

**BRISTOL CITY COUNCIL  
AUDIT COMMITTEE**

**27 September 2010**

**Report of: Strategic Director (Transformation)**

**Title: Grant Thornton - FINAL Report - Review of Business Transformation**

**Ward: Citywide**

**Officer presenting report: David Trussler, Strategic Director of Transformation**

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**RECOMMENDATION**

The Audit Committee note, and comment as appropriate, on Grant Thornton's report and the recommendations within.

**Summary**

The report considers the overarching arrangements for the transformation programme and focused in detail on the Shared Transaction Service and New Ways of Working.

This report informs Grant Thornton's VFM conclusion for the Council.

**The significant issues in the report are:**

- The Council has established a Business Transformation Programme to create a modern and successful organisation that will deliver significant savings.
- Recurring gross savings were achieved in 2009-10, but recurring net savings of £4 million will not be achieved until 2011-12. The anticipated recurring net savings will continue to increase to £19.8 million by 2013-14.
- In light of the current economic climate and expected financial constraints the Council should consider if the existing transformational

programme provides the necessary rate of return.

#### Key Recommendations:

- Strategic Leaders and Members should jointly re-evaluate the programme to ensure it continues to remain focused on delivering the Council's priorities and that the benefits and costs meet the needs of the City and the Council.
- The Council should monitor the effect on services (business as usual) of transformational change, to ensure the impact is understood and minimised.
- The programmes should be supported by up to date business cases which include SMART non-cashable objectives.
- A robust business case for NWOW programme should be developed which includes clear and measurable non-financial outcomes.
- The Council should ensure all programmes are delivering non-financial and financial outcomes.

#### **Policy**

None affected by this report. The Audit Commission has statutory responsibility for inspection and assessment at the Council. Grant Thornton are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements. In particular these are the Audit Commission Act 1998 and the Code of Audit Practice with regard to audit, and the Local Government Act 1999 with regard to best value and inspection.

#### **Consultation**

**Internal:** Grant Thornton has discussed and agreed their findings with Council officers prior to the issue of this report.

**External:** N/A

## **1 Introduction**

- 1.1 This report considers overarching arrangements for the Business Transformation Programme and focused on the following:
- Shared Transactional Services programme; the centralisation of routine human resource functions, finance and procurement processes; and
  - New ways of Working, the rationalisation of office accommodation programme and development of new working practices.
- 1.2 These two programmes have provided detailed evidence to support the recommendations within the report.
- 1.3 Grant Thornton's auditors responsible for the City Council's audit will be attending the Committee, and will be pleased to answer Members' questions.

### **Other Options Considered**

Not applicable.

### **Risk Assessment**

Not as a result of this report.

### **Equalities Impact Assessment**

There are no issues arising from this report.

### **Legal and Resource Implications**

None arising from this report.

### **Appendices:**

Appendix 1 - Grant Thornton's report on the Review of Business Transformation

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:** None

**Bristol City Council**

Review of Business Transformation Programme

September 2010

Final

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# 1 Introduction and Executive Summary

## Introduction

- 1.1 In 2007, the Council recognised that in order to improve its overall performance and to achieve necessary savings a programme of significant transformation was required. To support the initial setup of the change programme, external consultants (KPMG) were engaged to establish the baseline position, identify the options for change and potential benefits. Following this, in June 2008 an outline business case was presented to and agreed by the Council; the Business Transformation Programme.
- 1.2 The Business Transformation Programme aims to ensure that all services are consistently customer focused and supported by a 'One Council/One Vision, and One Partnership' approach to understanding customer needs and commissioning services to meet them. The specific aims of the restructuring were to:
- improve performance;
  - release efficiency savings; and
  - increase customer satisfaction.
- 1.3 The Council considers that the Business Transformation Programme is vitally important if it is to deliver its strategic objectives and become a consistently high performing organisation. Efficiency savings are essential to fund improvements in performance, but are even more vital in the current and uncertain financial climate.
- 1.4 It is within this context that we considered that the business transformation agenda to be a high risk area which could impact on the Council's ability to demonstrate that it has adequate arrangements in place to efficiently and effectively manage its resources and support our Value for Money Conclusion.

