

Overview and Scrutiny Report – 22 March 2018

Report title: Update on Organisational Redesign – Targets and Savings Proposal

Wards: All

Portfolio: Deputy Leader (Policy): Councillor Imogen Walker

Report Authorised by: Jackie Belton: Strategic Director for Corporate Resources

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Report summary

The council's Future Lambeth change programme is focused on creating a smaller, more skilled, customer focused council that meets the council's considerable ambitions in terms of positive outcomes for our residents and local businesses and delivers on our ambitious Borough Plan priorities, in a time of continued financial constraint. We are focused on developing a highly-motivated, diverse, talented and properly supported workforce delivering carefully identified outcomes to our residents and businesses.

Finance summary

The council agreed a £20m saving in respect of organisational redesign through the formal financial planning process, and over the summer 2017 Table 1 was agreed by CMT, which sets out savings of £20.3m, and confirms that to date we have delivered £4.7m, and therefore have £15.6m further savings to deliver. The remaining target of £15.6m has been split across the identified work streams. No further savings are expected to be delivered in 2017/18. Therefore the profiling of the remaining £15.6m has been amended and is reflected in table 2, with slippage moved into 2018/19.

Business Support has now been centralised in Corporate Resources and therefore the Business Support target has been moved from the other Directorates and into Corporate Resources. Table 3 confirms the revised targets by Directorates and confirms the level of savings proposed so far against the remaining organisational redesign target. Savings proposals of a further £6.5m still need to be identified and confirmed.

Recommendations

1. To note the saving targets, proposals and progress on the Future Lambeth programme delivering the organisation redesign savings 2016 to 2020.

1. Context

- 1.1 The council's Future Lambeth change programme is focused on creating a smaller, more skilled, customer focused council that meets the council's considerable ambitions in terms of positive outcomes for our residents and local businesses and delivers on our ambitious Borough Plan priorities, in a time of continued financial constraint. We are focused on developing a highly-motivated, diverse, talented and properly supported workforce delivering carefully identified outcomes to our residents and businesses.
- 1.2 Lambeth has a clear and ambitious vision to improve the borough for residents, businesses and others through our ambitious borough plan. We acknowledge that customer expectations have changed and will continue to change, we will respond by providing 24/7 on-line innovative self-service customer contact and we will be open for business when our customers need us to be.
- 1.3 Our workforce remains our greatest asset, and we are investing in giving our workforce the skills and tools they need to do an efficient and effective job.
- 1.4 Lambeth's new town hall and Civic Centre brings us all together, will provides a more efficient and sustainable working environment, and will enable us to redesign and digitalise the way we work so we support services to meet the needs of our residents.
- 1.5 We are embracing and optimising the use of new technology, so that we have a 'digital' front door, improved understanding of our customers and deliver improved customer processes and outcomes.
- 1.6 Building on this progress and central to the organisational redesign programme is the need to continually improve the council's digital effectiveness so that we can deliver further improvements to our residents. For example, in areas such as contact and assessment, the council will be looking to improve accessibility and responsiveness to more and more Lambeth services by investing in digital technologies and skills and provide the level of accessibility for **all** our citizens and members expect and want, including those who are unable to engage digitally.
- 1.7 Currently we have achieved variable levels of channel shift and therefore we need to review this across all services. To address this and other digital requirements we will develop a Customer and Digital Strategy. This will support volume reduction on other channels such as the Contact Centre and Customer Centre.
- 1.8 We are improving the technology available to staff, so are moving to Oracle cloud from April 2018 we have Office 365 and digitalised mail and we are embracing the functionality of SKYPE, which has provided us with a new communication platform, telephony, video and instant messaging. We are investing in supporting services to develop the skills and redesign processes to maximise the use of our existing technology.
- 1.9 We will explore the potential of our customers using SKYPE to contact us, and this will form part of our wider Digital strategy. This will require some detailed thought and service redesign particularly where identification and verification is required.

