

Finance and Resources Committee

10.00am, Thursday, 15 January 2015

BOLD business cases: delivering a lean and agile Council

Item number	7.3
Report number	
Executive/routine	
Wards	All

Executive summary

The gap between the savings required by 2017/18 and those already identified in the Council's financial planning is £67million. To meet these challenges, significant changes are required to transform how the Council provides services and meets its strategic priorities.

The Better Outcomes through Leaner Delivery (BOLD) programme, initially tasked with informing the budget proposals for 2015/16, is now focused on developing a number of service transformation and aligned savings plans across five priorities for change. Each priority is designed to focus on customers, services and delivery of agreed Council outcomes whilst ensuring the level of transformation necessary to deliver a sustainable future service delivery model and budgets for Edinburgh.

A programme overview document and outline business cases have been prepared to illustrate and support delivery of the Council's priorities for change.

This report provides details of business case proposals for channel shift, business and customer services, localities and partnership along with setting out proposals for revised programme governance to ensure a clear strategic direction and benefits

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	SO1 , SO2 , SO3 , SO4

realisation. Future reports to Committee will detail the business cases for workforce strategy and controls (February 2015) and property (Spring 2015).

The proposals present clear opportunities to realise savings and achieve other benefits for the Council and its customers. Successful delivery requires a focussed and co-ordinated approach, with dedicated staffing resource and strong governance, to drive the necessary transformation within challenging timescales.

BOLD business cases: delivering a lean and agile Council

Recommendations

- 1.1 To note the budget gap and savings required, outlined in paragraph 3.3 of this report;
- 1.2 To note the rationale and requirement for transformation;
- 1.3 To agree the BOLD programme overview – ‘the case for change’ outlined in appendix two of this report;
- 1.4 To agree the principles outlined in each of the business cases for channel shift, business and customer services, localities and partnership together with related resource and implementation plans, set out in appendices four to seven of this report;
- 1.5 To note that the business cases for workforce strategy and controls and property will be brought to committee in February and Spring 2015 respectively;
- 1.6 To note that consultation with both Trades Unions and employees will take place in relation to these proposals, as appropriate;
- 1.7 To agree the revised programme governance arrangements set out in paragraphs 3.28 to 3.31 and appendix 7 of this report;
- 1.8 To update the checkpoint group regularly on implementation of the programme;
- 1.9 To instruct the Director of Corporate Governance to provide bi-monthly progress reports on implementation of each business case and realisation of savings to this Committee and quarterly reports on progress to the Corporate Policy and Strategy Committee; and
- 1.10 The funding requirement of this report will be considered as part of the Council’s budget setting process on 12 February 2015.

Background

- 2.1 On 30 September 2014, the Finance and Resources Committee considered details of the Council’s proposed 2015/18 Revenue and Capital Budget Framework. The report set out savings proposals totalling £28.5m for 2015/16 which formed the basis of the Council’s recent budget engagement exercise.
- 2.2 In relation to the remaining period the committee agreed to develop a strategic approach and financial vision for a further three year period. This included a

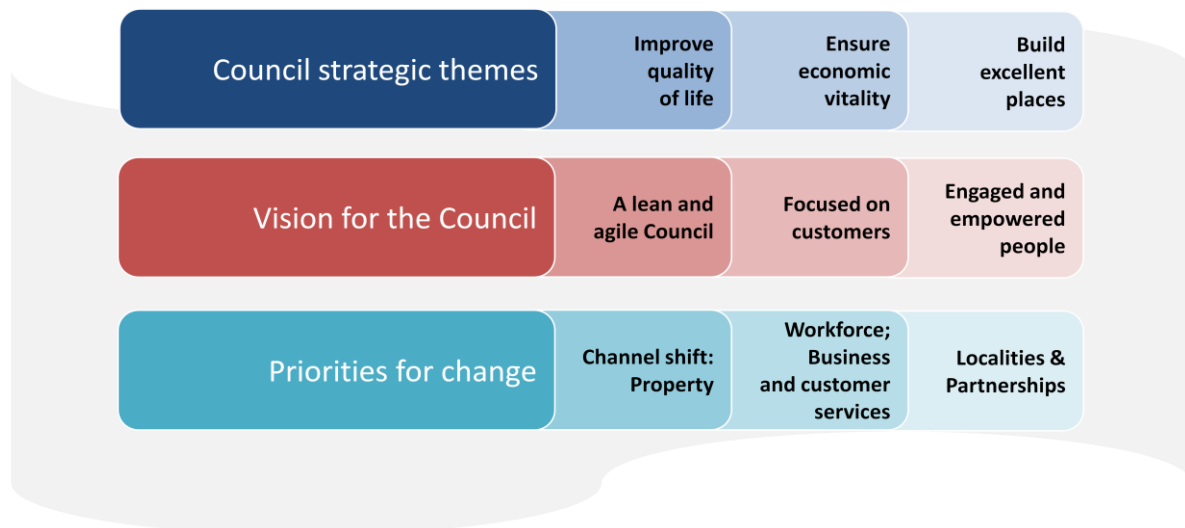
focus on strategic service delivery themes for the City of Edinburgh along with five defined priorities for transformation.

- 2.3 Officers were asked to bring an outline business case for each priority to the committee including specified financial due diligence, risk assessment, people plan and savings analysis underpinned by management information.
- 2.4 This report sets out the business cases to develop a future delivery model for Council services, achievement of savings and transformation.

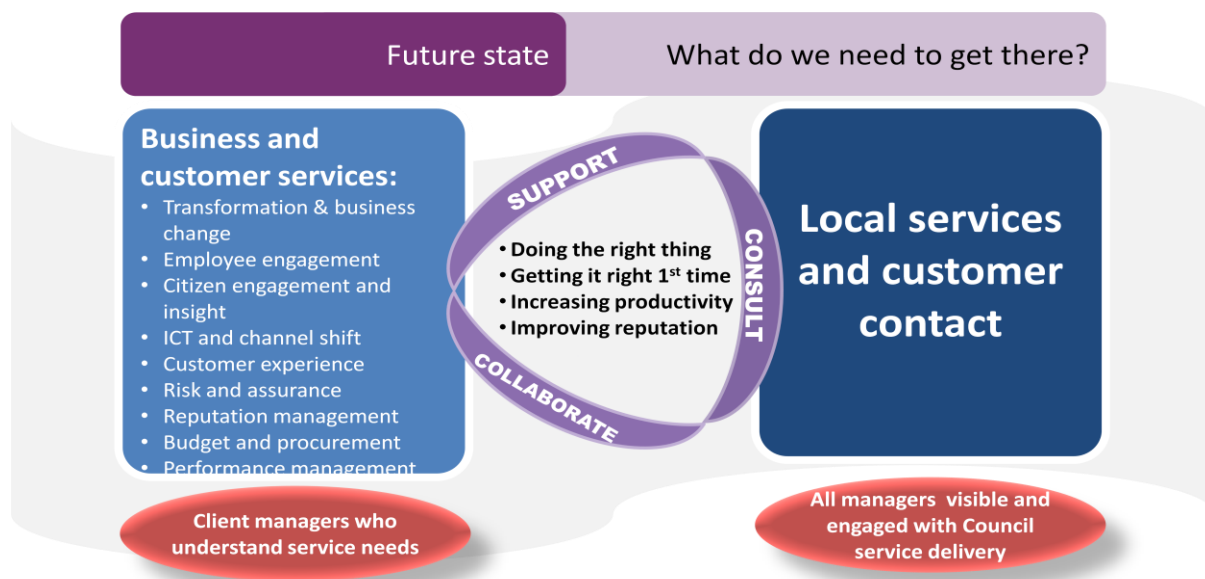
Main report

The Challenge: a lean and agile Council

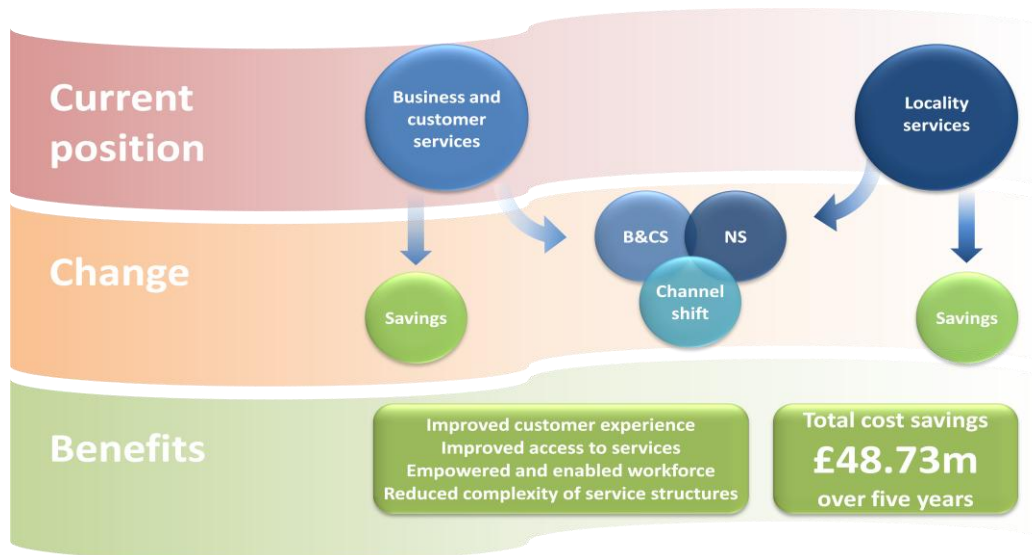
- 3.1 The Council continues to operate in a challenging environment with increases in demand for services within ongoing financial constraints.
- 3.2 The recent best value follow up report by the Accounts Commission (December 2014) identified key areas for improvement where Council progress has been slower than anticipated. These areas include: BOLD programmes and transformational change approach; effective corporate working; developing comprehensive workforce strategy; and achieving future savings.
- 3.3 The current budget gap between the savings required by 2017/18 and those already identified in the Council's financial planning stands at £67m to 2017/18, broken down as follows (savings gap represented cumulatively):
 - 3.3.1 £22m in 2015/16;
 - 3.3.2 £52m in 2016/17; and
 - 3.3.3 £67m in 2017/18.
- 3.4 As well as the need to address this financial position, which has become significantly more challenging in the last twelve months, key drivers for change (such as the public sector reform agenda; health and social care integration; demographic pressures; increased economic, cultural and social interdependencies; and growing customer expectations) mean transformation is essential to increase productivity and deliver services within budget. Given the scale and timing of the challenge, the Council now needs to drive forward a transformation programme, ensuring a clear focus on outcomes and service delivery.
- 3.5 To achieve the necessary level of transformation and savings the following strategic themes, vision and priorities for change have been agreed:



3.6 The priorities for change have been designed with complementary objectives that protect delivery of key Council services while shifting a range of routine transactions online. Leaner integrated support services will ensure that the proposed future service delivery model for the Council focuses on locality requirements and empowers decision making at the appropriate stage of customer engagement. Services delivered locally will be supported by a strategic team of locality client managers tasked with delivering efficient, effective and integrated support services.



3.7 The business cases have been designed as an overarching transformation approach for the Council, taking into account dependencies, phasing and future service design to ensure benefits for customers and savings can be achieved:



Business case development, overview and diligence

- 3.8 Business cases have been developed and built around the Council's strategic themes, vision and priorities for change as follows:
- 3.8.1 Channel shift (appendix 3);
 - 3.8.2 People and culture:
 - 3.8.2.1 Workforce strategy and controls; and
 - 3.8.2.2 Business and customer services (appendix 4).
 - 3.8.3 Localities (appendix 5);
 - 3.8.4 Partnerships (appendix 6); and
 - 3.8.5 Property.
- 3.9 Each of the business cases has reached a reasonable stage of maturity with the following exceptions:
- 3.9.1 Workforce strategy and controls: following agreement by Council to progress structural changes via the principles highlighted in the Chief Executive's recent ['organise to deliver'](#) report to Council, further work is being undertaken on the strategy and business case. It is proposed to report the Council's proposed workforce strategy and business case for workforce controls to this Committee in February 2015; and
 - 3.9.2 Property: additional time is needed to assess legacy issues before finalising business case details, including savings and implementation. It is proposed to report the full business case proposal to this Committee in Spring 2015.
- 3.10 A BOLD programme overview: 'the case for change' is set out in appendix two of this report. In addition, a high level summary of each of the individual business cases is provided at paragraphs 3.13 to 3.27 of this report. The full business cases are provided in appendices three to seven along with an overview of the

full five year savings profile against budget gap, from financial years 2015/16 to 2019/2020.

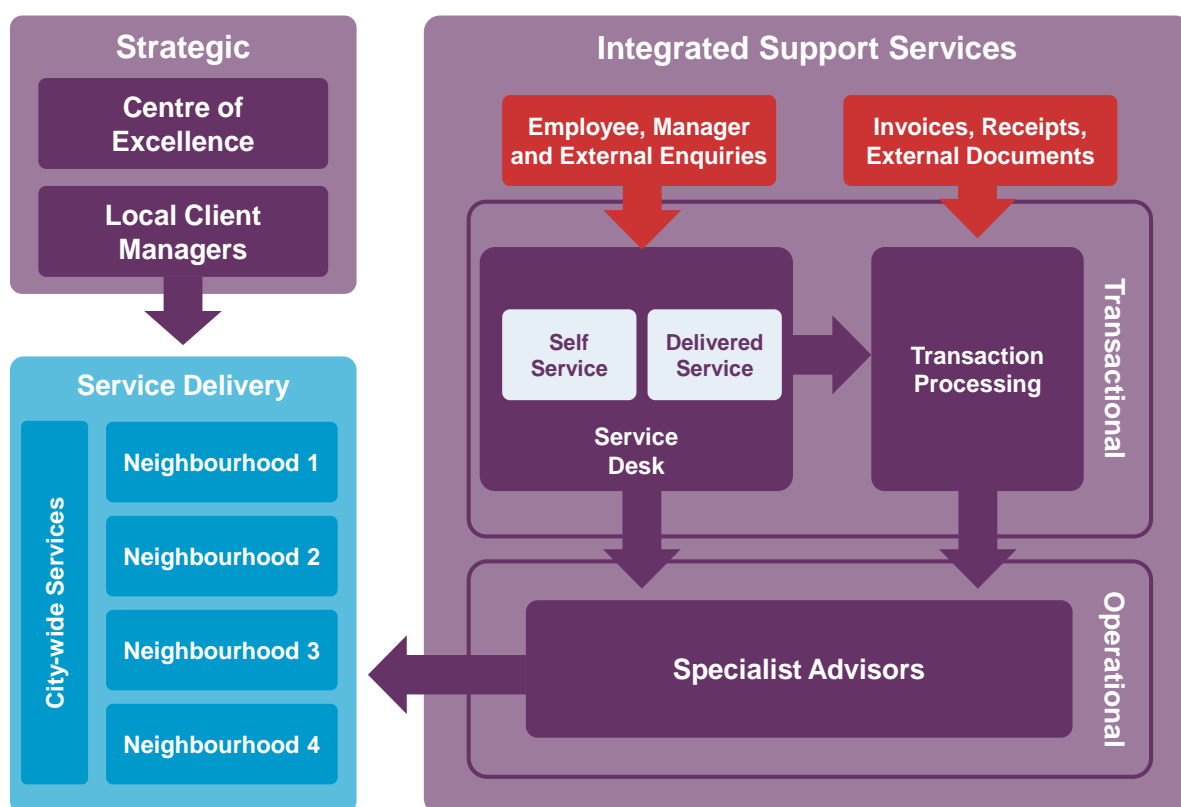
- 3.11 PricewaterhouseCoopers (PwC) were engaged to undertake a detailed diligence exercise for each of the business cases in order to:
 - 3.11.1 provide a critical review of the business cases;
 - 3.11.2 undertake a detailed challenge of the content and assumptions within each business case; and
 - 3.11.3 provide support for the development of the Localities business case.
- 3.12 The executive summary of PwC's report on the diligence work undertaken is provided in appendix one.

Channel Shift

- 3.13 Significant progress has been made in relation to the Council's ICT transformation programme and these improvements have provided the infrastructure to allow the Council to shift 30 transactions to online processing. This has already generated significant savings and enhanced customer experience. The Channel Shift project builds and aligns closely with the improvements already in place and future plans for ICT developments.
- 3.14 The Council currently receives over 3.7million individual contacts from customers annually. These contacts cover most Council services and range from, for example, council tax queries, to reporting a pothole in the road or registering a pupil for a school trip. Over 88% of these contacts are currently dealt with over the phone with the majority of the remainder being face to face. A proportionately very low number of customer contacts are currently undertaken online (digitally). The Council is not only falling short of the expectations of its digitally active customers but it is spending more in these areas than necessary.
- 3.15 This project aims to reduce the cost of delivery of a wide range of Council services by shifting the channel used for customer contact to the most efficient and appropriate. All existing channels will remain open to ensure the Council continues to be accessible and meet the varying needs of customers. The project also aims to decrease the amount of avoidable contact between the Council and customers by providing better and more pro-active customer engagement.
- 3.16 A total net saving of £5.3million over five years has been identified from implementation of the business case proposals for channel shift. In addition, as routine and less complex enquiries and transactions are processed and resolved first time online, funds can be released for savings and potentially re-assigned to more complex, needs-based Council services where face to face contact is required.

People and Culture: business and customer services

- 3.17 The current Council delivery model of business and customer services is fragmented and delivered in a number of different service areas. Activities are often duplicated and initial scoping has identified potential inconsistencies in grading of similar roles. It is recognised that the full range of support services can be provided in a leaner, more efficient and cost effective way for the benefit of all service users and customers.
- 3.18 It is proposed that the Council moves to a new model for business and customer services. This will ensure integrated support services focus on the Council's local and city-wide service delivery requirements, led by the strategic team and locality client managers.



- 3.19 An integrated, consolidated approach to the delivery of support services has the potential to save the Council around £11.5m over five years. In addition to the financial savings, this integrated model will deliver a range of financial, customer and service benefits through reduced duplication, greater customer focus, increased use of technology to support self-service and the provision of business insight and intelligence-led, high quality professional support for all Council services.

Localities

- 3.20 The Localities project is designed to develop and enhance the Council's current neighbourhood partnership model. This approach has consistently shown good levels of customer and staff satisfaction, evidenced by the Edinburgh Peoples, Council tenants and annual employee surveys.
- 3.21 The business case proposes the integration of operational functions to a cross cutting model of four localities, each having responsibility to manage and deliver services for their area. Locality management teams will be responsible for the delivery of specific outcomes within each area. Services including early years, schools, support for learning, housing and community facilities will be delivered locally by default. A number of services will continue to be delivered on a city-wide basis where it is more economical to do so. These include planning and building standards, housing and roads asset management and trading standards.
- 3.22 In addition to potential savings of around £15m (£21m if the scope of Health and Social Care services are included) over five years identified in the business case, there are a range of benefits as a result of the Council and partner services working within aligned geographical areas. These include integrated council service delivery teams with empowered decision-making at the appropriate stage of a process, assessment or referral thereby reducing failure demand; reduced contact points for customers; and positive local contact supporting individual and community well being and resilience.
- 3.23 The overarching Localities business case is presently at a conceptual stage, requiring further work and the development of a number of mini business cases in relation to further aspects of the proposed new operating model. These will include detail on the how the future front line services are delivered using business insight information to inform the services required in each of the localities, taking account of customer requirements. In addition, there will be comprehensive activity analysis and process re-engineering undertaken within each of the mini business cases to ensure that wastage is reduced and unnecessary cost eliminated.

Partnership

- 3.24 The Council currently invests around £108m, or 11%, of the net revenue budget in grants and contracts with third sector organisations who support delivery of a diverse range of services across the city. The Council requires to deliver consistently on agreed outcomes in the context of financial constraints and to challenge partners to be equally innovative in their future approach. As this business case has developed, third sector organisations and the Edinburgh Partnership have been engaged on how we can work together to address our challenges.

- 3.25 Integrated with the proposed Localities operating model and supported by the other business case projects, payments for Third Sector services will be strategically focused on customer outcomes into which investment can be more effectively channelled.
- 3.26 An analysis of all current allocations within the scope of this project will be undertaken to identify areas where there could be scope to achieve savings with minimal impact on customer services and outcomes. The new model will then ensure outcome focused investment aligned to both the Council's business plan and Edinburgh Partnership Community plan, with clear investment routes, an increase in collaborative service delivery with enhanced oversight and governance.
- 3.27 The Council has committed to a minimum 10% (£10.8m) reduction in grant and contract investment over the period 2015/18 based on the business case proposals. This has been agreed by the Finance and Resources and Neighbourhoods and Communities Committees, with a two year standstill in operation.

Programme governance

- 3.28 In order to begin service re-design and implement the transformation programme set out in the business cases, it is proposed to establish a BOLD Programme Steering Group. The membership will include the Director of Corporate Governance as chair, the Head of Finance and an experienced, independent consultant from outwith the Council.
- 3.29 The Steering Group will provide strong leadership and strategic direction to the transformation programme, continuously monitoring its implementation and the realisation of savings and other benefits. The independent consultant will support delivery and ensure effective challenge and scrutiny. Membership of the Steering Group and the key roles required to effectively deliver this programme is set out in appendix 7.
- 3.30 It is anticipated that key individuals, in particular the Programme Director and Senior Responsible Officers, will be appointed by February 2015 by the Director of Corporate Governance. The programme will require to utilise the skills of experienced staff throughout the Council for a number of supporting roles. It is proposed to offer opportunities for involvement across all service areas on a secondment basis.
- 3.31 The Director of Corporate Governance, as chair of the Steering Group, will report on a bi-monthly basis to the Finance and Resources Committee and quarterly to Corporate Policy and Strategy Committee. In addition, independent project assurance will be scheduled at key milestones.

Key risks and dependencies

- 3.32 Each of the business cases set out in the appendices to this report contains a risk assessment. In addition, there are a number of key risks and dependencies across the transformation programme as set out below:
- 3.32.1 Leadership: the plans are transformational and will require strong leadership and investment to ensure success.
 - 3.32.2 Timescales: any delay in implementation will materially impair the savings achievable within the 2015-18 timeframe.
 - 3.32.3 Governance and resources: strong, focussed governance and a Council-led, dedicated and fully resourced programme team are key to successful implementation. There is a critical need to ensure dedicated staffing resource to drive implementation of the programme (including access to external expertise, with skills transfer, where required). This has significant cost implications.
 - 3.32.4 Workforce strategy and controls: a future Council workforce strategy and controls aligned with and to support the business case proposals will be key to successful culture shift, implementation and embedding of the change.
 - 3.32.5 Redundancy pledge: in light of the Council's no compulsory redundancy pledge, every effort will be made to achieve the required reduction in roles on a voluntary basis where possible. The necessary level of cost reduction cannot be achieved solely by redeploying surplus staff elsewhere in the organisation.
 - 3.32.6 Service and financial benefits tracking: tight tracking of financial and non-financial benefits will be undertaken throughout implementation. A programme delivery and insight framework is currently being developed to ensure service, customer and financial objectives are realised. This will align with the Council's performance framework and will form a key element of regular programme oversight and monitoring.
 - 3.32.7 Costs to release staff: significant redundancy costs will be incurred in order to achieve the level of workforce reduction required.

Implementation – next steps

- 3.33 Early arrangements are underway to ensure a suitable Council transformation team is in place as a priority to begin implementation of the transformation programme based on the plans shown in each of the business cases. Further details will be provided in the first bi-monthly report to this Committee in March 2015.

Measures of success

- 4.1 The business cases have identified significant financial and non-financial benefits associated with the overall transformation programme. A clear strategy and framework will be developed to track and report on key identified benefits of the programme and this will form the basis of bi-monthly reporting to Committee.

Financial impact

- 5.1 The estimate of the likely case recurring benefits of the programme after 5 years are £48.8m. Based on the assumptions underpinning the business cases, it is estimated that £34.0m of additional savings will be realised, excluding planned savings of £12.8m (primarily related to 2015/16) and estimated savings attributable to the Housing Revenue Account of £2m.
- 5.2 In order to implement the transformation programme, additional project and change management resource is required. Details of these individual project resource requirements have been included within each business case and are summarised within the BOLD Programme Summary at Appendix 2. Estimated costs in 2015/16 are £2.9m.
- 5.3 In order to implement the programme, additional funding is required in 2015/16 to meet the £2.9m of programme costs and £3m of infrastructure investment which will be considered as part of the budget setting process in February 2015.
- 5.4 Reference is made to the voluntary redundancy costs mentioned in the key risks and dependencies section of this report.

Risk, policy, compliance and governance impact

- 6.1 Reference is made to the programme governance and key risks and dependencies sections of this report.
- 6.2 A risk assessment is provided with each business case.

Equalities impact

- 7.1 The recommendations described within this report are relevant to the Equality Act 2010 public sector equality duty. As such, all business cases have been subject to an equalities and rights impact assessment. In summary, these assessments indicate that the proposed move to a four area locality model will provide new opportunities to strengthen partnership activity and public services to improve rights related to safety, health, education, standard of living and the environment. The ERIA will be ongoing for the duration of the delivery of the

projects with appropriate advice from equality and rights advisors. This will ensure:

- 7.1.1 new locality management arrangements and local community engagement arrangements take cognisance of the needs of equalities communities of interest in addition to communities of place
- 7.1.2 new grant and contract programmes are designed to ensure the protection of the most vulnerable communities, families and individuals to maintain equality of opportunity.
- 7.1.3 face to face contact and other contact channels are maintained for individuals, families and groups that have difficulties when accessing new or IT based channels.

Sustainability impact

- 8.1 The recommendations of this report have been assessed in line with the public bodies duties described within the Climate Change Scotland Act (2009). In summary, a move to enhanced locality working will provide for new opportunities to strengthen the Councils work to mitigate against climate change, adapt to climate change and act in a more sustainable manner.

Consultation and engagement

- 9.1 The BOLD programme has engaged with staff using a number of methods, including drop-in sessions, workshops, a dedicated e-mail address, ORB page, blog and communications updates.
- 9.2 A comprehensive customer and employee engagement plan will be developed for each of the workstreams with a dedicated overarching change plan, involving staff, elected members, partners and trade unions.

Background reading/external references

None.

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Finance and Resources Committee – 15 January 2015

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Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long term financial position
Council outcomes	CO25 – The Council has efficient and effective services that deliver on agreed objectives
Single Outcome Agreement	SO1 – Edinburgh’s Economy Delivers increased investment jobs and opportunities for all SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential SO4 – Edinburgh’s communities are safer and have improved physical and social fabric
Appendices	Appendix 1 – PwC Due Diligence Executive Summary Appendix 2 – BOLD Programme Summary Business cases: Appendix 3 - Channel Shift Appendix 4 – Business and customer services Appendix 5 – Localities Appendix 6 – Partnership Appendix 7 – BOLD programme steering group

BOLD Programme Business Case Support Executive Summary

December 2014

The City of Edinburgh
Council

Confidential

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Distribution List

For information: The City of Edinburgh Council Corporate Management Team - Confidential

This report has been prepared by PwC in accordance with our Variation Form No. 11 dated 14 November 2014 and subsequent Variation Form No.12 dated 4 December 2014.

1. *Background and Scope*

Background

The Better Outcomes through Leaner Delivery (BOLD) programme was established in December 2013 to help the Council address the increasing financial challenges which will be faced over the coming years. Initially tasked with informing the budget proposals for 2015/16, the programme is now focused on developing a number of transformational savings plans across five strategic themes, which will allow an improved focused on Council outcomes and will support the implementation of a new Council delivery model.

The five themes identified to ensure delivery of the Capital Coalition pledges are:

- Neighbourhoods
- Channel Shift
- People and Culture (Business & Customer Services and Workforce Controls)
- Property
- Partnerships (Payments to the Third Sector)

On 30 September 2014, the Finance and Resources Committee instructed the Chief Executive to bring forward a business plan for each theme, to include all financial due diligence, the risk register, people plan, and a savings analysis underpinned by robust management information.

Note that Property and Workforce Controls are out of scope for the current phase of work and are not considered in this document.

Context

The current budget gap, based on information provided by the Council, stands at £67m to 2017/18. The Council recognises the current delivery model as unaffordable and unsustainable.

The proposed approach for the BOLD programme is outcome based and focused on citizens and customers to align the design and delivery of services with the priorities that will make a real difference to those who live and work in Edinburgh. We note that a key dependency is the Health & Social Care Integration agenda, which is in progress, but the outcome of which is uncertain at this point in time.

Scope

The PwC scope of work is to provide support services to the Council in relation to the BOLD Transformation Programme. These support services are defined as:

- 1.1 Critical review of the following Business Cases:
 - 1.1.1 Third Sector Payments/Partnership
 - 1.1.2 Neighbourhoods
 - 1.1.3 Business and Customer Services
 - 1.1.4 Channel Shift
- 1.2 Detailed challenge on Business Case format and content.
- 1.3 Support in the preparation and review of a consolidated Business Case, incorporating individual Business Cases as listed at 1.1; and
- 1.4 Support in the preparation and review of a high level communication and stakeholder plan.

2. Key Risks and Dependencies

Key risks

The business cases detail key risks at the programme and project level. PwC has identified some additional key risks, some of which cross-over with the programme risks presented in the business cases:

- **Health & Social Care Integration**

The Public Bodies (Joint Working) (Scotland) Act, together with a number of related regulations, sets out the Health & Social Care Integration programme between NHS Boards and Local Authorities. The integration process is ongoing; integration schemes must be submitted to Scottish Ministers for approval by 1 April 2015 and all integration arrangements must be in place by 1 April 2016.

This is a fundamental dependency for the overall BOLD programme and a key risk to achieving the level of savings identified, specifically in relation to Neighbourhoods. Given that this is a very complex and politically important area, and with a surrounding uncertainty over the outcome of the programme, the impact of Health & Social Care Integration will need to be considered throughout.

- **Leadership**

These plans are recognised as transformational in Scottish local government and will require strong leadership and significant investment to ensure success:

- Buy in from the CMT;
- Buy in from political leadership;
- Working strategically with delivery partners; and
- Appropriate authority for decision-making delegated to the Programme Team.

- **Team**

It is crucial that a team with the correct breadth and depth of skills is put in place to support the programme:

- 100% focus i.e. full time roles;
- Appropriate skill set for specific roles e.g. change management, programme assurance; and
- Appropriate external support and expertise to supplement core team specialists.

However, this must be a Council programme - led and driven by a core Council team - supplemented by specialists where required.

- **Overall risk management**

The appropriate risk management framework must be put in place not only to effectively manage and mitigate the risks identified as the programme progresses, but also in order to take advantage of the opportunities certain risks may present. The design, development and implementation of governance frameworks are essential to the management of risks.

This approach must be across the business and across functions from strategy, finance, operations, and compliance, throughout the timeline of the programme.

- **Benefits tracking**

The business cases have identified the significant financial and non - financial benefits associated with the projects in scope, and these are key drivers of the overall programme for change. However benefits can be difficult to manage with complexities in identifying and measuring benefits, ensuring benefits are appropriately reported, and in making connections between benefits and their source. Effective benefits tracking will help manage these risks and mitigate potential double counting of savings.

A clear strategy should be put in place to track benefits. The benefits of a transformation programme often focus on cashable savings e.g. reduced costs, however it is important to also track non - cashable savings such as fewer steps in key processes, quicker turnaround in tasks, increased staff engagement, and importantly, improved customer feedback. This will require experienced team members with strong business acumen and change management skills.

Dependencies

The BOLD projects are intrinsically linked in many areas and the success of individual projects will, in most cases, be dependent upon the success of neighbouring projects. The key inter-dependencies of the new service delivery model are noted below.

Redundancy Pledge

Realisation of the proposed savings in the business cases is dependent upon the ability of the Council to release staff, which will require the current pledge of no redundancies to be considered and reviewed.

Outsourcing

Certain elements of the proposals, in particular the Business & Customer Services business case, require outsourcing of some functions in order to achieve the target savings. This should be taken into account by the Council in reviewing these proposals.

Service Impact

The business cases focus on maintaining service delivery as a key principle throughout the process. Risks around the ability to maintain service delivery amidst financial constraints have been identified by the BOLD team as an important context to their proposals. Savings realisation may also require the Council to make decisions on stopping or reducing certain aspects of Council services.

Health & Social Care

Refer to Key risks section above.

Business and Customer Services

Delivery of the new operational model will require a solid foundation in the Business and Customer Services model. The design, operation and delivery of those shared services that genuinely reduce duplication and add value will need to support strong central strategic direction, set corporate standards and provide effective support to delivery.

Channel Shift

Operational changes proposed in the Channel Shift business case should be factored into the Neighbourhoods and Business & Customer Services proposals. Channel Shift is a key enabler and the business case has provided a detailed financial analysis and summarised available evidence supporting the project and potential for Channel Shift.

Third Sector Partnerships

The proposed locality structure will enable a local focus on Council priority outcomes supported by a co-produced delivery plan incorporating private, Third Sector and Council services. Co-production will determine the optimum mix of provision including transfer of Council delivery to Third Sector (and vice-versa) where appropriate, motivating Third Sector partners to collaborate and evolve in line with real demand.

3. Financial Analysis and Business Case Review

The current Council budget gap, compared to the 2014/15 budget, stands at £67m to 2017/18. This is broken down as follows:

- £22m in 2015/16;
- £30m in 2016/17; and
- £15m in 2017/18.

The business cases have each provided a low, most likely and high estimate of gross and net savings under this programme. The most likely net savings scenario, presented in the overarching business case, is summarised below:

	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20
Neighbourhoods	(£1.0m)	£10.3m	£15.9m	£19.1m	£21.2m
Channel Shift	(£2.8m)	(£0.8m)	£4.3m	£4.8m	£5.3m
Third Sector Payments	£3.5m	£7.2m	£10.8m	£10.8m	£10.8m
Business and Customer Services	(£0.4m)	£4.8m	£9.5m	£11.0m	£11.5m
Total	(£0.7m)	£21.5m	£40.5m	£45.7m	£48.8m

Note: These savings are cumulative and compared to FY14/15 base.

PwC has reviewed the business cases in scope, including the project assumptions and financial analyses, and provided comments and observations to the BOLD programme team. Key observations for each of the business cases are noted in the sections to follow.

We have not assessed or evaluated the underlying data which supports the benefits, however the quanta of savings detailed in the business cases are reasonable in comparison to the information we have detailed in this Executive Summary.

2.1 Neighbourhoods

The total savings achievable by FY19/20, compared with the FY14/15 base, proposed in the Neighbourhoods business case are shown below:

Likely case					
FTE Reduction	Staff Level	Excl. H&SC		Incl. H&SC	
		FTE Red'n	Cost Red'n	FTE Red'n	Cost Red'n
30.0%	Senior Management	27	£1,889,199	33	£2,372,193
12.5%	Management & Specialists	169	£7,509,003	244	£10,759,629
10.0%	Supervisors & Team Leaders	151	£4,680,190	202	£6,298,191
2.0%	Service Delivery & Support	44	£935,225	81	£1,751,857
	Total reduction	391	£15,013,617	560	£21,181,870

PwC view:

- The savings projected in the Neighbourhoods business case are based on a number of high level assumptions which will be further refined by the project team during the project design phase and throughout implementation.
- The financial benefits proposed in the Neighbourhoods business case are primarily through reduced management costs from integration of locality teams from across Council services, process reviews to inform design and resource requirements of new locality teams, and staff reductions based on reduced failure demand/ prevention estimated from 2017/18 as the proposed structure beds in. This is expected to reduce FTEs and associated costs.
- The changes to the delivery model are considered to be transformational, with City of Edinburgh Council amongst the first Scottish Local Authorities to move towards this delivery model. PwC has worked with a number of Local Authorities across the UK moving towards similar delivery models who have been able to generate savings through their transformation programme.
- Implementation is complex - strong and dedicated leadership, with an appropriately skilled support team and the capability and capacity for implementation, is key to success.
- Tried and tested change management support for the duration of the programme is crucial to successful implementation.

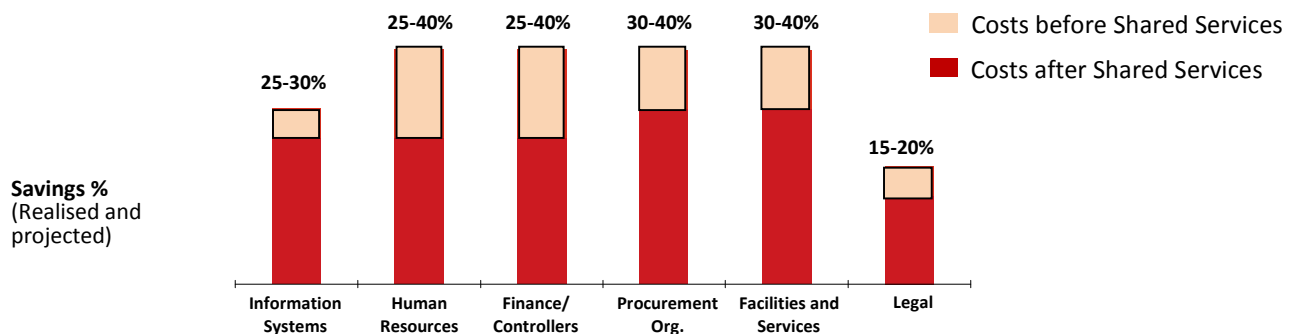
2.2 Business & Customer Services

The table below summarises the estimated potential savings achievable by FY19/20, compared with the FY14/15 base, presented in the Business & Customer Services business case:

Function	FY19/20 Saving £	FY19/20 Saving %
Business Support	2,915,694	12%
Corporate Assets	2,714,387	12%
Commercial & Procurement Services	268,000	8%
Committee Services	45,000	8%
Edinburgh Building Services	711,632	8%
Digital & IT	240,000	10%
Finance	102,148	2%
Information Management	213,352	16%
Internal Audit/Risk	123,214	8%
Internal Customer Services	1,368,207	8%
Legal Services	582,185	16%
Members Services	117,709	14%
People & Organisation	402,553	8%
Reputation & Communications	176,004	8%
Strategy, Business Intelligence and Performance	1,246,570	20%
Transformation and Business Change	307,356	20%
Total	11,534,011	11%

PwC view:

- The range of savings achievable through this business stream has recently been tested with 3 large English local authorities who have a similar structure to the Council.
- For the purposes of comparison, in our experience cost reduction benefits of 20 to 40% are typically realised from shared services in target organisations (cross industry including commercial), provided certain assumptions are fulfilled.