## Scope

- 1.5 In this review, we have considered the overarching arrangements for the Council wide transformation programme and have focused on the following two areas in detail:
- Shared Transactional Services programme; the centralisation of routine human resource functions, finance and procurement processes; and
  - New Ways of Working; the rationalisation of office accommodation programme and development of new working practices.
- 1.6 These two programmes, selected through discussion with senior officers, have provided detailed evidence to support our Value for Money Conclusion and provide independent assurance.
- 1.7 The majority of the fieldwork to support this review was completed during March 2010, although we have sought to update findings up to June 2010 wherever possible.

## Overall Conclusion

The Council has made a one off investment over the past two years (£12 million) to establish a transformation programme intended to create a modern and successful organisation that will deliver significant savings. During this time, it has recruited within a programme office and developed governance arrangements to track the investment spend and support the realisation of the intended outcomes.

Whilst recurring gross savings of £4m per annum were achieved up to 31 March 2010, the Council will not achieve net savings until 2011-12, also of £4 million.

The anticipated recurring net saving will continue to increase to £19.8 million by 2013-14, some £2.2 million above the original projections. The original Cabinet report suggested that this level of savings would occur two years earlier than is now projected. These savings (£19.8 million) represent 27% of the part of the Council's 2008-09 net budget within the transformation programme's remit (£74 million).

In light of the current economic climate and expected financial constraints the Council should consider if the existing transformation programme provides the necessary rate of return, taking into account that the Council's controllable budget in 2008-09 was £353 million. We consider that Strategic Leaders and Members should jointly re-evaluate the programme to ensure it continues to remain focused on delivering the Council's priorities and that the benefits and costs meet the needs of the City and the Council.

### Business Transformations Programme Achievements to Date

- 1.8 In order to deliver effective transformational change we recognise that the Council has :
- ensured adequate investment in building its programme and project management capacity and capability, including establishing the 'Centre of Excellence' from which it is able to provide central resource and expertise to facilitate the effective and consistent delivery of programmes and projects leading to organisation wide transformation;
  - consistent risk and issue management arrangements for all projects and programmes; and
  - established an organisation development capability and delivered processes to facilitate organisational learning and behavioural change, such as staff surveys.

### Key Issues to be Addressed

- 1.9 Our review has established that the Business Transformation Programme is focused on delivering cashable savings. As at 31 March 2010, the programme has contributed financial benefits, in the region of £4 million, against one off investment costs of £9.8 million (Business Transformation Programme costs for 2009-10). However, its contribution to other developments and outcomes, such as service performance and staff productivity are unknown and have yet to be quantified at this stage.
- 1.10 This review and our knowledge of the Council has highlighted the lack of accurate and reliable data which has affected the Council's ability to effectively baseline its position prior to transformation. In addition, at the time of our review, corporate performance management arrangements were under developed. We recognise that these issues make it difficult for the Council to monitor progress against the non-financial outcomes, ensure business as usual is maintained and the impact of transformation managed. The Council should, however, ensure suitable arrangements are implemented in order to implement effective monitoring going forward.

- 1.11 There are a number of other areas where our fieldwork suggests that further attention is required. These include the need to:
- review the scheduling and ordering of existing future projects, to ensure that the programme offers the optimal contribution to the delivery of the Council's immediate and medium term priorities;
  - review the investment profile and scope of the Business Transformation Programme, given the impact of the economic downturn and the pressure required for immediate savings; and
  - ensure the programmes are delivering non-financial benefits by establishing a clear baseline from which to measure, and then monitor the realisation of benefits and outcomes.

- 1.12 We understand that work continues to ensure that the Business Transformation Programme is aligned to key corporate strategies and plans, through the work of the recently established Strategic Options Delivery Board which replaced the Portfolio & Commissioning Board. This Board, in conjunction with Members, should be in a position to address a number of the matters identified above. We have not yet been able to assess the impact of the recent development of the Strategic Options Delivery Board in beginning to address the issues raised.

### **Use of this report**

- 1.13 This report has been prepared to advise you of the matters arising from our audit and should not be used for any other purpose or be given to third parties without our prior written consent.
- 1.14 Our report is part of a continuing dialogue between the Council and ourselves and should not be relied upon to detect all systems or control weaknesses or opportunities for improvements in management arrangements that might exist. The Council should assess the wider implications of our conclusions and recommendations before deciding whether to accept or implement them, seeking your own specialist advice as appropriate.
- 1.15 We accept no responsibility in the event that any third party incurs claims, or liabilities, or sustains loss, or damage, as a result of their having relied on anything contained within this report.