2 Organisation Redesign Proposals

- 2.1 The original organisational redesign saving target was set at £20m, with £16.8m to be delivered between 2017/2018 and 2019/20. The savings target for Organisational Redesign is in addition to the other saving proposals contributing to the budget for 2017-2020. Savings through organisation redesign will also be delivered for the HRA but are not included in this savings target.
- 2.2 The proposals will support the implementation of a new emerging operating model for the digital age. This is more than just implementing new technology and requires a large cultural and structural shift. It also requires continuing collaboration between different parts of the council, and a positive attitude and commitment across the council to moving to new ways of working.

2.3 CMT agreed the following targets and profiling of the Organisational Redesign work streams on 25 July 2017.

Table 1

Council Wide Summary		Proposal Profile				Delivered	To be Delivered
	Total Proposals	2016/17	2017/18	2018/19	2019/20		
Deletion of VPRS Posts	1,500,000	1,500,000				1,500,000	
N&G Org Saving	261,000		261,000			261,000	
Director Restructure	200,000		200,000			200,000	
Finance Restructure	800,000		800,000			800,000	
ICT Savings	500,000		500,000			500,000	
Democratic Savings	200,000		200,000			200,000	
Senior Management & Middle Core	8,200,000		2,000,000	3,100,000	3,100,000	581,000	7,619,000
Business Support	2,013,000		653,000	1,360,000		653,000	1,360,000
Contact	1,620,000		655,000	965,000			1,620,000
Assessment (inc Complex)	3,500,000			1,500,000	2,000,000		3,500,000
Contract Management- Capita	1,500,000			1,180,000	320,000		1,500,000
TOTAL	20,294,000	1,500,000	5,269,000	8,105,000	5,420,000	4,695,000	15,599,000

Organisational Redesign Target	(20,000,000)	(10,000,000)	(422,000)	(5,578,000)	(4,000,000)
Brought Forward Target from Prior Year			(8,500,000)	(3,653,000)	(1,126,000)
Forecast (Gap) / Surplus	294,000	(8,500,000)	(3,653,000)	(1,126,000)	294,000

Current (Gap) / Surplus	(5,727,000)				
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2.4 The CMT table has now been updated to reflect that it is unlikely that any further saving delivery will happen in 2017/18. Therefore slippage has been moved into 2018/19 and the items changed are highlighted in the table below.

Proposed Table 2

Council Wide Summary		Proposal Profile				Delivered	To be Delivered
	Total Proposals	2016/17	2017/18	2018/19	2019/20		
Deletion of VPRS Posts	1,500,000	1,500,000				1,500,000	
N&G Org Saving	261,000		261,000			261,000	
Director Restructure	200,000		200,000			200,000	
Finance Restructure	800,000		800,000			800,000	
ICT Savings	500,000		500,000			500,000	
Democratic Savings	200,000		200,000			200,000	
Senior Management & Middle Core	8,200,000		581,000	4,519,000	3,100,000	581,000	7,619,000
Business Support	2,013,000		653,000	1,360,000		653,000	1,360,000
Contact	1,620,000			1,000,000	620,000		1,620,000
Assessment (inc Complex)	3,500,000			1,500,000	2,000,000		3,500,000
Contract Management- Capita	1,500,000			1,180,000	320,000		1,500,000
TOTAL	20,294,000	1,500,000	3,195,000	9,559,000	6,040,000	4,695,000	15,599,000
Organisational Redesign Target	(20,000,000)	(10,000,000)	(422,000)	(5,578,000)	(4,000,000)		
Brought Forward Target from Prior Year			(8,500,000)	(5,727,000)	(1,746,000)		
Forecast (Gap) / Surplus	294,000	(8,500,000)	(5,727,000)	(1,746,000)	294,000		
Current (Gap) / Surplus		(5,727,000)					

- 2.5 In response to the re-profiling of the remaining organisational redesign saving target £15.6m (as per table above), the Directorate organisational redesign saving targets have also been re-profiled, with Business Support now centralised within Corporate Resources the Directorate targets have been updated.

