

**Body:** CABINET

**Date:** 16 July 2014

**Subject:** Sustainable Service Delivery Update

**Report Of:** Deputy Chief Executive

**Ward(s)** All

**Purpose** To update Members on the progress made within the SSDS programme, with particular reference to the Future Model Programme Plan (Phase Two) and work on alternative service delivery models for Corporate Services.

**Recommendation:** Members are asked to:

- i) Note the updates to the Future Model Programme Plan (Phase Two) including revised programme milestones.
- ii) Note the progress made in relation to alternative service delivery models for Corporate Services and approve the development of a detailed business case and implementation plans as outlined.

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## **1.0 Background/Introduction**

1.1 The Sustainable Service Delivery Strategy (SSDS) is a key response to the increasing cost and demand pressures facing the Council. It is a programme that was developed to promote a range of solutions, both internal transformation and effective partnership working with other organisations.

This report presents an update on key initiatives carried out under the SSDS, namely:

- Future Model (Phase 2)
- Corporate Landlord
- Shared Corporate Services

### **1.2 SSDS: Future Model**

In July 2013 Cabinet approved the adoption and implementation of Phase Two of the Future Model under Option 5 of the SSDS and delegated authority to the DRIVE Programme Board to run the programme within the allocated resources.

The Future Model Programme aims to improve service delivery whilst delivering savings estimated at £1.7m to £2m across the organisation. The

current phase, Phase Two, is estimated to save £1.2m - £1.5m.

The Future Model describes a new way of organising and delivering council services, delivering efficiencies at the same time as putting the customer at the heart of all we do. Further details are available in the [July 2013 Cabinet report](#).

### 1.3 **SSDS: Corporate Landlord**

In [December 2013](#) Cabinet approved the implementation of a corporate landlord model for strategic asset management and the development of a detailed implementation plan.

### 1.4 **SSDS: Shared Corporate Services**

In [February 2014](#) Cabinet approved work to investigate the opportunities, costs and issues of developing shared corporate services with Lewes District Council. Lewes District Council also approved this piece of work at their Cabinet on 6<sup>th</sup> January 2014.

## 2.0 **Future Model Programme Update**

### 2.1 **Summary of programme status**

In February 2014 we reported Future Model programme progress to Cabinet. In that report, it was noted that the Business Process Create and Construct workstream was progressing on schedule, but that there was work left over from Phase 1 to complete. It was also reported that two of the ten technology projects were behind schedule. The report updated Cabinet on key milestones in the next quarter, including activities to address the Phase 1 overrun and the technology issues.

In the next quarter leading to 31 May 2014 good progress has been made against a number of the scheduled programme milestones, including:

- Channel Shift Plan
- Ongoing channel shift activities
- Detailed plan for consultation with residents and tenants
- First data migration for revenues and benefits
- Induct EHL staff into Future Model programme
- Further development of organisation design including both corporate management structures.

However, during February and March 2014, progress on the areas of the programme that were behind schedule was not satisfactory. This, allied with a range of technology questions that arose from the 'create' workshops, and needed to be answered before the 'construct' activity could continue, led the Programme Board to agree to suspend the Business Process Create and Construct workstream whilst detailed plans and solutions were developed to address these issues.

During April and May, the Senior Head of Infrastructure worked closely with

our delivery partners, Civica and Ignite, to review the root causes of the issues, develop plans to address them and define technology solutions to enable the workstream to re-commence.

Concurrently, we have worked together to tackle to Phase 1 overrun, which has resulted in significant progress being made.

## 2.2 **Revised Future Model Phase 2 Programme**

This work has resulted in a revised programme plan. The key changes to programme milestones are summarised below.

<b>Milestone</b>	<b>Original Date</b>	<b>Revised Date</b>
Phase One processes complete	November 2013	August 2014
Draft Target Operating Model published	May 2014	December 2014
Staff recruitment starts	July 2014	February 2015
Technology development complete	October 2014	May 2015
Business Process Create and Construct complete	October 2014	May 2015
Staff recruitment complete – transition to new model starts	October 2014	June 2015
Go-live	February 2015	August 2015

The overall impact of the re-planning work is to extend the programme for six months.

Staff have been kept informed throughout the re-planning process and a drop in session was held on 24/25 June to ensure staff and members had the opportunity to find out more about the revised programme.

This extension will have an impact on the programme costs, which will be borne by all three delivery partners, with the majority of these costs being absorbed by the commercial partners. It is **not** anticipated that this will have a material impact on the benefits realisation and we are confident that the principles of the business case as taken to Cabinet in July 2013 still apply.

## 3.0 **Corporate Landlord Implementation**

### 3.1 **Implementation Plan**

Work has progressed well since December 2013 on the development of a detailed implementation plan for the Corporate Landlord implementation.