### **The way forward**

- 1.16 We have set out our findings and recommendations in section 3 of this report. We have agreed action to implement the recommendations made with the Strategic Director of Transformation, Strategic Director of Resources and the Deputy Chief Executive.
- 1.17 During 2010-11 we will consider the progress made by the Council against the recommendations set out in Appendix A.

### **Acknowledgements**

- 1.18 We would like to record our appreciation for the assistance and co-operation provided to us during our work by the Council staff.



## 2 Scope and Methodology

### Scope

- 2.1 As agreed within the original brief, we have focused on:
- the over-arching management arrangements; and
  - two specific programmes, Shared Transactional Services and New Ways of Working.
- 2.2 Our remit has not included a detailed review of other programmes such as tactical efficiencies and commissioning.
- 2.3 This review has provided evidence to support our 2009-10 Value for Money conclusion.
- 2.4 The key objectives of this review were to:
- understand the aims and objectives for the two selected programmes and assess how they are supporting and helping to deliver the overall objectives of the Business Transformation Programme. Has the introduction of the Business Transformation Programme started to deliver improved performance, greater efficiencies and increased customer satisfaction?
  - assess the Council's approach to considering the options and ensuring informed decisions were, and are being made, and if decisions have been subject to appropriate scrutiny;
  - assess the programme management arrangements in place for the two focus programmes, including the risk management arrangements;
  - consider the cost in comparison to benefits received as a result of introducing the Shared Transactional Service and rationalising the Council's office accommodation; and
  - assess the savings to be delivered over the next three years, including sustainability and feasibility.
- 2.5 The conclusions for each of these objectives are considered in more detail in section 4.
- 2.6 We anticipate that the Business Transformation Programme will continue to be a focus of our audit work in 2010-11 and 2011-12. Therefore, in 2010-11 specific areas which have not yet been addressed in this review could be assessed. We will agree the remit with Strategic Leaders and Members in due course.

### Methodology

- 2.7 Our work has included:
- interviews with Members, Strategic Directors and officers (including a trade union representative) within the two tracer programme areas;

- observation of the Transformation Strategy Board and New Ways of Working Programme Board; and
- reviews of programme and project documentation, relating to the two tracer areas and the management of the overall programme.

### Terminology

2.8 Officers within the Transformation Directorate use language consistent with portfolio and programme management recommended practice as published by the Office of Government Commerce. In order for our report to be clear and consistent, we have used the following terms. Further details can be found in the glossary in Appendix B.

#### Exhibit 1 - Frequently applied terms and brief explanations

Term	Explanation
Business Transformation Programme	Term used to describe the over-arching change process, agreed in June 2008.
Portfolio Management	Portfolio Management is a co-ordinated collection of strategic processes and decisions that together enable the most effective balance of organisational change and 'business as usual'. <sup>1</sup> Portfolio management occurs at the Business Transformation Programme level.
Programme	A temporary and flexible organisation structure created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to an organisation's strategic objectives; a programme is likely to have a life that spans several years.
Shared Transactional Services Programme	This brings together operational services. At Bristol City Council, this includes - human resources (recruitment, payroll and advice) and finance (procurement and payments).
New Ways of Working Programme	This began as an office accommodation strategy and has evolved into new ways of working for the Council's office accommodation.

<sup>1</sup> Portfolio management Guide OGC 2008

## 3 Detailed findings

### Introduction

3.1 This section of the report, after discussion with the Transformation Team, has been structured around the Office of Government Commerce Gateway 0 review, and considers the following:

- policy and business context:
  - strategic context;
  - governance arrangements;
  - business as usual; and
  - programme and project completion arrangements.
- business case and stakeholders:
  - business case;
  - stakeholders; and
  - management information.
- management of intended outcomes;
  - management;
  - review of current outcomes; and
  - working in partnership.
- risk management;
  - Business Transformation Programme level risks;
  - programme level risk management; and
  - independent assurance.
- readiness for next phase.

3.2 Within each heading or subheading, we have included an introductory paragraph which explains our view of what arrangements might look like. For ease of identification these paragraphs are in italics. Throughout this section, we have identified the recommendations emerging from our work. These are collated within the final action plan in Appendix A.

