

# Thrive Transformation Programme - commissioning of support for invest to save projects

**Decision maker:** Cabinet Member Finance, Corporate Services and Planning

**Decision date:**

**Report by:** Chief Executive

## Classification

Open

## Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

## Wards affected

(All Wards);

## Purpose

To agree to commission consultancy support to accelerate the delivery of savings from transformation activity for the 2023/24 budget and future years.

## Recommendation(s)

That:

**(a) That the cabinet member for finance, corporate services and planning authorises commitment to spend to transform services and realise benefits as proposed in Appendix A**

**(b) The council's Director for Resources and Assurance can directly commission support from the council's strategic transformation partner (Pricewaterhouse Coopers LLP, (PWC) ) to the value of £573k to map out and support acceleration to how the council will**

**achieve the proposed savings plan in the 2023/24 budget which are aligned to transformation activity**

**(c) That delegated authority is given to the Director for Resources and Assurance in consultation with the Chief Executive to make all operational decisions to implement the above recommendations**

## **Alternative options**

1. The alternative option is not to commission external support, but to carry out this work using existing resources. This option has been rejected on the grounds that the skills and capacity does not exist within the council to generate detailed plans to achieve the level of savings anticipated with an accelerated timetable. The external support will accelerate progress and provide expert knowledge and experience to deliver the benefits and changes required. The level of savings anticipated will cover the cost of external consultancy and the savings generated will be within the next financial years and recurring for future years. In July 2022 the council procured Pricewaterhouse Coopers LLP, (PwC) as a strategic transformation partner to support the council with transformation, During the work they scoped further opportunities for benefits and transformation changes, therefore it would make commercial and strategic sense to continue using PwC to complete this next stage of work. The work is expected to be an invest to save model and the cost of the commission will be realised in the identified efficiencies and financial benefits.
2. The council has a significant requirement to reduce the cost of service delivery due to substantial inflationary pressures and increasing demand for services. The alternative to carrying out a transformation programme is to directly cut service budgets in order to balance the budget. This option has been rejected as the council is confident through the initial work carried out in partnership with PwC, that a cross council transformational change programme which will significantly enhance the digital offer to customers and our staff and deliver service changes will enable efficiencies and financial benefits for the council.
3. Carry out a full procurement exercise, to identify alternative agencies or consultancies who could support delivery of the Automation Discovery and Pilot work package. This option would involve sourcing appropriate external capacity and capability through a full tender process, to enable delivery of the transformation work packages identified at the desired pace. However, this option would likely require additional costs and time (estimated to be 3-6 months), to carry out the procurement exercise for the preferred agency or consultancy supplier. This would mean that the commencement of the transformation projects may be delayed, and the required financial benefits may not be achieved within the desired timeframe. This option puts the accelerated savings programme for 2023/24 at risk and is not recommended at this stage in the transformation journey.

## **Key considerations**

4. The council's strategic plan, the County Plan, is clear that the way in which the council interacts with residents needs to change, deliver quicker and better outcomes, help the council to be more efficient whilst improving the experience of residents. The most recent customer services review indicated that customer services is delivered in a variety of ways which is often fragmented. This makes it difficult to source performance data on how customers interact with the council across the journey and limits the opportunities to identify improvements, gaps and trends. This programme is intended to help provide a strong basis for maintaining a sustainable financial position in the face of an increasingly challenging environment.
5. During 2022, the council identified the lack of digital transformation across the council. In July 2022, the council invited several organisations to come and present the art of the possible to the council

to accelerate looking at service delivery across the council in a more digital/smarter capacity. Following initial sessions the council decided to carry out a full tender process to procure a strategic transformation partner to add capacity to accelerate a transformation journey.

6. The cabinet member for Finance, Corporate Services and Planning authorised a budget of up to £490k to complete stages 1 and 2 of the commission:

<http://councillors.herefordshire.gov.uk/mglssueHistoryHome.aspx?Ild=50041921>

The decision paper also outlined that in the future the council would need to evaluate further stages of work with the council's strategic partner once more information was known.