All key components of the Corporate Landlord model have been analysed and incorporated into the implementation plan. A programme for migration of all asset management activities, where it is efficient and effective to do so, from the existing 'decentralised' model to a 'centralised' model will be achieved within this programme.

Governance mechanisms and policy recommendations are contained within

the plan, utilising the control and performance monitoring functions provided by the previously approved Strategic Property Board and the Scheme of Delegations.

The principle of the 'Corporate Trading Account' is maintained with additional revenue cost being met by income growth and yield reinvestment from the non operational asset base. In essence, the introduction of the CL model will be cost neutral from April 2015 moving towards a net income contributor as the CL model matures. Capital receipts from the asset challenge programme will be aligned with the Medium Term Financial Strategy.

The plan is fully aligned with the Future Model Target Operating Model, including incorporation of opportunities arising through closer collaboration with EHL and associated procurement strategies as well able to integrate with any future recommendations for shared services.

The plan provides for annual performance reviews through the Strategic Property Board with a full re-evaluation of the model in 2018 to tie in with the recommendations of the procurement strategy.

### 3.2 **Corporate Landlord Procurement Strategy**

Following Cabinet approval in December 2013, we have worked closely with our strategic procurement partners to prepare a procurement strategy for spend relating to the Corporate Landlord. We have identified opportunities to generate savings consistent with the original findings from CIPFA, which could be used to self-fund the Council's planned maintenance programme. We have also identified opportunities for savings through collaboration with EHL in certain areas, as well synergies with partnership working with Lewes DC..

We will continue to work with our strategic procurement partners to deliver the procurement strategy incorporating the results of on going work by EHL and the shared serves programme ready for go live in 2015.

### 4.0 Shared Corporate Services

The iESE brief to explore the potential opportunities for sharing Corporate Services between Eastbourne and Lewes is progressing well.

An interim review of high level options, issues and benefits has been presented to both Corporate Management Teams. At this stage, iESE believe that efficiencies in the region of 10-15% are possible by sharing services between the authorities.

They also recommend that the councils adopt a phased approach to the next, more detailed, exploration of potential, focussing on HR, Legal and Property in the short term. Finance and ICT will follow, though opportunities to merge some roles in these units may emerge in the short term.

Approval has been given to progress the development of full business cases and potential implementation plans for HR, Legal and Property and it is

anticipated that these will be reported back to Cabinet with recommendations later this year.

There are no additional costs involved in this next stage of work as it is included within the existing allocation approved by the Cabinets previously.

## **5.0 Resource Implications**

### **5.1 Financial:**

The Future Model programme is currently on budget. Additional costs will be incurred during the extended programme period, with the majority of these costs being absorbed by the commercial partners, and the overall impact on the business case will be immaterial. Any change to the overall budget will be reflected in the Council's capital programme.

The Corporate Landlord implementation and associated procurement strategy will be cost neutral, with additional staff costs and the planned maintenance programme being funded through increased yield and procurement savings. This will be addressed as part of service and financial planning process for 2015/16.

### **5.2 Staffing:**

We have engaged additional staff resources to support the Future Model programme, and resources are reviewed on a regular basis to ensure the programme can be delivered.

The implementation of the CL model will necessitate a comprehensive review of existing roles within the estates team. New posts in respect of an Asset Manager, an acquisition/disposal surveyor and property administration assistant will be necessary.

It is proposed that the revaluation of roles within the estates section and the impact on roles within Phase 1 and Phase 2 Future model be carried out as part of the development of the Target Operating Model, with recruitment to the new posts expected in February/March 15. Additional funding for permanent growth for these posts will be bid for in the Service and Financial Planning process for 2015/16.

## **6.0 Conclusion.**

### **6.1 The Council is engaged in an ambitious programme of change to ensure its future sustainability, directed by the SSDS.**

The Future Model programme has been re-planned to enable a number of technology issues to be addressed and a new set of programme milestones has been agreed. The overall business case will not be materially affected.

The Corporate Landlord model will be implemented by April 2015. Once implemented, the Corporate Landlord Team will provide the Council with the means to achieve the corporate objective of delivering a sustainable asset base.

The business case for sharing some corporate services with Lewes District Council is clear, and members are asked to approve the development of a detailed business case and implementation plans as outlined.

**Henry Branson**  
**Senior Head Of Infrastructure**

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**Background Papers:**

The Background Papers used in compiling this report were as follows:

- Future Model Programme Plan
- Future Model Project Highlight Reports
- Sustainable Service Delivery Strategy Programme – Implementation of the Future Model Phase 2 (Cabinet Paper, 10 July 2013)
- Strategic Asset Management (Cabinet Paper, 11 December 2013)
- Sustainable Service Delivery (SSDS) Update (Cabinet Paper, 5 February 2014)

To inspect or obtain copies of background papers please refer to the contact officer listed above.