### Policy and Business Context

#### Strategic Context

3.3 *Councils should have agreed strategies which set out their approach to achieving long-term objectives. Within portfolio and programme management, individual strategies and policies should be aligned to promote delivery of the corporate objectives.*

- 3.4 Bristol City Council began to consider transformational change in 2007 and commissioned external consultants, KPMG, to evaluate and baseline the Council's options. Their report recommended an over-arching strategy, the Business Transformation Programme, which was adopted by the Council's Labour administration in June 2008.
- 3.5 This strategy was based on information and supporting analysis undertaken by KPMG and includes the Council's 2012 business vision. It included a number of key actions which, if introduced, would radically transform the Council.
- 3.6 Since adopting this strategy, the administration of the Council has changed and, in February 2009, a new Liberal Democrat administration was formed. This administration remained committed to the original strategy agreed in June 2008. However, to date, not all the programmes within the 2008 strategy have commenced and programmes such as those focused on the development of a new enabling commissioning and procurement model have yet to progress to the delivery stage.
- 3.7 To support the Business Transformation Programme, the Council identified the need to develop transformation and programme management expertise. As part of the strategic management restructuring, in June 2008, a Strategic Director of Transformation was appointed and a Transformation Directorate established.
- 3.8 During 2009, within the Transformation Directorate, further expertise was recruited to support the individual programmes and to create a central resource for the Council, as a whole, to improve portfolio, programme and project management; the 'Centre of Excellence'. Prior to these changes, the Council recognised it did not have a consistent and robust approach to programme and project management.

#### **Business Transformation Programme - costs and savings**

- 3.9 Exhibit 2 illustrates the total costs of this support for the Business Transformation Programme and the total savings anticipated each year. This schedule illustrates that the Council will begin to achieve in-year net savings in 2011-12 and cumulative net savings in 2012-13.
- 3.10 In 2008, the Council planned to achieve recurring savings of £17.58 million from 2011-12 onwards. The Council now anticipates exceeding this but not until 2013-14 with a net saving of £19.75 million.
- 3.11 The Council had not originally considered the extent to which these savings would impact on budgets but has calculated the figure for this review. It identified that the Business Transformation Programme was focused on services which in 2008-09 had an original budget in the region of £74 million, although the Council were unable identify the budgets against which the tactical efficiencies (efficiency - 'quick wins') could be attributed. Identification of the 2008-09 base budget enabled us to consider the extent of savings achieved and forecast as part of the Business Transformation Programme.
- 3.12 The Council needs to consider if the savings achieved to date and forecast are appropriate and sufficient in light of anticipated budget cuts.

**Exhibit 2 - Schedule of Costs and savings for the Business Transformation Programme**

	2008-09 £000	2009-10 £000	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000	2015-16 £000	Total £000
<b>Costs</b> Programmes and Support Services	2,525	9,835	13,159	11,751	4,934	1,756	1,463	163	45,586
<b>Gross Savings</b>	(11)	(4,011)	(9,687)	(15,532)	(19,407)	(21,507)	(21,154)	(21,918)	(113,227)
<b>(Net savings) expenditure</b>	<b>2,514</b>	<b>5,824</b>	<b>3,472</b>	<b>(3,781)</b>	<b>(14,473)</b>	<b>(19,751)</b>	<b>(19,691)</b>	<b>(21,755)</b>	<b>(67,641)</b>
<b>Saving as % of base budgets for 2008-09 which Business Transformation Programme expected to impact. £74 million</b>	N/A	N/A	N/A	5%	20%	27%	27%	29%	
<b>Cumulative net savings</b>	2,514	8,338	11,810	8,029	(6,444)	(26,195)	(45,886)	(67,641)	

£74 million represents **21** percent of the 2008-09 net revenue budget.

These figures are based on information provided by the Council as at 30 June 2010 and include both revenue and capital costs and savings.

For 2008-09 and 2009-10 the figures are actual costs and savings, whereas, for 2010-11 onwards the figures are budget projections.

3.13 In 2009-10, the following programmes contributed towards the gross savings:

- tactical efficiencies - £1.6 million;
- streamlining management - £578,000;
- customer excellence - £22,000; and
- Shared Transactional Services phase 1 - £21,000,

Directorate Transformational savings accounted for the balance.

3.14 Phase 1 of the Shared Transactional Services programme has cost the Council a total of £1.5 million. In 2009-10 the programme achieved recurring annual savings of £21,000 and anticipates recurring annual savings of £550,000 in 2010-11 with recurring annual savings of £821,000 from 2011-12 onwards. This phase of the programme has now been completed.