- In our recent experience working with the leading Local Authorities in the UK, the process undertaken in delivering a shared services model can realise significant savings of between 10 - 30%.



- The business case proposes outsourcing in a number of functions e.g. legal. Based on our experience typical benefits from outsourcing can be as follows:

Area	Savings Potential
Information systems	25 - 30%
Human resources	25 - 40%
Finance/controllers	25 - 40%
Procurement organisation	30 - 40%
Facilities and services	30 - 40%
Legal	15 - 20%

- Based on typical benefits noted in other similar projects, the range of benefits proposed by the Business & Customer Services business case is considered to be deliverable.

2.3 Channel Shift

Projected savings from the Channel Shift business case are:

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Gross Forecast Savings	£768,370	£2,305,110	£5,378,591	£5,890,838	£6,403,084	£20,745,993
Existing Budgeted Savings	£120,000	£355,000	£421,000	£488,000	£488,000	£1,872,000
Forecast Savings	£648,370	£1,950,110	£4,957,591	£5,402,838	£5,915,084	£18,873,993
Investment costs	(£3,450,000)	(£2,700,000)	(£650,000)	(£600,000)	(£600,000)	(£8,000,000)
Net project savings	(£2,801,630)	(£749,890)	£4,307,591	£4,802,838	£5,315,084	£10,873,993

The key assumptions made by the project team are in the following areas:

- Volume of transactions;
- Unit cost of transactions;
- Likely customer uptake i.e. Channel Shift; and
- Investment costs.

PwC view:

- A number of assumptions on customer uptake/Channel Shift were made by the project team driving the projected gross savings. These were then categorised under 3 scenarios:

	15/16	16/17	17/18	18/19	19/20
High	6%	18%	42%	46%	50%
Likely	4.5%	13.5%	31.5%	34.5%	37.5%
Low	3%	9%	21%	23%	25%

- As part of our critical review of the business case we have checked the mathematical accuracy of the finance projections at Appendix 2 supporting the projected savings analysis. No errors were noted and the finance projections were summarised accurately in the financial analysis section of the business case.
- Unit price and volume data was provided by Council staff to the project team and has not been independently verified by us.
- Investment costs are the project team's best estimate of anticipated revenue and capital costs over the 5 years presented.
- Although judgemental, the assumptions on customer uptake are not considered to be aggressive in comparison to The UK Cabinet Office and Government Digital Service 'Digital Efficiency Report (Nov 2012)'. According to the report "Consumers have embraced online services in recent years, with almost two-thirds (64%) of people saying they have used online banking services, and 86% of internet users having shopped online in 2011."
- The report recognises that 82% uptake is a challenging target for those services which predominantly serve audiences that are less likely than the general population to be online; however it should be noted that last year, digital uptake across all 4 main business taxes within HMRC (Self-Assessment, PAYE, Corporation Tax and VAT) was over 80% - equivalent to tens of millions of transactions.
- The potential for channel shift as quoted by the UK Cabinet Office is supported by an annex of case studies providing similar information. On this basis, the channel shift proportions assumed in the Channel Shift business case appear conservative.

- Unit cost assumptions in the business case are as follows:

Assumption	Key Figure	Commentary
Contact centre calls	£3.30	The project team noted the actual contact centre calls cost as £3.42 per unit according to Contact Centre data based on 3 years of trading. A conservative estimate of £3.30 has been used in the business case. We have not independently verified the data. No benchmark data is available.
Non-contact centre calls	£4.00	This is management's best estimate of the unit cost of non – contact centre calls. No actual or benchmark data is available.
High Street Hub contacts	£6.00	The project team has provided this data as actual data from 3 years of trading. We have not independently verified the data. No benchmark data is available.
Face to face, non-Hub complex contacts	£20.00	This is management's best estimate of the unit cost of non - Hub complex contacts. No actual or benchmark data is available.
Face to face, non-Hub standard contacts	£8.00	Published UK Government benchmark is £8.50 per face to face contact. The £8.00 estimate is therefore considered by the project team to be within a reasonable range when compared to the UK Government benchmark.
On-line	£0.17*	Based on published UK Government average cost for online transactions.

* The UK Cabinet Office and Government Digital Service Digital Efficiency Report (Nov 2012) states that “The City of Copenhagen estimates that digital transactions will cost less than 5% than the equivalent face-to-face interaction.”

Based on the information provided, and with reference to the UK Government publications noted above, the assumptions around unit costs and projected channel shift percentages do not appear to be aggressive.

2.4 Third Sector Payments

- The business case for Payments to Third Sector organisations for the provision of community services presumes a reduction in overall budget of £10.8m in comparison with the FY14/15 budget. The savings are built up until 2017/18 at which point no further incremental budget reductions are made, and the £10.8m saving compared to the FY14/15 budget continues into perpetuity based on the assumptions made in the business case.

	2015/16	2016/17	2017/18	2018/19	2019/20
Budget including approved savings	£106.3m	£105.2m	£105.2m	£105.2m	£105.2m
Bold savings (3.33%)	£3.596m	£3.596m	£3.596m	-	-
TOTAL NET SAVING	£3.596m	£3.596m	£3.596m	-	-
Cumulative	£3.596m	£7.192m	£10.788m	£10.788m	£10.788m

PwC view

- Although the qualitative impact of the reduction is judgemental, if taken as a decrease in the overall budget provided, there would be an expected flow through saving. Benefits tracking will be important in ensuring that savings are not negated through future investments decisions elsewhere.

4. Business Implications

PwC view

The proposals outlined in the business cases that we have reviewed, aim to simplify, standardise and share the delivery of Council services. This is a transformational programme which will have significant implications across all aspects of the Council and will require strong leadership, a motivated and engaged programme team and project teams, as well as support to implement and deliver.

PwC are working with a number of the Councils leading transformational change in the UK, which has informed our view on the projects being undertaken and the drive to remove complexity.

Removing complexity creates an organisation that's agile and can respond effectively and efficiently to customer and citizen service requests. These organisations also have a clear view of how the skills and capabilities of their people deliver the most value to customers and the Council.

54% of UK CEOs say increasing operational effectiveness is one of their top three investment priorities

In practical terms, that means the Council's corporate structure, customer channels, processes, systems, organisation and data are simplified, standardised and aligned in an operating model better designed to deliver the Council's strategy and customer priorities.

PwC 16th annual CEO Survey (2013)

The principles of '**simplify, standardise and share**' will help you to identify opportunities for improvement and show how customer interactions can be improved to increase customer loyalty and grow revenue:

- Simplify:** Identify complex processes and systems by challenging how they're delivered and comparing them to leading practice.
- Standardise:** Identify what processes and systems can be standardised to deliver the most benefits.
- Share:** Make sure new models of working are shared to improve performance across the organisation.

We believe organisations must move beyond tactically cutting costs. To stop costs creeping back in, you have to start by changing ingrained management practices. Once management is on board you can focus on what to do to bring the most savings. Then through the right structural changes across your organisational and operating model, you will be on course to deliver longer-lasting savings.

So how do you do it?

We believe that the **right leadership, the right team, and the right people** are key to successfully achieving such transformational change.

Organisations often underestimate just how complex their operations are. New ways of working can deliver a greater return on investment - often over 10:1 - but this requires strong leadership and cultural change across the organisation.

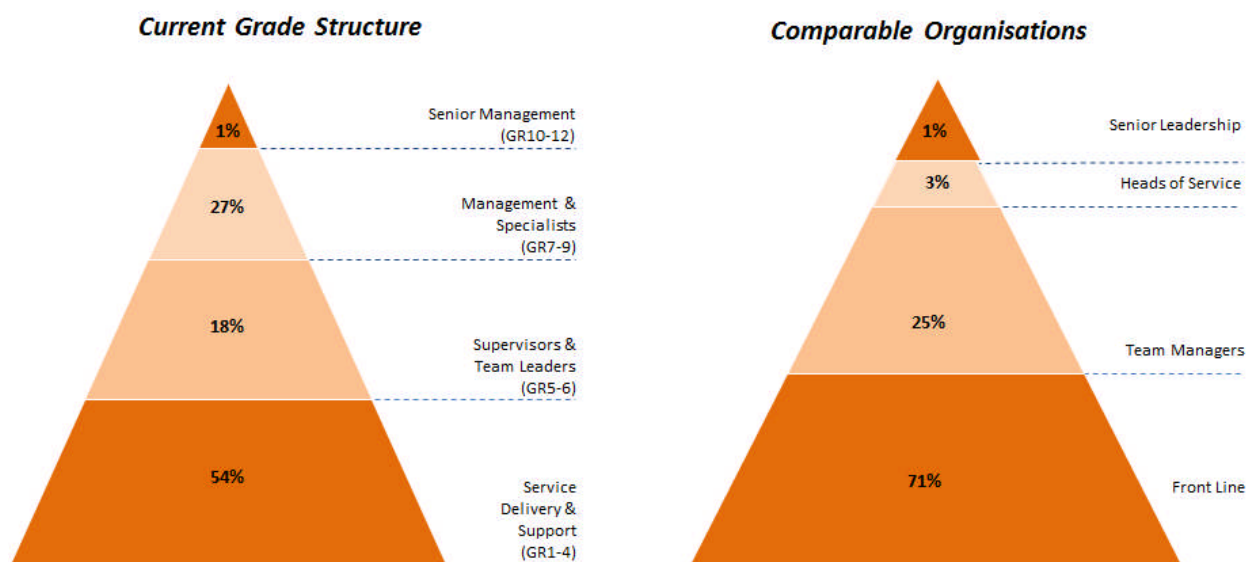
Removing complexity will improve the performance of your operations, reduce your costs and give the citizens of Edinburgh a better experience, but your people must underpin the organisation.

People

The right people and the right culture are essential to the success of the programme. The 'Key risks' section explores the challenges around ensuring the right leadership and teams are put in place to deliver this transformation programme. The cultural change in the organisation will also be a key challenge. Your people must be:

- Flexible, mobile and multi-skilled (IT, Customer Service and Culture Change);
- Professional, responsive customer-focused within the Council and with external partners;
- Assume anything is possible - can do, will do approach;
- Engage more with customers, partners and the voluntary sector; and
- Empowered to take responsibility to resolve service requests at the first point of contact.

An analysis of grade structure in similar organisations is a useful comparison for the Council's current structure:



- The analysis above, in comparison to comparable organisations (other UK Local Authorities) which have carried out similar transformation projects, shows that the Council currently has proportionately more staff in management grades than those organisations, suggesting that the business case objectives to become more citizen and customer-centric, flattening management layers and reducing FTEs through effectiveness and efficiency should be achievable for the Council.
- Grade structure is different from organisation to organisation; however 'Senior Leadership' in the Council is considered to be a similar grade to 'Senior Leadership' and 'Heads of Service' in comparable organisations. Note that this excludes Chief Officers in the programme scope.
- 'Management & Specialists' and 'Supervisors & Team leaders' are considered to be comparable to 'Team Managers'.
- The comparison would suggest that the current grade structure in the Council is significantly heavier at management level than comparable organisations which are driving transformation.
- The illustration above comprises general groupings of managerial and operational roles and is therefore based on some assumptions that will need to be refined during the design phase of implementation.

5. Conclusion

City of Edinburgh Council is embarking upon a transformational programme that will put customers at the centre of service delivery, supported by enabling business and customer services.

The financial constraint the Council is experiencing lends this programme further importance. The current budget gap, based on information provided by the Council, stands at £67m to 2017/18. The Council recognises the current delivery model as unaffordable and unsustainable.

Transformational change which aims to put customers first, as well as address the financial constraints that will impact service delivery, is essential. The BOLD programme team has prepared business cases which outline a sensible approach to the challenges the Council faces, including negotiating the short timescales to deliver the required savings.

The team need to develop their approach further and put in place a more robust design and implementation plan, however this is a current focus of the programme team and we are aware that they have mobilised in order to refine and develop their approach.

We have not assessed or evaluated the underlying data which supports the benefits, however the quanta of savings detailed in the business cases are reasonable in comparison to the information we have detailed in this Executive Summary. In the Business & Customer Services and Channel Shift business cases, these estimated savings are conservative.

Appendix 1. Business Case references

<i>Business case reviewed</i>	<i>Version</i>
Neighbourhoods	FBC (Final Business Case)
Business & Customer Services	FBC (Final Business Case)
Digital/Channel Shift	FBC (Final Business Case)
Third Sector Payments	FBC (Final Business Case)

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BOLD Programme – Case for Change

Business Case Overview

Description of Proposal

The Council operates in a challenging environment where demand for key front line services continues to increase amidst financial constraints. To continue meeting these financial challenges, the Council needs to drive forward a programme of transformational change, ensuring alignment of strategic focus, the proposed delivery model and business and customer support.

This overview has been prepared to outline the overarching rationale, benefits (financial and non - financial), research and evidence to support this transformation programme.

The business cases in scope under the programme are:

- Neighbourhoods;
- Channel Shift;
- Payments to the Third Sector for the Provision of Community Services; and
- Business & Customer Services.

Note that Property is out of scope for the current phase of work on business cases and is not considered in this document.

Together these areas provide the opportunity to transform the quality of our business, focus on customer outcomes and generate annual savings of £48.8m by FY19/20 (including Health & Social Care in the scope of the Neighbourhoods Project). Full business cases for each of these areas are included as appendices.

Our vision is to deliver:

A lean and agile Council

- A council built around a culture of excellent customer experience and effective, efficient service delivery

Focused on customers

- A council focused on understanding our customers in order to deliver the outcomes that matter to them

Engaged and empowered people

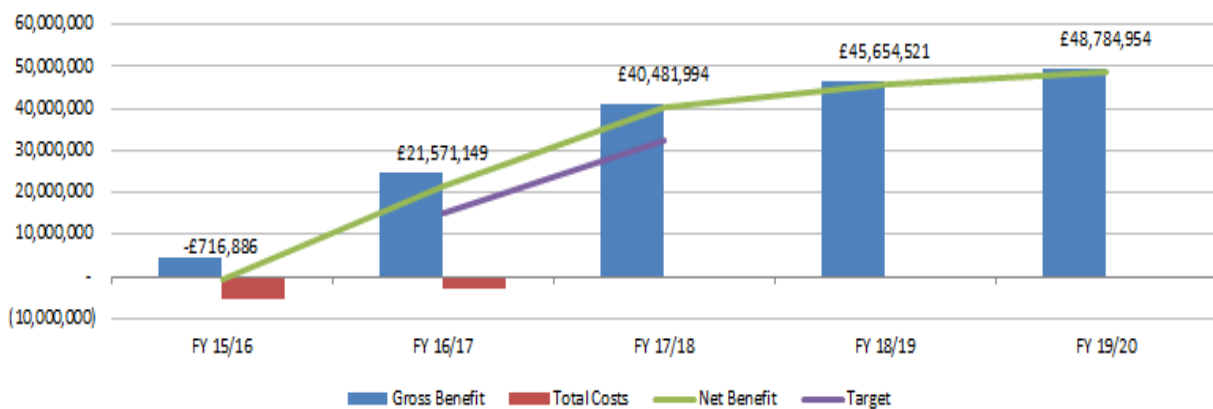
- A Council driven by a motivated workforce of high performing flexible people

Value for Money

Each business case is built around the principles of effectiveness, efficiency and economy to drive value for money for both the customer and the Council.

Effectiveness	The proposed delivery and support models will allow Council services to work more effectively through co-location, elimination of unnecessary processes, and empowering staff to be proactive and intervene earlier.
Efficiency	Our aim is simpler, more efficient, customer focussed processes and business support. The efficiencies will reduce the need for onerous management layers and provide capacity for services people value most; those which have the greatest impact on the lives of our residents and visitors to the city.
Economy	The reduction in costs will deliver a projected annual saving of £48.8m by FY19/20 (including health & Social Care in the Neighbourhoods business case scope) compared with the FY14/15 budget. The majority of savings will be realised in 2016/17 and 2017/18. Additional savings should accrue over a longer period of time from increased proactive prevention and reduced failure demand for costly support services.

Our best estimate of the likely case benefit of the programme after 5 years, based on our assumptions as detailed in each of the business cases, is presented below:



Note: The target line represents the original BOLD target savings anticipated for FY16/17 and FY17/18.

A summary of the annual anticipated net benefits under this phase of the programme is presented below. A summary of the annual anticipated net benefits under this phase of the programme is presented below. The estimate of the likely recurring benefits of the Programme after 5 years is £48.8m Based on the model and assumptions underpinning the model it is estimated that £34.0m of additional savings will be realised excluding existing planned savings of £12.8m and estimated savings attributable to the Housing Revenue Account of £2m. Anticipated investment costs of implementing the Programme are £11m comprising Programme resource costs of £6m and Capital investment costs of £5m.

	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20
Neighbourhoods	(£1.0m)	£10.3m	£15.9m	£19.1m	£21.2m
Channel Shift	(£2.8m)	(£0.8m)	£4.3m	£4.8m	£5.3m
Third Sector Payments	£3.5m	£7.2m	£10.8m	£10.8m	£10.8m
Business and Customer Services	(£0.4m)	£4.8m	£9.5m	£11.0m	£11.5m
Total	(£0.7m)	£21.5m	£40.5m	£45.7m	£48.8m

Programme Objectives

The Better Outcomes through Leaner Delivery (BOLD) programme was established in December 2013 to help the Council address the increasing financial challenges over the coming years. Initially tasked with informing the budget proposals for 2015/16, the portfolio is now focused on developing a number of transformational savings plans across five strategic themes to allow improved focused on Council outcomes and to support the implementation of a new Council delivery model:

- Neighbourhoods
- Channel Shift
- People and Culture
- Property
- Payments to the Third Sector/Partnerships

As noted in the introduction, property is out of scope for the current phase of business cases and is not considered in this document.

The People and Culture theme will be progressed through the Neighbourhoods and Business & Customer Service projects. They will shape the delivery model, creating a skilled and agile workforce as well as change the culture through teams working closer together and focussed on outcomes rather than current silos.

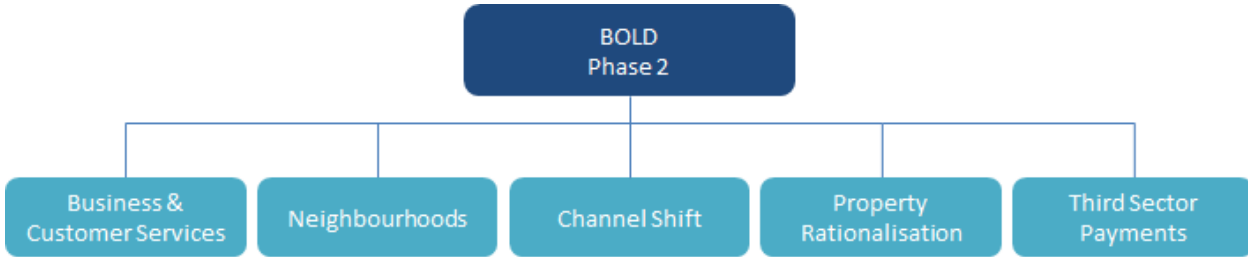
The Finance and Resources Committee instructed the Chief Executive to bring forward a business plan for each theme, to include all financial due diligence including: risk register, people plan, and a savings analysis underpinned by robust management information.

The programme aims to deliver a step change in service delivery, transform business and customer services to an effective and efficient enabling function, and deliver significant cost savings against the FY14/15 budget over the next 5 years.

Scope

BOLD Phase 2- Transformation Workstreams

The scope for BOLD phase 2 includes the following projects:



The business cases at Appendix 2 present their respective detailed objectives, scope (i.e. services, functions and FTEs), and underlying assumptions.

The business case for Property will be presented to a future meeting of the Finance & Resources Committee and is outwith the scope of this document.

Neighbourhoods model

The scope of the Neighbourhoods project is based on the principle aim of improving customer outcomes by focusing on service delivery, reducing management layers and “middle office” roles, boosting staff job-satisfaction and fulfilment, and eliminating unnecessary process. This will create capacity for improved face to face contact for complex needs and facilitate better use of digital channels.

There are clear dependencies with Health & Social Care Integration and the process that must be taken forward by the Council and the Health Board. The Neighbourhoods project will focus on driving efficiencies, increasing prevention and addressing a growing demand for services.

The new operating model will determine the split between ‘local by default’ and ‘city wide’ neighbourhood services:

Local by default



Notes:

1. Community Protection includes Youth Justice, Community Safety (case work), Housing Options, Housing Support, Temporary Accommodation and Employability.
2. Teaching staff are currently governed by nationally agreed pupil/teacher ratios. These are out of scope of the Neighbourhoods project but there is an opportunity to include in future service design.

City-wide services

A number of services will be delivered on a City-wide basis where it is more economical to do so. These include:



*Waste, Fleet, Environmental Health & Trading Standards, Licensing, Bereavement Services, Parks, Analytical and Scientific Services

Business & Customer Services - functions

The Council currently delivers business and customer services through a mix of corporate support functions and locally managed staff within Directorates. The employee costs for these services are around £104m per year. The staff employed to deliver these services equates to 3,498 full time equivalents (FTE) covering a broad range of corporate functions including:

- Business Support
- Commercial and Procurement Services
- Committee Services
- Corporate Assets (including Facilities Management)
- Edinburgh Building Services
- Digital and IT
- Finance
- Information Management
- Internal Audit and Risk
- Internal Customer Services
- Legal Services
- Member Services
- People and Organisation
- Reputation and Communications
- Strategy, Business Intelligence and Performance
- Transformation and Business Change

These functions are in-scope for the Business & Customer Services project.

FTEs

The FTE numbers and associated costs which are in scope under this revised operating and service delivery model are based on the Council payroll as at September 2014. The FTE impact is considered within the scope of the Business & Customer Services and Neighbourhoods projects. An allowance of 27% has been included for Employer's National Insurance and Pension contributions.

	Current FTE	Cost
Total	15,718	£529,621,597
Business & Customer Services	3,498	£104,316,842
Neighbourhoods	8,131	£244,559,106
Economy & Culture	197	£7,260,677
Chief Officers*	22	£2,598,634
Excluded**	387	£12,271,329
Teachers	3,483	£158,615,009

*Chief Officers: The organisational structure, including Chief Officers, will be addressed as part of the 'Organise to Delivery' structural change.

**Excluded: The BOLD project is seeking savings in General Fund revenue expenditure. A number of staff groups including pensions staff and supernumerary staff have therefore been excluded from scope as reducing expenditure in these staffing groups will not achieve General Fund revenue savings for the Council. Early years staffing is also excluded as staffing is governed by nationally agreed ratios.

Other staff groups not included in the scope of the business cases are:

- Economy & Culture: changes to these services these will be delivered as part of the Council's revised operating model;
- Teachers: Teaching staff are currently governed by nationally agreed pupil/teacher ratios. These are out of scope of the programme but there is an opportunity to include in future service design;
- Agency staff: the use of agency staff is being managed through the BOLD workforce management project; and
- Edinburgh Council: Currently, the scope of the business and customer services is limited to supporting the Council. Over time, there may be scope to establish service level agreements and arrangements for sharing services with Council-owned companies and other delivery partners.

Channel Shift

All transactions and contacts that the City of Edinburgh Council has with the following groups, regardless of where in the organisation they currently take place, will be in scope:

- Citizens;
- Businesses;
- Parents and pupils;
- Visitors; and
- Commuters.

The scope will apply to all channels including:



Interactions with or by the following groups will be excluded from the scope of the project:

- Staff (included in the scope of Business & Customer Services)
- Elected Members
- ALEOs

The Channel Shift programme will measure but not be responsible for:

- The release of staffing in line with each business case (responsibility of Contact Centre and Locality Offices); nor
- The reduction in the unit costs of each channel (responsibility of ICT, Contact Centre, and Locality Offices).

Third Sector Payments

The scope of this Business Case comprises £108m of Third Sector grant and contract payments invested in external organisations. The range of community services across the city delivered by third parties include:

- social care and support;
- community learning and development;
- employability;
- cultural and sporting development;
- health-improvement; and
- infrastructure support for the third sector.

In-scope payments can relate to services delivered in a range of different ways and it is recognised that some, for example Self Directed Support and nationally agreed contracts, present particular issues. All services will need to be considered individually, however the total expenditure of £108m in relation to such services is considered to be in scope under the proposal.

Health and Social Care

A number of Council Health & Social Care services will be delivered on a locality basis under the proposed Health & Social Care Integration scheme. The scheme suggests 4 sectors which will be mirrored by the boundaries proposed in the Council's locality model under the Neighbourhoods proposal.

Front office services are covered in the Neighbourhoods business case and back office functions in the Business & Customer Services business case. The Public Bodies (Joint Working) (Scotland) Act, together with a number of related regulations, sets out the Health & Social Care Integration programme between NHS Boards and Local Authorities. The integration process is ongoing; integration schemes must be submitted to Scottish Ministers for approval by 1 April 2015 and all integration arrangements must be in place by 1 April 2016. Providing locally delivered services across the Council and NHS is a long term goal.

Context and Drivers for Change

Financial Challenge

The current budget gap stands at £67m to 2017/18 and key drivers for change such as the public sector reform agenda, health and social care integration and community empowerment legislation are all taken into account in proposing revised delivery models.

The proposed approach for this transformation programme is outcome based and is focused on citizens and customers to ensure the design and delivery of services align with the priorities that will make a real difference to those who live and work in Edinburgh.

Organise to Deliver

On 11 December 2014, the Council approved a report outlining the phased implementation and approach to the 'Organise to Deliver' report which was initially presented on the 23 October 2014. The Chief Executive's report outlined the drivers and principles for change in relation to the Council's delivery model. The principles for change will form part of the Council's response to the continuing increase in demand for services at the very time the Council is becoming more resource constrained.

The report of 23 October 2014 outlined the Council's commitment to transformational change through the BOLD initiative, the elements of which will underpin the Council's new delivery model. The proposed delivery model creates a fundamental change from the current delivery model by empowering front line staff in the localities to ensure devolved decision making and improved outcomes for citizens and provide new opportunities for enhanced partnership working across the City. In addition, the model will deliver significant efficiencies to drive out savings to address the financial challenges the Council faces.

The 'Organise to Deliver: next steps' report, as agreed on the 11 December 2014, sets out the case for delivery of front line services through the locality model as well as the case for a proposed Business and Customer services model that will drive effectiveness and efficiency.

These business cases provide the rationale and process to be followed that will allow the new principles and delivery model to be implemented.

Audit Scotland

On 4 December 2014 Audit Scotland posted a summary of the challenges facing City of Edinburgh Council noting that "In May 2013 the Accounts Commission highlighted difficulties the council faced in making additional savings of £17 million to balance its budget in 2017/18. That figure has now risen to £67 million."

Douglas Sinclair, chair of the Accounts Commission, said: "The City of Edinburgh Council has made some progress and that is encouraging. But it still has a long way to go, amid increasing demands and rising levels of required savings, and the continued lack of a workforce strategy is a significant omission."

The Council has responded to the findings of the audit report with an action plan to address the implementation of required savings and workforce strategy.

Drivers for change

In the context of the constraints the Council has to address, the current arrangements are recognised as unaffordable and unsustainable. This Programme proposes a step change in delivery and business and customer support to address these constraints.

Proposed Solution and Future State

Removing complexity

The current centralised delivery model can be complex and difficult to negotiate for customers and staff. Service offerings and outputs are at the centre of the model with significant time spent form filling at the local level, and assessing needs at local and central levels.

The support model of business and customer services is fragmented and delivered across the organisation in a number of different service areas. Activities are duplicated and there are inconsistencies in the grades of staff undertaking similar roles, across the organisation.

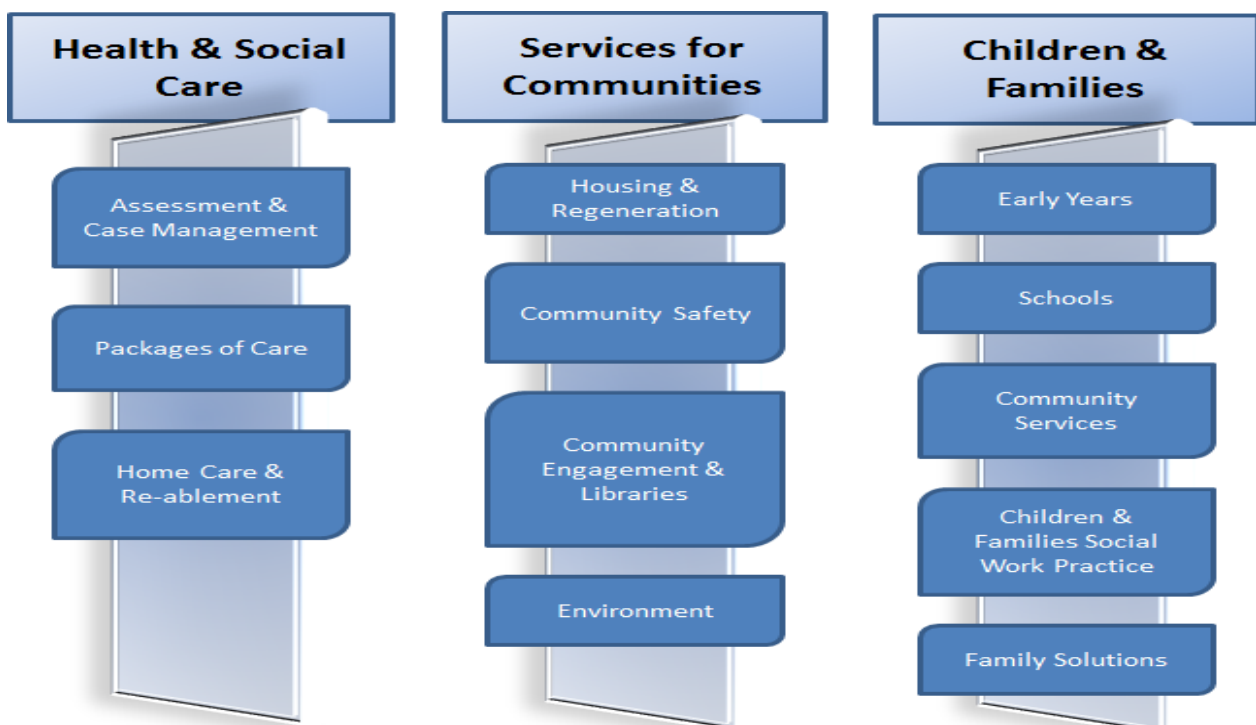
The City of Edinburgh Council is looking to identify opportunities to deliver front line services in a leaner and more efficient manner and business and customer services needs to reflect these changes within the associated teams.

Neighbourhoods illustration

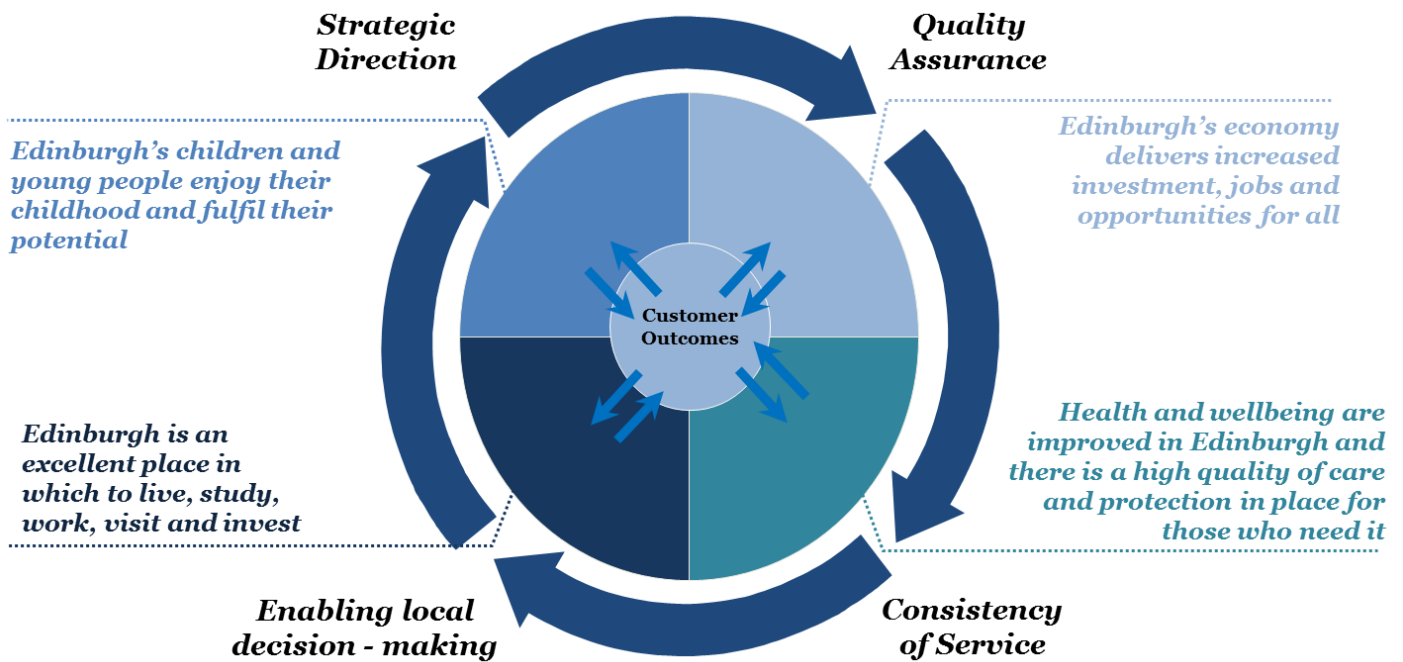
Time is invested in determining whether customer needs meet criteria and thresholds for services offered, rather than determining whether the customer can be helped and how. This results in numerous entries, re-entries and touch points to the system which are costly, time consuming and frustrating for the customer.

The current state of the provision of neighbourhood service provision is illustrated below. This is delivered across a number of different teams reporting into separate service areas. Integrated working takes place in spite of this, but can clearly be strengthened.

Current State of Neighbourhood Service Provision



Future State



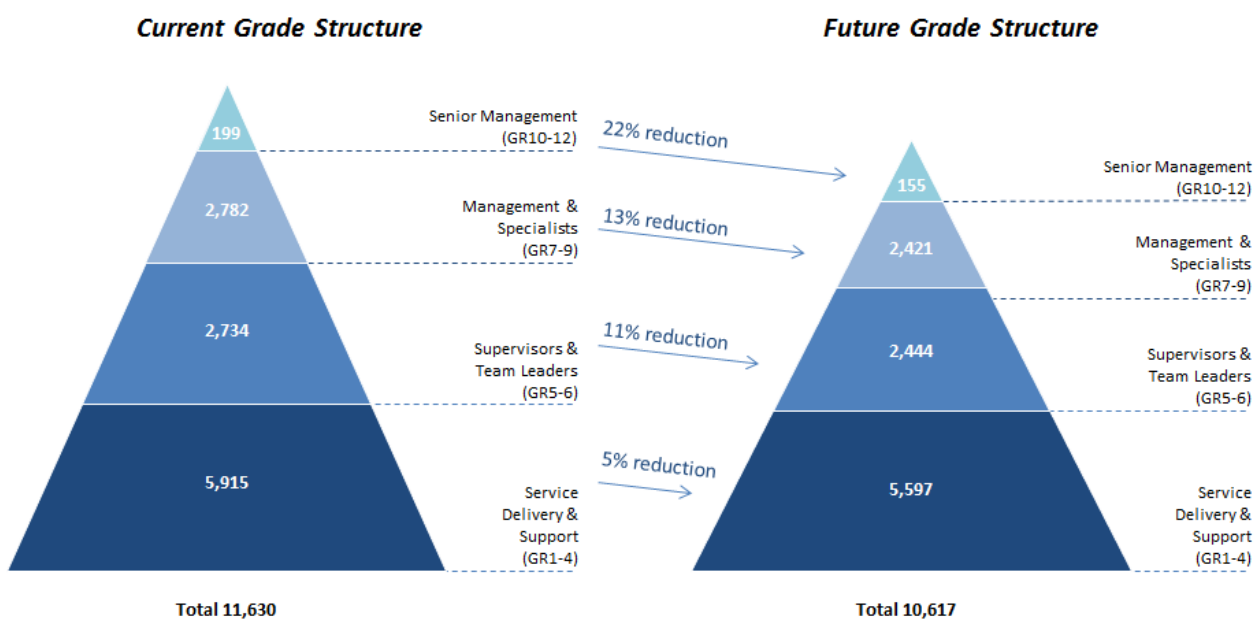
The proposed Neighbourhoods model puts the customer and customer outcomes at the centre of the operating model and facilitates local decision-making by those closest to the customer with the experience and expertise to achieve a positive outcome. In the new operating model there is a significant increase in the capacity of corporate operations who can focus on strategic direction, enabling and supporting decision-making in front line services, providing quality assurance, monitoring and enhancing consistency of service and ultimately ensuring delivery of local outcomes

Operational Structure

The revised structures proposed in each of the business cases, particularly Neighbourhoods and Business & Customer Services, will drive efficiencies and cost reductions will be realised through:

- flattening the structure;
- reducing the current level of centrally based managers;
- removing the requirement for some service specific management layers at local level; and
- minimising management costs and maximising resources to support front-line service delivery and priority outcomes.

The following model has been prepared to illustrate how this will impact the structure and staffing numbers across the business:



Note: Model excludes Chief Officers

The 1,234 reduction in FTE proposed by the programme comprises a reduction of 560 from the proposals in the Neighbourhoods business case, 453 from Business & Customer Services and 221 from Channel Shift.