Table 3 Directorate Savings

	ORD TARGET			
	2018/19	2019/20	2020/21	Total
Adults & Public Health	£m	£m	£m	£m
Senior Management & Middle Core	0.793	0.544	0.000	1.337
Contact	0.085	0.053	0.000	0.138
Assessment (inc Complex)	0.282	0.376	0.000	0.658
Total	1.160	0.973	0.000	2.133

	ORD TARGET			
	2018/19	2019/20	2020/21	Total
Children's	£m	£m	£m	£m
Senior Management & Middle Core	1.364	0.935	0.000	2.299
Contact	0.347	0.215	0.000	0.562
Assessment (inc Complex)	0.423	0.563	0.000	0.986
Total	2.133	1.714	0.000	3.847

	ORD TARGET			
	2018/19	2019/20	2020/21	Total
N&G	£m	£m	£m	£m
Senior Management & Middle Core	0.742	0.509	0.000	1.251
Contact	0.293	0.182	0.000	0.475
Assessment (inc Complex)	0.438	0.585	0.000	1.023
Total	1.474	1.275	0.000	2.749

	ORD TARGET			
	2018/19	2019/20	2020/21	Total
Corporate Resources	£m	£m	£m	£m
Senior Management & Middle Core	1.678	1.151	0.000	2.829
Business Support	1.360	0.000	0.000	1.360
Contact	0.276	0.171	0.000	0.447
Assessment (inc Complex)	0.342	0.456	0.000	0.798
Contract Management- Capita	1.180	0.320	0.000	1.500
Total	4.836	2.098	0.000	6.934

	ORD TARGET			
	2018/19	2019/20	2020/21	Total
TOTAL	9.603	6.060	0.000	15.663

Note: The slight difference between totals in table 2 and 3 relates to rounding

- 2.6 Corporate Resources have developed detailed proposals to deliver senior management and middle core savings and a number of restructure business cases are being developed and consulted on currently and this will continue through 18/19 and 19/20.
- 2.7 Children's Services are proposed to make savings on senior management and middle core in 19/20.
- 2.8 The Business Support proposals will be delivered in 18/19 and then the new service will be further reviewed throughout 18/19 and 19/20. As the original FTE scope has reduced by 18 the savings target will also reduce by approximately £200,000.
- 2.9 The Contract Management saving proposals have been agreed and will deliver in 18/19 and 19/20 as set out.
- 2.10 The remaining Organisational Redesign programme is planned to deliver savings of £15.7m over the period 2018/19 to 2020/21. Service budgets currently reflect savings of £9.2m, this will reduce by £200,000 to reflect the change in the scope of Business Support so leaving a balance of £6.7m still to be identified. Work will continue to identify these further savings, and will be reported to Cabinet in July, along with plans for early implementation of new savings to deliver during 2018/19.

3. Update on Business Support Proposals

- 3.1 One of the first cross cutting projects of the Future Lambeth programme is the creation of a new business support service by May 2018. Business Support is a vital component that underpins critical activities right across the council, both in front line delivery as well as in our corporate functions. Our current devolved business support model, means that we are not as effective and as efficient as we could be. The devolved structure does not allow for many staff to develop beyond their present role and a major feature of the proposal is to create more development opportunities.
- 3.2 The proposal will be redesigned to meet the needs of the council. The main aims of the Business Support project are to;
 - Create an efficient Business Support service that provides administrative resource to the whole organisation, focusing on localised functions with a smaller centralised element to accompany this.
 - Creating a positive working environment that promotes apprenticeships, entry level roles and clear, career progression
 - Directly support the new ways of working in YNTH
 - Targets financial efficiencies
 - Provides a number new job carved roles.
 - Go Live of May 2018
- 3.3 Although the proposals will lead to significant changes in how people work, the council is committed to supporting staff by investing in a comprehensive learning and development plan and limiting any potential redundancies, by keeping a large number of vacancies to help reduce any adverse impact on permanent staff . We do expect there to be minimal redundancies.
- 3.4 The restructure of Business Support had an original savings target of £2m based on PWC benchmarking. In 2017/18 Business Support is forecasting to underspend £413k due to planned holding of vacant posts, these vacant posts will be deleted as part of the restructure of Business Support. However since the original saving target was set the number of roles in scope have now reduced by 18 posts and therefore the possible savings will need be revised to reflect this change.