3.15 The New Ways of Working Programme is anticipated to achieve £917,000 of recurring annual savings by 2011-12 from reduced premises costs, increasing to £4.016 million by 2015-16. The cumulative capital receipts received from the sale of properties are forecast to rise to £4.9 million by 2015-16 after a revision downwards in 2009 due to the economic effect on property values. The programme has incurred one off capital and revenue costs of £3.9 million to date, the major proportion as a result of the investment in Somerfield House.

- 3.16 The Business Transformation Programme is complex and currently includes nine active programmes and a significant number of projects within each programme. In recognition of the complexity of the transformation process, the Council is implementing the Office of Government Commerce guidance on portfolio management. Portfolio management is focused at strategic level (Business Transformation Programme) and should ensure the most appropriate programmes and projects are delivered. The Council is in the process of introducing and adopting this recommended good practice.
- 3.17 Since the original strategy was agreed in 2008, the Business Transformation Programme has not been comprehensively reviewed and updated by Cabinet and the Strategic Leadership Team working together. A one off review was carried out in August 2009 by the Portfolio Commissioning Board but did not include elected Members. This review considered delivery, issues associated with the baseline work completed by KPMG and gaps in the original scope, but significant changes were not made as a result.
- 3.18 We are aware that changes have occurred locally and nationally which affect the context within which the Business Transformation Programme is set, such as a change in administration of the Council, the current economic climate and further anticipated financial constraints. Operational changes have also occurred within the Business Transformation Programme as the individual projects and programmes have developed. These changes influence and impact on the relevance of the original strategy.
- 3.19 Members and Strategic Leaders, should regularly re-evaluate the Business Transformation Programme strategy to ensure it takes into account the changes that have occurred over the past two years. Any re-evaluation should consider whether the Business Transformation Programme is focused on delivering the Council's core objectives and priorities, if it is still likely to deliver optimal value, in terms of predicted financial and non-financial benefits and if it remains viable going forward, taking into account the wider organisational change, economic downturn and anticipated spending cuts. Processes should be introduced to ensure portfolio re-evaluation is comprehensive, systematic and on-going.
- 3.20 The anticipated financial constraints will result in Members having to make difficult decisions and choices as to where savings should be made. The debates should impact upon the scope and extent of the Business Transformation.
- 3.21 In May 2010, the Strategic Leadership Team established the Strategic Options Delivery Board. This took place after the detailed fieldwork for this review was completed, so this review has not been able to assess its impact. The Strategic Options Delivery Board has a wider remit than the Portfolio and Commissioning Board and its focus will include prioritisation of all the major change activities across the Council. We anticipate that the Board will have a role in ensuring recommendation one is completed in conjunction with Members.

**Recommendation 1**

The Council, Strategic Leaders and Members, should regularly re-evaluate the Business Transformation Programme to ensure the overall scope and individual programmes:

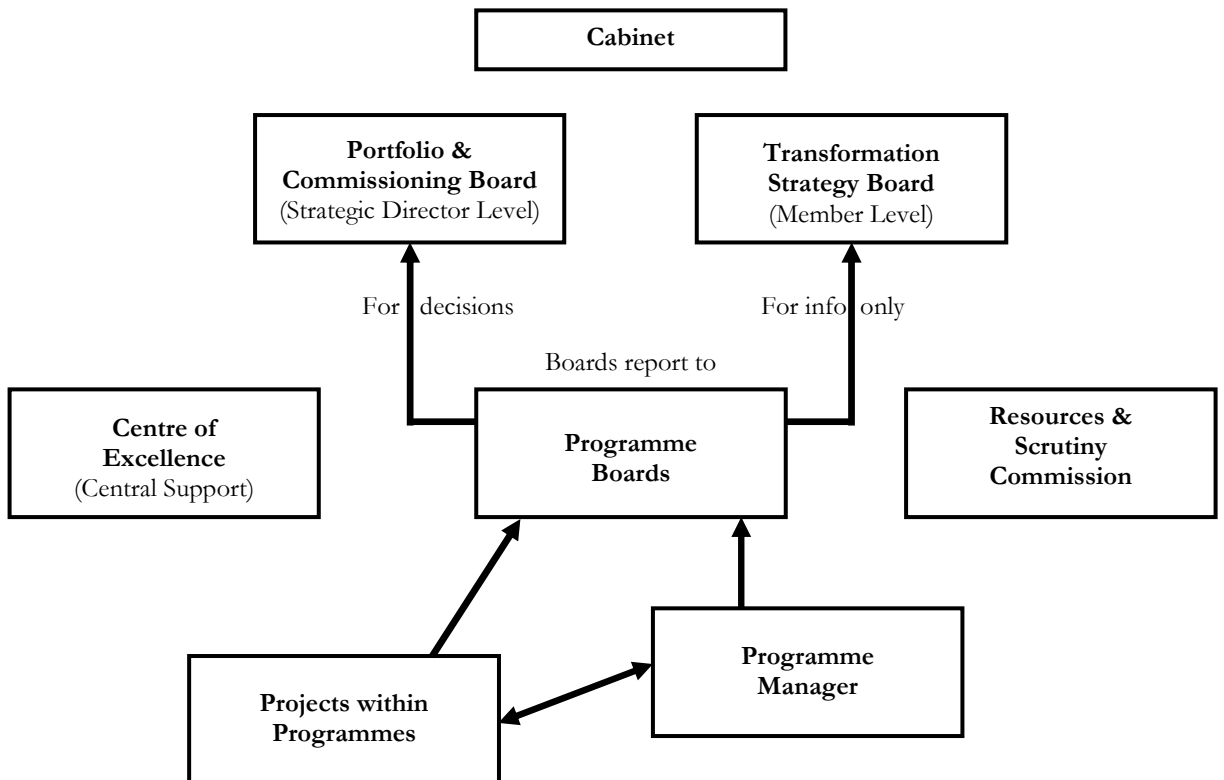
- remain focused on delivering the Council's core objectives and priorities;
- are focused and prioritised to ensure optimal contribution to the delivery of the Council's immediate and medium term priorities; and
- the Council has sufficient financial resources available to enable it to deliver the necessary rate of return within the context of wider organisational change, the impact of the economic downturn and the pressure created by long pay back periods for some projects and programmes.