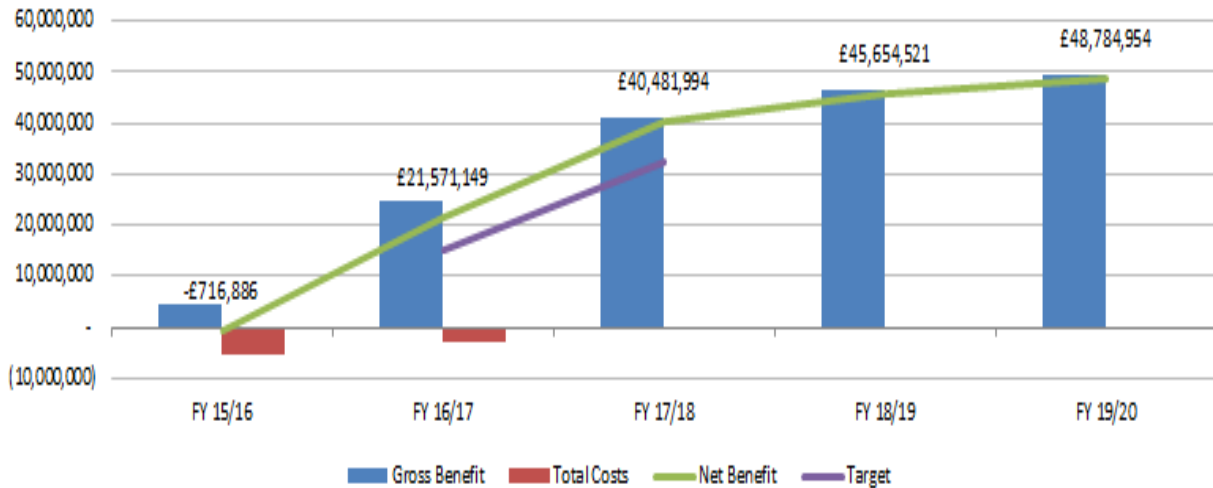
The model aims to protect front line essential service delivery through greater effectiveness, and efficiencies in the operating model. Reductions in the Service Delivery and Support Staff category will be possible as the service delivery model becomes more efficient. The majority of the 539 FTE reduction in this category is from the Business & Customer Services and Channel Shift proposals (Business & Customer Services - 237; Channel Shift – 221; Neighbourhoods - 81).

The illustration above comprises general groupings of managerial and operational roles and is therefore based on some assumptions that will need to be refined during the design phase of implementation.

Financial Analysis and Sensitivities

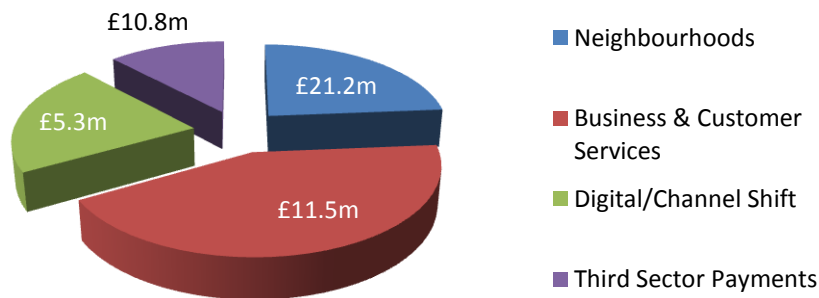
The revised operating model will lead to more effective and outcomes focussed service delivery for customers. The efficiencies generated from the transition to the new operating model will generate savings forecast at £48.8m in FY19/20 (including benefits from the inclusion of Health & Social Care FTEs). The majority of the savings will accumulate over a two year period in FY16/17 and FY17/18.

An analysis of likely case savings including Health & Social Care is presented below:



The annual saving of £48.8m v FY14/15 budget by business case comprises:

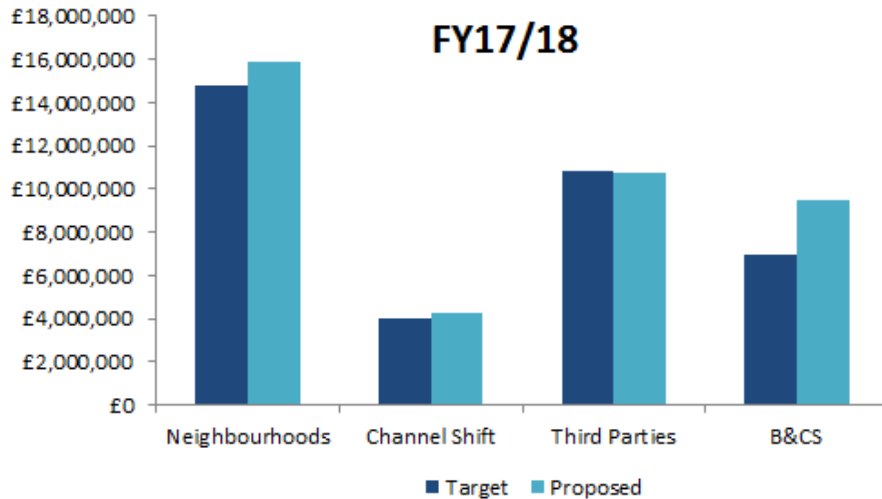
Business Case



The Business & Customer Services and Neighbourhoods projects are clearly critical to achieving the level of savings projected by the programme. It is therefore essential that the appropriate leadership and resource is allocated to these teams for the duration of the programme.

FY17/18 savings against target

The current budget gap stands at £67m to 2017/18. The target savings identified at the outset of second phase of the BOLD programme by FY17/18 shown above have been reviewed against the current business case proposals below:



The analysis shows the potential to exceed the original target; however this is dependent on effective implementation with leadership and a skilled and agile workforce embracing the change in culture being key to the change required.

Non-Financial Benefits

Workstream	Key non-financial benefits
Neighbourhoods	<ul style="list-style-type: none"> • Increased community capacity • Fewer, earlier and more effective interventions • Co-produced services that more effectively meet customer needs • Improved social, educational and health outcomes for customers • Increased staff and customer engagement
Channel Shift	<ul style="list-style-type: none"> • Greater consistency of service • More proactive engagement • Improvement in single view of the customer • Increased digital literacy across late adopter citizen groups
Third Sector Payments	<ul style="list-style-type: none"> • More strategically aligned investment • Co-production with third sector and user interests • Improved performed on related programme KPIs e.g. Improved leverage on Council investments, volunteering volumes and user satisfaction percentages • Aligned services to reflect customer needs and outcomes • Avoid overlap and duplication of funding costs
Business & Customer Services	<ul style="list-style-type: none"> • Simplification of systems and processes • Standardisation and consistency across support functions, improving quality • Potential for greater career progression for staff across functions • Provision of greater management information to assist with decision making • Potential future opportunities to share services outwith CEC

Key dependencies

The BOLD programmes are intrinsically linked in many areas and the individual projects will, in most cases, be dependent upon the success of neighbouring projects for their own success. The key inter-dependencies of the programme are noted below.

Health & Social Care

The Public Bodies (Joint Working) (Scotland) Act, together with a number of related regulations, sets out the Health & Social Care Integration programme between NHS Boards and Local Authorities. The integration process is ongoing; integration schemes must be submitted to Scottish Ministers for approval by 1 April 2015 and all integration arrangements must be in place by 1 April 2016. This is a fundamental dependency for the overall BOLD programme. Given that this is a very complex and politically important area, and with a surrounding uncertainty over the outcome of the programme, the impact of Health & Social Care Integration will need to be considered throughout.

Third Sector Partnerships

The proposed locality structure will enable a local focus on Council priority outcomes supported by a co-produced delivery plan incorporating private, Third Sector and Council services. Co-production will determine the optimum mix of provision including transfer of Council delivery to Third Sector (and vice-versa) where appropriate, motivating Third Sector partners to collaborate and evolve in line with real demand.

Business and Customer Services

Delivery of the new operational model will require a solid foundation in the Business and Customer Services model. The design, operation and delivery of those shared services that genuinely reduce duplication and add value will need to support strong central strategic direction, set corporate standards and provide effective support to delivery. The Business and Customer Services model will also be required to provide strong professional assurance and standards – as well as establishing the ability to handle the variety of demand that will occur effectively and efficiently.

Channel Shift

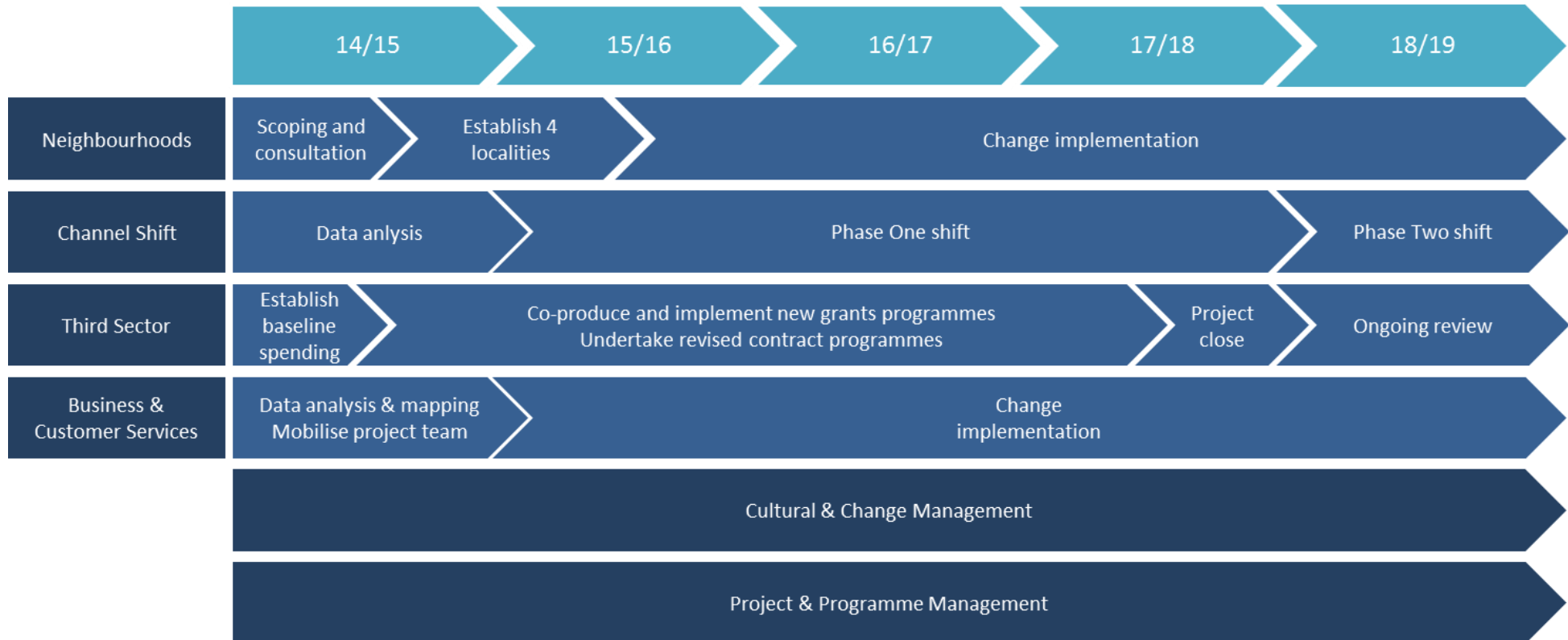
Operational changes proposed in the Channel Shift business case should be factored into the locality proposals.

Risk Assessment

	Risk description	L	I	Controls/Mitigating Factors
1.	<p>Leadership and Governance Insufficient Leadership and Governance structure charged with, and capable of, making key decisions, driving transformation and cultural change.</p>	4	5	<p>Appointment of Leadership with the capability and capacity to drive the project. Open conversations to agree and establish ownership of purpose and responsibilities.</p>
2.	<p>Capacity Insufficient capacity within the organisation to deliver the required change.</p>	4	5	<p>Appropriately skilled resource and individuals appointed to the programme and change management roles with the skill set and capacity to deliver.</p>
3.	<p>Funding Management and funding resources are diverted away from the delivery of the BOLD programme resulting in failure to deliver the transformational change required.</p>	3	5	<p>Agreement of resourcing requirements for duration of the programme and ring fencing of budget required to implement.</p>
4.	<p>Dependencies Health & Social Care Integration will not run fully in parallel to the current BOLD Programme. As such a key risk will be realisation of cashable savings in the wider context of a Health service which is under significant pressure and could be a diversion for savings made. This is a contentious and highly political area.</p>	5	5	<p>Leadership commitment Clear CMT and political leadership commitment around savings identified under this programme. Benefits tracking Ensure that benefits tracking is in place with ownership assigned for each of the actions required to make savings. This will clearly demonstrate where the savings are coming from and will address any issues of double count against legacy.</p>
5.	<p>Cashable savings Programme savings are diluted due to the challenges around maintaining the redundancy pledge, and/or cash savings diverted to address legacy issues and other financial pressures.</p>	4	4	<p>Redundancy pledge Options around recruitment freezes, robust performance management and a good retraining/redeployment process will be investigated and actioned. Adjusting agency staffing levels and reviewing the current voluntary redundancy package are further options. Benefits tracking. As above.</p>

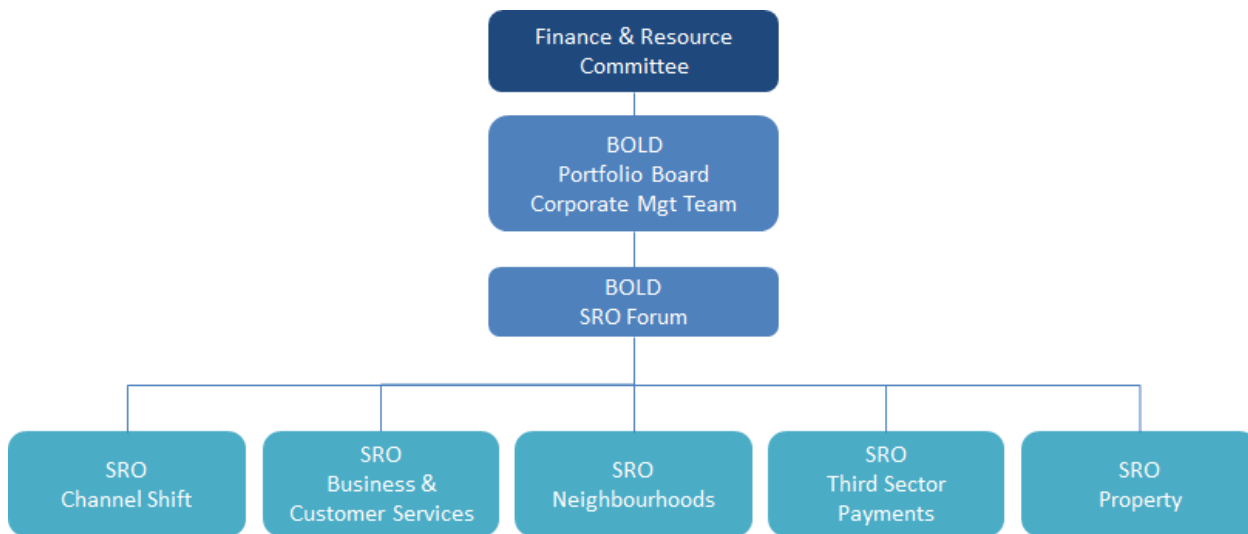
Approach and Roadmap

A high level Roadmap has been prepared to consider key phases of the programme over 5 years. A detailed plan will be prepared as part of the design phase of each business case.



Appendix 1 - Programme Governance & Resourcing

BOLD Programme Governance



1. BOLD will report to Finance and Resources Committee on a quarterly basis on progress of implementation.
2. Corporate Management Team will act as the Portfolio Board. BOLD will report to CMT on progress on a quarterly basis in advance of reporting to Finance and Resources Committee.
3. SRO Forum will be held on a weekly basis chaired by the Portfolio SRO (Alastair Maclean) or the Portfolio Manager (Alan Coyle)
4. The Forum will;
 - a. provide progress reports on implementation;
 - b. manage information flow and dependencies; and
 - c. act as a challenge/support mechanism across the portfolio.
5. **CMT will delegate responsibility (within the scope of each project) to the project board as detailed in each business case to make decisions by majority.**
6. CMT will act as an escalation form to deal with behavioural issues that cannot be resolved at project board level.

Programme Resource and Investment Costs

The total estimated annual programme costs for Neighbourhoods and Business & Customer Services for 2015/16 are presented below:

Role	Additional Cost	Cost
Programme management	Yes	£286,234
Communications	No	-
Finance	Yes	£122,696
Organisational Development & Employee Relations	Yes	£361,214
Change Management	Yes	£211,015
Process Review	Yes	£238,540
Benefits Realisation	Yes	£84,286
Training	Yes	£174,311
Subtotal		£1,478,296
Marketing /Engagement Materials	External	£135,000
Programme/Project Assurance	External	£150,000
External Programme Support	External	£675,000
Total		£2,438,296

Resource cost estimates are based on annual payroll costs including on-costs of 27%.

Total annual programme costs by business case for the 5 year programme plan are summarised below:

	FY15/16 £	FY16/17 £	FY17/18 £	FY18/19 £	FY19/20 £	Total £
Neighbourhoods*	1,462,978	365,745	-	-	-	1,828,723
Business & Customer Services**	975,318	243,830	-	-	-	1,219,148
Channel Shift^	450,000	700,000	650,000	600,000	600,000	3,000,000
Channel Shift^ - Capital	3,000,000	2,000,000				5,000,000
Third Sector Payments	-	-	-	-	-	-
Total	5,888,296	3,309,575	650,000	600,000	600,000	11,047,871

Costs will be incurred in full until March 2016 and then begin to taper to the end of the calendar year as less resource is required. Channel Shift costs will be incurred until FY19/20.

The implementation team will be responsible for implementing the structural change including the recruitment and matching process in accordance with Council policy and in partnership with the appropriate lead managers. It is assumed that the recruitment and matching process will be led by Organisational Development.

Notes:

^Channel Shift average revenue costs over 5 years have been presented above. The project will also incur an estimated £5m of capital costs (£8m in total including revenue and capital costs).

*60% of annualised programme level costs are allocated to Neighbourhoods based on underlying assumptions around project complexity and support costs required.

**40% of annualised programme level costs are allocated to Business & Customer Services based on underlying assumptions around project complexity and support costs required.

Appendix 2 – Project Business Cases

Appendix 3 – Peer Reviews

This project has been reviewed and approved through the following Peer Reviews:

Peer review	Print Name/Signature



BOLD Programme

Business Case: Channel Shift

Description of Proposal

This business case has been prepared to outline the rationale for Channel Shift, the resulting financial and non-financial benefits, and the evidence and corroboration that support the project.

The Council currently receives over 3.7 million individual contacts from citizens every year. These contacts cover almost all services the Council provides and range from Council Tax, to reporting a pothole in the road, to registering a pupil for a school trip. Over 88% of these contacts are over the phone with the majority of the remainder being face to face, and almost no contacts undertaken online (digitally). The Council is not only falling short of the expectations of its digitally active customers but it is spending more in these areas than is required.

The BOLD vision is to deliver:

A lean and agile Council

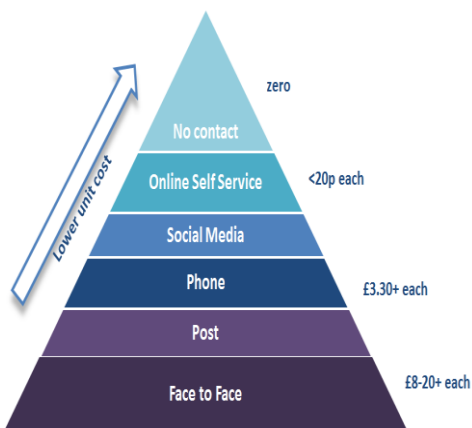
- A Council built around a culture of excellent customer experience and efficient, effective service delivery

Focused on customers

- A Council focused on understanding our customers in order to deliver the outcomes that matter to them

Engaged and empowered people

- A Council driven by a motivated workforce of high performing flexible people



This project aims to reduce the cost of delivery of a wide range of Council services by shifting the channel used for customer contact to the most efficient and appropriate. All existing channels will remain open to ensure the Council continues to meet the varying needs of customers. The project also aims to decrease the amount of avoidable contact between the Council and customers by providing better and more pro-active customer engagement.

This results in cost savings whilst also improving capacity for face to face contact allowing the most complex interactions to be handled more effectively.

Value for Money

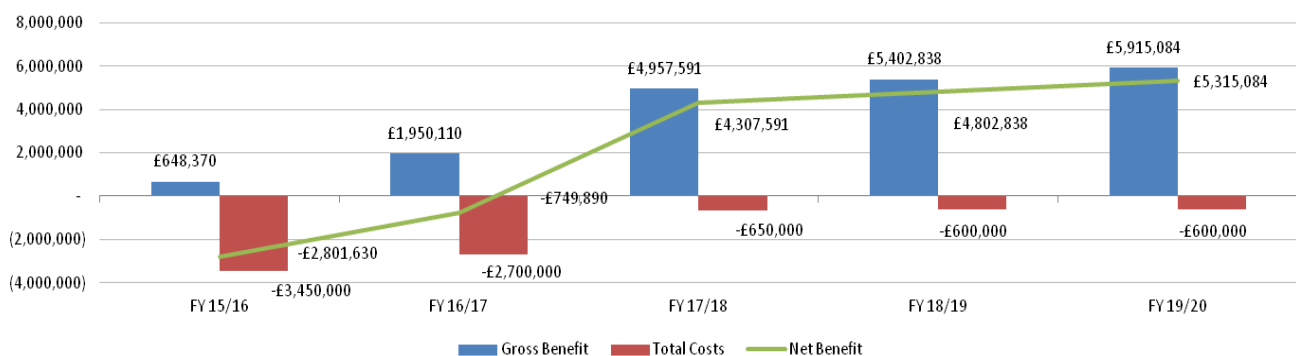
Effectiveness	Channel shift will drive business performance improvements through proactive service delivery. Services across the Council (once mapped and quantified) will be assessed and shifted to the most effective channel, using digital as the main building block. This will improve customer service by increasing access to these services and allowing the Council to pro-actively engage with its customers in real-time, 24/7. Information and contact will be relevant and delivered in the most appropriate channel to the customer.
Efficiency	Using on-line (digital) as the main building block for the way the Council interacts with customers will reduce unnecessary contact by providing 'at your fingertips' information and guidance, allow proactive interactions informed by a single view of the customer, and may increase the speed at which transactions are completed.
Economy	The increased efficiencies achieved by centralising contact and reducing the unit cost of transactions will lead to staffing reductions. The programme will deliver a projected net cashable saving of £10.9 m over 5 years (£18.9m gross saving less £8m investment costs) from the management of customer contacts; with a significant additional potential saving from service areas through the knock-on effect of the efficiencies and effectiveness of the programme.

Based on the model and assumptions underpinning the model £18.9m of savings will be realised over the next five years, excluding existing budgeted savings of £1.9m. Anticipated investment costs of implementing the project are £8m.

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Gross Forecast Savings	£768,370	£2,305,112	£5,378,593	£5,890,838	£6,403,085	£20,745,998
Existing Budgeted Savings	(£120,000)	(£355,000)	(£421,000)	(£488,000)	(£488,000)	(£1,872,000)
Forecast Savings	£648,370	£1,950,112	£4,957,593	£5,402,838	£5,915,085	£18,873,998
Investment costs	(£3,450,000)	(£2,700,000)	(£650,000)	(£600,000)	(£600,000)	(£8,000,000)
Net project savings	(£2,801,630)	(£749,888)	£4,307,593	£4,802,838	£5,315,085	£10,873,998

For further detail refer to the 'Financial Analysis and Sensitivities' section.

Gross benefits, costs incurred and net benefits are presented below:



Scope

All transactions and contacts that The City of Edinburgh Council has with the following groups, regardless of where in the organisation they currently take place, will be in scope:



The scope will apply to all channels including:



Interactions with or by the following groups will be excluded from the scope of the project:

- Staff (included in the scope of the BOLD Business & Customer Services programme)
- Elected Members
- Partners
- ALEOs (Arms Length External Organisation)

The Channel Shift programme will measure but not be responsible for:

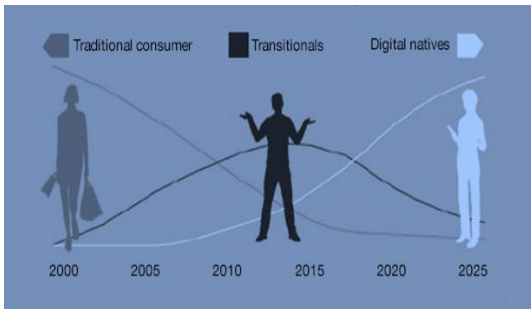
- The release of staffing in line with each business case (responsibility of Contact Centre and Locality Offices); nor
- The reduction in the unit costs of each channel (responsibility of ICT, Contact Centre, and Locality Offices).

The Channel Shift project will drive the automation of processes where appropriate, which will result in additional savings in the back office/service areas. Responsibility for delivering the savings will remain with the BOLD Business & Customer Services and Neighbourhoods projects, and the Channel Shift project will not separately measure the actual savings achieved.

Context and Drivers for Change

Digital landscape

Across the world customer expectation is now geared towards transacting digitally, using a multitude of different devices, 24 hours a day. People expect real-time updates on everything from breaking world news and posts from friends through social media, to the progress of a parcel delivery from Amazon.



The UK Cabinet Office and Government Digital Service [Digital Efficiency Report \(Nov 2012\)](#) states that 82% of the UK adult population are online and able to use straightforward and convenient digital services. This will only increase over the next few years as those who were born into a culture of digital technology ('Digital Natives') become the most dominant demographic. Our customer contact model must evolve to meet this changing demographic.

In response to this changing culture, in September 2012 the Scottish Government jointly with CoSLA published its strategy for delivering public services within [Scotland's Digital Future](#) entitled [Scotland's Digital Future: Delivery of Public Services](#). The strategy intends to enable, "Transforming public services to ensure they can be provided online whenever possible and are shaped around peoples' needs." Our business case is aligned to this strategy.

Current state

Customer contact across the Council is currently fragmented. The Channel Shift business case describes the potential to increase engagement and empowerment of Edinburgh citizens by shifting public demand for Council services from traditional points of contact to an online self-service channel.

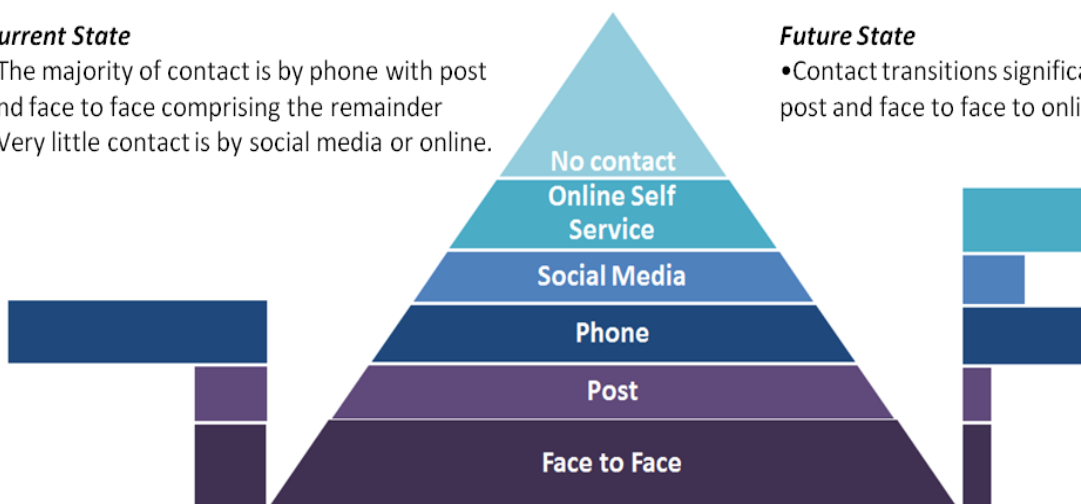
The graphic below demonstrates the potential saving available through channel shift based on our underlying assumptions.

Current State

- The majority of contact is by phone with post and face to face comprising the remainder
- Very little contact is by social media or online.

Future State

- Contact transitions significantly from phone, post and face to face to online and social media.

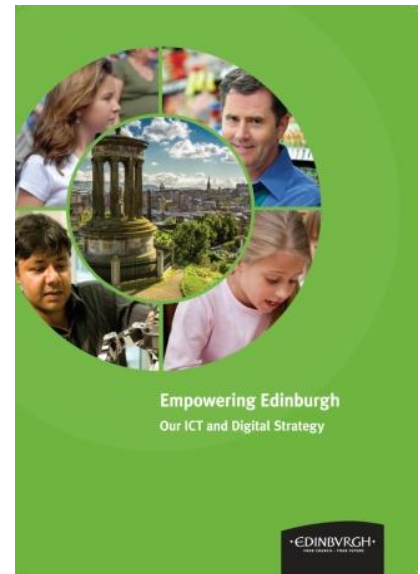


*Please note the bars represent contact volumes (illustrative)

The Council published its [ICT Strategy](#) in October 2013 and as part of that strategy engaged with customers to ensure that priorities were driven by their needs, which includes *“Principle 4: Multi-Channel Customer Service - Citizens will be able to access services through their choice of channel and have a consistent user experience across all channels.”*

Since the launch of its ICT strategy, the Council has delivered:

- a responsive website, co-designed with Edinburgh citizens, available on all devices including mobile phones and SMART TV;
- over 30 different types of digital transactions e.g. reporting missed bins, reporting a problem with a street light;
- a single CRM (Customer Relationship Management) tool, which will be available online, in the Contact Centre and across the Neighbourhood offices by early 2015;
- validated customer sign-in through the Myaccount, a national solution intended to link all public services used by a citizen through one account. The City of Edinburgh Council is the first local authority to launch this service; and
- a main Contact Centre which already handles 50% of all contacts.



The Council is therefore in a strong position to drive channel shift and take the opportunity to engage with an increasingly online customer base more efficiently and effectively.

Proposed Solution and Future State

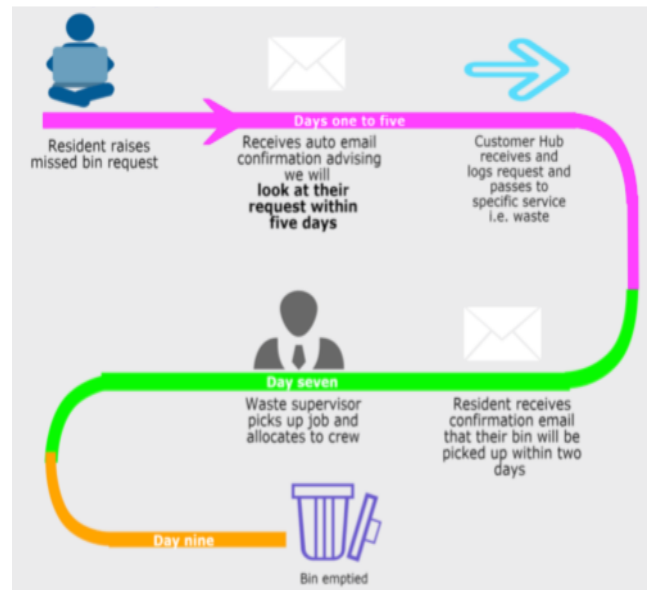
It is proposed that the Channel Shift project works in conjunction with all front line services in the Council and with customers to ensure that Council services are available on the channels that customers want and make economic sense. This will allow the Council to understand and act on changing trends in customer behaviours and facilitate effective transition of customers from traditional channels to a more customer centric and cost-effective digital platform.

Where a service needs to be redesigned to fit to a new channel choice the project will look to redesign and automate the associated processes to improve efficiency and the customer experience. Existing channels will not be shut down allowing for the varying needs of customers.

The customer experience will be at the centre of the redesign. For example, reporting a missed bin required several human interactions using the old, non-digital process, and could take nine days to complete. The customer was not notified when the transaction had been completed leading to additional contacts being generated from customers wanting to receive progress updates.

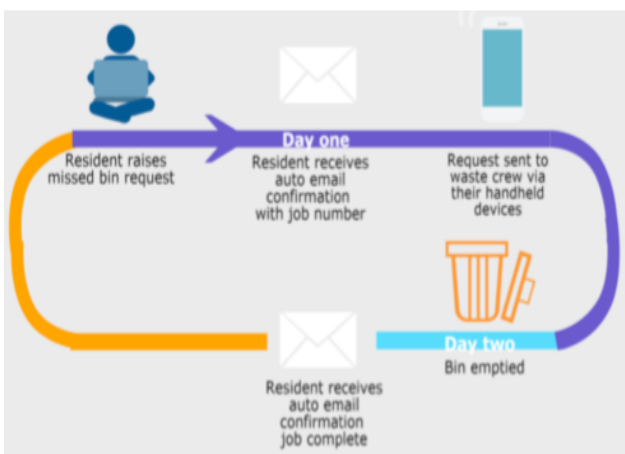
The new process is now fully automated and notifies the customer of receipt of the enquiry and completion (collection of the bin). The only human interactions are the customer informing the Council and the refuse collector completing the task. The missed bin is now collected in under two days.

Original Missed Bin Process



Average time to collect bin >9 days

New Missed Bin Process



Average time to collect bin <2 days

Where a process is being redesigned the project will focus on proactive communication with the customer keeping them well informed of progress and reducing the need for them to make a further contact on the same issue i.e. removing avoidable contacts.

The project will also work with the Council's marketing team to ensure that customers are made aware of the services that are available and that they are encouraged to use the channels that provide the best service to the customer and are most cost effective.

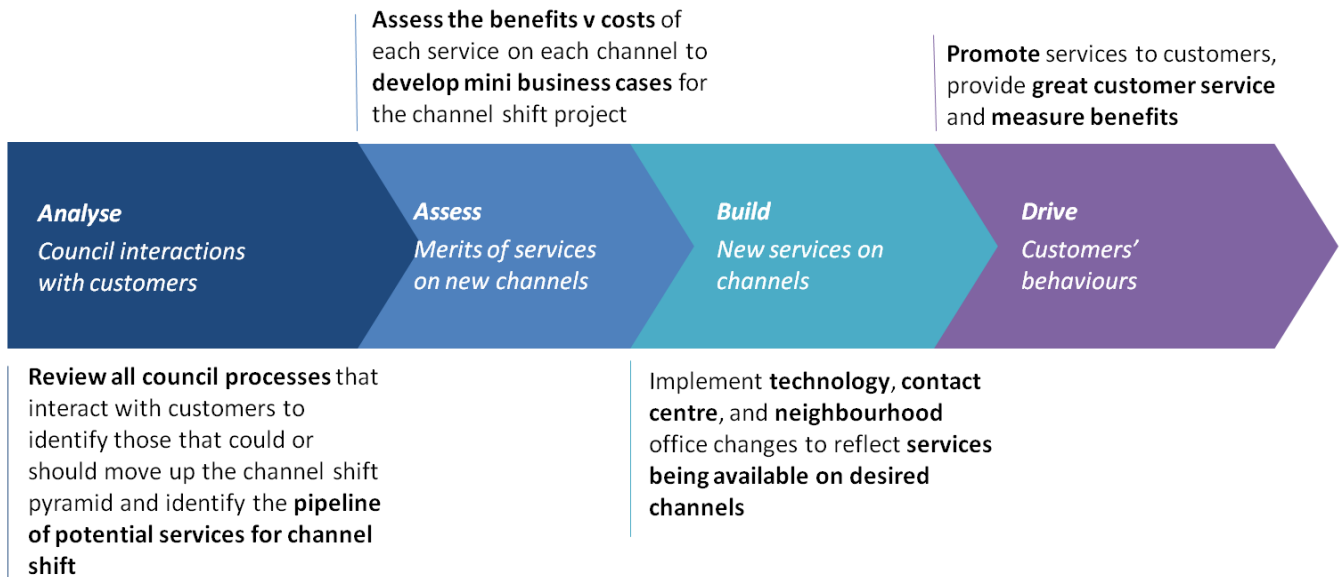
Where digital is the preferred channel, contacts can take place at any time (24/7) using a number of devices. Face to face contact is preferred in situations where people have limited access to digital services, is the most efficient channel, as an initial point of contact for complicated queries, and a precursor to self-serving digitally.

Described below are examples of good practice to be implemented as part of the project:

What good looks like	
Digital Self-Service	<ul style="list-style-type: none"> • The majority of interactions to be digitally enabled • Digital services are designed by/with the citizens that will use them • Council advertising proactively promotes digital as the primary channel • Citizens are supported to interact with the Council using the digital channel
Customer Reach	<ul style="list-style-type: none"> • All citizen interactions regardless of the channel should be integrated to ensure a smooth customer journey • Provisions are in place for citizens who cannot access digital • The Council should be proactive in interacting with all its citizens
Knowledge Sharing	<ul style="list-style-type: none"> • Best practice and information should be shared across the different services within the Council • Back office systems should interact with each other to allow data to be widely shared and used • Digital knowledge shared internally to support digital culture development • Digital knowledge should be shared with partners to enhance citizens' digital opportunities
Effectiveness and Efficiency	<ul style="list-style-type: none"> • Channel Shift should be progressed throughout the Council, with all services digitising their offerings where possible • The Council should leverage its existing systems, rolling them out across the organisation to promote consistent usage across different services
Decision-making	<ul style="list-style-type: none"> • There should be clear understanding about what data is being collected and it should be shared across the organisation • The data collected should be used to understand citizens' needs/expectations and feed that into the decision-making process

Approach and Roadmap

The Channel Shift project will use the following 4 stage approach



<i>Analyse</i> Council interactions with customers	<i>Assess</i> Merits of services on new channels	<i>Build</i> New services on channels	<i>Drive</i> Customers' behaviours
Gathering of clear, verifiable baseline data that underpins the business case.	Development of mini-business case to assess viability of each type of services/transaction in the Channel Shift pipeline.	Build and implement services/transactions as defined in approved mini business case.	Marketing services to citizens/customers.
Creation of a pipeline of potential services/transactions for channel shift.	Project Board decision on the approval of each mini business case based on it's financial viability and/or strategic value.	Transfer of staff and budgets in line with approved mini business cases.	Measurement of benefits against each mini business case.
Gather details of any associated savings already committed in the budget.			Measurement of customer satisfaction.