Business Support Analysis (FTE)

Directorate	Business Support scope (July 17)	Business Support in Final Scope (Feb 18)
Adults	32	28
Children's	80	86
N&G	27	16
Corporate Resources	76	67
Total	215	197

- 3.5 The table below reflects a summary of the savings to be realised from this proposal for 2018/19. The total costs have been calculated based on the highest spinal point within each pay grade.

Summary of Financial Savings

Phase One Savings	Total
Banked savings	£650,000
Vacant positions	£858,415
Vacant agency positions x 7	Approx. £100,000 (50% part year effect)
Total	£1,608,415

4 Finance

- 4.1 Finance comments are provided throughout the report.

5 Legal and Democracy

- 5.1 This report is for information and therefore there are no legal implications arising directly from the contents of the report. Legal advice and assistance will be provided in relation to the structural changes arising from these proposals and consultation will need to be undertaken in accordance with any statutory requirements and the Organisational Change Policy.

6 Consultation and Co-production

- 6.1 Any structural change resulting from any of these proposals will be subject to formal consultation in-line with Organisational Change Policy
- 6.2 All directorates of the council will help redesign services and will also be consulted on the proposals as they are developed and finalised.

7 Risk Management

- 7.1 There are risks of slippage and/or under achievement of restructuring savings arising from the outcome of the formal consultation process. Also significant work is required to identify and develop new detailed savings proposals of £6.1m to be delivered across 18/19 and 19/20.

8 Equalities Impact Assessment

- 8.1 When undertaking any structural change the council applies and works within its policy framework, This includes the Organisational Change Policy. This, as standard, requires an Equality Impact Assessment (EIA) to monitor and mitigate the impact of the proposed structural changes in diversity. The EIA will detail the current workforce profile, the effect on staff of any changes proposed by the business plan, and any mitigating actions to ensure that the workforce remains representative at all levels. Any issues identified through the EIA will be addressed appropriately before the business case is submitted to the Strategic Director for approval. The purpose of the EIA is to ensure that the Council complies with its public sector equality duty (Equality Act 2010).

9. Staffing and Accommodation

As services are redesigned and structures changed we will ensure that we monitor and plan for any potential implications on staffing and accommodation.

10. Timetable for Implementation – indicative only

- 10.1 This is the indicative **only** timetable that will apply to the consultation on the new structure. The start and end dates are subject to change depending on finalising the business case and the outcome of the consultation

*Trade Union Formal Consultation	23 rd April 2018
Start of Staff Consultation period	24 th April 2018
**End of Staff Consultation	8 th June 2018
Start of Management Review period	8 th June 2018
End of Management Review period	22 nd June 2018
Assimilation panel	26 th June 2018
Announcement of new structure	28 th June 2018
Expressions of Interest Deadline	2 nd July 2018
Assimilation Appeal Panel	2 nd July 2018
Interviews	10 th July 2018
Phase one Go Live	1 st August 2018
Phase two	September 18 onwards

Audit Trail				
Consultation				
Name/Position	Lambeth directorate / department or partner	Date Sent	Date Received	Comments in paragraph:
Councillor Imogen Walker	Deputy Leader (Policy)	09.03.18	13.03.18	
Andrew Travers	Chief Executive	09.03.18		
Jackie Belton Strategic Director	Corporate Resources	09.03.18	12.03.18	Throughout
Sue Foster Strategic Director	Neighbourhoods & Growth	09.03.18		
Helen Charlesworth-May Strategic Director	Adults & Health	09.03.18		
Annie Hudson Strategic Director	Children's Services	09.03.18		
Christina Thompson Finance	Corporate Resources	09.03.18	13.03.18	
Andrew Pavlou, Legal Services	Corporate Resources	09.03.18	12.03.18	5.1
Nisar Visram AD Finance	Corporate Resources	09.03.18	12.03.18	

Report History	
Original discussion with Cabinet Member	
Report deadline	09.03.18
Date final report sent	13.03.18
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	No
Date first appeared on forward plan	N/A
Key decision reasons	N/A
Background information	Update on the Organisational Redesign Programme (Overview & Scrutiny 13.07.17)
Appendices	None.