiated in due course.

5.3 Corporate Leadership Team is mindful of the risks that change on this scale brings and so the OTP Board continues to meet regularly ensuring that change implementation is sensibly scheduled and service levels are not negatively affected. The OTP Board reviews escalated and significant risks. The risk register, programme risks and actions are managed and reviewed at alternate OTP Operations boards. Each project within the programme maintains a risk register that is managed at strand level.

5.4 Under the aegis and direction of the OTP Operations Board, general guidance and specific support has been offered to all the Strand Leads. The purpose has been to improve the risk management at all levels and work towards improved consistency.

5.5 Changes affecting the workforce are being managed in accordance with Council policy, including appropriate consultation with affected staff and their representatives.

5.6 In addition, to ensure that necessary support is available as and when required, the OTP Operations board includes representatives from IT, Legal, Finance, Human Resources, Portfolio Office, with other support areas e.g. Accommodation, attending as required.

Y	Capital	Y	Revenue	Y	Accommodation
Y	IT	Y	Medium Term Plan	Y	Asset Management

6. Legal

- 6.1 The transformations to be brought about by the OTP will involve a number of legal issues concerning the delivery of the Council's functions, duties and powers, contracts and contractual changes, employment and property matters.
- 6.2 The Strand leads have provided an indication of the support that they will require and Law and Governance officers are engaged and represented on the OTP Operations Board, where the demands are routinely monitored to ensure the system can cope with the demands and pressures.
- 6.3 A "Governance Structures - Conflict of Interest" document has been produced with the Legal and Audit Department to outline the policy and procedures surrounding management of the bidding process for services, and staff roles and responsibilities within that process, to reduce the potential for any legal challenge in the future.

7. Other Implications

Y	E-Government	Y	Stakeholders
Y	Equalities/ Diversity	Y	Sustainability
X	Human Rights	x	Crime and Disorder

8. Communications

- 8.1 The OTP Programme has been communicated to key stakeholders, both inside and outside of the Council. Comments from Members, some staff and the Local Government Association "peer challenge" review have underlined the need to enhance communications to ensure a fuller understanding of what the OTP is aiming to achieve and the good progress that is being made.
- 8.2 An update was circulated to all members and all staff in November 2012. A Communications Plan for OTP is regularly reviewed by the OTP Operations Team to ensure effective communication.
- 8.3 Members will be provided with updates at appropriate times through the Members' Weekly News.

Equality Impact Assessment (EIA)

- 8.4 An EIA has been completed for OTP and recommended that the Programme continue, but remain mindful of equalities and diversity impacts as services are re-designed. Consideration has been given to the impact of each of the strands with the greatest impacts likely to arise in the Health and Wellbeing and Public Access strands. In general, there will be a need for more consultation with different groups in a limited number of areas; specifically older, younger and disabled people.

Background Papers: Annex – OTP Progress Table