The project will also drive the recovery and cleansing of the data currently managed in key Council systems. The requirements for the data cleansing will be set within each mini-business case.

Project Principles

The following principles, agreed by the CMT on 29 September 2014, will be used to ensure consistency of approach and best value is achieved:

	Project principles
1.	The Council will adopt a multi-channel approach working from a single view of the customer;
2.	The Council will ensure our digital services can be accessed via any device type, now and in the future;
3.	The Council will focus our channels on delivering the needs of our customers;
4.	The Council will authenticate all users via the Myaccount service;
5.	The Council will deliver a consistent user experience across the channels. The experience will be owned by: <ul style="list-style-type: none"> ○ Contact Centre – telephony contact ○ ICT – digital contact ○ Neighbourhoods/Localities offices – face to face in Neighbourhood offices ○ Customer Services – face to face in High Street Hub;
6.	We will aim for a first time fix (“one and done”) on over 90% of contacts;
7.	The Council will “Close the loop” by pro-actively digitally notifying the customer when transactions reach major milestones;
8.	The Council will focus promotion to emphasise the channel that is most appropriate for the target audience;
9.	The Communications team will co-ordinate all communications and marketing;
10.	The Council will move towards having one contact centre that will handle all phone and digital contacts from customers;
11.	The Council will have a single named owner for each process, with authority to make decisions;
12.	We will create automated processes, built around digital but available through other channels;
13.	All new services will only be deployed on digital channels;
14.	The Council will ensure all customer data will be seen as a Council asset and must comply with the required standard/quality;
15.	When an existing face to face or phone based service is transferred into the corporate facility all the existing budget and staff will also transfer, at the current levels, to either the Contact Centre or Neighbourhoods/Localities; and
16.	The Contact Centre or Locality will be accountable for delivery of the savings profile associated with Channel Shift.

Do Nothing Analysis

In the Scottish Government report, [Scotland's Digital Future: Delivery of Public Services 2012](#), the Government states: *"Our ambition is for citizens and businesses to access public information and services in the same seamless and effortless way that they access services from the highest rated online commercial offerings."* If the project does not go forward the Council will continue to fall short of the expectations of the Scottish Government and its digitally active customers and will fail to "future proof" services.

In failing to transform the way the Council interacts and transacts the Council's costs will continue to rise as the organisation will not be using the most effective, efficient channels for its interactions with citizens and partners. The Channel Shift project will assist in the modernisation of the organisation, keeping pace with private sector services.

Financial Analysis and Sensitivities

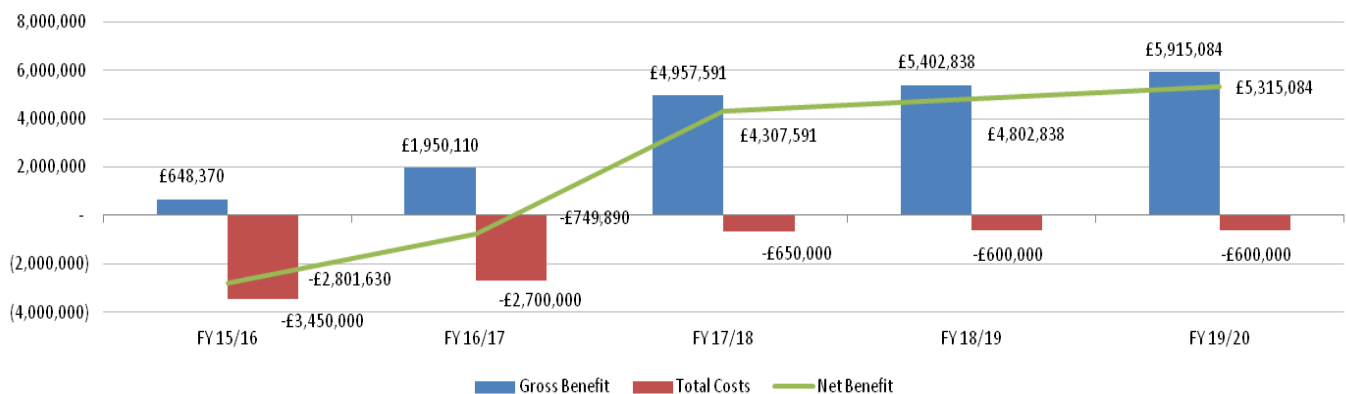
The improvement in customer engagement and empowerment through using the most effective and appropriate channels to deliver services will drive efficiencies and cost savings.

The Channel Shift project forecasts a gross saving of £18.9m (excluding existing budgeted savings of £1.9m) over five years, with a recurring £5.3m saving thereafter from the baseline of the 2014/15 budget.

The project will also incur investment costs of £8m for infrastructure, implementation and associated costs across the period. The required initial capital investment of £2m will be allocated from the “technology innovation fund” and repaid to the fund as the benefits are secured within a 2 year period. The remaining £3m capital investment will be drawn down on a case by case basis when mini-business cases are approved.

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Gross Forecast Savings	£768,370	£2,305,112	£5,378,593	£5,890,838	£6,403,085	£20,745,998
Existing Budgeted Savings	(£120,000)	(£355,000)	(£421,000)	(£488,000)	(£488,000)	(£1,872,000)
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Net project savings	(£2,801,630)	(£749,888)	£4,307,593	£4,802,838	£5,315,085	£10,873,998

See Appendix 1 for detailed financial projections.



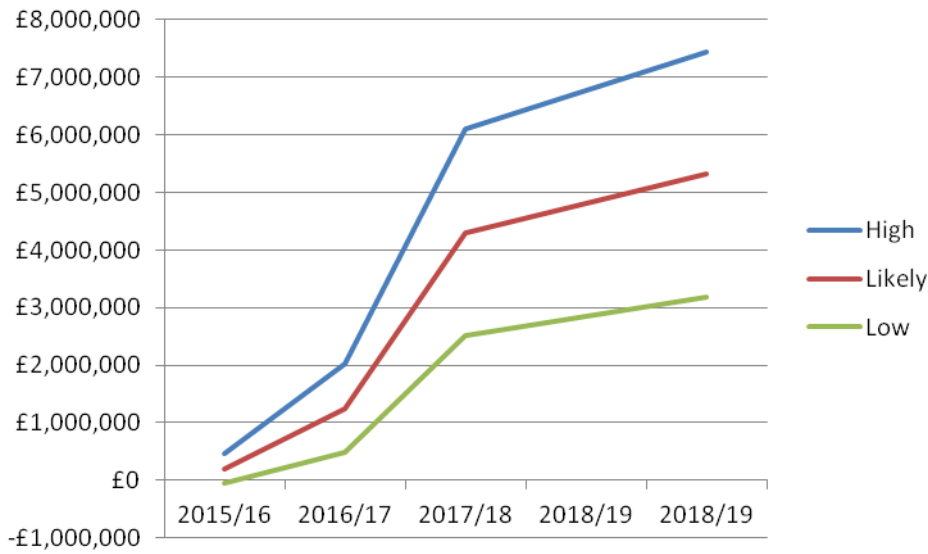
Channel shift is expected to happen in the following profiles.

	15/16	16/17	17/18	18/19	19/20
High	6%	18%	42%	46%	50%
Likely	4.5%	13.5%	31.5%	34.5%	37.5%
Low	3%	9%	21%	23%	25%

This business case is based on the ‘likely’ scenario above.

Sensitivities and Non-financial benefits

The chart below illustrates the high, likely and low net project savings forecasts:



Non-financial benefits
Greater consistency of service
Increase in capacity for front line staff to focus on complex needs through face to face contacts
More proactive engagement with customers
Improvement in single view of the customer
Engaging with the customer using their preferred channel
Improved productivity by utilising capacity in existing technology
Improved Council reputation through more efficient and proactive service delivery

Appendix 1: Assumptions

Assumption	Key figure	Commentary
Baseline volumes (p.a.)		
Customer service phone calls	3,342,231	Volumes are as reported by service departments, with the exception of the figures for Services for Communities which have been scaled back by 20% to avoid potential double counting in contact volumes.
Face to face contact	397,217	Volumes provided by the Locality offices are based on actual data. Some of the recording processes are thought to be limited in their ability to capture every contact e.g. multiple contacts on the same issue, therefore this number is potentially understated.
Baseline costs (per unit)		
Contact centre calls	£3.30	£3.42 per unit according to Contact Centre data based on 3 years of trading. A conservative estimate of £3.30 has been used.
Non-contact centre calls	£4.00	Conservative estimate based on lower volumes and estimated utilisations – considered to be c20% less efficient than contacts in the Contact Centre.
High Street Hub contacts	£6.00	Based on actual data from 3 years of trading.
Face to face, non-Hub complex contacts	£20.00	Examples of transactions include citizens with multiple housing and benefits issues, complex care needs assessment and homelessness. No actual or benchmark data is available. Sample data shows that these transactions can take up to 2.5 hrs. Given the nature of these contacts an estimate of 250% of a standard face to face, non-Hub contact has been used.
Face to face, non-Hub standard contacts	£8.00	UK Government benchmark is £8.50 per face to face contact. SOCITM benchmark is £8.62.
Online contacts	£0.17	Based on government average cost for online transactions.
Forecast volumes		
Avoided contacts	20% by year 3	With improved processes and proactive customer communication contacts can be reduced and, where appropriate, avoided.

Channel Shift		
Year 1	6%	Conservative estimates of year 1 channel shift potential – based on UK government report on potential for channel shift (Digital Efficiency Report (November 2012))
Year 2	18%	The UK Cabinet Office and Digital Service Digital Efficiency Report (November 2012) assumes a base case for channel shift potential of 82% (based on the % of the UK population that are online and able to use straightforward and convenient digital services). This case uses a conservative estimate based on this potential.
Year3	42%	
Year 4	46%	
Year 5	50%	
Year 5	50%	
Investment		
Infrastructure	£2,000,000	Includes document management and contact telephony.
Implementation	£3,000,000	To be confirmed in mini-business cases.
Marketing	£900,000	From FY17/18 onwards.
Digital Customer Experience	£750,000	Ongoing costs as they will form part of customer teams.
Project Team	£450,000	For the first 3 years – best estimate.
Ongoing ICT costs	£900,000	Best estimate.

FTE reductions

- The FTE calculations use a figure (salary + associated costs) derived from the cost of a Customer Service Agent (Grade 4). The staff associated with a shifted transaction (therefore transferring into the Contact Centre or Locality) will be of varying grades but none are believed to be lower than Grade 4.
- Headcount reductions are not being counted in any other BOLD business cases or committed/proposed budget savings.
- We have assumed that the organisation will release staff to realise the savings in-line with each mini business case, and that the channels will manage service quality to the remaining available resources.

Scope

- The business case includes the existing budget savings commitment to save £1.872m over 5 years through efficiencies in the Contact Centre. The Channel Shift project will take responsibility for delivery of these savings but assumes that no other channel shift related savings currently exist in the budget.
- This business case does not include process efficiency/back office savings that should be achieved in the service areas, as these will be delivered by those service areas. Based on publically available information for similar projects in UK Councils, this could be three times the savings achieved in the channel.
- All costs relating to resolution of data quality issues will be borne by the service area that is currently responsible for that data; therefore no related costs are included in this business case.

Appendix 2: Finance Projections

	Current Position			Forecast									
	Unit cost	Number of Contacts	Cost	2015/16		2016/17		2017/18		2018/19		2019/20	
				Cost	Shift	Cost	Shift	Cost	Shift	Cost	Shift	Cost	Shift
Calls - Total		3,342,231	£ 12,045,924	£ 11,323,168		£ 9,877,657		£ 6,986,636		£ 6,504,800		£ 6,022,962	
- Contact Centre	£ 3.30	1,890,000	£ 6,237,000	£ 5,862,780	6%	£ 5,114,340	18%	£ 3,617,460	42%	£ 3,367,980	46%	£ 3,118,500	50%
- C&F	£ 4.00	340,136	£ 1,360,544	£ 1,278,911	6%	£ 1,115,646	18%	£ 789,116	42%	£ 734,694	46%	£ 680,272	50%
- Neighbourhoods	£ 4.00	28,823	£ 115,292	£ 108,374	6%	£ 94,539	18%	£ 66,869	42%	£ 62,258	46%	£ 57,646	50%
- SfC other	£ 4.00	1,039,093	£ 4,156,372	£ 3,906,990	6%	£ 3,408,225	18%	£ 2,410,696	42%	£ 2,244,441	46%	£ 2,078,186	50%
- Corp Gov (non CC)	£ 4.00	31,817	£ 127,268	£ 119,632	6%	£ 104,360	18%	£ 73,815	42%	£ 68,725	46%	£ 63,634	50%
- H&SC	£ 4.00	12,362	£ 49,448	£ 46,481	6%	£ 40,547	18%	£ 28,680	42%	£ 26,702	46%	£ 24,724	50%
Online - Total	£ 0.17	-	£ -	£ 27,273		£ 81,818		£ 190,908		£ 209,090		£ 227,272	
Face to face - Total		397,217	£ 5,483,512	£ 5,154,502		£ 4,496,479		£ 3,180,435		£ 2,961,095		£ 2,741,756	
- Hub	£ 6.00	126,696	£ 760,176	£ 714,565	6%	£ 623,344	18%	£ 440,902	42%	£ 410,495	46%	£ 380,088	50%
- C&F	£ 20.00	93,104	£ 1,862,080	£ 1,750,355	6%	£ 1,526,906	18%	£ 1,080,006	42%	£ 1,005,523	46%	£ 931,040	50%
- Corp Gov (non CC)	£ 20.00	3,299	£ 65,980	£ 62,021	6%	£ 54,104	18%	£ 38,268	42%	£ 35,629	46%	£ 32,990	50%
- H&SC	£ 20.00	3,653	£ 73,060	£ 68,676	6%	£ 59,909	18%	£ 42,375	42%	£ 39,452	46%	£ 36,530	50%
- SfC other	£ 20.00	113,208	£ 2,264,160	£ 2,128,310	6%	£ 1,856,611	18%	£ 1,313,213	42%	£ 1,222,646	46%	£ 1,132,080	50%
- City Centre	£ 8.00	14,607	£ 116,856	£ 109,845	6%	£ 95,822	18%	£ 67,776	42%	£ 63,102	46%	£ 58,428	50%
- East	£ 8.00	8,097	£ 64,776	£ 60,889	6%	£ 53,116	18%	£ 37,570	42%	£ 34,979	46%	£ 32,388	50%
- North	£ 8.00	9,963	£ 79,704	£ 74,922	6%	£ 65,357	18%	£ 46,228	42%	£ 43,040	46%	£ 39,852	50%
- West	£ 8.00	2,999	£ 23,992	£ 22,552	6%	£ 19,673	18%	£ 13,915	42%	£ 12,956	46%	£ 11,996	50%
- South	£ 8.00	10,791	£ 86,328	£ 81,148	6%	£ 70,789	18%	£ 50,070	42%	£ 46,617	46%	£ 43,164	50%
- South West	£ 8.00	10,800	£ 86,400	£ 81,219	6%	£ 70,848	18%	£ 50,112	42%	£ 46,656	46%	£ 43,200	50%
Other costs				£ 450,000		£ 700,000		£ 650,000		£ 600,000		£ 600,000	
- Marketing				£ 100,000		£ 150,000		£ 250,000		£ 250,000		£ 250,000	
- Project team				£ 200,000		£ 200,000		£ 50,000		£ -		£ -	
- IT ongoing costs				£ -		£ 200,000		£ 200,000		£ 200,000		£ 200,000	
- Customer experience specialists				£ 150,000		£ 150,000		£ 150,000		£ 150,000		£ 150,000	
Totals		3,739,448	£ 17,529,436	£ 16,954,943		£15,155,954		£ 11,007,979		£ 10,274,985		£ 9,591,990	
Forecast savings				£ 574,493		£ 2,373,482		£ 6,521,457		£ 7,254,451		£ 7,937,446	
Existing budgetted savings				(£120,000)		(£355,000)		(£421,000)		(£488,000)		(£488,000)	
Net savings (Channel shift)	High			£ 454,493		£ 2,018,482		£ 6,100,457		£ 6,766,451		£ 7,449,446	
FTE reduction (estimate)	High			21.9		90.3		248.1		276.0		301.9	
Net savings (Channel shift)	Likely			£ 198,370		£ 1,250,112		£ 4,307,593		£ 4,802,838		£ 5,315,085	
FTE reduction (estimate)	Likely			12.1		61.1		179.9		201.3		220.7	
Net savings (Channel shift)	Low			(£57,754)		£481,741		£2,514,729		£2,839,226		£3,180,723	
FTE reduction (estimate)	Low			2.4		31.8		111.7		126.6		139.6	
Investment													
Infrastructure				£ 1,500,000		£ 500,000							
Implementation				£ 1,500,000		£ 1,500,000							
Total investment				£ 3,000,000		£ 2,000,000		£ -		£ -		£ -	
Cumulative Net Expenditure				(£ 2,801,630)		(£ 3,551,518)		£ 756,075		£ 5,558,913		£ 10,873,998	

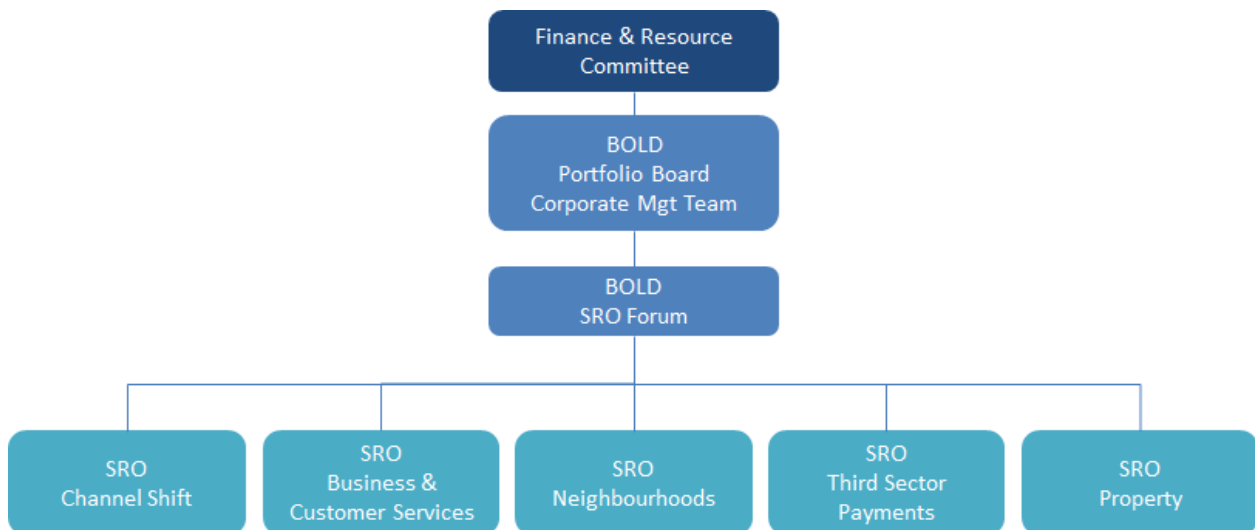
Appendix 3: Governance and Resourcing

Strong and effective governance supported by a project team with the correct levels of knowledge and experience will be key to the success of this project and the associated benefits and savings.

The objective of the governance structure is to create:

- **Alignment** – through monitoring so that programs and projects stay aligned with overarching BOLD strategy and that inter-dependencies are managed
- **Visibility** - through the consistent execution aligned to clear standards and effective communications
- **Predictability** – through the application of leading practice based planning, estimating and tracking
- **Accountability** – through tiered accountabilities, empowerment and performance measurement and proactive benefits planning, management and realisation

Programme Governance



1. BOLD will report to Finance and Resources Committee on a quarterly basis on progress of implementation.
2. Corporate Management Team will act as the Portfolio Board. BOLD will report to CMT on progress on a quarterly basis in advance of reporting to Finance and Resources Committee.
3. SRO Forum will be held on a weekly basis chaired by the Portfolio SRO (Alastair Maclean) or the Portfolio Manager (Alan Coyle)
4. The Forum will;
 - a. provide progress reports on implementation;
 - b. manage information flow and dependencies; and
 - c. act as a challenge/support mechanism across the portfolio.
5. **CMT will delegate responsibility (within the scope of each projects) to the project board to make decisions by majority.**
6. CMT will act as an escalation form to deal with behavioural issues that cannot be resolved at project board level.

Resourcing and costs (5 years)

Costs Analysis	
Staff costs	£'000
SRO	50
Project Manager/Implementation lead	150
Customer Experience Specialist	750
Project Support	130
Business Analysts	120
ICT Support	900
Sub-total	2,100
Marketing – Specialist Support	900
Total revenue costs	3,000
Capital costs	
ICT Infrastructure	2,000
Process change implementation	3,000
Sub-total	5,000
Total	8,000

These costs have not been included in the overall project level resourcing costs and are therefore specific to the Channel Shift project.

Costs Analysis (beyond year 5)	
Ongoing revenue costs	£'000
Marketing	250
ICT Support	350
Total	600

Appendix 4: Dependencies

Theme/Initiative	Nature of Dependency
ICT Transformation programme	Ensure current programme continues at the same pace as agreed timescales and continues to deliver using the agreed technical standard.
Contact Centre improvements and efficiencies	Contact Centre must continue to drive efficiencies in business processes to drive down the unit cost of transactions. Contact Centre must be ready to implement new services to agreed timescales.
BOLD Neighbourhoods Programme	Change in business processes required within Locality offices in order to complete a larger range of transactions, to assist in changing customer behaviour and encourage channel shift.
Marketing and Communications Plan	Marketing of specific transactions and the effective promotion of channel shift is essential to changing customer behaviour.
BOLD Business & Customer Services Programme	Business Services will drive the process change across the organisation that channel shift will enable.
Organisational Leadership	Cultural change across the organisation needs to be driven and supported by the CMT to continue to ensure adherence to key project principles in a timely manner.
Service area savings	Channel shift will deliver savings detailed within the business case but savings within service areas will be dependent on Neighbourhoods and Business & Customer Services.

Appendix 5: Risk Assessment

	Risk	Likelihood	Impact	Controls/Mitigation Factors
1.	Agreed key Channel Shift principles and/or Board decisions are not adhered to by the organisation in the required timescale.	4	5	Channel Shift Board has been fully empowered to make Channel Shift project related decisions on behalf of the entire organisation. All Directors and CEO have agreed to address any non-compliance that is escalated as a high priority. Formation of Channel Shift Working Group which will include service area representatives to ensure consistency of approach and message across the organisation.
2.	Staff are not released in the required timescales.	2	4	A combination of release of temporary staff, reduction of overtime and the use of natural attrition will mitigate this risk. Only after these options have been fully exhausted will the programme seek to release Council employees. The redundancy pledge will also require to be considered.
3.	Data quality issues are not addressed (this issue needs to be addressed regardless of the Channel Shift project).	4	4	Data quality improvement plan in development. CMT have agreed that the system/data owner will take ownership and provide resource to drive the required improvements in data of each key Council system.
4.	Customers do not change their behaviour.	2	4	Marketing budget is included within the programme budget and marketing plan in place, the effectiveness of which will be tested at regular intervals and plan amended accordingly. The marketing team will recruit external specialist organisations to support these marketing campaigns. The plan includes provision of Customer Experience specialists to ensure ease of use for the citizen.
5.	Lack of sign off of the project prevents the gathering of baseline data to begin mini-business case production.	4	3	Target Committee sign off in January. Governance structures to be set up pre-approval. Marketing procurement underway (contract signature once approval granted). If approval is not granted in January, timescales detailed in this plan will slip and key project resources will be lost. This will create a time lag on eventual approval.

Appendix 6: Current transactions pipeline

No	Transaction
1	Report It - Litter
2	Report It – Road defect
3	Report It – Blocked or choked gully
4	Report It – Dark street light
5	Report It – Graffiti
6	Report It – Dog fouling
7	Report It – Grit bin requires cleaning
8	Report It – Gritting required
9	Report It – Grit bin requires filling
10	Report It – Overhanging foliage
11	Report It – Damaged road signs
12	Report It – Missed bin
13	Report It – New grit bin
14	Find out bin collection day
15	View Council Tax and NDR account
16	View rent account
17	View last payment
18	View benefits
19	Report potholes
20	View Me – Last transaction (performance via responsive web using CRM info)
21	View Me – What details do you hold (such as name, address, dob etc.)
22	View Me – Latest bill (Council tax, Rent and benefits)
23	Make a - Complaint (relating to Council Services or products)
24	Make a - Suggestion – (relating to Council Services or products)
25	Make a – General Enquiry (relating to Council Services or products)
26	Make a - Compliment (relating to a member of staff, service or product)
27	Change of name - will notify departments and MyAccount of the change
28	Change of address - will notify departments and MyAccount of the change
29	Change of email address - will notify departments and MyAccount of the change
30	Create a citizen
31	Replacement of recycling bin
32	Replacement of recycling bag
33	Online directory search of care and support services – responsive web directory
34	Revenues and Benefits – Close existing Council Tax account and moving out of Edinburgh
35	Revenues and Benefits - Setting up a Direct debit
36	Revenues and Benefits – Change of circumstances on existing Council Tax account
37	Revenues and Benefits - Apply for Council Tax Single Person discount
38	Revenues and Benefits – Apply for Empty and Unfurnished discount
39	Revenues and Benefits - Refund

40	Revenues and Benefits – Credit transfer
41	Revenues and Benefits – Apply for Student Council Tax discount
42	Revenues and Benefits – Set up and moving NDR account
43	Revenues and Benefits - Setting up a Direct debit (NDR)
44	Revenues and Benefits – Refunds (NDR)
45	Revenues and Benefits – Setting up a new claim
46	Revenues and Benefits – Evidence gathering
47	Apply for residents parking permit – including priority permit
48	Renew a residents parking permit
49	Housing – Display rent arrears and other financials
50	Request Social Care assessment or advice (i-chat)
51	Fostering Emergency – Fast and efficient contact
52	Early intervention - vulnerable children at risk
53	Road permit application – space on public road or pavement e.g. tables outside a restaurant
54	Pay a roadwork’s penalty notice
55	Revenues and Benefits – Pay Council Tax by credit/debit card
56	Pay for pay and display parking by mobile
57	Schools – Request non-catchment area place P1/S1
58	Digital rents – text messages for arrears and online payments
59	Pay collection of bulky waste
60	Recycling bank – full or missed
61	Replacement recycling bin/box – New service
62	Request 360 residual/recycling bin – larger households
63	Request special uplift - exception to normal bin rounds
64	Request larger bin
65	Request additional garden bin
66	Request Assisted collection – customer unable to leave bin out for collection
67	Request a recycling information pack
68	Conduct of crew – comment on behaviour of waste crews



BOLD Programme

Business Case: Business and Customer Services

Description of Proposal

As the Council looks to address significant financial pressures whilst maintaining quality services, there is a need to consider all functions across the Council. Business and customer services are key enablers for front line services and will be essential in supporting future change and transformation. This business case has been prepared to outline the rationale for implementing a business and customer services model for enabling functions across the Council and will present the resulting financial and non - financial benefits, as well as research and evidence supporting the project.

The current Council delivery model of business and customer services is fragmented and delivered across the organisation in a number of different service areas. Activities are duplicated and there are inconsistencies in the grades of staff undertaking similar roles. The Council is looking to identify opportunities to deliver front line services in a leaner and more efficient manner, and business and customer services needs to reflect these changes within the associated teams.

The project will review all enabling functions across the Council with the objective of improving the effectiveness and efficiency of these functions, creating a strong back office to help drive the delivery of outcomes through enhanced direct support to front line services.

It is proposed that the Council moves to a new model for business and customer services. This will be a corporately managed support service with local focus as required through local client managers. This integrated model will deliver benefits through reduced duplication, greater customer focus, increased use of technology to support self-service and the provision of intelligence-led, quality professional support for front line services.

It is estimated that the adoption of a business and customer services model will deliver annual savings of £11.5m by FY19/20 and £37.4m over 5 years, based upon the 'most likely outcome' figures.

Value for Money

This proposal aims to deliver value for money to the Council to support the delivery of front line services.

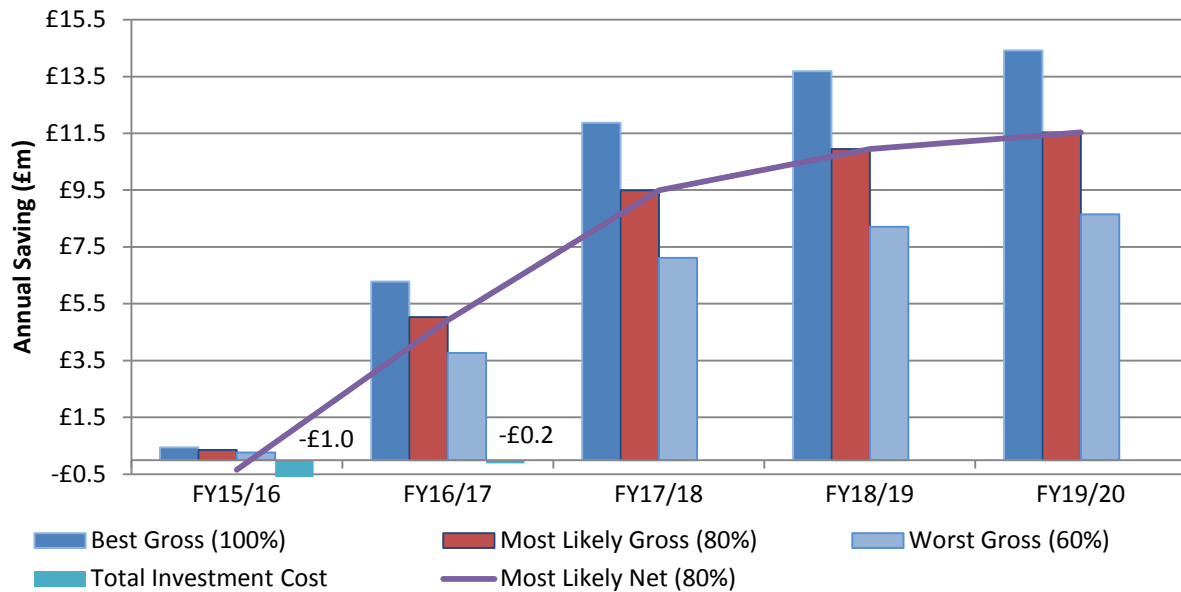
Effectiveness	The project will be focused on providing appropriate support services for front line services. These will be delivered through a range of channels, aligned to users' needs. The development of common, customer-focused processes and systems will improve service delivery and service decisions will be supported through the availability of high quality management information.
Efficiency	Significant operational benefits can be delivered through the development of an Integrated Support Services model for business and customer services. It is anticipated that, once implemented, this project will deliver annual savings of £11.5 million equivalent to an 11% reduction in current employee costs in this area. These optimised services will support the delivery of local, front line services to improve outcomes while driving a reduction in the Council's overall operating costs.
Economy	There will be a focus on developing new skills to build the capability of the workforce. Through knowledge sharing, the new processes and lessons learned from the implementation phase can be shared with local businesses. There may also be an opportunity to provide business and customer services to partners and other organisations across Edinburgh.

Through reduction in staff and associated costs, the most likely case savings figure for the project is £37.4m over 5 years. The annual breakdown of the savings over the next five year is shown below:

Most likely outcome						
	15/16	16/17	17/18	18/19	19/20	Total
Anticipated Savings	£0.4m	£5.0m	£9.5m	£11.0m	£11.5m	£37.4m

To reflect the deliverability of these savings, percentages have been applied to the total savings to provide a sense of the worst, most likely and best outcomes. To achieve these benefits, it is anticipated that an investment cost of £1,219,148 spread over the first 2 years of the project will be required.

Anticipated Annual Savings



The Proposed Solution section provides a more detailed breakdown of the identified savings.

Non-financial benefits

The creation of a new delivery model for business and customer services will not only deliver significant financial savings but will also provide the Council with a wide range of non-financial benefits, including:

- Improvement of the locality and city-wide teams' experience through streamlining of processes and service delivery functions, and moving towards a 'right first time' customer focused approach
- Removal of time consuming non-core activities from frontline staff allowing them to focus on delivering to their customers
- Potential for greater career progression and development opportunities for staff
- Provision of better insight and management information to assist with decision-making and use of performance indicators to monitor success
- Providing future opportunities to share services outwith Council or deliver through alternative models
- Supporting the Council's pledges to environmental sustainability through reduced use of paper and carbon footprint via increased use of self service functions

Scope

The scope of the BOLD Programme is based on the Council payroll as at September 2014. An allowance of 27% has been included for Employer's National Insurance and pension contributions. On this basis, the scope of the business and customer services project is estimated at a total cost of £104m and a total staffing of 3,498 FTE.

BOLD area of scope	Current FTE	Cost
Total	15,718	£529,621,597
Neighbourhoods	8,131	£244,559,106
Economy & Culture	197	£7,260,677
Chief Officers*	22	£2,598,634
Excluded	387	£12,271,329
Teachers	3,483	£158,615,009
Business & Customer Services	3,498	£104,316,842

A number of staff groups are not included in the scope of the Business & Customer Services business case for the following reasons:

- Neighbourhoods: the scope of the Neighbourhoods BOLD project accounts for front line staff and are therefore not in the scope of this delivery proposal
- Economy & Culture: changes to these services will be delivered as part of the Council's revised operating model
- Excluded: The BOLD project is seeking savings in General Fund revenue expenditure. A number of staff groups including pensions staff and supernumerary staff have therefore been excluded from scope as reducing expenditure in these staffing groups will not achieve General Fund revenue savings for the Council.
- Agency staff: the use of agency staff is being managed through the BOLD workforce management project
- Edinburgh Council: Currently, the scope of business and customer services is limited to supporting the Council. Over time, there may be scope to establish service level agreements and arrangements for sharing services with Council-owned companies and other delivery partners.

Context

The Council currently delivers business and customer services through a mix of corporate support functions and locally managed staff within Directorates. The employee costs for these services are around £104m per year. The staff employed to deliver these services equates to 3,498 full time equivalents (FTE) covering a broad range of corporate functions including:

- Business Support
- Commercial and Procurement Services
- Committee Services
- Corporate Assets (including Facilities Management)
- Edinburgh Building Services
- Digital and IT
- Finance
- Information Management
- Internal Audit and Risk
- Internal Customer Services
- Legal Services
- Member Services
- People and Organisation
- Reputation and Communications
- Strategy, Business Intelligence and Performance
- Transformation and Business Change

The following table provides an overview of where the in-scope staff are currently deployed across business and customer services making up the £104m project scope. This table excludes agency staff, consultants and Third Sector spend on services, but include salary and on-costs. A full breakdown of the services within each of the areas outlined below can be found in Appendix 1.

	FTE	Employee Cost
Business Support	866	£24,297,446
Commercial and Procurement	73	£3,350,005
Corporate Assets	1028	£22,619,890
Edinburgh Building Services	282	£8,895,405
Committee Services	14	£580,615
Members Services	28	£865,509
Internal Customer Services	613	£17,102,589
Digital & IT	62	£2,665,416
Finance	95	£4,256,157
Information Management	34	£1,333,453
Internal Audit/Risk	27	£1,240,173
Legal Services	42	£2,108,593
People & Organisation	119	£5,031,911
Marketing and Communications	49	£2,200,045
Strategy, BI & Performance	137	£6,232,852
Transformation and Business Change	29	£1,536,779
Total	3,498	£104,316,842

Source: Council Finance and staff allocation by BOLD team

Based upon the most recent Scottish Local Government Benchmarking Framework, the Council total support service cost equates to 7.1% of the total gross Council spend.

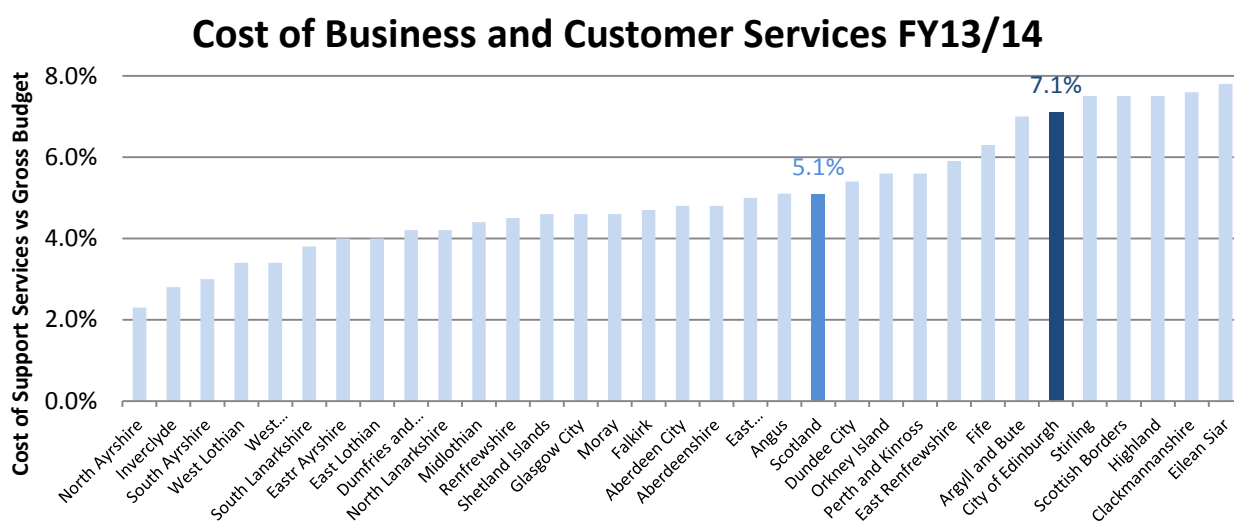


Figure 1: Cost of business and customer services as a percentage of total gross budget

Source: Scottish Local Government Benchmarking Framework

Figure 1 gives an indication of the cost of City of Edinburgh Council's business and customer services compared with the Scottish local authority average (5.1% in FY13/14). Over the last four years, the percentage has increased from 5.0% to 7.1%, making City of Edinburgh Council the fifth highest in proportionate cost of the thirty two Scottish local authorities.