7. PwC were the successful bidder and have been working with the council since August 2022. PwC have been working with the Council's Corporate Leadership Team (CLT) during the budget setting period for 2023/24 where a savings programme was identified to enable the council to respond to a significant cut in funding. Both CLT and PwC have mapped out an accelerated transformation programme which identifies significant changes in the way that we plan to deliver services which in turn will identify efficiency savings to enable the council to deliver on the 2023/24 savings plan.
8. PwC were commissioned to complete 2 stages of work. Stage 1 was to shape a robust transformation programme with the council's corporate leadership team and set out a compelling case for change. Stage 2 was to look at how this could be operationally delivered. What has become apparent during this work is the ability to accelerate some of the transformation ambitions and opportunities. Early indications of the benefits can be seen in Appendix A. Due to time constraints and lack of capacity and expertise it would be pertinent to continue with this work at pace but we will need to continue to add the capacity into the council and the recommendation is that PwC continue this work.
9. Due to the identification of the accelerated transformation programme, the need to keep business continuity, a full procurement process having taken place with the last year identifying value for money, and a time pressured programme to deliver on the 2023/24 savings programme across the council, it would make commercial sense to continue with PwC as the council's strategic partner to deliver on the accelerated programme of works which will be stage 3.
10. Outlined in this report is the further funding request for an additional investment of £540,000 with the now commissioned transformation partner, PwC to deliver the three projects listed in paragraph 20 below which will result in the plans for release of estimated £1million savings from the 2023/24 budget as well as providing the methodology for continued savings and efficiencies.
11. The transformation work also provides future planning for the target operating model of the council that will transform ways of working with customers and for employees internally, which will reduce demand on services and also considers additional income opportunities.

## **Community impact**

12. The transformation programme is the delivery mechanism for the council's commitment to modernisation set out in the County Plan, which highlights the need to improve interactions with residents, delivering quicker and better outcomes, while also being more efficient and improving the customer experience. The work to transform customer services will build on the approach the council is taking through Talk Community, enabling residents and communities to help themselves through effective and accessible information and advice, providing support at the right time and right place with robust information, advice and signposting to enable residents to live well in their communities.

13. It has been recognised that Herefordshire lags behind other councils in its use of digital technology. The digital and customer transformation programme will ensure that the council provides services that give people more control and prioritise the customer's needs through the most efficient and effective means.

## **Environmental Impact**

14. In the development of these projects, the council will actively seek opportunities to improve and enhance environmental performance in the identification of more efficient ways of providing customer services.

## **Equality duty**

15. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
16. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). Any future decisions on changes to how the council provides services to customers will have due regard to this obligation.

## **Resource implications**

17. The Council's budget for 2023/24, as approved by council in February, includes a savings requirement of £1.0 million expected to be delivered through transformation activity.
18. Wherever possible, proposals have been identified that can be implemented in the short term and with no or minimal additional cost in relation to this immediate target. The council is carrying a number of vacancies and it is anticipated that any staff reductions will be managed through vacancy management, natural staff turnover and redeployment.
19. The benefits relating to this work are identified above and work will be carried out to ensure that emerging benefits are aligned to Directorate Savings Plans, and there is no duplication of benefits.
20. The scoping work completed by PWC also includes further benefit realisation opportunities across the three work streams, the future council operating model and third party spend. This includes reviewing and delivering a more efficient operating model for the Council that is based on an improved and accelerated digital infrastructure enabling customers to be supported early in

their journey and reducing demand on services. The scope of the work has also considered the spend on third party organisations and further income generation opportunities.

21. The work will be funded on an invest to save basis, i.e. on the basis that the work will return the level of savings set out and will cover the cost over the next 9-18 months. The budget allocation for these three pieces of work is predicated on supporting delivery of savings in line with the MTFP.

22. The cost of the external consultancy work is £573k for three projects. The project savings range between £640k - £1,125k but all the projects will enable further savings opportunities through repeatable process. A summary of the costs and anticipated benefits is set out below. There is more detail in the business cases in appendices 1, 2 and 3.

23. The funding source has not been identified in 2023/24, these costs and expected savings will be monitored as part of the revenue budget.

Project	Cost of consultancy support (excluding VAT and expenses)	Other anticipated costs	Anticipated financial benefits 2023-2024
Customer Acceleration	£230k	There are no technology costs for the AWS Connect solution at this stage.  Any implementation costs to scale solutions will be identified, but they are not anticipated to be material in scale in relation to the initial financial benefits. This would include software licencing costs, integration costs and analyst and developer resources if these are not in place.	This work will develop the plans, implementation approach and proof of the voice automation capability to deliver savings in the range of of £250k-500k
Process Automation	£140k	Ongoing licencing costs will be associated with the implementation and usage of the automation capabilities using Microsoft Power Automate. Microsoft Power Automate licence costs for the development and deployment of two pilot automations is approximately £3800 (for 12 months).	The anticipated capacity saving estimated at <b>£140k-215k</b> .
Service Cost Recovery	£170k	Any implementation costs will be identified in the business cases that are developed but they are not anticipated to be material in scale in relation to the initial financial benefits	<b>£250k-500k</b> towards the initial £1m target for FY23-24. This is anticipated to be achieved through increases in existing income generating activity.