**Governance Arrangements**

3.22 *Governance arrangements are the systems, processes and principles by which an organisation is directed and controlled. Good governance supports effective decision making and ensures arrangements are in place to support high quality services and deliver improvements. A well governed organisation will have robust performance, financial and information management systems. In addition clear and defined roles and responsibilities within the structure ensure an organisation or department remains on track and achieves its planned outcomes, whilst avoiding duplication.*

3.23 In 2009, the governance framework as set out in Exhibit 3 was established.

**Exhibit 3 - Business Transformation Programme Governance Structure - 2009-10**



Source: Bristol City Council Centre of Excellence

- 3.24 This structure includes two decision making bodies, Cabinet and the Portfolio Commissioning Board. Key decisions over £500,000 are made by Cabinet, as set out in the Council's Constitution. Our understanding is that since the Business Transformation Programme was agreed in June 2008, the majority of decisions relating to project and programme changes have been made by the Portfolio Commissioning Board. Any issues identified at the programme boards, which require escalation are passed to the Portfolio Commissioning Board.
- 3.25 A primary function of the Transformation Strategy Board is to provide a cross party forum to ensure all political parties are involved and aware of the progress of the Business Transformation Programme. The Transformation Strategy Board meets once a month and receives detailed information and progress reports on all programmes. The Transformation Strategy Board is not a decision making board and makes recommendations based on the information it receives to the Strategic Director of Transformation. However, we have identified that the Transformation Strategy Board is attempting to performance manage the individual programmes, which is not a core function of the Transformation Strategy Board, but that of the Resources and Scrutiny Commission.
- 3.26 In order to understand the role of the Transformation Strategy Board we reviewed its terms of reference. We established that the terms of reference identify two key objectives, as set out below, which we consider are ambiguous and should be more clearly defined:
- to provide guidance and senior member support for the transformation programme; and
  - to ensure the health of the transformation programme is understood.
- 3.27 Within the existing governance structure, the Resources and Scrutiny Commission has a performance management function. In order to facilitate this, it receives quarterly high level progress reports from the Strategic Director of Transformation. A review of the supporting reports and minutes for the Resources and Scrutiny Commission committee meetings identified that the Commission is only requested to 'note' the reports. We consider that the Commission would benefit from its reports clearly stating what action should be taken. In addition the current minutes format does not clearly identify that recommendations raised by the Commission have been addressed and actioned.
- 3.28 Programme Boards are responsible for driving the programmes forward and ensuring the delivery of outcomes and benefits. We have considered this in more detail in paragraphs 3.66 onwards. Within both the Shared Transactional Services and New Ways of Working programmes, key roles have been established, including the Senior Responsible Officer, Programme Manager and Business Change Manager. Discussions with officers confirmed that roles of the Senior Responsible Officer and programme managers are fully understood, but that the role of the Business Change Manager is a new concept to many within the Council and would benefit from being more clearly defined, for example, by developing terms of reference for the Business Change Manager role.
- 3.29 We recognise that the governance arrangements are complex and developing as the Business Transformation Programme matures. However, we consider that it is essential that key roles, responsibilities and functions are clearly defined and understood, in particular the Transformation Strategy Board. The Business Transformation Programme would benefit from clarification and reaffirmation in this area.



