

**Name of meeting:** Cabinet  
**Date:** 31st July 2017  
**Title of report:** Investment in Transformation Update

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	Yes  Both the expenditure and potential savings are above £250k
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>	Key Decision – Yes  Private Report/Private Appendix – Yes
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	Yes
<b>Date signed off by <u>Director</u> &amp; name</b>  <b>Is it also signed off by the Service Director of Finance, IT and Transactional Services?</b>  <b>Is it also signed off by the Service Director of Legal, Governance and Commissioning?</b>	Naz Parkar, Strategic Director Economy and Infrastructure – 21/07/2017.  Debbie Hogg - Yes  Julie Muscroft - Yes
<b>Cabinet member <a href="#">portfolio</a></b>	Leader and Deputy Leader

**Electoral wards affected:** All

**Ward councillors consulted:** None

**Public or private:** The main part of this report is to be considered in Public. Appendix A is recommended for consideration in private because the information contained in it is exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006. It is considered the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption, which would protect the interests of the Council and third party organisations concerned, outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.

## 1. Summary

- 1.1 On 17<sup>th</sup> January 2017, Cabinet received a paper outlining investment required to support the Council's transformation programme. This included an update to Cabinet on the appointment of Deloitte as the Council's Business Transformation Partner using the New Council Development Reserve.
- 1.2 This report provides Cabinet with a further update on the scope of work that has been agreed with Deloitte for the 2017/18 financial year and asks Cabinet to approve the funding that will be drawn down from the New Council Development Reserve to support this.
- 1.3 The report also notifies Cabinet that the Chief Executive, as Chair of the Transformation Portfolio Board, has given approval for funds to be drawn down from the New Council Development Reserve to support this activity to date, in accordance with the delegation agreed by Cabinet for this reserve in July and August 2015.
- 1.4 It also seeks approval to change the delegated responsibility for making decisions about using the New Council Development Reserve.

## 2. Information required to make a decision

- 2.1 In October 2016, the Council's Executive Team identified the need for an external partner to support the delivery of substantial budget savings.

The Council is required to deliver £54m in savings during 2017/18 and £104m by 2019/20. However, the Executive Team recognised that the Council does not have the capacity and capability needed to quickly identify savings opportunities and implement changes at the pace needed.

Specific gaps have been highlighted around the Council's ability to:

- move from 'ideas' to 'implementation' and make change happen quickly
- redesign services and implement new ways of working – this is especially important to achieve savings in Adult Social Care.
- have full visibility of council spend on procurement across all directorates.
- manage a large and very complex programme of transformation activity.

To respond to this challenge, the council ran a competitive procurement process and identified Deloitte as its Transformation Business Partner. Work began with Deloitte in January 2017.

Working with Deloitte is:

- Supporting the Council to identify and lead the acceleration of changes. This is crucial to making changes that will deliver £54m in 2017/18.
- Supporting the Council to manage a larger number of change projects at the same time, including more complex and difficult changes.
- Giving the Council quick access to competent and experienced staff who are hard to recruit on temporary contracts or available for short bursts as and when needed

- Developing the council's own staff and internal capacity by working in joint teams.
- Reducing risk, by learning from what Deloitte have already done in other Councils.
- Giving the Council access to the tools and methodologies needed to quickly effect change
- Challenging the Council to be more ambitious about the savings that can be made.
- Giving Councillors, the Chief Executive and Directors confidence that changes are being delivered, so that they can focus on other important issues for the Council.

2.2. Following the initial diagnostic phase, opportunities for further savings were identified and project plans have been developed. The Council has now reached an agreement with Deloitte for priority support to be provided and the Council's work with Deloitte in 2017/18 will focus on:

- Adult Social Care
- All Age Disability
- Children's Services Improvement and Transformation,
- Procurement
- Sufficiency and Commissioning.

### 2.3 Delegated authority for the New Council Development Reserve

2.3.1 Cabinet on 28th July 2015 gave approval to delegate responsibility for spend against the New Council Developments Reserve to the Director of Resources, to support the effective management of the Council's capacity risks associated with the delivery of a New Council.

2.3.2 Council Financial Procedure Rules allow for the Director of Resources to delegate budget management responsibility for cross-directorate activity to a particular Director. In August 2015, Cabinet noted that the Director of Resources had delegated this responsibility to the Chair of the New Council Programme Board and they would have delegated overall budget management responsibility for approved budgets. At that time, this was Jacqui Gedman, who was the Director of Economy and Skills.