Each council is different, with varying operating structures and service requirements. However, the Council's business and customer services costs also appear high when compared with other urban authorities, notably Dundee (5.4%), Aberdeen (4.8%) and Glasgow (4.6%). These figures indicate that one of the contributing factors to the increasing percentage cost of support staff is that they have not reduced at the same rate as the other services.

In order to support the future operating model over the coming years, business and customer services will need to enable the delivery of local outcomes using significantly fewer resources to reflect the overall reduction in size of the organisation as a result of the change transformation will bring.

As the Council redesigns its operating model, support services will need to be designed to enable the effective delivery of front-line services. The Council already has some experience in delivering transformational change as denoted by the development of the HR Service Centre, the centralisation of large amounts of ICT and through the Finance review. With this in mind, the following support service operating principles have been developed:

- **Business Alignment**
The purpose of business and customer services is to support the core delivery functions of the Council.
- **Quality**
Services will be provided to the necessary standard to support internal and external customers.
- **Continuous Improvement**
Everyone involved in the delivery of services will be focussed upon identifying opportunities to improve the quality, effectiveness and efficiency of the services being delivered.
- **Value**
The processes within business and customer services will reduce waste and they clearly demonstrate value to their customers.
- **Technology-enabled**
Efforts should be made to adopt technology to support self-service, to improve effectiveness and to provide customer insight and business intelligence to support decision making across the Council.
- **Service**
It is essential that there are measurable service levels which are met or exceeded by business and customer services.
- **Agility**
Business and customer services will be delivered in such a way that they can react to significant changes within the Council and the wider public sector.

Future State

The proposed solution to deliver business and customer services for the Council is through an Integrated Support Services model. This proven approach has been adopted across public and private sector organisations and cost savings generated from this model have typically led to savings in the order of 10% - 30% in Local Government. Although savings need to be tailored to the individual circumstances of where services are being shared, the order of magnitude is significant. The Cabinet Office has evidenced typical savings levels at between 20% - 40% for shared corporate services across a range of governmental departments. High profile examples include:

- Transport for London saved over 20% in the first year of support services.
- NHS Trusts saved 20% by joining NHS Shared Business Services and guaranteed a further 2% per annum every year of operation
- NAO Report March 2012 stated that cost savings can be made by sharing back office functions and the private sector has typically saved in excess of 20 per cent

This solution proposed by the BOLD team aims to deliver a support services model for business and customer services which will provide an integrated, consolidated and smarter approach to the delivery of support services, driving out duplication and inefficiency and delivering economies of scale. It will have a strong client and customer focus to give essential and ‘business critical’ support to the Council’s front facing Services, concentrating on the requirements of these internal clients and providing the best services possible within a managed level of resource that recognises the pressures on public sector spending. Figure 2 shows, an overview of the proposed operating model.

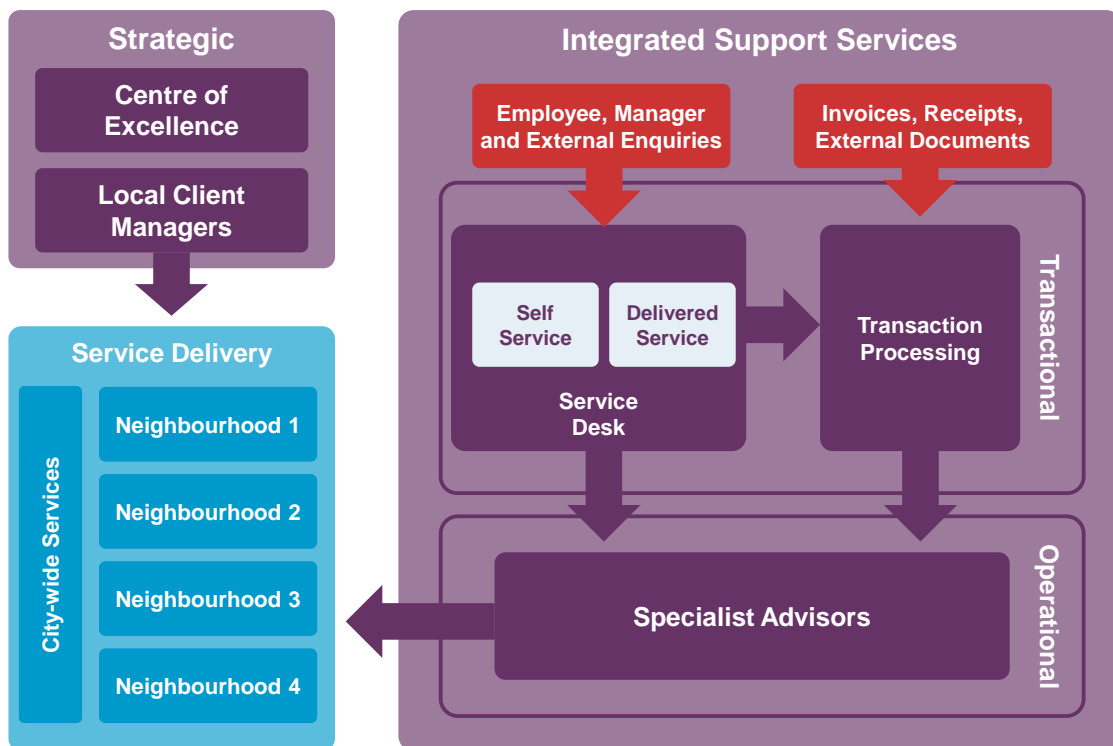


Figure 2: Business and Customer Services Model

The Council has recognised the need for support functions to deliver a more effective and efficient service supporting local outcomes which will require a radical approach. This integrated model will reduce duplication and bring significant benefits in the form of more streamlined support services. This will be delivered through a move to greater self-service, the creation of an internal service desk and the delivery of value-add services through greater use of customer insight and business intelligence.

At the heart of the effective and efficient business and customer services, there will be a delivery model that offers a range of channels to meet particular customer needs. Where there is a relatively straight forward request or transaction, it is anticipated that this would be supported through either technology-enabled self-service or through a service desk. For more complex requests, there will be operational and strategic support available to enable the delivery of frontline services.

The model has been developed in such a way to allow each function the flexibility to ensure localities and city-wide services receive the business and customer support required to enable effective service delivery.

Project Principles

CMT as the Portfolio board, have agreed the following priorities that will inform the delivery of the business and customer services workstream.

- Organisation structures must meet the needs of the business and align to council outcomes rather than redesigning around current people and processes
- The operating model will be designed to achieve:
 - better integration of the internal support service, driving collaborative corporate behaviours and discouraging silo working
 - Identify new ways of working that will increase efficiency and cost less to deliver
 - Eliminate duplication of resources through the sharing of expertise and teamwork
 - Simplify management structures and reporting lines
- Organisational, process and ICT solutions need to support the business in the short, medium and long-term, including:
 - All ICT being brought together
 - All performance activity brought together
 - All commercial and contract activity in one place
 - All asset management in relation to property in one place (including schools, community centres, commercial property and housing)

The approach taken to date is based upon discussions, comparison with benchmarks and alignment with operational and commercial best practice. Further analysis and engagement will be required during the design phase to validate the approach and to bring greater certainty to the anticipated savings.

The following section provides an overview of the anticipated savings and a more detailed explanation of each proposal can be found in Appendix 2.

Benefit Summary

A range of opportunities have been identified to support the transition to an Integrated Support Services model for business and customer services. The following table provides a summary of savings over 5 years, based upon 'most likely outcome'. These individual area savings form the total estimated savings of £37.4M.

Item	Opportunity	Est. 5 Year Benefit	Wider Benefits
1.	Business Support	£8.75m	<ul style="list-style-type: none"> • Front line services able to focus on value-add activities • Streamlined approach to business support delivery • Greater clarity of grade structure and career path
2.	Commercial and Procurement	£0.67m	<ul style="list-style-type: none"> • Reduction in value leakage from existing contracts • Increase in procurement savings through improved MI and focus
3.	Corporate Assets	£9.05m	<ul style="list-style-type: none"> • Increased alignment between service provision and service area demand • Flexible service to support changing property portfolio • Smarter working including working from home
4.	Edinburgh Building Services	£1.99m	<ul style="list-style-type: none"> • Enhanced customer service, supported by service level agreements • Better management information to support service planning • Improved materials and third party costs through ongoing commercial focus
5.	Committee Services	£0.18m	<ul style="list-style-type: none"> • Streamlined approach to Committee services delivery
6.	Member Services	£0.47m	<ul style="list-style-type: none"> • Increased ability to focus on the needs of the Members and core responsibilities
7.	Internal Customer Services	£4.79m	<ul style="list-style-type: none"> • Greater availability of information and support through self-service solutions • Consistent quality of service through coordinated support systems • Customer insight driven to enable effective service delivery and transformation
8.	Digital & IT	£1.01m	<ul style="list-style-type: none"> • Enabling wider Council transformation • Increased use of self-service relieving services of administrative tasks • Operational effectiveness through new processes and systems
9.	Finance	£0.31m	<ul style="list-style-type: none"> • Opportunity to adapt the ratio of professional staff to support staff due to the introduction of improved / new financial systems • Increased confidence in management information and benefits tracking • Enabler to service transformation
10.	Information Management	£0.53m	<ul style="list-style-type: none"> • Consistent approach to information and data management • Trusted data available to inform Council decisions • Standard data sets to build increased confidence in reporting standards
11.	Internal Audit/Risk	£0.37m	<ul style="list-style-type: none"> • Better access to information for service areas through Centre of Excellence • Targeted challenge to reduce risks for the Council • Consistent approach to risk management
12.	Legal Services	£2.18m	<ul style="list-style-type: none"> • Increased accountability, remove 'first point of contact' from professional services
13.	People & Organisation	£1.41m	<ul style="list-style-type: none"> • Easier access for staff to relevant information and services through self-service function • More streamlined approach to HR service delivery
14.	Marketing and Communications	£0.62m	<ul style="list-style-type: none"> • More streamlined approach to citizen engagement • Increase use of self-service i.e. central access to material

Item	Opportunity	Est. 5 Year Benefit	Wider Benefits
15.	Strategy, BI & Performance	£4.24m	<ul style="list-style-type: none"> Streamlined approach to production of management information and easier access to Council data Streamlined approach to customer and business insight through a single point of contact Increased confidence in data and a 'right first time approach' Easier access to information for Council service areas
16.	Transformation and Business Change	£0.80m	<ul style="list-style-type: none"> Centrally coordinated specialist transformation team Establishing and sustaining a culture of change and Focus on improved outcomes for service users in a challenging financial environment

As well as the initiatives outlined above, there are four key enablers that will be required to optimise the delivery of the benefits:

- Consolidation to functional management structure
- Transition to new operating model with single management structure
- Optimisation of operating model
- Transformation through the new ICT partnership.

Savings Profile

The following table summarises the anticipated savings across each of the functional areas over five years, based on the most likely outcome.

	15/16	16/17	17/18	18/19	19/20	Total
Business Support	£0.00m	£1.56m	£1.94m	£2.33m	£2.92m	£8.75m
Commercial and Procurement	£0.00m	£0.00m	£0.13m	£0.27m	£0.27m	£0.67m
Corporate Assets	£0.00m	£0.90m	£2.71m	£2.71m	£2.71m	£9.05m
Edinburgh Building Services	£0.00m	£0.28m	£0.28m	£0.71m	£0.71m	£1.99m
Committee Services	£0.00m	£0.04m	£0.04m	£0.04m	£0.04m	£0.18m
Member Services	£0.00m	£0.12m	£0.12m	£0.12m	£0.12m	£0.47m
Internal Customer Services	£0.00m	£0.68m	£1.37m	£1.37m	£1.37m	£4.79m
Digital & IT	£0.11m	£0.21m	£0.21m	£0.24m	£0.24m	£1.01m
Finance	£0.00m	£0.00m	£0.10m	£0.10m	£0.10m	£0.30m
Information Management	£0.00m	£0.00m	£0.11m	£0.21m	£0.21m	£0.53m
Internal Audit/Risk	£0.00m	£0.00m	£0.12m	£0.12m	£0.12m	£0.37m
Legal Services	£0.00m	£0.44m	£0.58m	£0.58m	£0.58m	£2.18m
People & Organisation	£0.00m	£0.20m	£0.40m	£0.40m	£0.40m	£1.41m
Marketing and Communications	£0.00m	£0.09m	£0.18m	£0.18m	£0.18m	£0.62m
Strategy, BI & Performance	£0.25m	£0.50m	£1.00m	£1.25m	£1.25m	£4.24m
Transformation and Business Change	£0.00m	£0.00m	£0.18m	£0.31m	£0.31m	£0.80m
Total	£0.36m	£5.03m	£9.50m	£10.95m	£11.53m	£37.37m

* FY15/16 Business Support's anticipated savings have been removed to eliminate double counts as savings have already included in the current budget estimates

Risk Assessment

We have summarised the top 5 key risks to achieving the stated aims of the programme:

Risk No	Risk Description	Likelihood	Impact	Mitigation
1	Insufficient leadership from service areas leads could limit buy-in to the new delivery approach, slowing down implementation and reducing the benefits achieved	4	5	<ul style="list-style-type: none"> • Development and implementation of a stakeholder plan clearly stating the benefits and rationale for the proposed options • Appointment of an appropriate leader and project team with the suitable capability and capacity • Active engagement with CMT and elected members to provide updates on progress and escalation of key issues
2	Professional services don't buy into the holistic approach leading to a suboptimal delivery model and reduced benefits to the Council	4	3	<ul style="list-style-type: none"> • A dedicated change management and communication workstream is built into the project structure to support the transformation • Senior management will be acting as the project sponsor to support gaining buy-in from service areas
3	Stakeholders being resistant to the proposed change leading to delays and changes to the proposed delivery model	3	4	<ul style="list-style-type: none"> • A dedicated change management and communication workstream is built into the project structure to support the transformation • Effective and regular consultation throughout the design and implementation phases
4	New technology is not implemented, limiting the ability to adopt self-service, increase processing efficiency and improve the quality and accessibility of management information.	2	4	<ul style="list-style-type: none"> • Regular engagement with Digital and IT team, including development of outline business specifications • Key dependencies will be identified in the planning phase of the project, in partnership with the Digital and IT Team • Key deliverables will be monitored and reported on within the Business and Customer Services governance meeting
5	The capacity of the organisation may not be sufficient to implement the planned transformation	2	4	<ul style="list-style-type: none"> • Establishment of dedicated Transformation and Business Change team • Training and Development across service areas • External, targeted support engaged to bring capability and capacity to deliver transformation

Proposed Approach and Roadmap

The implementation of the new Business and Customer Services model will be delivered through a phased approach, transitioning functional areas in groups. This will allow for lessons to be learned, delivery through a simplified delivery schedule while maintaining momentum, and allowing benefits to be delivered earlier.

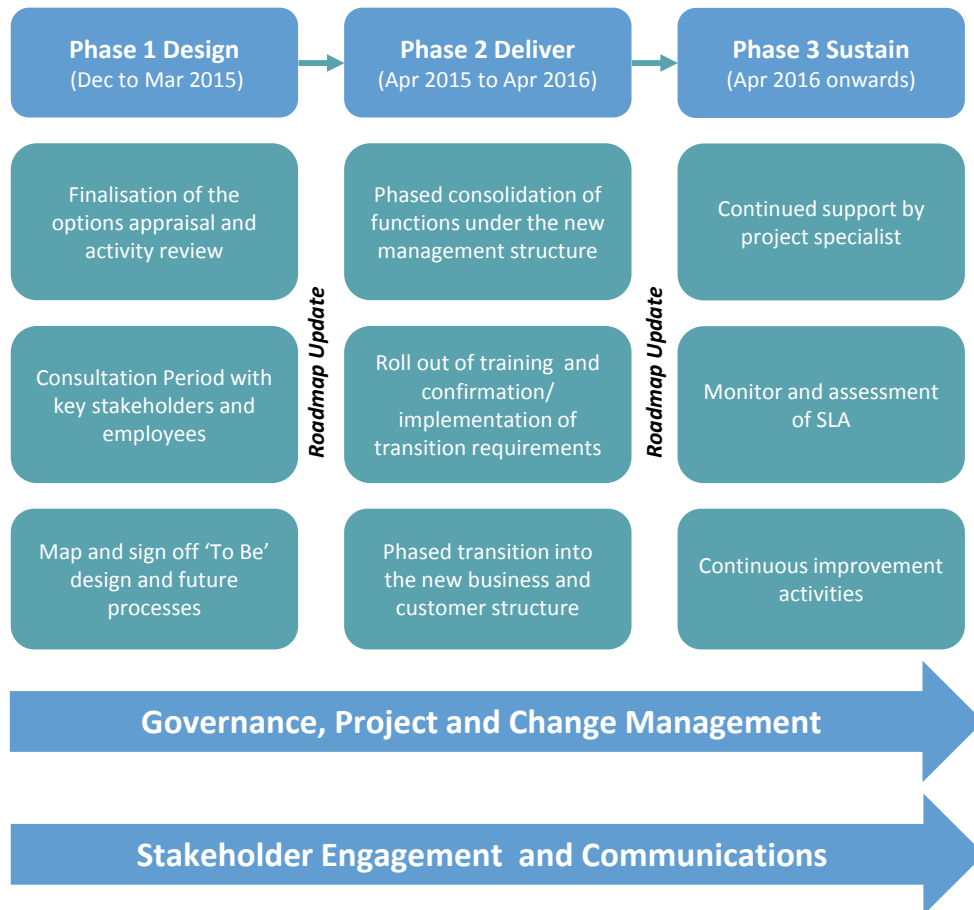


Figure 3: High Level Implementation Roadmap

The project will follow a Design, Deliver, Sustain model of implementation underpinned by strong project and change management.

- **Design** – This stage will consist of confirming the design of the integrated support services and key activities required during the Deliver and Sustain stages. This will include finalising the delivery model to be implemented, performing an activity review to confirm final scope of staff due for transition, and a consultation period to ensure full stakeholder buy-in to the agreed operating model
- **Deliver** – This stage will have two phases. Phase one will consist of all activities required to consolidate in scope services into the to-be structure. This will include transfer of staff members into new reporting structures and the roll out of tailored training around new systems and processes to ensure smooth transition in the second phase. It is proposed that ICT, Commercial and Performance reporting lines are consolidated following CMT approval of this business case to ensure pace of delivery for Phase 1. Phase two will consist of physical transition of services into the new corporate centre. Services will be transitioned in phases in order to mitigate risks and to allow for the full implementation of all ICT and business systems/processes and training requirements.

- **Sustain** – At this stage the full implementation of the integrated support services will have taken place. Service level agreements will be implemented and used to track performance of each functional area against agreed KPIs. Analysis of the implementation process will be undertaken alongside an identification of outstanding gaps in capability and ICT/business systems and processes.

Further detail on the implementation approach and a high level plan can be found in Appendix 3.

Following agreement to proceed, the core programme team will be formed and the programme governance structure will be finalised. A detailed implementation plan will be produced identifying the project activities and the deliverables. The plan will be baselined and form the measurement comparator against which delivery performance is judged.

Effective change management will be vital in delivering the project and will increase the probability of a successful and lasting transformation. Therefore, during this first phase a detailed change management plan including the stakeholder engagement and communications approaches and timeline will be developed and integrated into the master implementation plan. The change management team will take responsibility for overseeing communications and engagement with relevant stakeholders over the lifecycle of the project.

Milestones

The high-level milestones for the different phases of the project represent the necessary challenges to be met to ensure the success of this transformation programme and its dependencies. Failure to adhere to the plan will have a negative knock-on impact upon the rest of the transformation programme.

Themes	Milestone	Due by
Design	<ul style="list-style-type: none"> • Activity review • Consultation Period • Mapping of 'to-be' design • Sign off of the design 	Apr 2015
Consolidation/ Realignment Phase	<ul style="list-style-type: none"> • Phased Consolidation of the functions • Training design and lessons learnt complete • Training Roll Out 	Aug 2015 Sep 2015 Sep 2015 - Jan 2016
Transition Phase	<ul style="list-style-type: none"> • Phased Transition into service centre complete 	Apr 2016
Monitor and Assessment Phase	<ul style="list-style-type: none"> • Ongoing transition assessment and SLA monitoring 	Apr 2016 onwards

Reporting of progress against milestones will be made by the SRO and Project team through the formal Programme Governance structure. Updates will also be provided to the Council and Finances and Resource committee as required.

Dependencies

Outlined below are the key dependencies identified as critical to the delivery of this project:

- Establishment of the ICT Partnership and the delivery of appropriate technology solutions to enable transformation
- Confirmation of scope, across all business cases during the assessment phase
- The future frontline delivery model, property initiatives and partnership structure will determine the scope and scale of business and customer services.

Do Nothing Analysis

- No change will mean reductions in essential services as we will be unable to afford them
- Increasing demand against continuing budget constraints will result in potential failure of key services

Appendix 1: Service Mapping

The table below provides an overview of how the different functions are aligned within Business and Customer Services.

Service Area	Functions	
Business Support	<ul style="list-style-type: none"> Administrative support Clerical support 	<ul style="list-style-type: none"> Business support
Commercial and Procurement	<ul style="list-style-type: none"> Procurement Supplier management/Contract Management Strategic commissioning 	<ul style="list-style-type: none"> P2P Income maximisation Grants management
Corporate Assets	<ul style="list-style-type: none"> Facilities management Estates Capital projects 	<ul style="list-style-type: none"> Surveyors Asset management
Edinburgh Building Services	<ul style="list-style-type: none"> Property repairs 	<ul style="list-style-type: none"> Property maintenance
Committee Services	<ul style="list-style-type: none"> Committee services 	
Member Services	<ul style="list-style-type: none"> Member support 	
Digital and IT	<ul style="list-style-type: none"> IT strategy Enterprise architecture IT supplier management 	<ul style="list-style-type: none"> Security Project management
Finance	<ul style="list-style-type: none"> Financial operation Debt management Treasury 	<ul style="list-style-type: none"> Budget planning Strategic financial planning
Information Management	<ul style="list-style-type: none"> Records management Data Protection 	<ul style="list-style-type: none"> Reporting FOI
Internal Audit/Risk	<ul style="list-style-type: none"> Risk Internal audit 	<ul style="list-style-type: none"> Insurance Corporate Health and safety
Internal Customer Services	<ul style="list-style-type: none"> Benefits processing Income services Payroll 	<ul style="list-style-type: none"> Payments Directorate internal service desks
Legal Services	<ul style="list-style-type: none"> Commercial Practice Commercial Property & Planning 	<ul style="list-style-type: none"> Court and Childcare Licensing
People and Organisation	<ul style="list-style-type: none"> HR helpdesk Workforce planning 	<ul style="list-style-type: none"> Learning and development Organisational development
Marketing and Communications	<ul style="list-style-type: none"> Internal and external communications 	<ul style="list-style-type: none"> Reputation management Staff engagement
Strategy and Business Intelligence	<ul style="list-style-type: none"> Policy Strategy Business intelligence 	<ul style="list-style-type: none"> Performance Corporate research Resilience
Transformation and Business Change	<ul style="list-style-type: none"> Service redesign Service review 	<ul style="list-style-type: none"> Change management Continuous improvement

Appendix 2: Financial Analysis and Functional Approaches

This appendix provides detail around each of the functional areas. This includes the proposed approach as well as anticipated savings and non-cashable benefits. The anticipated savings, shown as ‘most likely outcome’, equate to the in-year savings against the current baseline, excluding inflation.

Business Support					
Key challenges	<ul style="list-style-type: none"> • Providing timely support to free up frontline staff • Duplication and fragmentation of roles and tasks across service areas • Inconsistent levels of business support and eligibility criteria 				
Employee Cost	£24,297,446		FTE	866	
Proposed approach	The first phase will be to consolidate all business support staff into a single management structure in line within functional areas. Following this, a shared support service will be developed that will deliver further rationalisation of the business support service. Where appropriate, there will be a greater focus on technology to support self-service for administrative functions.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	£1,555,037	£1,943,796	£2,332,555	£2,915,694
Wider benefits	<ul style="list-style-type: none"> • Front line services able to focus on value-add activities • Streamlined approach to business support delivery • Greater clarity of grade structure and career path 				

Corporate Assets					
Key challenges	<ul style="list-style-type: none"> • Significant spend in facilities management across the Council estate • This will need to be closely aligned to facilities management initiatives increasing the level of change across the department • The proposed outsourcing delivery models may not be supported by some key stakeholder 				
Cost	£22,619,890		FTE	1028	
Proposed approach	Building upon maturity assessment already undertaken, move to greater use of third party suppliers through outsourcing of facilities management and move to output specifications allowing for rationalised staff structure. The overall estate portfolio will decrease, thereby reducing the requirement for facilities management services. There may be opportunity for reduction in management across both facilities management and asset management.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	£904,796	£2,714,387	£2,714,387	£2,714,387
Wider benefits	<ul style="list-style-type: none"> • Increased alignment between service provision and service area demand • Flexible service to support changing property portfolio • A more commercial approach to delivering events • Smarter working including working from home 				
Notes	Strong link with BOLD Property workstream and need to avoid potential double count.				

Commercial & Procurement Services					
Key challenges	<ul style="list-style-type: none"> • Inconsistent approach to procuring goods and services across functions • Varied approach to revenue generation and income maximisation • Limited control around purchasing processes • Compliance with Contract Standing Orders and wider legislation • Value leakage from existing contracts • Need for improved contract and supplier management 				
Cost	£3,350,005			FTE	73
			<i>Edinburgh</i>	<i>Average</i>	
Relevant benchmarks	<ul style="list-style-type: none"> • FY13/14 3rd party spend (£450m) per commercial employee • PCA Result: 2014 • Percentage of spend managed / controlled by commercial 			£9.2m	£15.0m
			76%	58%	
			32%	78%	
Proposed approach	<p>Consolidation of staff undertaking commercial, income generation and grants management into single management structure. Service desk, information management and reporting will move to more appropriate centre of expertise. Greater emphasis on catalogues and digital engagement with suppliers.</p> <p>Initial focus will be on delivering Commercial Excellence workstreams across the Council. By FY17/18, a reduction in the overall headcount is anticipated through greater use of new technology, efficient use of MI and significant areas of spend would have been addressed through commercial excellence</p>				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	-	£134,000	£268,000	£268,000
Wider benefits	<ul style="list-style-type: none"> • Reduction in value leakage from existing contracts • Increase in procurement savings through improved MI and focus • Driving maximum value from grants • Reduced risk of legal challenge • Greater income generation for the Council 				

Committee Services					
Key challenges	<ul style="list-style-type: none"> • Providing appropriate levels of support for the Council's committee system. • Compliance with Council Stranding Orders 				
Cost	£580,615			FTE	14
Proposed approach	Streamlined processes and the ability to utilise improved ICT services and more efficient utilisation of the new business support model				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	£45,000	£45,000	£45,000	£45,000
Wider benefits	<ul style="list-style-type: none"> • Streamlined approach to the delivery of Committee Services 				

Edinburgh Building Services					
Key challenges	<ul style="list-style-type: none"> • Changing demand for services as property portfolio is transformed • Skills development and retention • Commercial pressure and internal recharging process 				
Cost	£8,895,405		FTE		282
Proposed approach	Improved efficiency through greater use of technology and targeted support from the Integrated Support Services. Greater coordination of internal and external service provision. Improved performance management, with a particular focus on contract management.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	£284,653	£284,653	£711,632	£711,632
Wider benefits	<ul style="list-style-type: none"> • Enhanced customer service, supported by service level agreements • Better management information to support service planning • Improved materials and third party costs through ongoing commercial focus 				

Digital & IT					
Key challenges	<ul style="list-style-type: none"> • Creation of new ICT partnership • Introduction of new systems and services to support Council-wide transformation • Mobile and flexible working • Data and information management 				
Cost	£2,665,416		FTE		62
Proposed approach	Removal of duplication, consolidation to single management structure and fewer project managers. Following transition to new ICT partner, there will be a reduction in the client function once the future, stable platform is implemented.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	£106,617	£213,233	£213,233	£240,000	£240,000
Wider benefits	<ul style="list-style-type: none"> • Enabling wider Council transformation • Increased use of self-service relieving services of administrative tasks • Operational effectiveness through new processes and systems 				
Notes	Where roles transition to new ICT provider, assumed no net benefit or cost.				

Finance						
Key challenges	<ul style="list-style-type: none"> • Quality of financial reporting and management information • Fragmentation of financial management roles throughout the Council • Significant administrative tasks • Benefits tracking 					
Cost	£4,256,157		FTE	95		
			<i>Current</i>	<i>Upper Quartile</i>		
Relevant benchmarks	<ul style="list-style-type: none"> • Net Budget / Total Finance Cost • Gross Council Budget / Professional Finance FTE 		0.58% £24.8m	1.0% £15.3m		
Proposed approach	The finance team annual budget is at the level expected in comparison to the council's net budget. There is an opportunity to adapt the ratio of professional staff to support staff due to the introduction of improved / new financial systems, shift to a more intelligence-led, forensic approach, supported by quality information and greater use of self-service.					
		15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	-	£102,148	£102,148	£102,148	
Wider benefits	<ul style="list-style-type: none"> • Increased confidence in management information • Improved benefits tracking • Enabler to improved contract management 					
Notes	Dependent on new ICT partnership providing improved systems in a timely manner to enable transformation.					

Information Management						
Key challenges	<ul style="list-style-type: none"> • Compliance with statutory provisions • Improved customer experience within prescribed timescales • Awareness of information management policies and procedures • Poor access to information across the Council 					
Cost	£1,333,453		FTE	34		
Proposed approach	Initial focus on developing data and information standards along with management dashboards. As this moves to steady state, with significant self-service, there will be a need for fewer roles to support the function.					
		15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	-	£106,676	£213,352	£213,352	
Wider benefits	<ul style="list-style-type: none"> • Enhanced information management and customer experience • Trusted data available to inform Council decisions • Standard data sets to build increased confidence in reporting standards 					

Internal Audit/Risk					
Key challenges	<ul style="list-style-type: none"> • Identification and management of key risks across the Council • Prioritising activities through extensive transformation 				
Cost	£1,540,173 (inc. £0.3M in external services)		FTE	27	
Proposed approach	Realignment of management responsibilities and continue with co-source arrangements. Create a consolidated 'risk universe' and, over time, streamline service delivery and support an intelligence-led approach to controls and continuous improvement.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	-	£123,214	£123,214	£123,214
Wider benefits	<ul style="list-style-type: none"> • Better access to information for service areas through centre of excellence • Targeted challenge to reduce risks for the Council • Consistent approach to risk management 				

Internal Customer Services					
Key challenges	<ul style="list-style-type: none"> • Supporting service areas through appropriate and timely customer service • Providing a range of channels to align with the needs of internal customers • Aligning support through Council-wide transformation 				
Cost	£17,102,589		FTE	613	
Proposed approach	Greater use of self-service and technology-enabled services. Training and development in service areas to reduce demand for services. Consolidation of services and reduction in management; improving service efficiency whilst avoiding duplication.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	£689,104	£1,368,207	£1,368,207	£1,368,207
Wider benefits	<ul style="list-style-type: none"> • Greater availability of information and support through self-service solutions • Consistent quality of service through coordinated support systems • Shift to more strategic and insightful support to enable service delivery and transformation 				

Legal Services					
Key challenges	<ul style="list-style-type: none"> Large quantities of administrative tasks currently undertaken by staff calling off professional services from six different external suppliers 				
Cost	£3,638,658 (inc. £1.5M in external services)	FTE		42	
Proposed approach	A co-sourcing model would be implemented with an approved external supplier. Internally the council will have a smaller intelligent client team. The majority of savings will be driven through the co-source model and greater controls around use of third party spend will be introduced.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	£436,639	£582,185	£582,185	£582,185
Wider benefits	<ul style="list-style-type: none"> Increased accountability, remove 'first point of contact' from professional services Allows specialist expertise which is not regularly utilised to be available on call as and when required 				
Notes	Savings driven off total costs (internal and external spend). Strong contract management required post procurement to achieve full savings on external spends.				

Members Services					
Key challenges	<ul style="list-style-type: none"> Ensuring appropriate levels of support for elected Members 				
Cost	£865,509		FTE		28
Proposed approach	Streamlined and more efficient processes and the ability to utilise improved ICT services and benefits of Channel Shift.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	£117,709	£117,709	£117,709	£117,709
Wider benefits	<ul style="list-style-type: none"> Increased ability to focus on the needs of the Members and core responsibilities 				

People & Organisation					
Key challenges	<ul style="list-style-type: none"> Supporting a large amount of transformational change over the next few years Need to be agile enough to manage a new operating model 				
Cost	£5,031,911		FTE		119
Proposed approach	Greater use of self-service and service desk for transactional services, further development of business partner network and reduction in management.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	£201,276	£402,553	£402,553	£402,553
Wider benefits	<ul style="list-style-type: none"> Easier access for staff to relevant information and services through self-service function. More streamlined approach to HR service delivery 				
Notes	Dependent on upgrades to ICT systems and processes as well as training and cultural shift of organisation relating to self-service.				

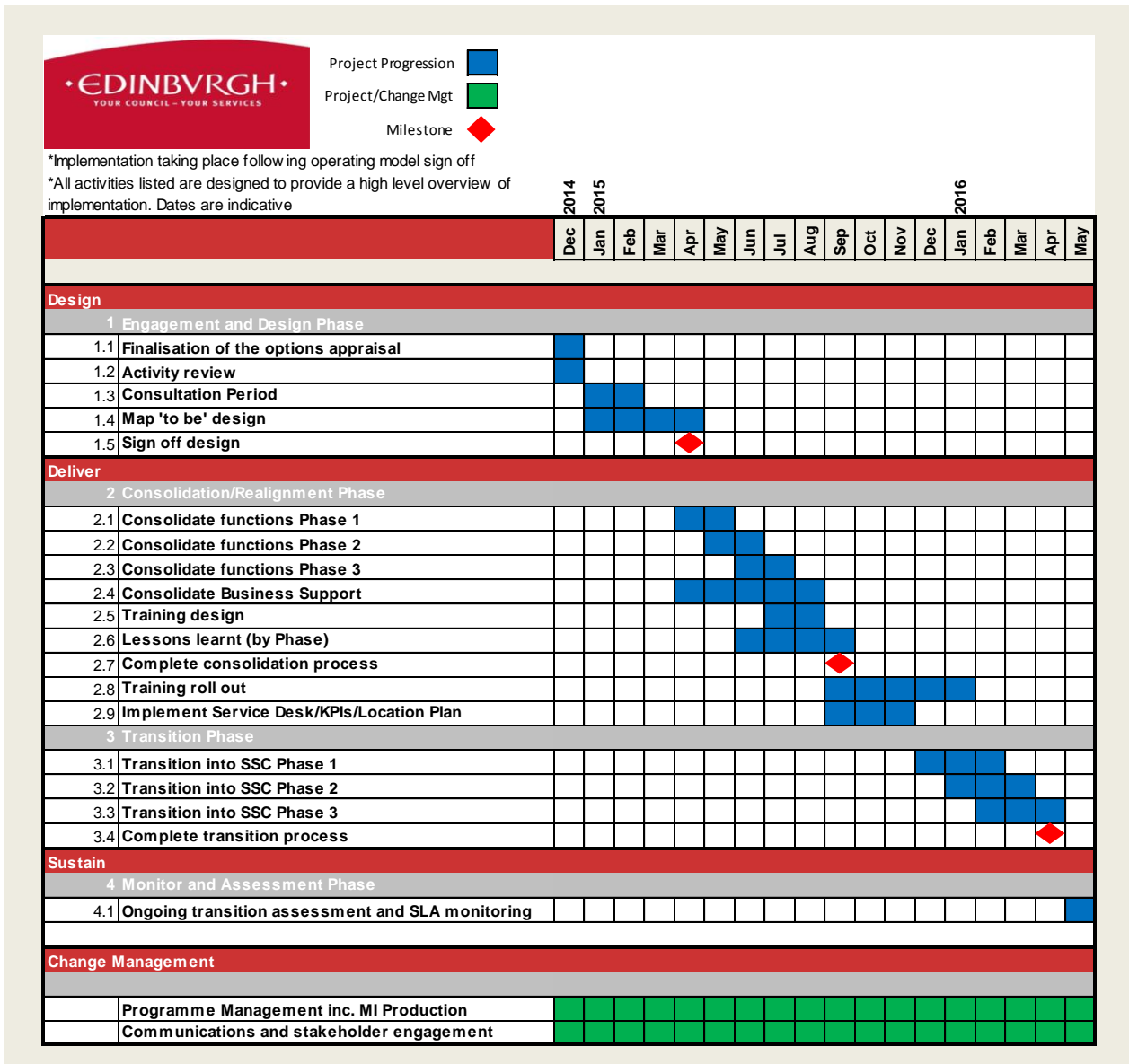
Marketing & Communications																	
Key challenges	<ul style="list-style-type: none"> • Need for increased focus of resources on high impact programmes • Need for improvement to internal technologically enabled communications 																
Cost	£2,200,045		FTE	49													
			<i>Current</i>	<i>Upper Quartile</i>													
Proposed approach	Initially no reduction as need to support transition to new operating model (external and internal). Over time, greater use of technology and enabling staff through training and targeted support.																
<table border="1"> <thead> <tr> <th></th> <th>15/16</th> <th>16/17</th> <th>17/18</th> <th>18/19</th> <th>19/20</th> </tr> </thead> <tbody> <tr> <td>Anticipated savings</td> <td>-</td> <td>£88,002</td> <td>£176,004</td> <td>£176,004</td> <td>£176,004</td> </tr> </tbody> </table>							15/16	16/17	17/18	18/19	19/20	Anticipated savings	-	£88,002	£176,004	£176,004	£176,004
	15/16	16/17	17/18	18/19	19/20												
Anticipated savings	-	£88,002	£176,004	£176,004	£176,004												
Wider benefits	<ul style="list-style-type: none"> • More streamlined approach to citizen engagement • Increase use of self-service i.e. central access to material 																

Strategy, Business Intelligence and Performance																	
Key challenges	<ul style="list-style-type: none"> • Shift of skills and focus to customer insight, business analytics and better management information to support front line service delivery • Business decisions often made without sufficient information • Duplication of reporting and conflicting information 																
Cost	£6,232,852		FTE	137													
			<i>Current</i>	<i>Upper Quartile</i>													
Proposed approach	<p>Consolidate delivery from service areas, reduce duplication, make greater use of technology (including self-service) and shift focus to business analytics, customer insight and strategic support.</p> <p>Need to invest in corporate research, data quality and business analytics (in channel shift business case) and other tools (e.g. Image management)</p>																
<table border="1"> <thead> <tr> <th></th> <th>15/16</th> <th>16/17</th> <th>17/18</th> <th>18/19</th> <th>19/20</th> </tr> </thead> <tbody> <tr> <td>Anticipated savings</td> <td>£249,314</td> <td>£498,628</td> <td>£997,256</td> <td>£1,246,570</td> <td>£1,246,570</td> </tr> </tbody> </table>							15/16	16/17	17/18	18/19	19/20	Anticipated savings	£249,314	£498,628	£997,256	£1,246,570	£1,246,570
	15/16	16/17	17/18	18/19	19/20												
Anticipated savings	£249,314	£498,628	£997,256	£1,246,570	£1,246,570												
Wider benefits	<ul style="list-style-type: none"> • Accessible, accurate council and customer insight, through a single point of contact. • Increased confidence in data and a 'right first time approach'. Easier access to information for Council service areas • Streamlined approach to production of management information and easier access to Council data 																

Transformation and Business Change					
Key challenges	<ul style="list-style-type: none"> Supporting the transition to the new operating model Maximising benefits from the transformation Coordinating the business change dependencies to deliver the organisational transformation 				
Cost	£1,536,779		FTE		29
Proposed approach	Need for investment in this area to support significant change ahead. Following the embedding of the new structure and associated change, it is anticipated that there will be opportunity to reduce the number of roles within the function.				
	15/16	16/17	17/18	18/19	19/20
Anticipated savings	-	-	£184,414	£307,356	£307,356
Wider benefits	<ul style="list-style-type: none"> Centrally coordinated specialist transformation team Establishing and sustaining a culture of change Focus on improved outcomes for service users in a challenging financial environment 				

Appendix 3: Implementation Plan and Detailed Approach

This appendix provides detail of the proposed approach and key activities at each stage. Outlined below is a summary implementation plan. The subsequent sections provide more information around the key activities at each stage.