Revenue or Capital cost of project	2022/23	2023/24	Future Years	Total
	£000	£000	£000	£000
<i>Customer Acceleration</i>		230		230
<i>Process Automation</i>		140		140
<i>Service Cost Recovery</i>		170		170
<i>Professional Fees</i>		33		33
<b>TOTAL</b>		<b>573</b>		<b>573</b>

Work Package	Costs	Deliverables /Transaction Area	£'s Savings identified by PWC	PWC how savings could be realised	Governance Decisions	Timescales
<b>Customer Acceleration</b>	<b>£230,000</b>	Apply for Blue Badge	£59,000.00	1.44 FTE (vacancies)	None	Implemented 23/24 benefits realised in 23/24
		Report a missed bin				
		Submit a MARF	£50,000.00	1.0 FTE (vacancy)	None	Implemented 23/24 benefits realised in 24/25
		Book a Ceremony/death/birth	£72,000.00	Income and reduce spend	None	Implemented 23/24 benefits realised in 23/24
		Request care & support (ASC)	£50,000.00	1.0 FTE (vacancy)	None	Implemented 23/24 benefits realised in 23/24
<b>RPA</b>	<b>£130,000</b>	Contacts & Referrals	£52,000.00	1.4 FTE (vacancies)	None	Implemented 23/24 benefits realised in 24/25
		Minutes Distribution				

<b>Service Cost Recovery</b>	<b>£170,000</b>	Parking	£300,000.00	Increased income	Cabinet Member Decision	Implemented 23/24 benefits realised in 24/25
		Public Toilets	£50,000.00	Increased income	Cabinet Member Decision	Implemented 23/24 benefits realised in 24/25
		Council Lottery	£30,000.00	Increased income	Cabinet Member Decision	Implemented 23/24 benefits realised in 24/25
		Community Advertising	£50,000.00	Increased income	Cabinet Member Decision	Implemented 23/24 benefits realised in 24/25

## Legal implications

24. This report requires authorisation for spend with an existing supplier to be increased by £540k. This increased spend only aligns with our contract procedure rules by the use of the exemption/waiver procedure in clause 4.6.36 to 4.6.41. Officers' views appear to be that the additional sum payable is the market price and represents best value/value for money justification for the award.

## Risk management

25. In order to avoid duplication of effort or counting of savings between the programme and directorate plans there will be an overarching governance structure for the Transformation Programme that brings Directorate and council-wide transformation projects together.
26. There is a risk that the decisions about how the increased capacity identified do not result in substantial savings. Further decisions will need to be made on how to realise savings through vacancy management or role/team redesign. Mitigation will take the form of regular reporting to the lead cabinet member on progress against the savings target.

Risk / opportunity	Mitigation
Risk of duplication or overlap with the Directorate transformation and savings plans already agreed	This risk will be mitigated by ensuring that the opportunities and associated benefits that are prioritised for delivery are added to the appropriate Directorate plans and benefits targets. This means that Directorates have access to increased programme support to deliver the benefits that they are expected to achieve in the Directorate plans as well as securing a route to deliver these additional benefits.
Benefits will not be realised	There will be an overarching governance structure for the Transformation Programme that brings Directorate and council-wide transformation projects together to track progress
Impact on staff - the introduction of new processes and systems needs to consider all impacts on staff.	In the unlikely event that staff redundancies would be necessary when the implications of proposed changes are known, the required staff consultation processes will be followed as set out in HR policy.

27. These risks will be managed at a corporate level as strategic risks and will be entered on the corporate risk register.

## Consultees

Political Group consultation took place on 9 March 2023 and the feedback received has been incorporated in the above paper



## Appendices

Appendix A Business Cases

## Background papers

None identified

## Report Reviewers Used for appraising this report:

**Please note this section must be completed before the report can be published**

Governance	John Coleman	Date 20/03/2023
Finance	Rachael Hart	Date 02/05/2023
Legal	Sean O'Connor	Date 04/05/2023
Communications	Luenne Featherstone	Date 18/05/2023
Equality Duty	Harriett Yellin	Date 03/05/2023
Procurement	Lee Robertson	Date 28/04/2023
Risk	Kevin Lloyd	Date 03/05/2023

Approved by Amy Pitt Date 27/09/2023