2.3.3 In August 2015, it was also agreed that resources from the uncommitted reserve would be allocated against the following broad categories of spend, identified as critical to the overall success of the Council transformation programme over the 2015-18 medium term financial plan:

- i. **Procurement and provision** of external support for activity within specific areas of the work to achieve New Council. For example, support for work on the 'Economic Resilience' and 'Early Intervention and Prevention' themed programmes. This support could be for a range of activity including programme management capacity, transformation/change activity or programme assurance.
- ii. **'Back-filling' of officer roles** where senior staff have been asked to dedicate a significant proportion of their working time to New Council activities and their further day-to-day duties must be delivered.

iii. **Support for other areas of the New Council change programme**, for example, business process re-engineering, research capacity, behavioural change, etc.

2.3.4 The programme of work agreed with Deloitte to support the next phase of the Council's transformation is in line with these agreed categories of spend and in accordance with the delegated authorities agreed for this reserve.

2.3.5 Cabinet will continue to receive regular reports in-year, as part of the normal quarterly revenue monitoring report cycle on the use of the New Council Developments reserve and the overall programme of work on New Council.

**2.3.6 Changes to governance of the New Council Programme**

2.3.7 There have been some refinements to the governance structure for the New Council programme to reflect changes in senior management, and to support the next phase of implementation. There are now three levels of governance as set out in the table below.

2.3.8 Given Jacqui Gedman's new role as Chief Executive, it is now proposed that the Chair of the Redesign Board be given delegated overall budget management responsibility for the New Council Development Reserve. This is currently the Strategic Director, Economy and Infrastructure (Naz Parkar as interim Strategic Director).

<p><b>Transformation Portfolio Board</b> Chair: Jacqui Gedman, Chief Executive</p>	<p>Provides the Programme's strategy and vision and has the highest level of risk, issue and decision making authority. This Board provides a link to Cabinet, broader governance and partnerships.</p>
<p><b>Redesign Board</b> Chair: Naz Parkar, Strategic Director Economy and Infrastructure</p>	<p>Oversees all initiatives, projects and programmes to make sure they align to the strategic vision. Provides assurance to the executives that robust plans are in place to deliver and track all activities within the portfolio and escalate key risks and issues where necessary, to ensure financial savings will be met on time.</p>
<p><b>Programme Boards</b> Chaired by various Service Directors</p>	<p>Service Directors and Programme Managers are responsible for the delivery of projects across the programme; on time, within cost and to quality standards in order to realise the benefit of the respective projects.</p>

**2.4 Supporting information**

2.4.1 The table below provides an outline of the work that Deloitte will support, and the associated savings targets. As a result of findings and recommendations from the Deloitte diagnostic, these savings targets are greater than current targets set out for each service in the Medium Term Financial Plan.

	<b>Overview of Work that Deloitte will support in each area:</b>	<b>Savings target over 3 years (estimates)</b>
All Age Disability	<ol style="list-style-type: none"> <li>1. Embed independence-led assessments for adults and children with a disability</li> <li>2. Establish review taskforce to review service users with a disability, including review of DP take-up</li> <li>3. Develop a sustainable model for Early Years Special Educational Needs (EYSEN)</li> <li>4. Increase the provision of appropriate support and accommodation options for Adults and Children</li> <li>5. Review service providing activities for Short Breaks</li> </ol> <p>These objectives for All Age Disability aim to:</p> <ul style="list-style-type: none"> <li>• Reduce cost of service</li> <li>• Improve service efficiency</li> <li>• Improve outcomes</li> </ul>	£5.9m
Adult Social Care Offer	<ol style="list-style-type: none"> <li>1. Establish a systematic review taskforce to ensure existing care packages are proportionate to customer needs</li> <li>2. Use a strengths based approach to drive service user independence and encourage communities and family support</li> <li>3. Reduce hand-offs and blockages throughout the customer journey to improve workforce productivity and customer experience</li> <li>4. Complete redesign of Supporting People provision to reduce costs</li> </ol> <p>Collectively these will improve service efficiency, reduce costs and improve outcomes</p>	£4.6m
Procurement	<ol style="list-style-type: none"> <li>1. Establish better visibility of third party spend, suppliers and contracts across the Council and implement initiatives to bring these under greater control</li> <li>2. Complete rapid data analysis to develop a clear baseline of addressable spend</li> <li>3. Identify key categories where there is potential for savings and work with Council owners to deliver these savings opportunities</li> <li>4. Work with the Council to develop a more integrated future approach to procurement in the longer term, including more robust controls and processes and greater integration with commissioning and other departments</li> </ol> <p>This will deliver an estimated £6.5m of benefits in third party spend over three years and improve controls and ways of working to enable further efficiencies.</p>	£6.5m