1. Design

1.1 Finalisation of the options appraisal

The project team working with the leads of the functional areas will facilitate the more detailed evaluation of delivery model options. The evaluation will review the options against the design principles and wider council aims, refocusing and restructuring the model as required. Once completed the preferred model for implementation will be agreed and ready. Alongside the assessment of structural options, the team will also bring clarity and greater focus regarding the expectations of what the support function is accountable and responsible for, versus the role of managers within services.

1.2 Activity Review

This stage will confirm the core activities and processes delivered by each role within the functional areas. An activity questionnaire will be developed and distributed to the staff from the targeted business functions. When this is analysed against the new to-be organisation model, it will identify where each role/staff member will sit in the new organisation structure.

1.3 Consultation Period

Having completed the resource evaluation and developed the to-be organisation structure the Council will undertake a full consultation process including key service stakeholders, employees and trade unions. The approach and plan for consultation will be developed with input from the corporate HR team. Typically, the organisation design will be refined through the consultation process, following feedback from key stakeholders.

1.4 Map 'To Be' Design

Following the activity review the project team will work with the leads of the functional areas to develop the to-be processes and finalise the design. Key components of the deliverable will include:

- Development of the to-be end to end back office processes for each functional area.
- Definition of role descriptions, competencies, indicative grade and capacity (i.e., number of FTEs)
- Detailed organisational structure for each function (e.g., teams, management spans and hierarchies, reporting lines, etc.)
- Identification of the current posts that are 'at risk' through the redesign of the function
- Identification of any duties / activities to be reallocated to other teams as part of refocusing shift and associated resource implications if any
- Clarification of any early change in the assumed responsibilities and accountability that managers within services must deliver, given the proposed changes within the support function
- Geographic location of each functional area to be transferred into the business service centre
- Data requirements and processes for each functional area and any technology requirements to enable processes within the Business Services centre (including a procurement plan for any IT systems required)
- Methods of monitoring performance (including MI requirements) and draft service level agreements

In addition, a detailed analysis of the competency framework and development needs will be completed. A key enabler for this change will be an enhancement of, and better access to, MI provided through improved system arrangements. It is anticipated that a key component of reconfiguring corporate support is the subtle, but critical, rebalance of the role of support functions and the role of the operational manager.

Organisations that have restructured, refocused, optimised and reduced support functions, have done so on the basis that Managers are given the skills, tools and capabilities to effectively manage their budget, their suppliers and their performance etc. This is often a key cultural change, raising the expectations of what being an effective manager means. The Council's managers must be effective at their role, rather than purely being 'technical experts' in their particular profession (e.g. engineering, social work, teaching, etc.). Without this change in behaviour and competency, increased risks may emerge for the Council from reducing its support infrastructure. This activity will feed into the change management and training plans.

1.5 Sign-Off Design

Following the detailed design of the new model of service delivery approval will be sought from CMT and elected members to proceed into the consolidation phase. It is expected that amendments to the detailed design will take place during this sign off stage in accordance with comments from CMT and elected members.

2. Deliver (Consolidation Phase)

2.1 – 2.6 – Consolidate Functions

The consolidation phases will be an enabler for the later transition into the new organisation structure. The new management structure will be rolled out and staff will be grouped under their to-be management teams. The extent of the change delivered during this phase will be confirmed in the design phase as will the need for staff relocation. This phase could be extended to include a more comprehensive consolidation, including appointment of staff to posts in the new structure, deletion of vacant posts, redeployment of current employees who are not allocated to posts within the new structure, and the loss of staff who have successfully applied for voluntary redundancy.

It is anticipated that the consolidation of functional areas will take place in three phases in order to minimise risks/costs associated with large scale cultural change, and to allow for the quick transition of the existing functions with well-defined organisation structures. Due to the scale and fragmentation of business support roles, the Business Support function will require a longer period of consolidation to allow for the effective management of the transition and to mitigate the risks identified with the cultural change.

Lessons learnt exercises will be conducted throughout the consolidation phases to capture issues identified during the early phases allowing the later phases to be adapted accordingly. Therefore, to mitigate risk the less complex functions from a change perspective will be transitioned in phase one with the realignment of more challenging functions happening in phases two and three.

Based on the detailed analysis of the competency framework and the development needs identified in deliverable 1.4, we will work with HR and functional specialists to develop a training and competency development framework for managers across the Council. It is recognised that a pre-requisite for the delivery of this programme is a need for enhanced and improved ICT/MI/business processes and for them to be in place first, to ensure effective tools are ready to allow managers to better serve themselves across a range of needs without the same level of direct support. This programme will have to be supported by both clear communication and visible senior leadership by chief officers.

It is proposed that that ICT, Commercial and Performance reporting lines are consolidated following CMT approval of this business case to ensure pace of delivery for Phase one.

2.7 Complete Consolidation Process

Following the full realignment of each service support function and the development of the training programme, a detailed plan for the transition phase will be agreed before moving in to the full transition of each functional area.

2.8 Training Roll Out

The training and development plan will be rolled out in accordance with service managers and HR ahead of the transition phase in order to up-skill and prepare staff for the final stage of implementation. It is recognised that this deliverable will be dependent on changes to ICT, MI and business processes. These changes will be

implemented alongside the training programme in order to minimise costs/risks of major ICT and business change.

2.9 Implement Service Desk/KPI/Location Plan

Pending the outcome of the business case and detailed service model design, this stage will follow a typical implementation process incorporating:

- Systems configuration
- Process design changes
- Testing
- Training (deliverable 2.8)
- Readiness assessment
- Cut-over (i.e., go-live)
- Any further reduction in posts within the corporate support functions (as confirmed within the business case and organisation design)
- Final confirmation of functional area locations and location preparation for full transition
- Agreement and roll out of Key Performance Indicators

3. Deliver (Transition Phase)

3.1 – 3.3 Phased Transition

Following deliverables 2.8 and 2.9 the final transition of the 'to-be' functional areas into the new Business Service will take place. This will involve final adjustments to staff roles as required, transfer of functional area locations, and implementation of new business and monitoring processes.

It is anticipated that, as with the consolidation phase activity will take place in three phases to allow for the mitigation of risks associated with the transition of a number of business functions. Phased transition will also allow for the full implementation of all ICT and business systems/processes to take effect following testing and piloting. The training programme will continue to run into the transition phase to allow staff to adjust effectively to cultural and procedural changes.

3.3 Complete Transition Process

Following the full transition of each 'to-be' functional area into the shared service centre including full implementation of all new ICT, MI and business processes, the agreed monitoring procedures will be implemented to track performance.

4. Sustain

4.1 – 4.2 Monitor and Assess

It is anticipated that full implementation of the shared service centre will have taken place by April 2016. At this time the service level agreements will be implemented and used to track performance of each functional area against agreed KPIs.

Alongside monitoring of the shared service centres performance, a full assessment of the effectiveness of the implementation process will be undertaken, and gaps in functional area capability and ICT/business processes/systems will be identified to inform and enhance service delivery.

Appendix 4 – Assumptions

The following assumptions have been identified as significant to the delivery of this programme:

Assumptions

The projected savings are based on changes to Council services only. Further savings would be expected if wider synergies are achieved across statutory and third sector partners

Savings are based on the scope described above. If services or staff groups are excluded from scope for any reason the level of saving will reduce.

Future management team is appointed early in new FY to allow them to provide input into the scope and support the delivery of the programme

The scope of the business and customer services project has been determined from the Council payroll as at September 2014.

An allowance of 27% has been included for Employer's National Insurance and Pension contributions.

The resource plan has been calculated on the basis of mid-point of grades of the current Spinal Column point salary scale.

There are no allowances for pension or strain costs within the business case and no salary increases have been allowed for

The scope includes both revenue and capital funded posts.

The Council moves to fully centralised management structure for the delivery of business and customer services

There will be a centre of expertise, with appropriate level of professionally qualified staff to provide strategic support to front-line services

Through the appointment of the new ICT partner, appropriate technology solutions will be implemented to support the roll-out of greater self-service and intelligence-led services

ICT investment are not included and will be delivered through the ICT partnership

Systematic service reviews will be ongoing and will determine what can be stopped or reduced in order to meet the savings requirement.

Potential Business Support savings have been removed in the first year to allow for double-counting of FY15/16 savings

Lean process reviews will be used to eliminate unnecessary process and will result in staff reductions to meet the savings requirement.

Physical costs of moving staff and savings associated with property are not included and will be considered in the BOLD property project.

Appendix 5: Governance and Resourcing

Strong and effective governance supported by a project team with the correct levels of knowledge and experience will be key in delivering the business and customer services function and the associated benefits and savings.

The objective of the governance structure is to create:

- **Alignment** – through monitoring so that programs and projects stay aligned with overarching BOLD strategy and that inter-dependencies are managed
- **Visibility** - through the consistent execution aligned to clear standards and effective communications
- **Predictability** – through the application of leading practice based planning, estimating and tracking
- **Accountability** – through tiered accountabilities, empowerment and performance measurement and proactive benefits planning, management and realisation

Figure 4 shows the current BOLD governance structure and this if followed by an overview of the cross functional makeup of the project team.



1. BOLD will report to Finance and Resources Committee on a quarterly basis on progress of implementation.
2. Corporate Management Team will act as the Portfolio Board. BOLD will report to CMT on progress on a quarterly basis in advance of reporting to Finance and Resources Committee.
3. SRO Forum will be held on a weekly basis chaired by the Portfolio SRO (Alastair Maclean) or the Portfolio Manager (Alan Coyle)
4. The Forum will;
 - a. provide progress reports on implementation;
 - b. manage information flow and dependencies; and
 - c. act as a challenge/support mechanism across the portfolio.
5. CMT will delegate responsibility (within the scope of each project) to the project board as detailed in each business case to make decisions by majority.
6. CMT will act as an escalation form to deal with behavioural issues that cannot be resolved at project board level.

Figure 4: BOLD Portfolio Governance

Resourcing and Costs

The cost profile is estimated as follows and incorporated in our net benefits analysis:

	FY15/16 £	FY16/17 £	Total £
Business and Customer Service	975,318	243,830	1,219,148

Project and Programme level costs will continue to be incurred in full until March 2016 and then begin to taper to the end of the calendar year as less resource is required.

The implementation team will be responsible for implementing the structural change including the recruitment and matching process in accordance with Council policy and in partnership with the appropriate lead managers. It is assumed that the recruitment and matching process will be led by Organisational Development.



BOLD Programme

Business Case: Neighbourhoods

Description of Proposal

This business case has been prepared to outline the rationale for implementing a new locality based customer-centric operating model, the resulting financial and non-financial benefits, and the research and evidence supporting the project.

The Council's current delivery model is a mix of corporate and locally managed services, with leadership split across a number of directorates. The balance between corporate and local management varies between service areas which also operate within different geographical boundaries. For both our customers and our staff this creates complexity, duplication, bureaucracy, and can result in stress and frustration.

Our vision is to deliver:

A lean and agile Council

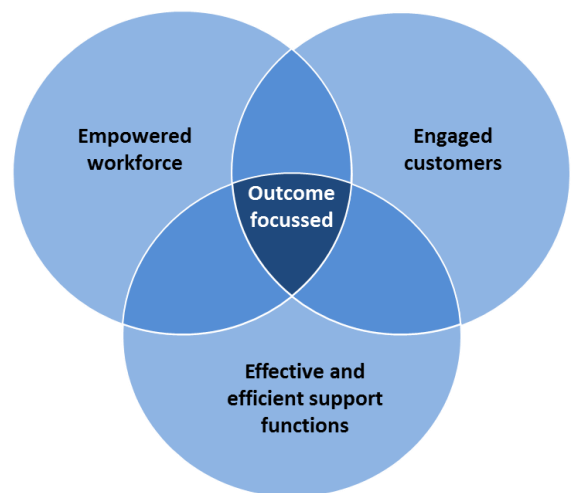
- A Council built around a culture of excellent customer experience and effective, efficient, service delivery

Focused on customers

- A Council focused on understanding our customers in order to deliver the outcomes that matter to them

Engaged and empowered people

- A Council driven by a motivated workforce of high performing flexible people



The Neighbourhoods project will deliver an operating model where front line Council services are delivered through four localities, integrated within a common geography, designed around customer outcomes. This model will build on the success of the Neighbourhoods model that has been operated by Services for Communities for a number of years, which has shown increased customer and staff satisfaction.

The benefits of the locality model include:

- Common geography for Council and partner services, building on service synergies;
- Reduced contact points for customers through the common geography;
- Integrated Council delivery teams;
- More people motivated to develop their own resilience and well-being through positive local contact; and
- Empowered decision-making at a local level.

Savings will be achieved by:

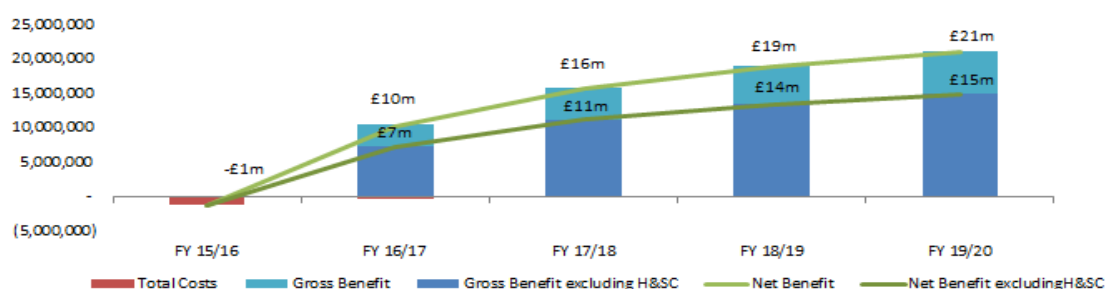
- Reducing layers of management and implementing leaner management structures;
- Process reviews and improvements; and
- Reconfiguration and alignment of service teams.

Value for Money

The proposals aim to deliver value for money for both the customer and the Council.

Effectiveness	The Neighbourhoods delivery model will allow Council services to work more effectively through co-location, elimination of unnecessary processes, and empowering local staff to intervene earlier. Staff will be empowered to make decisions locally facilitating better outcomes in collaboration with customers. The delivery model will also allow the Council to work more effectively outwith organisational boundaries with statutory and Third Sector partners who are also realigning their operating model as part of work being progressed through the Edinburgh Partnership.
Efficiency	The Neighbourhoods model will introduce simpler, more efficient, customer focussed processes. Decision-making at the local level will drive a more empowered workforce. The resulting efficiencies will reduce the need for onerous management layers and provide capacity for the services people value most; those which have the greatest impact on the lives of our residents and visitors to the city.
Economy	The increased efficiencies achieved by integrating customer focused service teams, redesigning support systems and processes, and empowering local decision-making will lead to management and staffing reductions. This will create capacity for front line staff to focus on service provision. The reduction in employee costs will deliver a projected saving of £21.2m (including £6.2m in relation to Health & Social Care) in FY19/20 compared with the FY14/15 budget, with the majority of savings in 2016/17 and 2017/18. Due to additional risks in relation to Health & Social Care and demand for these services, it is proposed that the Neighbourhoods business case target is established at £15m with a stretch target of £21.2m including Health and Social Care. Further savings should accrue over a longer period from increased proactive prevention and reduced failure demand for costly support services.

The business case will include Health & Social Care in all analysis, unless otherwise stated. The best estimate of the likely case benefit of the programme after 5 years is a £21.2m reduction in staff and associated costs. If Council Health & Social Care is excluded, the benefit is £15.0m. These scenarios are based on maintaining front line service delivery and rationalising the operating model.



Reduction	Staff Level	Excl. H&SC		Incl. H&SC	
		FTE Red'n	Cost Red'n	FTE Red'n	Cost Red'n
30.0%	Senior Management	27	£1,889,199	33	£2,372,193
12.5%	Management & Specialists	169	£7,509,003	244	£10,759,629
10.0%	Supervisors & Team Leaders	151	£4,680,190	202	£6,298,191
2.0%	Service Delivery & Support	44	£935,225	81	£1,751,857
	Total reduction	391	£15,013,617	560	£21,181,870

Scope

The new operating model will determine the split between 'local by default' and 'city wide' neighbourhood services.

The scope is based on total FTE numbers and associated costs from the Council payroll as at September 2014 for all services considered to be in scope. An allowance of 27% has been included for Employer's National Insurance and Pension contributions. On this basis, the scope of the Neighbourhoods project is estimated at 8,131 FTEs (5,141 excl. Health & Social Care) and a total cost of £244.6m (£159.9m excl. Health & Social Care).

	Incl. Health & Social Care		Excl. Health & Social Care	
	Current FTE	Cost	Current FTE	Cost
Total	15,718	£529,621,597	12,728	£445,045,149
Business & Customer Services	3,498	£104,316,842	3,498	£104,316,842
Economy & Culture	197	£7,260,677	197	£7,260,677
Chief Officers*	22	£2,598,634	22	£2,598,634
Excluded*	387	£12,271,329	387	£12,271,329
Teachers	3,483	£158,615,009	3,483	£158,615,009
Neighbourhoods	8,131	£244,559,106	5,141	£159,982,658

*Chief Officers: The organisational structure, including Chief Officers, will be addressed as part of the 'Organise to Delivery' structural change.

**Excluded: The BOLD project is seeking savings in General Fund revenue expenditure. A number of staff groups including pensions staff and supernumerary staff have therefore been excluded from scope as reducing expenditure in these staffing groups will not achieve General Fund revenue savings for the Council. Early years staffing is also excluded as staffing is governed by nationally agreed ratios.

Other staff groups not included in the scope of the Neighbourhoods business case are:

- Business & Customer Services: these fall within the scope of the Business & Customer Services BOLD project;
- Economy & Culture: changes to these services these will be delivered as part of the Council's revised operating model;
- Teachers: Teaching staff are currently governed by nationally agreed pupil/teacher ratios. These are out of scope of the Neighbourhoods project but there is an opportunity to include in future service design; and
- Agency staff: the use of agency staff is being managed through the BOLD workforce management project.

The scope of the project is based on the principle aim of improving customer outcomes by focusing on service delivery, reducing management layers and "middle office" roles, boosting staff job-satisfaction & fulfilment, and eliminating unnecessary process. This will create capacity for improved face to face contact for complex needs and facilitate better use of digital channels.

There are clear dependencies with Health & Social Care Integration and the process that must be taken forward by the Council and the Health Board. The Neighbourhoods project will focus on driving service efficiencies, increasing prevention and addressing a growing demand for services.

Context and Drivers for Change

Research and pilots

The case for delivering more services locally has been made at a UK, national and local level. The evidence base has drawn from long term studies as well as customer experience. A summary of the key research findings and case for change to a locality model are summarised below:

Source	Key Findings
UK Government Studies	<ul style="list-style-type: none"> Potential savings of 4-8% per annum (across participating agencies) by adopting a localised, integrated and personalised approach <p><i>Whole Place Community Budgeting Pilots, UK Government, 2012</i> <i>Whole Place Community Budgets; A Review of the Potential for Aggregation, EY, 2013</i></p>
National Audit Office	<ul style="list-style-type: none"> Improved outcomes for citizens More effective delivery Improved access to resources <p><i>Case Study on Integration: Measuring the costs and benefits of Whole Place Community Budgets, 2013</i></p>
Locality and Vanguard	<ul style="list-style-type: none"> Potential £16 billion per annum saving for local authorities in England by adopting the Neighbourhoods approach <p><i>Saving Money by Doing the Right Thing, Locality and Vanguard Consulting (2014)</i></p>
Scottish Government	<ul style="list-style-type: none"> A substantial amount of Scottish public spending (perhaps 40% as suggested by the National Community Planning Group) is driven by failure demand': Demand created by preventable negative outcomes in individual and community lives. <p><i>Making Places Better, Making Better Places, Scottish Government Improvement Service, 2011</i></p>
Council Initiatives	<ul style="list-style-type: none"> Many partners find the current landscape of operational boundaries confusing Total Place projects have been widely successful Total Craigroyston confirmed as national best practice by HMIE following recent inspection <p><i>Multi-agency workshop, May 2014</i></p>

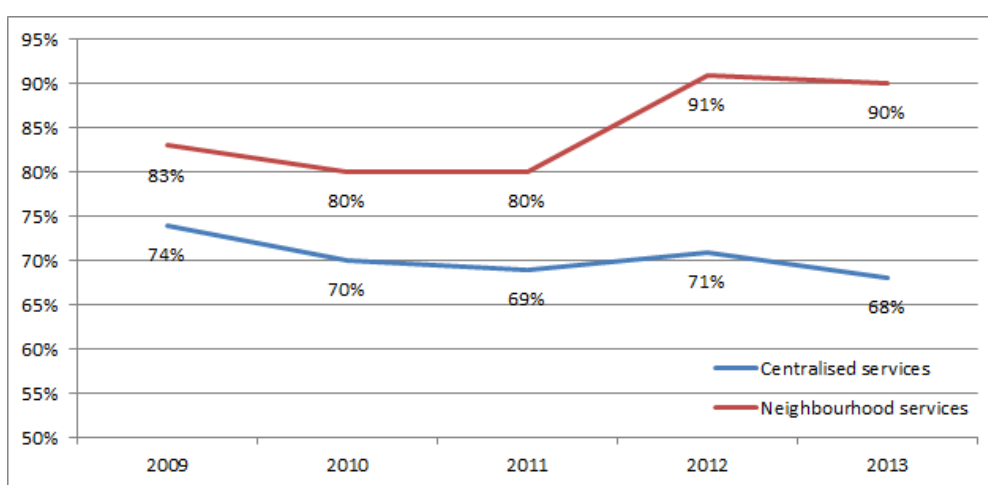
Neighbourhood working - customer surveys

The Council's approach to neighbourhood working was strengthened in 2006 with the formation of neighbourhood teams in Services for Communities. This has allowed local delivery of housing, environment, community safety and engagement services. From inception there has been a year-on-year increase in resident satisfaction with the way neighbourhoods are managed as recorded by the Edinburgh People Survey (2006-2013). 2010 was an exception where satisfaction dipped; research showed that this was related to public perceptions about how budget cuts would affect public services rather than being dissatisfied with service quality. At a citywide level, satisfaction with neighbourhood management was 63% in 2006 increasing to 87% in 2013.

Satisfaction with neighbourhood management has been consistently higher than satisfaction with the management of the city, although the gap has reduced. Evidence suggests that this is influenced by personal experience of services. Authorities perceived as remote and impersonal are receiving lower satisfaction ratings, in line with our expectations around the locality model. This finding is supported by national research on drivers of public satisfaction with local government by the Local Government Association.

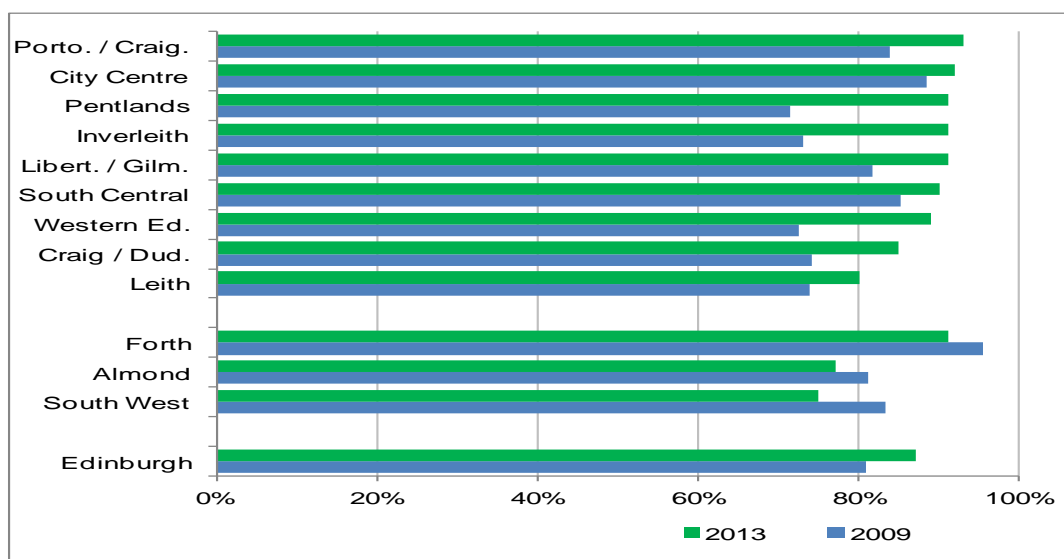
In a number of areas of service delivery, the neighbourhood model compares favourably with centralised services recording higher satisfaction scores and long term positive trends. For example, street cleaning, parks and greenspace and libraries score significantly higher than roads / pavements maintenance, waste and community facilities (see Figure 1).

Figure 1 Average satisfaction with neighbourhood v centralised services



All neighbourhoods have recorded improvements in customer satisfaction with local service delivery and whilst the citywide average scores for locally managed services are generally high, there are variations between neighbourhoods with some performing better than others (see Figure 2).

Figure 2 Satisfaction with neighbourhood management by neighbourhood partnership



The Edinburgh People’s survey and the Council’s tenants’ survey provide evidence demonstrating that where the Council provides services based on the geography of a neighbourhood or locality, there are higher levels of customer satisfaction.

The reasons for this improvement can in part be attributed to the role of the Neighbourhood Manager being responsible for a range of services and being accountable for the standard of service and performance to senior managers, local councillors and local communities.

Through the governance structure of Neighbourhood Partnerships and their informal sub structure of locally determined themed working groups, evidence shows that customers can influence how the Council delivers services on a cooperative basis.

Staff feedback

Through the work BOLD undertook in existing Neighbourhood offices, locally based staff were asked what the barriers were for them successfully delivering outcomes to customers. The following issues were noted:

“Customers’ issues are complex; staff at a local level can only deal with small part of the issue and have to refer on”

“We see people leaving our office and we know they will be back, because we have dealt with what they presented, not the underlying causes”

“We spend a lot of time referring on, or trying to get services and resources from other services”

“We don’t have authority to provide services and resources from other services”

“We waste a lot of money providing the services we do rather than spending a little more innovatively to address a problem”

“We do assessments which are then referred to the centre and redone, or reviewed, or we are told the threshold is not met. This stops early intervention and prevention”

This feedback highlights some of the issues that this project will aim to address through integration of teams and revised and improved processes. Increased staff satisfaction in locality models has been evidenced through the Council’s annual staff survey, where neighbourhood based staff expressed higher levels of satisfaction than those providing centralised services. Visibility of and confidence in their manager, clarity on their contribution to Council objectives, and satisfaction with their workplace were key indicators. This is despite being located in, and delivering services to, some of our most deprived estates in the city.

Proposed Solution and Future State

Geography

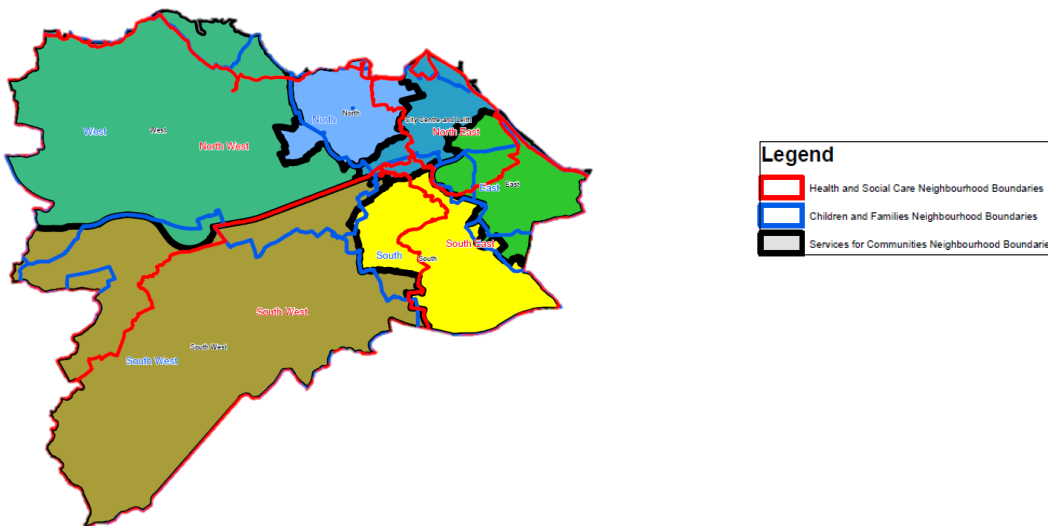
A new locality model based on four geographical areas but retaining existing neighbourhood partnership structures, has been proposed through the Health and Social Care Integration process. This has been endorsed, in principle, by the Edinburgh Partnership. This reduces the number of geographical areas from the current model and eliminates overlap. The feasibility of adopting coterminous boundaries is now being examined by all partners and is considered to be a major opportunity as part of a successful Neighbourhoods project.

Challenges to the current model include:

- many local service managers have responsibility for a different ‘patch’ of the city, making collaborative work a real challenge; and
- there is a need to build multiple relationships with service managers in a single service area.

The proposed model will address these challenges. The current geographical boundaries and proposed four locality areas are shown below:

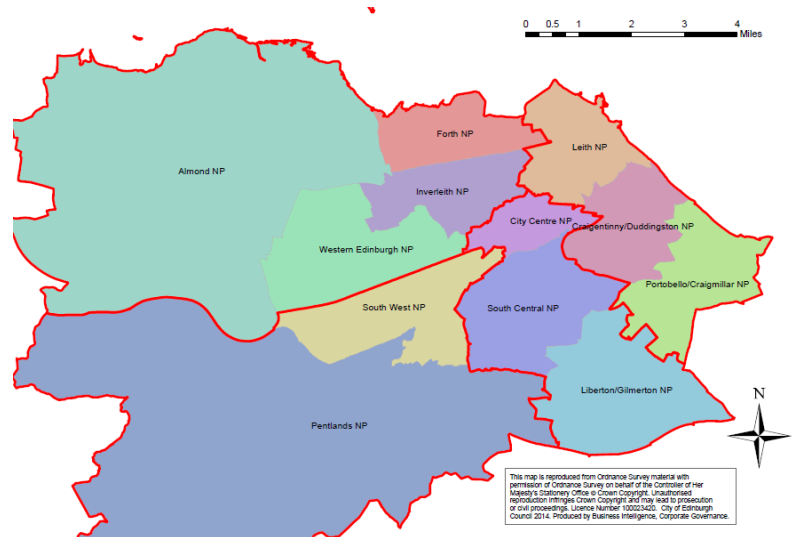
Current model



Proposed new model

Each locality will have responsibility to manage and deliver services for their area.

Locality management teams will be responsible for delivery of specific outcomes, within each locality, set and measured by the Council's Executive group. This offers agencies the leanest operational management arrangements, linked in a common way to local communities.



Removing complexity

The current centralised model can be complex and difficult to negotiate for customers and staff. Service offerings and outputs, rather than outcomes, are at the centre of the model with significant time spent form filling at the local level, and assessing need at local and central levels.

Time is invested in determining whether customer needs meet criteria and thresholds for services offered, rather than determining whether the customer can be helped and how. This causes numerous entries and re-entries to the system, with multiple touch points and assessments which are costly, time consuming and frustrating for the customer.

Local by default

The new operating model will be a step change in customer focus and will determine the split between 'local by default' and centrally managed services. The following 'local by default' services are proposed:



Notes:

1. Community Protection includes Youth Justice, Community Safety (case work), Housing Options, Housing Support, Temporary Accommodation and Employability.
2. Teaching staff are currently governed by nationally agreed pupil/teacher ratios. These are out of scope of the Neighbourhoods project but there is an opportunity to include in future service design.

City-wide services

A number of services will be delivered on a City-wide basis where it is more economical to do so. These include:



*Waste, Fleet, Environmental Health & Trading Standards, Licensing, Bereavement Services, Parks, Analytical and Scientific Services

Council Health & Social Care

A number of Council Health & Social Care services will be delivered on a locality basis under the proposed Health & Social Care Integration scheme. The scheme proposes 4 sectors which will be mirrored by the boundaries proposed in the Council's locality model. Local services will include the following:



Outcome focussed delivery model

The Neighbourhoods model puts the customer and customer outcomes at the centre of service delivery and facilitates local decision-making by those closest to the customer with the experience and expertise to achieve a positive outcome. Benefits of this approach are compared to the existing output focussed model below:

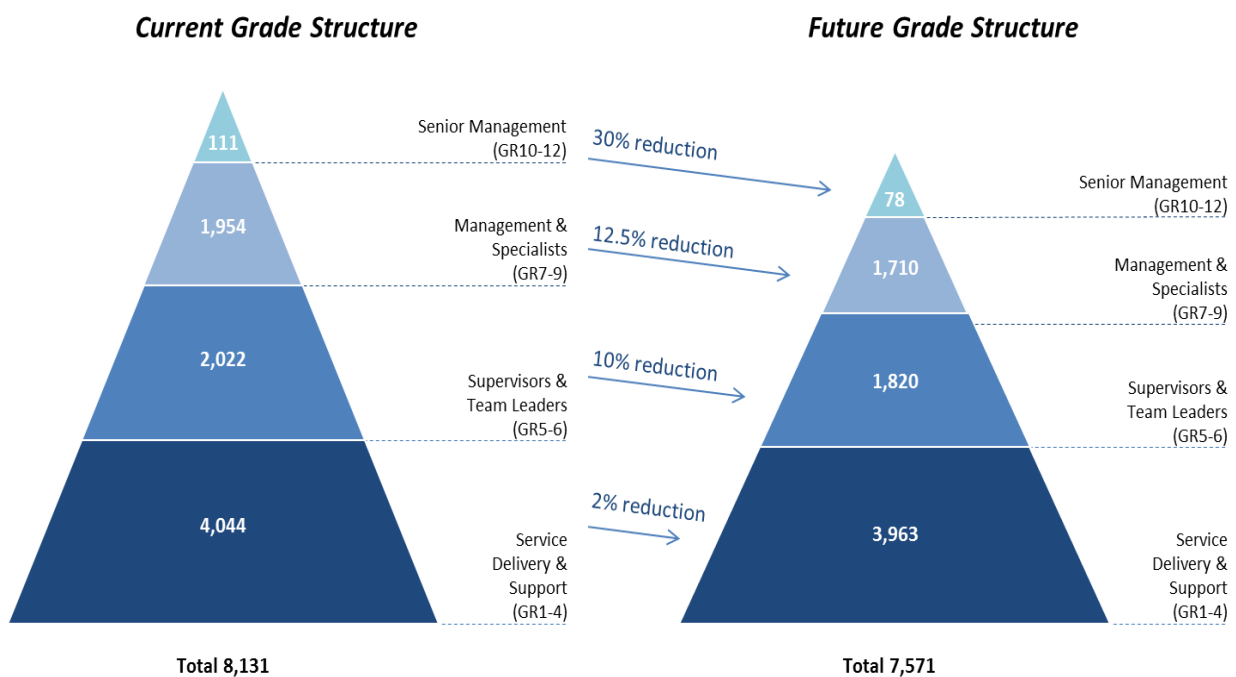
Output focused (challenges)	Outcome focused (benefits)
Delivering products for managers	Achieving benefits and outcomes for customers and residents
Internal focus on process, procedure and familiar relationships	External awareness of environment, markets and providers; proactively driving change
Accepting of the status quo	Questioning of the status quo
Focusses on marginal changes to deliver short-term benefits	Implements long-term strategy to deliver sustained change
Follows traditional business models due to a risk averse approach	Healthy risk appetite, with a considered and proportionate approach to opportunities available from risk-taking
Piecemeal innovation and isolated improvements leadings to incremental change	Adaptive innovation to discover what works to solve problems strategically
Rigid in delivering plans and services even when circumstances change	Learns as it goes and designs services to be flexible and adaptable

Operational structure

The operational structure of current service delivery will change as a result of the new delivery model. The revised structure will be more effective and drive efficiencies and cost reductions through:

- flattening the structure;
- reducing the current level of centrally based managers;
- removing the requirement for some service specific management layers at local level; and
- minimising management costs and maximising resources to support front-line service delivery and priority outcomes.