**Recommendation 2**

Ensure all participants of the Transformation Strategy Board understand their roles and responsibilities, and clarify the links and relationships within the structure. Clear terms of reference should be in place for all boards and groups.

**Business as usual**

- 3.30 *During significant periods of change it is important that change processes are effectively managed to ensure pre-defined benefits and outcomes are achieved and to ensure front line services maintain business as usual. A local authority will have to continue to deliver a wide range of front line services to its local population, as well as internal customers, whilst ensuring the level of disruption and negative impact on these services is limited.*
- 3.31 We have considered the arrangements in place to ensure services continue to be delivered with minimal disruption and with limited impact on users, as the Shared Transactional Services service is established at its new location, Somerfield House.
- 3.32 Our review found that plans were in place to minimise disruption. These included plans for business continuity, business readiness and implementation of a stabilisation plan when issues were identified in the HR service.
- 3.33 During the period in which the Shared Transactional Services was being established, the Council was not able to monitor the impact of the service delivered to internal customers, due to a lack of baseline information. The lack of reliable and robust good quality data by which the Council could monitor progress was discussed by the Shared Transactional Services Programme Board. It took the Board three months to establish that the HR service were unable to provide reliable baseline information and it was agreed, in December 2009, that the Shared Transactional Services should develop its own performance metrics.
- 3.34 In addition to establishing performance metrics to enable monitoring of services directly affected by change, such as the recruitment service provided by HR, the Council also needs to monitor performance of any specific front line services affected. We are concerned that at both an operational and strategic level, the impact that individual programmes may have on business as usual is unclear. We are aware that Cabinet, the Resources and Scrutiny Commission, Transformation Strategy Board and the Portfolio Commissioning Board do not receive performance information directly linked to Business Transformation Programme or individual programmes to enable them to monitor and understand the impact that change may have on front line services.
- 3.35 In order to ensure the impact of transformational activity is understood, can be minimised and corrective action taken, as necessary, the Council should be monitoring operational and strategic performance indicators, to ensure the impact, both positive and negative, as a result of change is understood. In addition, if the change process cannot be linked to existing performance metrics or indicators, the Council should consider developing specific indicators to allow the impact of change to be detected and understood.
- 3.36 We are aware that the Council's corporate performance management arrangements have been identified as an area for improvement and the Council is in the process of revising its performance management strategy. Any revisions should take into account this recommendation and the needs of the Business Transformation Programme.

### Recommendation 3

The Council should ensure that it monitors the effect on services (business as usual) of transformational change to ensure the impact on performance is understood and the risk of any reduction in standards can be minimised.

#### Programme and Project Completion

- 3.37 *Organisations need to ensure that they are able to learn from the projects and programmes being delivered and apply what is learnt to subsequent programmes in a timely manner. This can be achieved through consultation and production of completion reports.*
- 3.38 Programme completion reports provide a formal opportunity to consider the lessons learnt and to evaluate a programme against its original objectives. To date, the Council has not produced any completion reports within the Shared Transactional Services programme or the New Ways of Working. The Council should ensure that appropriate stages are built into the transformation process so that lessons can be learnt from projects and programmes in a timely way including an appropriate evaluation against expected benefits and outcomes.
- 3.39 Phase one of the Shared Transactional Services programme was completed in February 2010. The Council has begun to prepare a lessons learnt report, for Shared Transactional Services but should expedite reporting to enable a more responsive culture to develop. Any evaluations should be shared with the other programmes and projects so that necessary improvements can be made.

### Recommendation 4

The Council should ensure prompt reporting of lessons learnt and completion reviews following closure of projects and programmes, so that others can benefit more immediately.