Children's Services Improvement	<p>A small piece of work will be supported by Deloitte on the development of the next phase of the Children's Services Improvement Programme. This will ensure delivery against the Ofsted recommendations and DFE Improvement Plan, but also scope the Council's ambitious plans for long term and wholesale transformation of Kirklees Children's Services. Further work is required to fully scope the programme, but this is expected to include:</p> <ol style="list-style-type: none"> <li>1. Children's Early Help</li> <li>2. The establishment of a systematic review taskforce to ensure existing care packages are delivering target outcomes for children in an affordable way.</li> <li>3. Children's Front Door (i.e. how children, young people and families contact the council).</li> <li>4. Children's Sufficiency and Commissioning</li> </ol>	TBC
Programme support and management of the Deloitte team	<ol style="list-style-type: none"> <li>1. Support the development of a Portfolio Management Office (PMO) capable of overseeing a large and complex programme of transformation activity that delivers £54m of cashable savings in 2017/18, and up to £104m of savings by 2019/20.</li> </ol>	N/A

### 3. Implications for the Council

#### 3.1 Early Intervention and Prevention (EIP)

The work done with Deloitte in both Adults and Children's Services will contribute to the Council's Early Intervention and Prevention priorities, particularly in relation to All Age Disability, Children's Early Help and Adult Social Care. For example, assessments in adult social care will be revised to maximise independence and utilise the strengths of individuals, their families and carers.

#### 3.2 Economic Resilience (ER)

Projects focusing on procurement, sufficiency and commissioning could impact on the Council's existing suppliers as the Council looks at how it can deliver the best possible outcomes in the most efficient and cost effective way.

#### 3.3 Improving Outcomes for Children

Supporting Children's Services Improvement is a key part of this work programme. Work will be focussed on delivery against the Ofsted recommendations and DFE Improvement Plan, but will also scope the Council's ambitious plans for long term and wholesale transformation of Kirklees Children's Services. The All Age Disability project is also intended to improve outcomes for disabled children and their families by designing policies and services which support individuals appropriately at each point of their lives.

### **3.4 Reducing demand of services**

In both Children's and Adults services a key part of the work programme will focus on how residents contact the Council for support. By getting the first point of contact right, it is anticipated that unnecessary referrals will be reduced, allowing services to better manage demand and focus support on those who most need it.

### **3.5 Equality Impact Assessment**

Equality Impact Assessments will be carried out in accordance with the Council's policies and statutory guidance.

### **3.6 Financial, Legal and Other Implications**

The Financial implications are set out in Appendix A.

There are no specific Legal implications.

To maximise value for money, the contract has been structured using a risk and reward approach, whereby payments are attached to the achievement of savings. This includes in-year savings in 2017/18.

## **4. Consultees and their opinions**

4.1 The Leader's Management Team, Portfolio Holders, Leading Members and political groups have also been briefed on the Council's work with Deloitte and progress over the last few months.

4.2 A large number of Council staff have been involved in developing this scope of work, specifically:

- The Executive Team
- Service Directors and Heads of Service for Adult Social Care and Commissioning
- The Service Director for Legal, Governance and Commissioning
- The Head of Audit and Risk
- Procurement Strategy and Advice Manager
- The Service Director for Finance, IT and Transactional Services
- The Service Director for Commercial, Regulatory and Operational Services
- Strategic Finance Leads and Service Accountants
- The Head of Transformation and Transformation Team.

## **5. Next steps**

Continue to work with Deloitte in accordance with the work programme set out in this paper.

## **6. Officer recommendations and reasons**

Having read this report and the accompanying Appendices, Cabinet are asked to:

- Note that the Chief Executive, as Chair of the Transformation Portfolio Board, has given approval for funds to be drawn down from the New Council Development Reserve to support this activity to date, in accordance with the delegation agreed by Cabinet for this reserve in July and August 2015.
- Agree that the New Council Development Reserve will be utilised to support the next phase of the Council's transformation programme in line with the proposals set out in this paper.
- Agree that overall budget management responsibility for the New Council Development Reserve will be delegated to the Chair of the Redesign Board.

## **7. Cabinet portfolio holder's recommendations**

The Leader and Deputy Leader request that Cabinet gives approval for the recommended approach and allocation of resources.

## **8. Contact officer**

Michelle Nuttall, Head of Transformation

## **9. Background Papers and History of Decisions**

Appendix A: Detailed cost and benefits profile (Private and Commercial in Confidence).

## **10. Director responsible**

Naz Parkar, Strategic Director, Economy and Infrastructure