The following model has been prepared to illustrate how this overall target will impact the structure and staffing numbers across the business, including Health & Social Care FTEs. This shows an overall FTE reduction of 560.



Note: Model excludes Chief Officers

The model aims to protect front line essential service delivery through greater effectiveness, and efficiencies in the operating model. The model will be aligned with the proposed Business & Customer Services model. Reductions in the Service Delivery & Support staff category will be possible as the service delivery model becomes more efficient.

Structure and processes

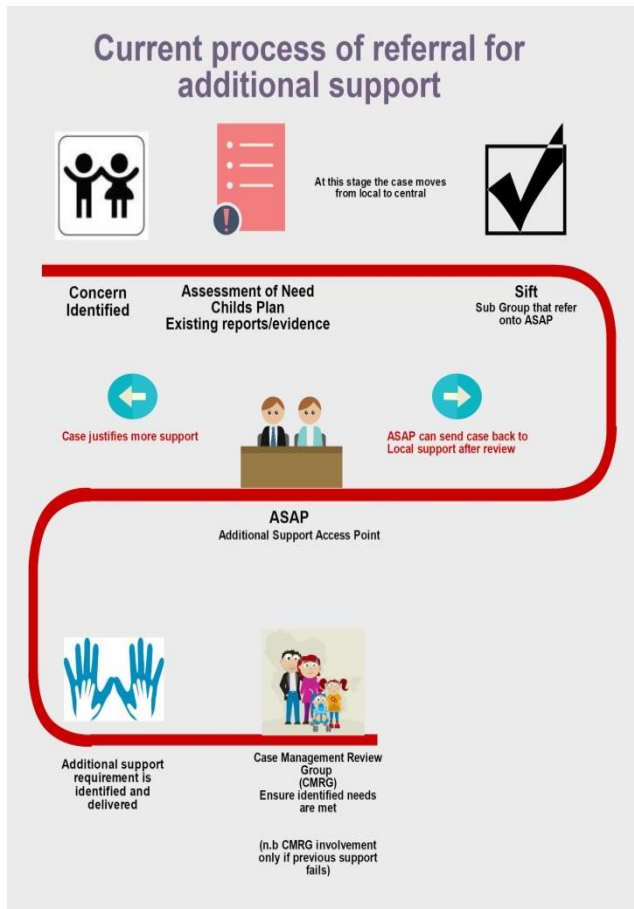
With new, redefined boundaries as a starting point, the project team will design and implement a new operating model based on the principles of:

- co-location;
- integrated working; and
- local by default.

The aim is streamlined processes, reduced failure demand and a Council that better addresses the needs of citizens and customers, increasing satisfaction and reducing overall costs.

Streamlined process example

Through the proposed delivery model processes will be streamlined and be more customer-focused. An example of such a process is presented below.



The current process for requesting and allocating additional support for pupils has 6 steps with the possibility of requests being referred back to local level. Increasingly, centrally managed services are available locally and the current arrangements require minimal adjustment to reduce to a 2 step process, removing the need for central review of local decision-making. Allocation of places at special schools will continue to be managed centrally.



The locality model has the benefits of a focus on customer outcomes at its core and creates integrated multidisciplinary teams working within the same boundaries as our partners. The current high cost of repeatedly dealing with issues presented by individuals and families with complex needs would be reduced. Customer outcomes would be improved by focussing on a comprehensive understanding of needs and potential solutions, with the full engagement of the individual or family.

Delivery of those solutions would be under the direction of a single key worker without the current adherence to service custom and practice, over-engineered assessment and allocation processes, and traditional professional boundaries.

Key dependencies

Health & Social Care

The Public Bodies (Joint Working) (Scotland) Act, together with a number of related regulations, sets out the Health & Social Care Integration programme between NHS Boards and Local Authorities. The integration process is ongoing; integration schemes must be submitted to Scottish Ministers for approval by 1 April 2015 and all integration arrangements must be in place by 1 April 2016. Providing locally delivered services across the Council and NHS is a long term goal.

Third Sector Partnerships

The proposed locality structure will enable a local focus on Council priority outcomes supported by a co-produced delivery plan incorporating private, Third Sector and Council services. Co-production will determine the optimum mix of provision including transfer of Council delivery to Third Sector (and vice-versa) where appropriate, motivating Third Sector partners to collaborate and evolve in line with real demand.

Business and Customer Services

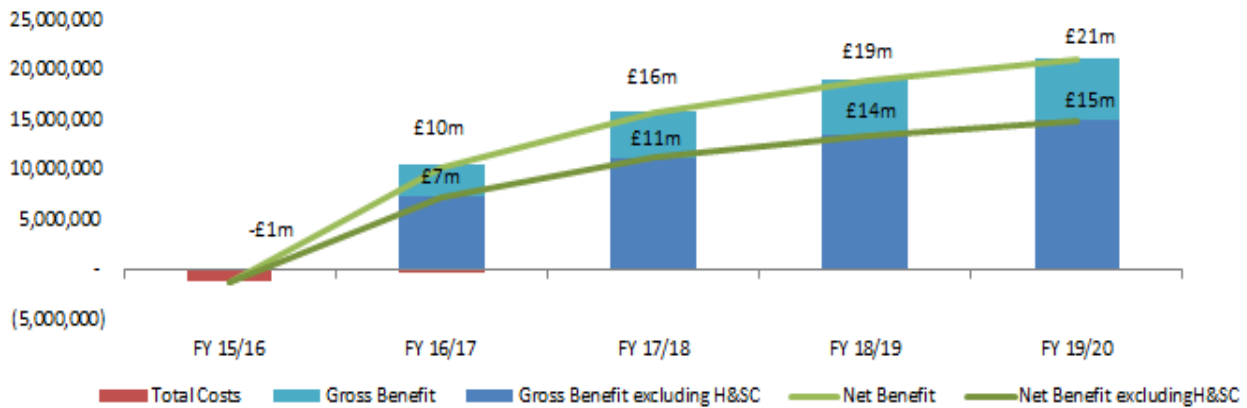
Delivery of the new operational model will require a solid foundation in the Business and Customer Services model. The design, operation and delivery of those shared services that genuinely reduce duplication and add value will need to support strong central strategic direction, set corporate standards and provide effective support to delivery. The Business and Customer Services model will also be required to provide strong professional assurance and standards, as well as establishing the ability to effectively and efficiently handle the variety of demand that will occur.

Channel Shift

Operational changes proposed in the Channel Shift business case should be factored into the locality proposals.

Financial Analysis and Sensitivities

The revised operating model will lead to more effective and outcomes focussed service delivery for customers. The efficiencies generated from the transition to the new operating model will generate savings forecast at £21.2m in FY19/20 (including benefits from the inclusion of Health & Social Care FTEs). The majority of the savings will accumulate over a two year period:



Likely case					
Reduction	Staff Level	Excl. H&SC		Incl. H&SC	
		FTE Red'n	Cost Red'n	FTE Red'n	Cost Red'n
30.0%	Senior Management	27	£1,889,199	33	£2,372,192
12.5%	Management & Specialists	169	£7,509,003	244	£10,759,629
10.0%	Supervisors & Team Leaders	151	£4,680,190	202	£6,298,191
2.0%	Service Delivery & Support	44	£935,225	81	£1,751,857
	Total reduction	391	£15,013,617	560	£21,181,870

Benefits Analysis (including Health & Social Care)

	Opportunity	Current FTE	Cost £'000	Est. FTE Reduction	Financial Benefit £'000	Non-Financial benefit
1.	Reduced management costs from integration of locality teams from across Council services	2,065	93,984	277 (13%)	13,132 (14%)	<ul style="list-style-type: none"> Streamlined working relationships Fewer contact points for customers & stakeholders Leaner management arrangements Empowered decision making at a local level Learning through doing and tailoring service delivery as demand reduces
2	Process review to inform design and resource requirements of new locality teams.	4,440	101,663	171 (4%)	3,813 (4%)	<ul style="list-style-type: none"> Integrated services that more effectively meet customer needs Improved social, educational and health outcomes for customers Resources tailored to local need Staff development Greater information and resource sharing Local operating and resourcing plans Co-location of teams and partner agencies in the same buildings
3.	Staff reductions based on reduced failure demand/ prevention estimated from 2017/18 as structure beds in.	1,626	48,912	112 (7%)	4,236 (9%)	<ul style="list-style-type: none"> Fewer, earlier and more effective interventions Greater social inclusion and responsibility Improved customer engagement.
	Total	8,131	244,559	560 (7%)	21,181 (9%)	

- The FTE reduction and financial benefit in 1. above reflects the flattening of management layers as demonstrated by the grade 7-9 and 10–12 reductions in the operational structure shown on page 10;
- The FTE reductions from process reviews and reduced failure demand in 2. and 3. above reflect the reductions in grade 1-4 and 5-6 in the operational structure (283 FTE in total) shown on page 10. The National Community Planning Group suggests that perhaps 40% of Scottish public spending is driven by failure demand. In this business case we have made a conservative estimate that 20% of total savings achieved will be through reduced failure demand with the remainder achieved through process reviews and improvements.

Sensitivities

The key sensitivity in the model depends on the inclusion or exclusion of Health & Social Care, resulting in a £6.2m benefit differential in the most likely case scenario.

The financial analysis above is based on our key assumptions including:

- Our assessment of staff grades to role equivalent (i.e. matching of job descriptions to roles e.g. Senior Management through to Service Delivery & Support Staff); and
- Reduction in FTE is possible through the revised operating model by flattening the management structure.

Sensitivity analysis demonstrates that cost savings anticipated in any particular year may not be achieved if the programme is not effectively executed; and overall savings may not be achieved if the implementation plan is not adhered to.

Further, it is likely that the actual reductions in headcount will differ from those forecast, but will fall within a reasonable range based on the assumption around staff grades to roles.

Detailed sensitivities have been carried out in appendix 2.

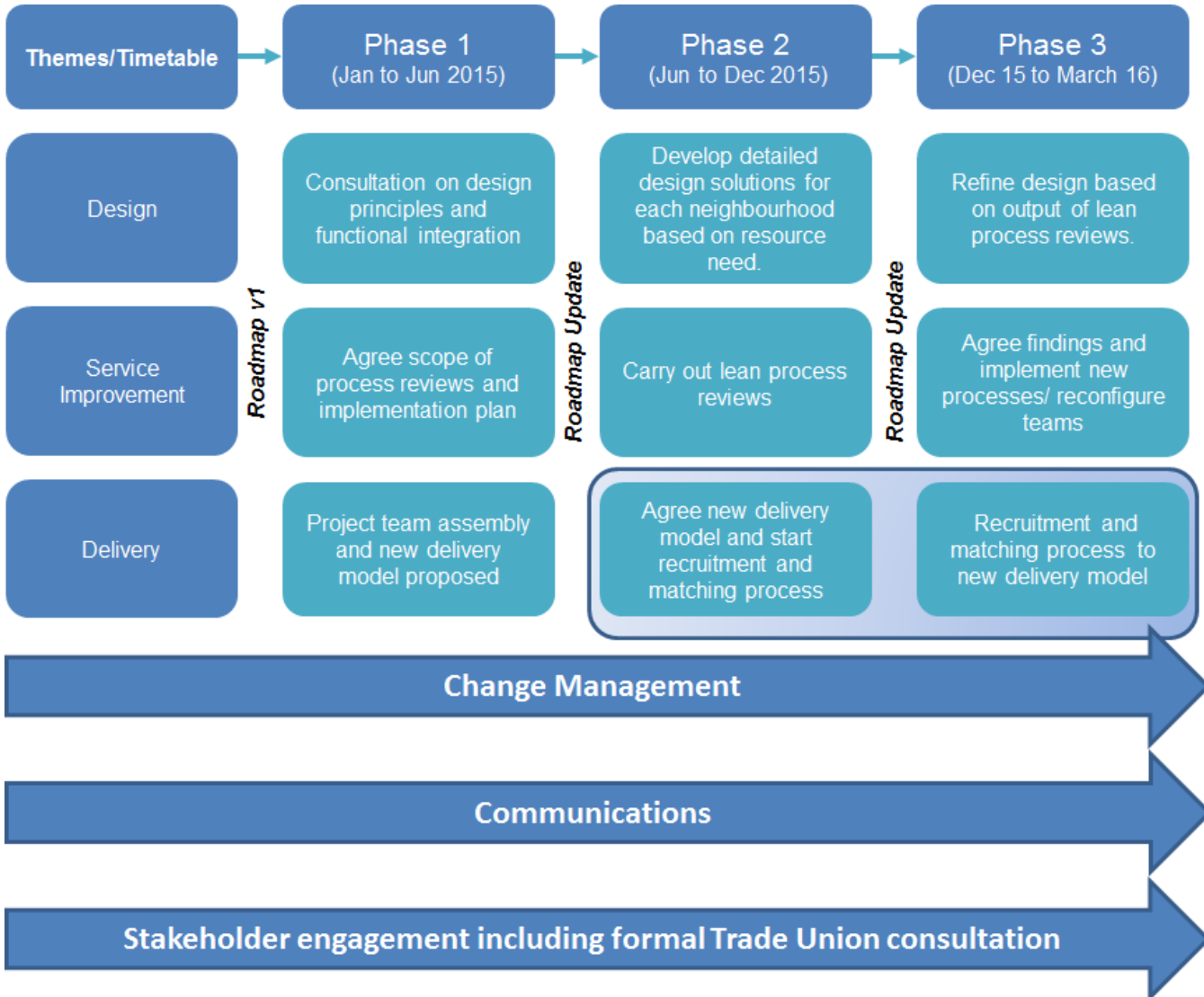
Risk Assessment

	Risk description	L	I	Controls/Mitigating Factors
1.	Insufficient leadership, authority for decision-making and capacity within the organisation to deliver the required change.	4	5	Appointment of leadership with the capability and capacity to drive the project. Appropriately skilled resource and individuals assigned to the programme and change management roles, with the skill set and capacity to deliver. Open conversations to agree and establish ownership of purpose and responsibilities.
2.	The project doesn't develop and deliver the cultural change required to adapt to new ways of working and implement the project plan.	4	5	Strong change management team appointed for the lifetime of the project and post implementation to embed required changes with total clarity about higher purpose. Support, training and development for staff to adapt to new roles. Clarity about the purpose of changes, a clear communications strategy, and dedicated communications support.
3.	Staff and stakeholder engagement is delayed due to insufficient resourcing resulting in failure to develop an informed operating model	4	3	Project resources to be secured in line with the proposed resourcing plan. Appointment of change manager, development of staff engagement plan, ownership by staff of their elements of change programme and implementation plan.
4.	Concerns from staff and stakeholders that professional standards and assurance will be weakened resulting in resistance or lack of buy in to new approach.	3	3	Engagement with staff at all levels to gain their feedback and co-author the relationship between local services, professional standards and the role of centrally determined policies.
5.	Stakeholder opposition to proposed model and associated employee reductions leading to delays in implementation	3	4	A comprehensive engagement and consultation plan to be formed that allocates appropriate time and resource to communication of and engagement in the project, including ensuring stakeholder concerns and issues are addressed fully.

Approach and Roadmap

Roadmap

The roadmap below sets out the initial phases of the programme and the indicative activity that will take place within each phase:



At the beginning of each phase, this Roadmap will be revisited and reviewed by the stakeholders. Any necessary updates will be processed ahead of the next phase.

It is important to note the interdependencies between the phases for this business case and the other business cases under the Bold Programme. For example, any delays in the Business & Customer Services project will have an impact on the timing and success of this business case.

Further detail on the implementation plan and detailed approach can be found at Appendix 4.

Milestones

The high-level milestones for the initial phases of the project represent the necessary challenges to be met to ensure the success of this project and its dependencies. Failure to adhere to the plan will have a negative impact upon the rest of the project and transformation programme.

Themes	Milestone	Due by
Design	<ul style="list-style-type: none"> Phase 1 consultations planned and meetings in diaries Agree design principles Confirm Phase 2 plan 	w/c 12 Jan 2015
Service Improvement	<ul style="list-style-type: none"> Information consultation with other staff and internal/external stakeholders on processes Process reviews scoped and planned Confirmation of alignment of staff to new customer service teams agreed Council approval of revised delivery model framework 	w/c 16 Feb 2015
Delivery	<ul style="list-style-type: none"> Formal consultation established with impacted staff Project team review deliverables to date and confirm Phase 2 plans 	w/c 2 Feb 2015
Change Management	<ul style="list-style-type: none"> Agree resources plan for project Team assembled incl. Project Board and kick-off meeting held Review and agree Programme Roadmap for all change management activity 	Ongoing
Communications	<ul style="list-style-type: none"> Communications plan prepared and agreed Finance & Resources Committee sign-off Communicate scope and approach of process review to key stakeholders Communication channels (including e.g. intranet) set up and details distributed 	w/c 15 Jan 2015

Reporting of progress against milestones will be made by the SRO and Project team through the formal Programme Governance structure. Updates will also be provided to the Council and F&R Committee as required.

Do Nothing Analysis

- Amidst financial constraints no change will mean reductions in essential front line services as the Council will be unable to afford them; and
- Increasing demand against a backdrop of declining budgets will result in potential failure of key services.

It is essential that front line services are supported and potential delivery failure avoided. The proposed operating model is designed to address these concerns.

Project Principles

The following principles will ensure consistency of approach and best value is achieved:

	Project Principle
1.	Services will be managed and delivered in four localities unless there is a compelling reason for central management;
2.	Council boundaries will be coterminous with Lothian Health, Police Scotland and other partners;
3.	Services will be customer centric and outcome driven;
4.	Organisational structures will meet the needs of customers and align to Council priority outcomes rather than redesigning around current people and processes;
5.	The operating model will be designed to drive continuous efficiencies and cost savings over time;
6.	Workforce will be transformed to meet the needs of the customer with people development, knowledge transfer and continuous learning being key to developing the right skills, behaviours and experience;
7.	Within the context of the strategy and policies set by elected members, the model will create an environment where adaptive innovation and the use of initiative is encouraged;
8.	The model will introduce greater commonality of job and organisation design, establish consistent job titles and profiles across business units that supports consistent processes, systems and delivery;
9.	Mechanisms to share good practices will be built into delivery processes including the utilisation of process improvement methodology;
10.	Management structures, reporting lines and business processes will be simplified;
11.	Early support to people with complex needs will be owned and managed by one key officer;
12.	There will be one assessment of need rather than multiple service specific assessments;
13.	Solutions for complex cases will be developed with the full engagement of families and/or individuals; and
14.	The project will be able demonstrate clear alignment to Council commitments.

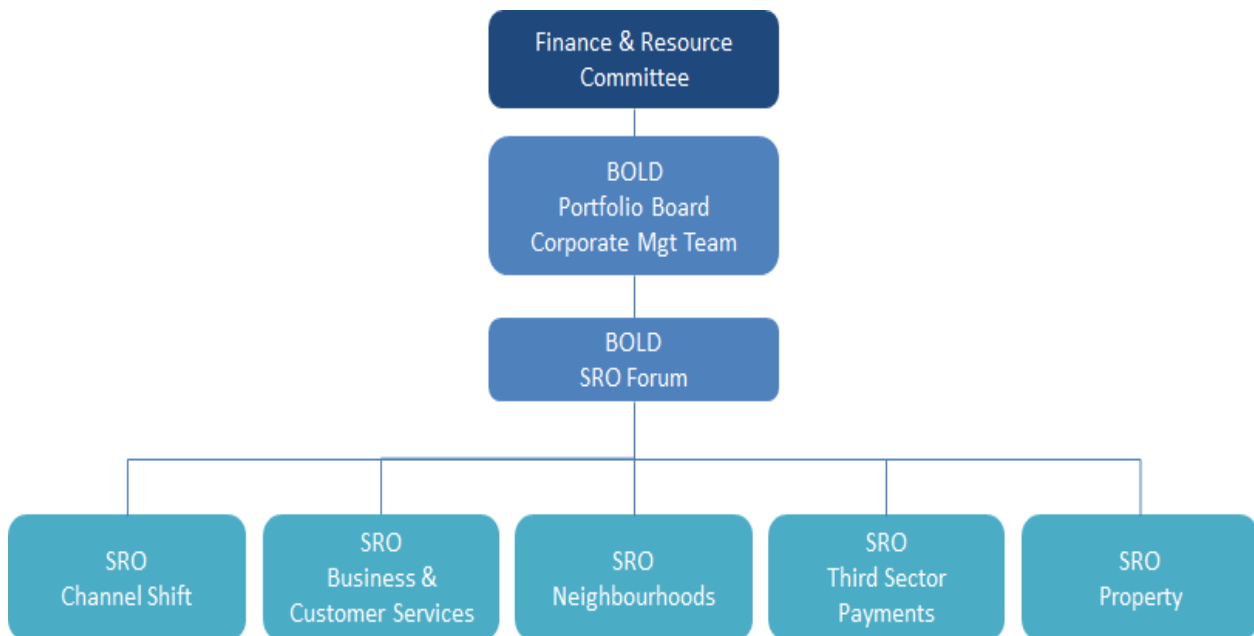
Appendix 1 - Governance and Resourcing

Strong and effective governance supported by a project team with the correct levels of knowledge and experience will be key to the success of this project and the associated benefits and savings.

The objective of the governance structure is to create:

- **Alignment** – through monitoring so that programs and projects stay aligned with overarching BOLD strategy and that inter-dependencies are managed
- **Visibility** - through the consistent execution aligned to clear standards and effective communications
- **Predictability** – through the application of leading practice based planning, estimating and tracking
- **Accountability** – through tiered accountabilities, empowerment and performance measurement and proactive benefits planning, management and realisation

Programme Governance



1. BOLD will report to Finance and Resources Committee on a quarterly basis on progress of implementation.
2. Corporate Management Team will act as the Portfolio Board. BOLD will report to CMT on progress on a quarterly basis in advance of reporting to Finance and Resources Committee.
3. SRO Forum will be held on a weekly basis chaired by the Portfolio SRO (Alastair Maclean) or the Portfolio Manager (Alan Coyle)
4. The Forum will;
 - a. provide progress reports on implementation;
 - b. manage information flow and dependencies; and
 - c. act as a challenge/support mechanism across the portfolio.
5. **CMT will delegate responsibility (within the scope of each projects) to the project board to make decisions by majority.**
6. CMT will act as an escalation form to deal with behavioural issues that cannot be resolved at project board level.

Resourcing and Costs

Total estimated annual project costs are presented below:

	FY15/16 £	FY16/17 £	Total £
Neighbourhoods	1,462,978	365,745	1,828,723

60% of annualised programme level costs are allocated to Neighbourhoods based on underlying assumptions around project complexity and support costs required.

Project and Programme level costs will continue to be incurred in full until March 2016 and then begin to taper to the end of the calendar year as less resource is required. The cost profile is incorporated in our net benefits analysis.

The implementation team will be responsible for implementing the structural change including the recruitment and matching process in accordance with Council policy and in partnership with the appropriate lead managers. It is assumed that the recruitment and matching process will be led by Organisational Development.

Appendix 2 – Detailed Financial Analysis

The process undertaken in preparing our financial analysis, including assumptions used, is detailed below. The base includes Health & Social Care FTEs.

- Employee data for those in scope for the Neighbourhoods project was analysed by staff grade and an allowance of 27% included for Employer's NI and pension contributions:

Grade	FTE	Pay +27%
GR01	113	£1,850,496
GR02	192	£3,454,443
GR03	1,929	£39,502,879
GR04	1,810	£42,785,037
GR05	1,097	£31,706,928
GR06	925	£31,274,979
GR07	1,315	£52,974,413
GR08	441	£21,640,845
GR09	198	£11,461,777
GR10	84	£5,537,632
GR11	17	£1,442,418
GR12	10	£927,259
Total	8,131	£244,559,106

- Employee data for those in scope for the Neighbourhoods project was further analysed by function and category (local by default v city-wide):

Function	FTE	Pay + 27%	Category
Additional Support for Learning	264	£7,485,597	Local
Adult Health and Social Care	2,990	£84,576,448	Local
Children's Social Work	757	£29,970,220	Local
Community Facilities	487	£16,721,246	Local
Schools	859	£19,743,305	Local
Community Protection	255	£8,206,720	Local
Early Years	339	£10,977,814	Local
Housing	316	£9,843,096	Local
Local Parks and Street Cleaning	407	£10,219,948	Local
Local Transport Services	41	£1,586,875	Local
Planning	151	£6,904,048	City Wide
Housing Asset Management	49	£2,237,430	City Wide
Registrars	20	£639,061	City Wide
Environment	820	£23,430,063	City Wide
Private Housing Services	32	£1,273,815	City Wide
Roads STO	159	£4,781,371	City Wide
Roads Assets	45	£1,815,723	City Wide
Travel & Transportation	140	£4,146,326	City Wide
Total	8,131	£244,559,106	

- Staff have been grouped into roles based on our assumptions around grades and job descriptions:

Current Structure			
Defined	Staff Level	FTE	Cost
GR10-GR12	Senior management	111	£7,907,308
GR07-GR09	Management & Specialists	1,954	£86,077,034
GR05-GR06	Supervisors & Team Leaders	2,022	£62,981,907
GR01-GR04	Service Delivery & Support	4,044	£87,592,857
	Total	8,131	£244,559,106

Staff groups have been reviewed against the proposed operating model to ensure they are reasonable and there is no significant impact on front line delivery. Staff reductions have then been identified as part of this process to flatten the management structure.

- Three different cases of high, likely and low levels of change have been modelled, giving three potential scenarios:

High case					
Reduction	Staff Level	Excl. H&SC		Incl. H&SC	
		FTE Red'n	Cost Red'n	FTE Red'n	Cost Red'n
32.0%	Senior Management	29	£2,015,146	36	£2,530,339
15.0%	Management & Specialists	203	£9,010,803	293	£12,911,555
12.5%	Supervisors & Team Leaders	189	£5,850,238	253	£7,872,738
3.0%	Service Delivery & Support	66	£1,402,837	121	£2,627,786
	Total reduction	487	£18,279,024	703	£25,942,418
Likely case					
Reduction	Staff Level	Excl. H&SC		Incl. H&SC	
		FTE Red'n	Cost Red'n	FTE Red'n	Cost Red'n
30.0%	Senior Management	27	£1,889,199	33	£2,372,193
12.5%	Management & Specialists	169	£7,509,003	244	£10,759,629
10.0%	Supervisors & Team Leaders	151	£4,680,190	202	£6,298,191
2.0%	Service Delivery & Support	44	£935,225	81	£1,751,857
	Total reduction	391	£15,013,617	560	£21,181,870
Low Case					
Reduction	Staff Level	Excl. H&SC		Incl. H&SC	
		FTE Red'n	Cost Red'n	FTE Red'n	Cost Red'n
28.0%	Senior Management	25	£1,763,253	31	£2,214,046
10.0%	Management & Specialists	136	£6,007,202	195	£8,607,703
7.5%	Supervisors & Team Leaders	113	£3,510,143	152	£4,723,643
0.0%	Service Delivery & Support	-	-	-	-
	Total reduction	274	£11,280,598	378	£15,545,392

Appendix 3 – Assumptions

Savings are based on changes to Council services only. Further savings would be expected if wider synergies are achieved across statutory and Third Sector partners. These have not been considered within this business case.

Assumptions

The scope of the Neighbourhoods project has been determined from the Council payroll as at September 2014.

An allowance of 27% has been included for Employer's National Insurance and Pension contributions.

There are no allowances for pension or strain costs within the business case.

Savings are based on the scope described on page 3. If services or staff groups are excluded from scope for any reason the level of saving will reduce.

The illustration of reductions to staffing numbers on page 10 is based on general groupings of managerial and operational roles.

If percentage staff reductions are not made at higher tiers then they will be made at lower tiers.

The scope includes both revenue and capital funded posts.

The resource plan costs are based on the mid-point of grades in the current Spinal Column point salary scale.

The proposed four locality boundaries are based on the paper presented to and approved by the Edinburgh Partnership on the 11 September 2014.

Lean process reviews will be used to eliminate unnecessary process and will result in staff reductions to meet the savings requirement.

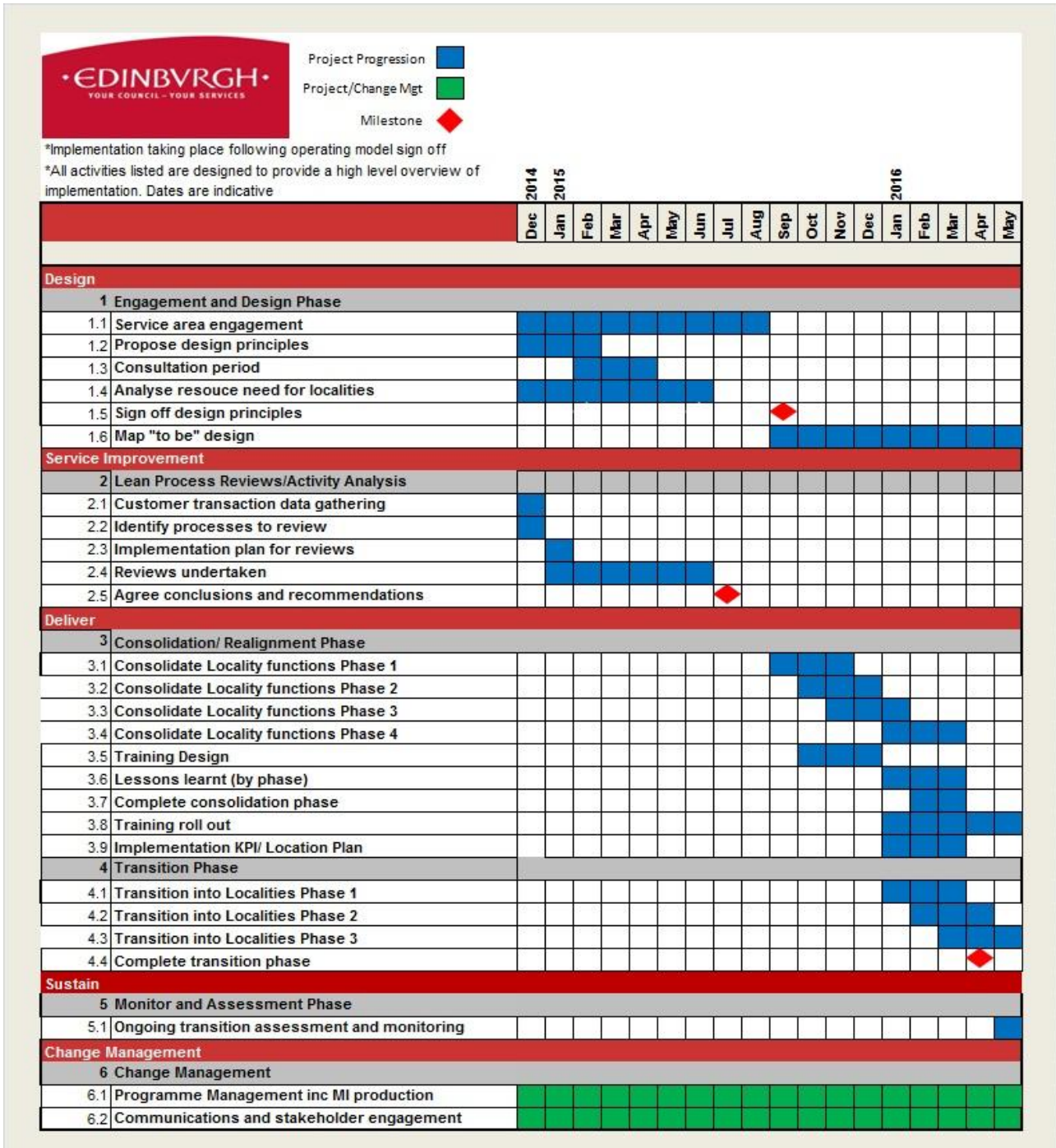
Systematic service reviews will be ongoing and will determine what can be stopped or reduced in order to meet the savings requirement.

Savings associated with channel shift will be considered in the BOLD Channel Shift project.

Savings associated with property will be considered in the BOLD Property project.

Appendix 4: Implementation Plan and Detailed Approach

This appendix provides detail of the proposed approach and key activities at each stage of implementation. The subsequent sections provide more information around the key activities at each stage.



1. Design

1.1 Service Area Engagement

The project team will undertake comprehensive engagement with staff, partners and stakeholders to develop the local delivery model. This will focus on the desired outcomes, and how functions and processes can be changed to better deliver those outcomes.

1.2 Propose Design Principles

This stage will agree the key design principles that will be common to the localities based on the initial engagement and analysis of local customer demand, demography and deprivation.

1.3 Consultation Period

Having completed the resource evaluation and developed the to-be organisation structure the Council will undertake a full consultation process including key service stakeholders, employees and trade unions. The approach and plan for consultation will be developed with input from the corporate HR team. Typically, the organisation design will be refined through the consultation process, following feedback from key stakeholders.

1.4 Analyse Resource Need for Localities

Use of the Council's business insight team to map out resource requirements for each locality based on key demographic and deprivation indicators as well as customer demand and transactions information.

1.5 Sign-Off Design Principles

Following the engagement process approval will be sought from CMT and elected members to proceed into the consolidation phase. It is expected that amendments to the design principles will take place during this sign off stage in accordance with comments from CMT and elected members.

1.6 Map "to be" design

Following the activity review and engagement the project team will work with the leads of the functional areas to develop the to-be processes and finalise the design. Key components of the deliverable will include:

- Development of the to-be end to end processes for each locality.
- Definition of role descriptions, competencies, indicative grade and capacity (i.e., number of FTEs)
- Detailed organisational structure for each function (e.g., teams, management spans and hierarchies, reporting lines, etc.)
- Identification of the current posts that are 'at risk' through the redesign of the function
- Identification of any duties / activities to be reallocated to other teams as part of refocusing shift and associated resource implications if any
- Clarification of any early change in the assumed responsibilities and accountability that managers within services must deliver
- Data requirements and processes for each locality and any technology requirements to enable processes to be provided by the Business and Customer Services functions
- Methods of monitoring performance (including MI requirements) and draft service level agreements with the Corporate centre.

In addition, a detailed analysis of the competency framework and development needs will be completed.

Organisations that have restructured, refocused and optimised have done so on the basis that Managers are given the skills, tools and capabilities to effectively manage their budget, their suppliers and their performance etc. This is often a key cultural change, raising the expectations of what being an effective manager means. The Council's managers must be effective at their role, rather than purely being 'technical experts' in their particular profession (e.g. engineering, social work, teaching, etc.). Without this change in behaviour and competency, increased risks may emerge for the Council from reducing its support infrastructure. This activity will feed into the change management and training plans.

2. Service Improvement

2.1 -2.5 Service Improvement Process

A comprehensive programme of process reviews will be undertaken in order to eliminate unnecessary processes. This will be undertaken using the lean review methodology. The first stage will involve engagement with current service areas to identify the processes that require to be reviewed. These will be ranked in order to prioritise and form a programmed approach. Following the reviews, conclusions and recommendations will be agreed by the Project Board which will allow processes to be simplified or removed, inform the formation of locality teams and staffing requirements.

3. Deliver (Consolidation Phase)

3.1 – 3.6 – Consolidate Functions

The consolidation phases will be an enabler for the later transition into the new organisation structure. The new management structure will be rolled out and staff will be grouped under their to-be locality management teams. The extent of the change delivered during this phase will be confirmed in the design phase as will the need for staff relocation. This phase could be extended to include a more comprehensive consolidation, including appointment of staff to posts in the new structure, deletion of vacant posts, redeployment of current employees who are not allocated to posts within the new structure, and the loss of staff who have successfully applied for voluntary redundancy.

It is anticipated that the consolidation of areas will take place in four phases in order to minimise risks/costs associated with large scale cultural change, and to allow for the quick transition of the existing functions with well-defined organisation structures.

Lessons learnt exercises will be conducted throughout the consolidation phases to capture issues identified during the early phases allowing the later phases to be adapted accordingly. There will be an agile approach to developing the locality structures as some will have a greater call on services than others based on poverty and equality profiling. The service profile will evolve with the requirements of the localities.

Based on the detailed analysis of the competency framework and the development needs identified in deliverable 1.6, we will work with OD and functional specialists to develop a training and competency development framework for managers across the Council. It is recognised that a pre-requisite for the delivery of this programme is a need for enhanced and improved ICT/MI/business processes and for them to be in place first, to ensure effective tools are ready to allow managers to better serve themselves across a range of needs without the same level of direct support. This programme will have to be supported by both clear communication and visible senior leadership by chief officers.

3.7 Complete Consolidation Process

Following the full realignment of each service support function and the development of the training programme, a detailed plan for the transition phase will be agreed before moving in to the full transition of each functional area.

3.8 Training Roll Out

The training and development plan will be rolled out in accordance with service managers and OD ahead of the transition phase in order to up-skill and prepare staff for the final stage of implementation. It is recognised that this deliverable will be dependent on changes to ICT, MI and business processes. These changes will be implemented alongside the training programme in order to minimise costs/risks of major ICT and business change.

3.9 Implement KPI/Location Plan

Pending the outcome of the business case and detailed service model design, this stage will follow a typical implementation process incorporating:

- Systems configuration
- Process design changes
- Testing
- Training (deliverable 2.8)
- Readiness assessment
- Cut-over (i.e., go-live)
- Any further reduction in posts within the corporate support functions (as confirmed within the business case and organisation design)
- Final confirmation of area locations and location preparation for full transition
- Agreement and roll out of Key Performance Indicators

4. Deliver (Transition Phase)

4.1 – 4.3 Phased Transition

Following deliverables 3.8 and 3.9 the final transition of the 'to-be' functional areas in the Locality model will take place. This will involve final adjustments to staff roles as required, transfer of locations, and implementation of new business and monitoring processes.

It is anticipated that, as with the consolidation phase, this activity will take place in three phases to allow for the mitigation of risks associated with the transition of a number of business functions. Phased transition will also allow for the full implementation of all ICT and business systems/processes to take effect following testing and piloting. The training programme will continue to run into the transition phase to allow staff to adjust effectively to cultural and procedural changes.

4.4 Complete Transition Process

Following the full transition of each 'to-be' functional area into the Localities including full implementation of all new ICT, MI and business processes, the agreed monitoring procedures will be implemented to track performance.

5. Sustain

5.1 Ongoing transition assessment and monitoring

It is anticipated that implementation of the Locality delivery model will have taken place by April 2016. This will evolve and be refined to take account of local need. At this time the service level agreements will be implemented and used to track performance of each locality against agreed KPIs. The Council's business insight team will monitor the impact of locality delivery, including reviewing whether the locality structure is fit for purpose and suitably built around an understanding of customers and outcomes.

Alongside monitoring of performance, a full assessment of the effectiveness of the implementation process will be undertaken, and gaps in functional area capability and ICT/business processes/systems will be identified to inform and enhance service delivery.

Appendix 5 – Case Studies

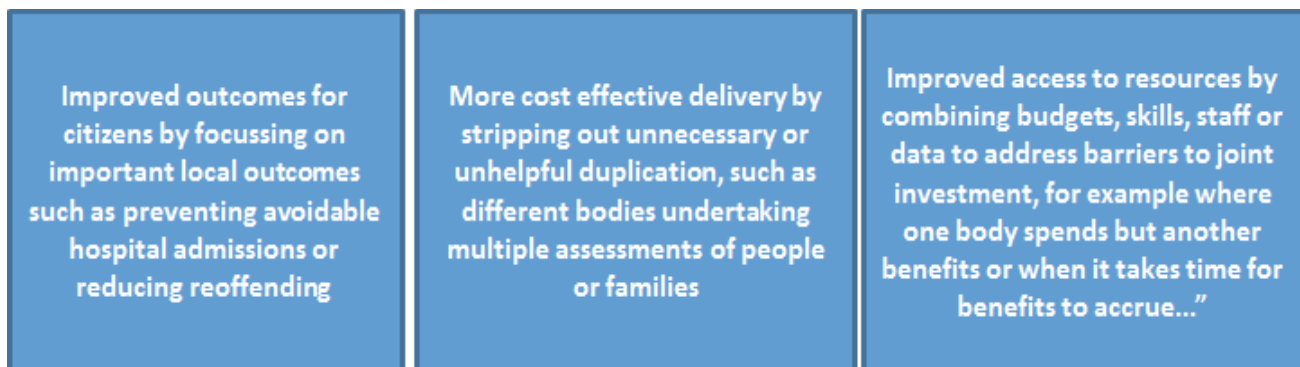
We have presented further detail from key case studies on the ‘Locality’ or ‘Neighbourhoods’ model below.

National Audit Office

The UK National Audit Office published a report, “Case study on integration: Measuring the costs and benefits of Whole Place Community Budgets” in March 2013, which summarises the approach adopted in the pilot areas:

“One way public bodies are looking to achieve longer term changes is through making better use of the totality of public funding spent locally. Rather than operating in traditional silos created by organisational boundaries, public bodies may elect to work jointly by pooling or aligning their resources, objectives and activities where they believe a collaborative approach can add most value.”

The case for doing so typically cites:



The Audit Office report is cautious about the potential savings of the Whole Place approach indicating that there is a lack of robust evidence of impact as a result of earlier attempts to localise and integrate services but it does confirm that “Greater Manchester, covering ten local authorities, estimates net savings of some £270m over five years, while West Cheshire estimates net savings in the region of £56m over the same period.”

Locality and Vanguard Consulting

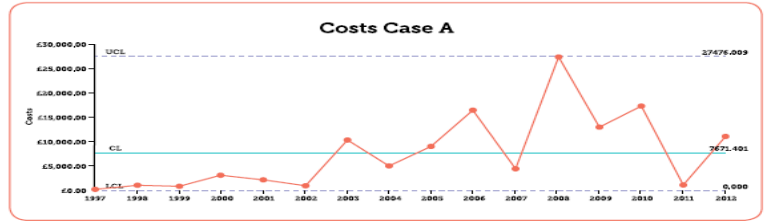
This report’s central proposition is that “far too many public service systems:

- Assess rather than understand
- Transact rather than build relationships
- Refer on rather than take responsibility
- Prescribe packages of activity rather than take the time to understand what improves a life”

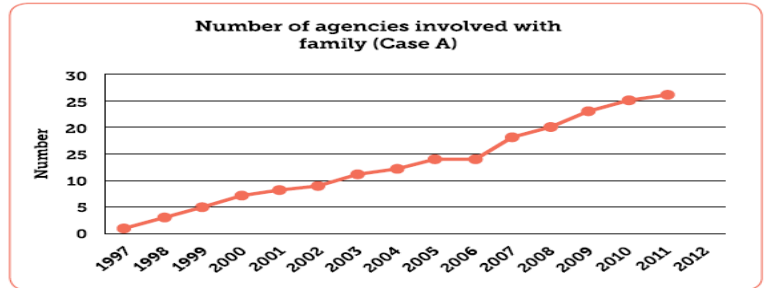
The report uses case studies to illustrate the issues with our current approach to assessing and meeting complex needs.

Example 1

Child A was in contact with public services from 1997 until 2013 when the authorities lost track of his whereabouts and he was presumed to be homeless. The graphs opposite show estimated contact costs and the number of agencies involved with the family.

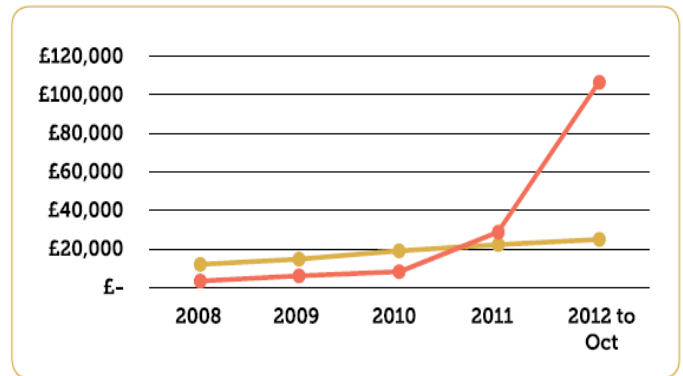


The number of agencies involved with the child's wellbeing continued to grow, as the graph below shows.



Example 2

Ruth was a victim of domestic abuse. Between 1996 and 2012, she experienced 129 different interactions with public sector agencies. During that period, her circumstances deteriorated to a point where she was in poor health and her children had been taken into care. The graph below indicates the cost and volume of interventions between 2008 and 2012 compared with the cost of what Ruth needed.



Total Place

The council, prompted by the Christie commission and the experience of 'Total Place' in England, has now established 'Total Place' initiatives in East Edinburgh, Craigmroyston (as referenced above) and more recently, Wester Hailes.

The feedback and evidence from these areas confirms that this approach is more effective and enables teams to focus on the wider underlying issues which lead to the requirement for high cost crisis interventions. For example, successful efforts to improve school attendance and reduce exclusions are being made in Wester Hailes and Craigmroyston. There is strong evidence from the Edinburgh University longitudinal study of youth offending that sustained regular attendance at school is a key factor in reducing offending.

The illustrations below (from 'Total Place' areas) demonstrate how better outcomes can be achieved by applying a more creative, joined up, collaborative approach to complex needs:

Families

Family 1

One family has pupils attending both a cluster primary and secondary schools. They have been evicted many times. Previous practice had been that the local housing department would make decisions to move families into temporary accommodation anywhere in the city causing disruption for families having to constantly move schools. This caused frustration for local school staff as they got to know the children and family, and were a constant support. In addition, school is often the only constant in some children's lives where perhaps home life is more erratic.

Our local housing officer was invited to meetings together with Social Services and school staff. Housing were made aware of all the other issues for the family, the support that each agency could offer and worked much more closely with schools to minimise the effects of the house moves on the children. This included organising transport on a short term basis to allow the children to continue to attend while temporarily out of catchment. Through discussion and a joined up approach at the meetings, more effort was made to move them back into the area quickly so that minimum disruption was caused to the children's schooling.

All parties involved felt that this was a good example of housing, social work and education all trying to 'Get it Right' for the children as these six very vulnerable children would have been uprooted from their schools - and then possibly have had another move if the family had been rehoused again.

Family 2

A family of seven children under 16 and two adults were being supported through the 'our Families' work stream. The family was stressed as a result of issues in school with some of the children, Dad losing his job and overcrowding in the house.

A meeting was held with the whole family to consider what would help. They identified that the installation of a shower would make a huge difference to get the children to school on time. The system for the council installing a shower is that a 'health need' needs to be assessed by an occupational therapist. We were able to work with the assessment and advice team to enable them to install a shower on the basis of preventing homelessness by reducing the stress surrounding the family and reducing fuel poverty.

This is a good example of the common sense approach through listening to and understanding the families' issues and challenges. Although this does not resolve the overcrowding, it makes the logistics of running of the house with that number of people easier.

Fiona

Fiona is a young woman who has suffered significant disruption in her early life. She is one of six siblings. Her mother had issues with substance misuse and Fiona and her five siblings all ended up being cared for by their maternal grandmother. One of Fiona's siblings has learning difficulties. Fiona's grandmother has tried hard to care for these six children and meet their needs with the limited support we have provided. The difficulties the family faced were compounded and exacerbated when Fiona's mother died suddenly. Fiona's solid relationship with her class teacher and supports were crucial in helping her cope in primary school.

When Fiona started first year in secondary school she found it very difficult to cope in a variety of classes. Fiona's grandmother found it difficult to maintain Fiona at home without a school placement. Fiona's grandmother was angry, upset and fearful of the risks to Fiona and their relationship began to deteriorate to the extent that it was apparent to us that to stabilise Fiona and her relationship with her grandmother, Fiona needed to be in school. Fiona felt rejected by her secondary school who had made it clear that they felt she needed to go elsewhere for her education.

During meetings and discussions with Fiona, it emerged that not only does she enjoy playing the piano, but Fiona was completely self-taught and can play by ear. We negotiated with another school to host Fiona. We employed a piano playing music tutor on a one-to-one basis to work with Fiona in the school one day per week. This music tutor was able to engage with Fiona using Fiona's talent and interest in the piano as a hook and this led to her gradual re-engagement in school. This in turn lessened the risk to Fiona and improved relationships with her grandmother. Ultimately a decision was taken to place Fiona in non-mainstream education.



BOLD Programme

Business Case: Payments to the Third Sector for the Provision of Community Services

Description of Proposal

This business case details the proposal to refine our approach to Third Sector Payments and reduce spending by a minimum of £10.8m per year compared to 2014/15 budget.

Approximately £108m (11%) of the Council's net revenue budget is invested in grants and contracts with external organisations that deliver a diverse range of community services across the city. The Council needs to be able to deliver consistently on outcomes in the context of financial constraints, and challenge partners to be equally innovative in their approach. Third Sector organisations have been involved in discussions on how we can work together to address those challenges.

The approach outlined in this business case was agreed by the Communities and Neighbourhoods Committee in February 2014. The Finance and Resources Policy Development and Review Sub Committee requested in May 2014 that guidance be developed for Executive Committees to ensure consistent application of the approach.

Our vision is to deliver:

A lean and agile Council

- A council built around a culture of excellent customer experience and efficient, effective service delivery

Focused on customers

- A council focused on understanding our customers in order to deliver the outcomes that matter to them

Engaged and empowered people

- A Council driven by a motivated workforce of high performing flexible people



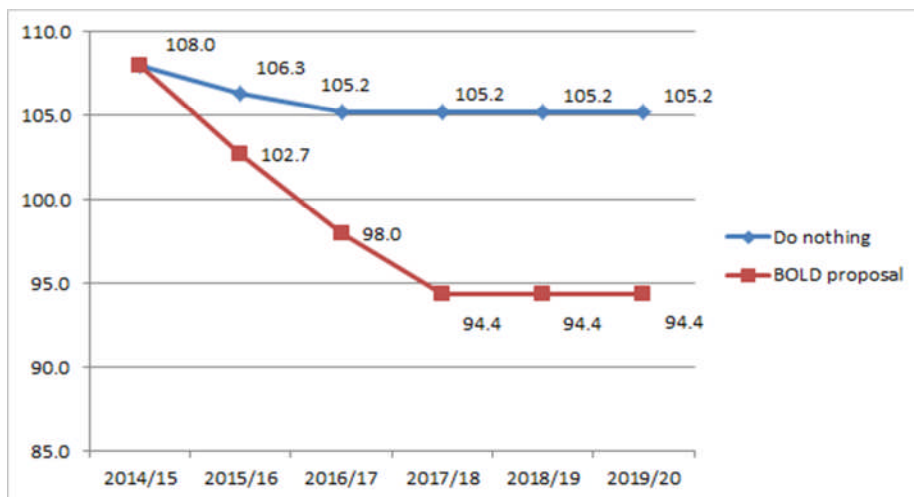
Integrated with the proposed Neighbourhoods operating model and supported by the Channel Shift and Business and Customer Services projects, Third Sector payments will be strategically focused on customer outcomes into which investment can be more effectively channelled. The new model will provide a strong focus for investment, clear investment routes, increase collaboration between the Council and Third Sector organisations and reduce duplication/waste. As a result, the Council has committed to a minimum 10% (£10.8m) reduction in grant and contract investment over the period 2015-18 based on a co-production model.

Value for Money

The proposals aim to deliver value for money for both the customer and the Council.

Effectiveness	Future investment programmes will contribute towards the key objectives and outcomes of the Council. Third sector organisations will collaborate with the Council and its partners to co-produce programmes, supporting improved outcomes for service users.
Efficiency	The work-stream provides a framework for Executive Committees to maximise opportunities for efficiencies by encouraging shared services, co-location in Council property and removal of duplication between Third Sector organisations and/or Council services.
Economy	Improved Council oversight of payments will ensure programmes avoid duplication of investment and service outputs. Committees will now consider three-year commitments to further the sustainability of organisations. The new investment programmes will also aim to include support for innovation and change to further community aspirations. All requests for funding will continue to be subject to value-for-money and needs-based assessments.

The graph below shows the 'do nothing' position plotted against the savings proposed in this business case, baselined from the 2014/15 budget.



	2015/16	2016/17	2017/18	2018/19	2019/20
Budget including approved savings	£106.3m	£105.2m	£105.2m	£105.2m	£105.2m
Bold savings	£3.596m	£3.596m	£3.596m	-	-
Cumulative	£3.596m	£7.192m	£10.788m	£10.788m	£10.788m

Scope

The scope of this business case comprises £108m of Third Sector grant and contract payments invested in external organisations. The range of community services across the city delivered by third parties include:

- social care and support;
- community learning and development;
- employability;
- cultural and sporting development;
- health-improvement; and
- infrastructure support for the Third Sector.

In-scope payments can relate to services delivered in a range of different ways and it is recognised that some, for example Self Directed Support and nationally agreed contracts, present particular issues that will need to be considered during implementation. All services will need to be considered individually as implementation progresses.

Context and Drivers for Change

The Council operates in a challenging environment with increases in demand for key front line services amidst continuing financial constraints. These quantitative challenges have been considered at a programme level but the current budget gap stands at £67m to 2017/18 and key drivers for change such as the public sector reform agenda, health and social care integration and community empowerment legislation are all taken into account in proposing a revised delivery model.

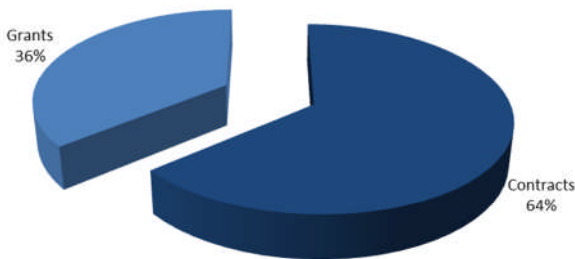
Qualitative challenges

Currently approximately 440 third, cultural, sporting and private sector providers deliver services to the city's communities. Community services are defined as *'those services and facilities provided to meet the ongoing needs of Edinburgh's citizens and communities, in particular those in poverty and disadvantage and who need support to improve their health and wellbeing, living conditions and economic prosperity'*.

The sheer volume and overlap in providers creates complexities in ensuring that service delivery meets value for money criteria. Challenges in the current system are primarily:

- Lack of strategic alignment;
- Lack of comprehensive approach to Third Parties, Partnerships and Neighbourhoods;
- Overlap/duplication of funded costs; and
- Inefficiencies in Third Sector back offices.

The new model will address these issues.



The current pattern of investment for the provision of community services (using the above description) covers a diverse range of grant and contract arrangements, where the Council contributes part or most of the costs. Currently this represents £108m of grant and contract investment.

Proposed Solution and Future State

New co-produced grant and contract programmes will be established by Executive Committees, informed by the views of Elected Members, service users, current and potential providers, and officers. Executive Committees will be supported by guidance from the Finance and Resources Committee.

The new programmes will:

- establish a package of investment that will deliver outcomes aligned with the Council's key priorities;
- enable efficiency across providers and provide for alternative forms of delivery;
- encourage providers to be innovative and proactive/preventative in their approaches; and
- ensure that contracts are based on clear KPIs reflecting Council priorities.

The budget reduction will be applied strategically by the Council and our Partners to community services based on the following approach:

- avoid a blanket approach to savings, instead examine impacts upon each recipient;
- examine any potential unintended consequences as a result of any budget reduction, for example by using equalities and rights impact assessments;
- undertake due diligence for small groups with an overall income under £25,000 (including grants, fundraising, other investment) to assure sustainability and their positive impact on communities;
- remove duplication of costs across investment programmes;
- take account of Council services addressing similar priority outcomes to ensure savings are identified; and
- consider delegation of investment planning to a neighbourhood level where appropriate.

Dependencies

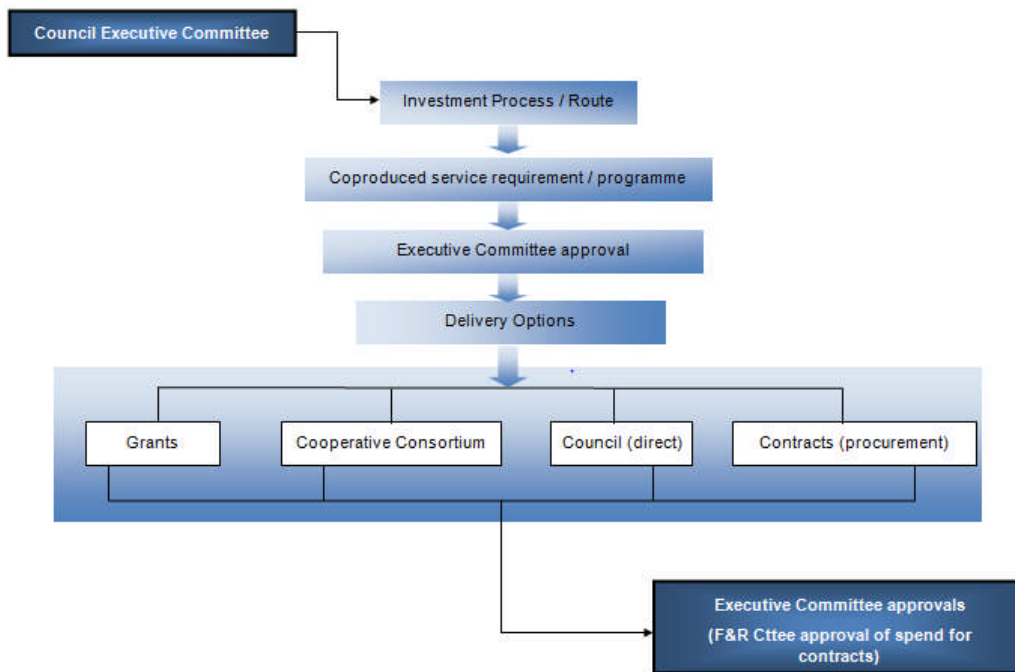
The Business and Customer Services project aims to bring all procurement and grant functions together. This will provide a centralised point to track, measure and define the requirements of Third Sector spend including measuring performance and outcomes.

This Business Case does not take into account any future FTE impact through co - producing. All current FTE impact is considered within the Business and Customer Services and Neighbourhoods business cases.

Future State

The following model illustrates how Council outcomes will be delivered via new grant and contract investment programmes:

Improved governance to deliver Council Policy and Strategy – Service Design and Delivery



Benefits

Application of the model will provide new opportunities for some Third Sector organisations across the city, with improved quality, and levels of service and benefits for citizens. Over time there may be opportunities to transition more services to the Third Sector.

Proposals to Executive Committees will identify the most advantageous approach to distributing the investment (grant or contract programme) and delivering the Council’s strategic outcomes through third parties.

Key benefits are:

Financial Benefits

Reduction of 10% of Third Sector spend for the provision of community services over 3 years

Non - financial Benefits

Aligned services to reflect customer needs and outcomes

Increased uptake by community/community engagement in line with the Neighbourhoods proposal

Co-production with Third Sector aligned with user interests

Improved performance on high priority well-being indicators through renewed focus

Generation of wider community benefits including levels of volunteering

More strategically aligned investment through new delivery model

Improved performance on related programme KPIs e.g. improved leverage on Council investments, volunteering volumes and user satisfaction percentages

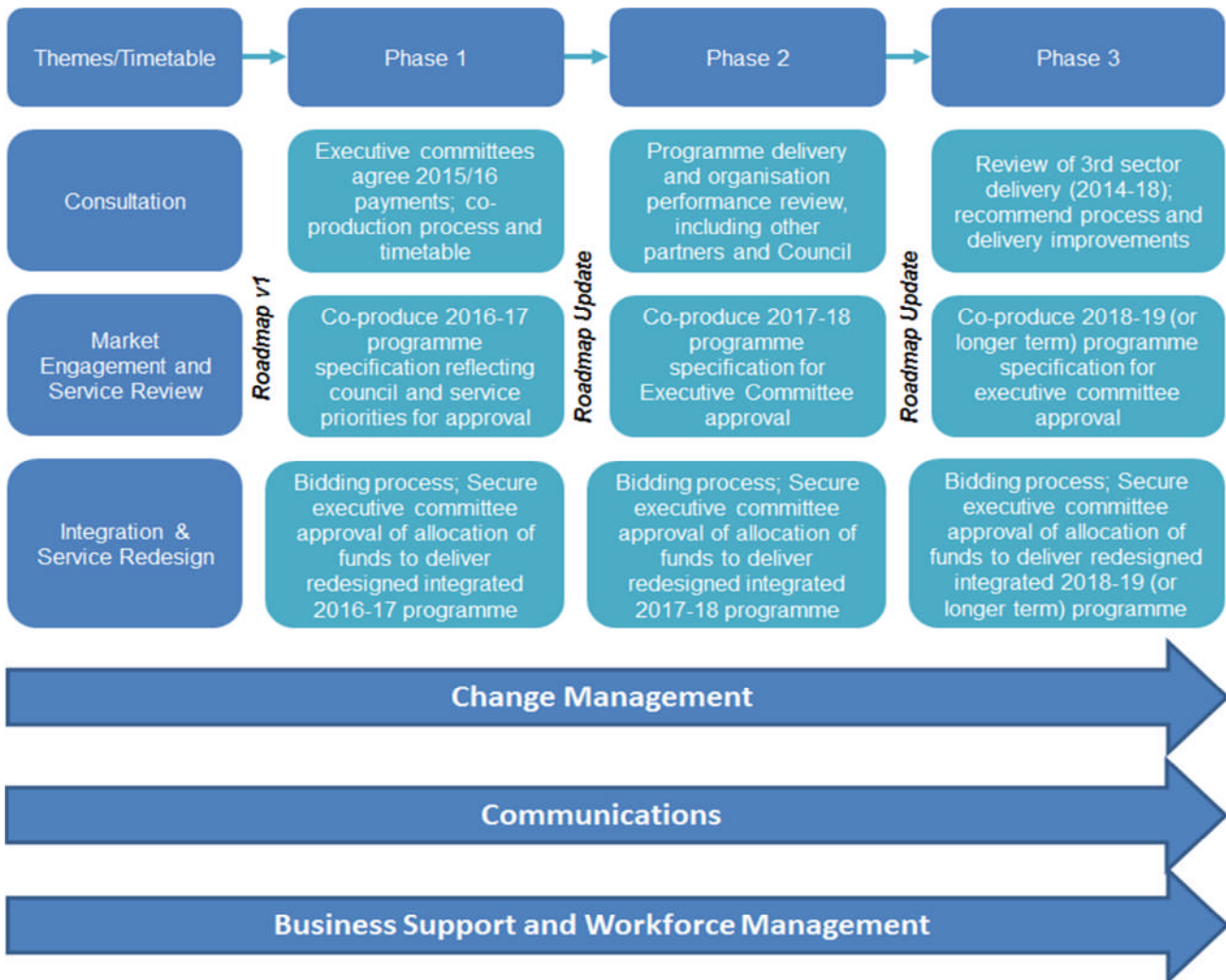
Avoids overlap and duplication of funding costs

Risk Assessment

	Risk	L	I	Controls/Mitigating Factors
1.	Quality of baseline data/management information is poor	3	5	Ensure that senior sponsorship is available and proactive in helping to secure additional officer time resource to enable baseline data to be quality checked.
2.	Unable to achieve sufficient collaboration with Third Sector providers to deliver outcomes and savings	4	5	Third Sector representatives are included at every stage of the process and inputs and views are considered and included. Effective senior sponsorship to drive engagement and collaboration.
3.	Reductions in funding impacts service provision to vulnerable individuals	3	4	Ensure that reductions are made hand-in-hand with Third Sector representatives to ensure that key outcomes are achieved with the minimum negative impact.
4.	Duplication of process and payments made to Third Sector organisations	4	4	Comprehensive strategic support to ensure that funding, performance and outcomes are mapped, and any dependencies outlined.
5.	Savings are negated in devising new investment programmes	3	5	Guidance to Executive Committees from Finance and Resources Sub-Committee provides guidance on shaping and implementing any new investment programmes.

Approach and Roadmap

Roadmap



At the beginning of each phase, this Roadmap will be revisited and reviewed by the stakeholders. Any necessary updates will be processed ahead of the next phase.

Project Principles

Project principles	
1.	The Council recognises and values the contribution of the Third Sector and will adopt a multi-channel approach working with the Third Sector from a single view of the customer
2.	The Council is committed to a partnership approach to funding and working with the Third Sector
3.	Financial support to the Third Sector will support the delivery of Council and service priorities
4.	Priorities for financial support will, where appropriate, be determined at local level but approved by Executive Committees
5.	Funding will be contractually based unless there is a robust rationale for grant funding
6.	Each Executive Committee will develop its funding priorities in conjunction with the Third Sector
7.	The communications team will support and coordinate all communications and marketing
8.	Reductions in funding applied to community services will focus on their back office costs with inefficiencies to be addressed by developing consortia, co-location and shared services
9.	Service responsibility will be transferred between the Third Sector and the Council where improved outcomes and/or reduced costs can be demonstrated

Do Nothing Analysis

Quantitative

Our analysis incorporates reductions in future spend which have already been approved in the 2014-15 budget and should be considered as part of the overall financial analysis. In a 'Do Nothing' scenario these reductions would continue to apply through to 2018/19:

	2014/15	2015/16	2016/17	2017/18	2018/9
Savings (£m)*	108.0	106.3	105.2	105.2	105.2

*Status quo budget including all previously agreed savings.

These reductions would be insufficient to address the financial challenges that the Council faces.

Qualitative

Issues in the current system would continue and potentially worsen:

- Lack of strategic alignment;
- Lack of comprehensive approach to Third Sector payments, Partnerships and Neighbourhoods; and
- Overlap/duplication of funded costs.

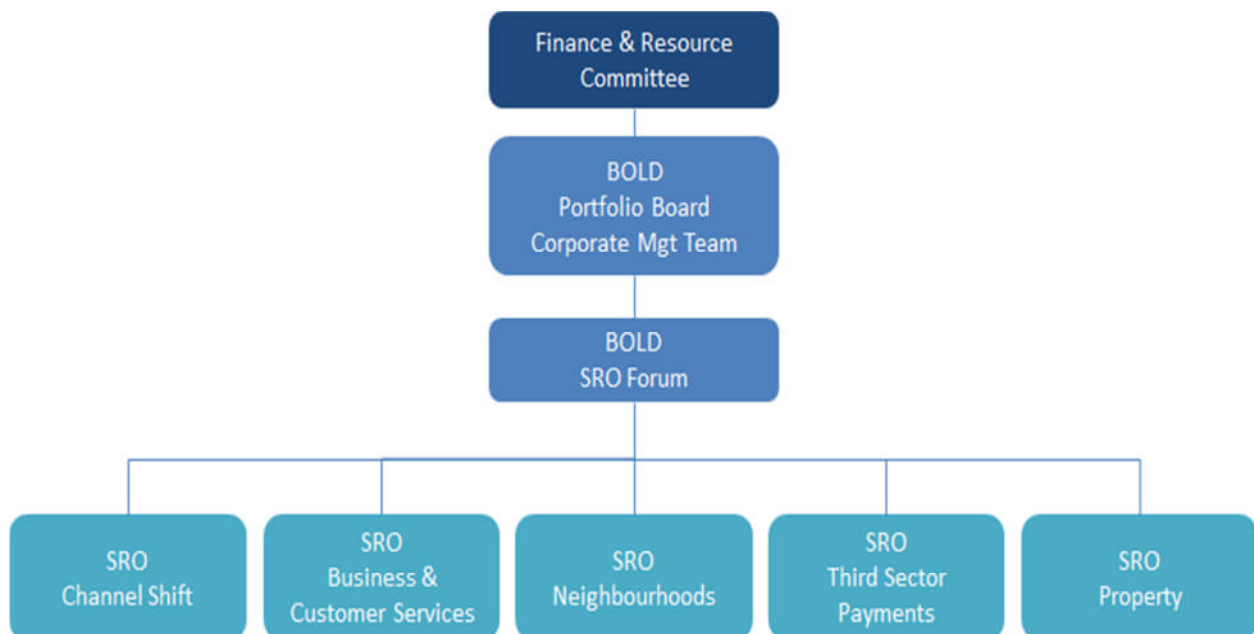
Appendix 1: Governance and Resourcing

Strong and effective governance supported by a project team with the correct levels of knowledge and experience will be key to the success of this project and the associated benefits and savings.

The objective of the governance structure is to create:

- **Alignment** – through monitoring so that programs and projects stay aligned with overarching BOLD strategy and that inter-dependencies are managed
- **Visibility** - through the consistent execution aligned to clear standards and effective communications
- **Predictability** – through the application of leading practice based planning, estimating and tracking
- **Accountability** – through tiered accountabilities, empowerment and performance measurement and proactive benefits planning, management and realisation

Programme Governance



1. BOLD will report to Finance and Resources Committee on a quarterly basis on progress of implementation.
2. Corporate Management Team will act as the Portfolio Board. BOLD will report to CMT on progress on a quarterly basis in advance of reporting to Finance and Resources Committee.
3. SRO Forum will be held on a weekly basis chaired by the Portfolio SRO (Alastair Maclean) or the Portfolio Manager (Alan Coyle)
4. The Forum will;
 - a. provide progress reports on implementation;
 - b. manage information flow and dependencies; and
 - c. act as a challenge/support mechanism across the portfolio.
5. **CMT will delegate responsibility (within the scope of each projects) to the project board to make decisions by majority.**
6. CMT will act as an escalation form to deal with behavioural issues that cannot be resolved at project board level.

Project Governance



The relevant Heads of Service sit on the Project Board and the service lead officers make up the implementation team.

Resourcing

Refer to the Project team structure above. No further impact on resourcing.

Appendix 3: Grants to Third Parties: Timeline for new grants programme





		2014-15												2015-16											
		A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A			
Outline Timelines for Developing Grant Programmes																									
15/16 Grants where existing approach is planned *																									
Grant Application Window																									
Committee Decisions																									
Grants commence																									
Preparations for New Coproduced Grant Programmes																									
Children & Families - All Programmes																									
1st meeting of Elected Member Working Group to steer grant programme development																									
Coproduce new grant programme(s)																									
Report to Executive Committee with Proposals																									
Invite Applications for New Programmes																									
Propose Awards to Executive Committee																									
New grants commence																									
Corporate Governance																									
Culture and Sport																									
Coproduce New Grant Programme																									
Report to Executive Committee with Proposals																									
Invite Applications for New Programmes																									
Propose Awards to Executive Committee																									
New Grants commence																									
Economic Development																									
Employability**																									
Coproduce New Grant Programme(s)																									
Invite Applications for New Programmes																									
Propose Awards to Executive Committee																									
New Grants commence																									
Health and Social Care (Services for Older People)																									
Coproduce New Grant Programme(s)																									
Invite Applications for New Programmes																									
Propose Awards to Executive Committee																									
Grants commence																									
Health and Social Care (4 programmes ***)																									
Coproduce New Grant Programme(s)																									
Invite Applications for New Programmes																									
Propose Awards to Executive Committee																									
Grants commence																									
Health and Social Care (Health Inequalities)																									
Coproduce New Grant Programme(s)																									
Reports to Executive Committee with Proposals																									
Invite Applications for New Programmes																									
Propose Awards to Executive Committee																									
New Grants commence																									
Services for Communities ****																									
Advice Services																									
Coproduce New Grant Programme(s)																									
Report to Executive Committee with Proposals																									
Invite Applications for New Programmes																									
Propose Awards to Executive Committee																									
New Grants commence																									
A S O N D J F M A M J J A S O N D J F M A																									
Other Relevant Council Policy Reviews																									
Revised Policy on Concessionary Lets																									
New Policy on Asset Transfer																									

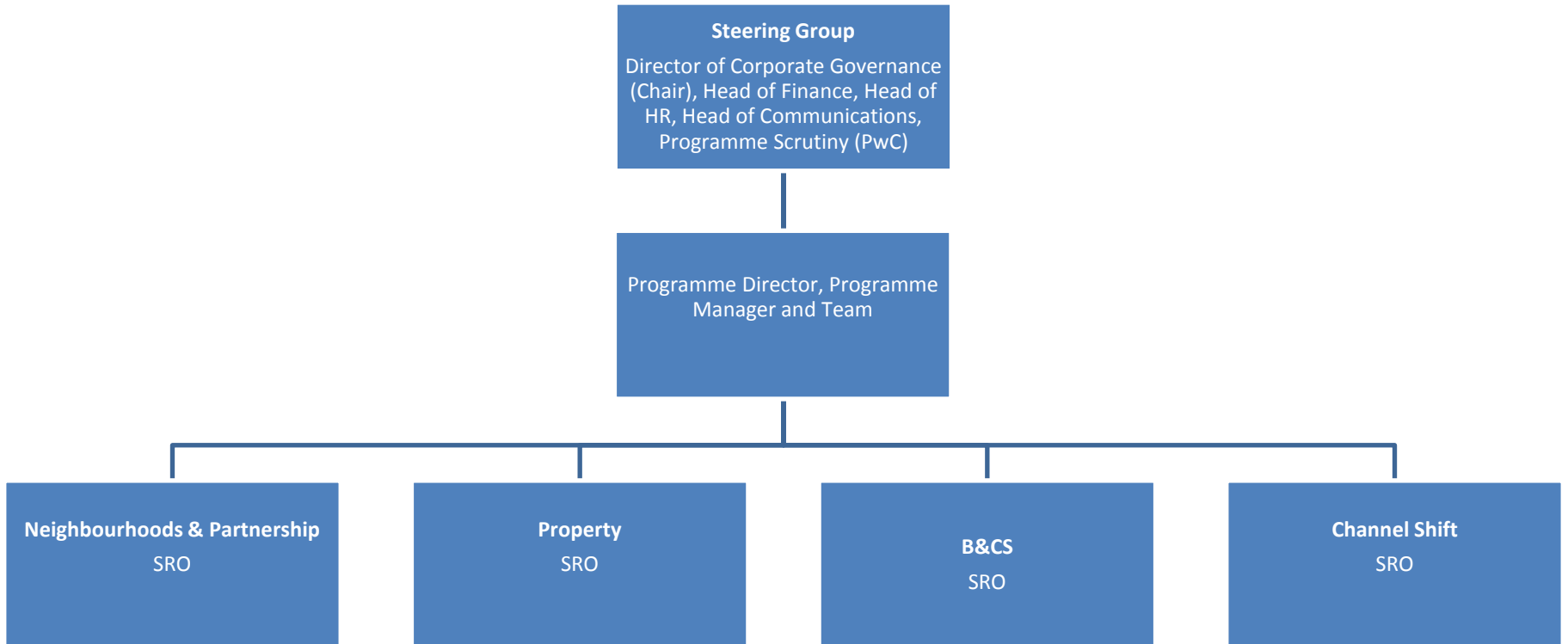
* Children and Families, Culture and Sport, Economic Development (Youth employment only), Health Inequalities and Services for Communities plans for 2015/16 grants

** Because of a Youth Employment review related 3 year grants will not commence in April 2015. Transitional grant arrangements will operate instead for relevant projects

*** Programmes consist of Carers support, Disability support, Mental health and Wellbeing and Support to People affected by Addictions and BBV)

**** Grants other than Advice Services will be progressed on an individual basis

	Children & Families - all Programmes		Health & Social Care		Relevant to several or all Services
	Corporate Governance - Culture & Sport		Health & Social Care (Health Inequalities)		
	Economic Development - Employability		Services for Communities - Advice Services		



Project and Change Management + Activity reviews and Process re-engineering + Comms + Stakeholder Engagement