#### Business Case and Stakeholders

##### Business case

- 3.40 *The business case is a key document that is usually the main source of information on which the decision to proceed is made. It should bring together key information about the programme including the cost, benefits, timings and risks so that the overall value for money and achievability of the programme can be assessed. It starts to emerge as a programme is identified and develops as arrangements for managing the programme are introduced. The business case should be continually refreshed and updated as a programme progresses to ensure successful delivery and strategically aligned outcomes.*
- 3.41 In this section, we have considered the business cases and stakeholder involvement for the two tracer programmes, Shared Transactional Services and New Ways of Working. The Shared Transactional Services programme consists of two phases and our focus has been largely on phase one for which the majority of the necessary documentation exists.
- 3.42 A business case for the Shared Transactional Services programme was developed in March 2009. It identifies the outcomes and benefits, both financial and non-financial for phase one. We have considered the aims and objectives of the Shared Transactional Services programme against those set out in the original strategy in June 2008, and we are able to confirm that there is a clear link between the original objectives and those agreed in 2009.

- 3.43 In the Council's original terms of reference it agreed to introduce a phased approach to establishing the Shared Transactional Services service and moving staff to their new location in Somerfield House. The phased approach for the Shared Transactional Services service was successfully completed on schedule, as set out Exhibit 4. However, the move to Somerfield House was delayed and this did result in a reduction in savings (£45,000, attributable to the delay in moving and other additional costs).

#### Exhibit 4 - Phased approach to Shared Transactional Services

Phase	Actual go live date	Planned go live date
Contact Centre	30 November 2009	30 November 2009
Finance and Procurement	30 November 2009	30 November 2009
HR go live	7 December 2009	7 December 2009
Payroll go live	1 February 2010	1 February 2010

- 3.44 The New Ways of Working programme has changed and developed from the original business case agreed in June 2008. From an accommodation strategy, it has evolved into a more comprehensive programme covering working practices in order to ensure the needs of the Directorates were taken into account. The accommodation strategy is now a work-stream within the programme. As a result the Council does not have an up to date business case which reflect the changes within this programme, only a business case for office accommodation (dated June 2008). The Council aims to have a revised business case in place by September 2010.
- 3.45 Both the Shared Transactional Services and New Ways of Working business cases identify cashable and non-cashable outcomes and benefits. Within the Shared Transactional Services business case details are also provided as to how each benefit will be measured. However, we are concerned that the non-cashable outcomes and benefits, against which the success of the programme will be assessed are not specific or measurable and, may or may not be achievable.
- 3.46 The following examples are outcomes which were identified in the business cases for each programme:
- New Ways of Working
- reduce sickness absence; and
  - introduce flexible working with measurable outcomes.
- Shared Transactional Services
- faster processing times; and
  - increased manager and employee productivity.
- 3.47 We are aware that the Council has limited baseline information in place to enable it to robustly monitor progress and delivery of the examples identified above. This has implications for the programme as a whole and calls into question whether the forecast outcomes are soundly based and the quality of the information on which the decision to proceed was made. Business cases which are not robust and which do not contain good

quality management information could result in inappropriate decisions being made and the Council not being able to ensure that the outcomes and benefits are achievable.

- 3.48 The Transformation Team are aware that the robustness of the business cases have been undermined by the lack of baseline information, but have not made this clear within the original business case or updated the business cases to reflect this.

#### **Recommendation 5**

The Council should ensure that programmes are supported by up to date business cases which include SMART non-cashable objectives.

If information is not readily available to monitor non-cashable outcomes this should be clearly stated in the business case and alternatives sources of data, or the collection of new data considered.

- 3.49 We are aware that the Council is in the process of developing the business case and blueprint to support and drive the New Ways of Working programme forward. However, this should be carried out in the context of the Business Transformation Programme as a whole, being re-evaluated and prioritised, as we suggest in recommendation one. In view of the current economic climate the Council may decide to accelerate, or decelerate the rate of change for different programmes, in order to expedite the delivery of savings and benefits.

#### **Recommendation 6**

The Council should develop a robust business case for the New Ways of Working programme which includes clear and measurable non-financial outcomes against which progress can be monitored.

#### **Stakeholders**

- 3.50 *A stakeholder is an individual or group that has an interest in a programme, either its outcomes, benefits or dis-benefits. To ensure that effective change processes are delivered, Councils need to actively engage stakeholders.*
- 3.51 The Council has identified the key stakeholders for the Shared Transactional Services programme and developed a communication plan to sustain the pace of the programme and reduce the risks that can arise from limited stakeholder awareness. This plan includes a range of methods to communicate with stakeholders, tailored to the stakeholder group. These varied from presentations to Directorate Management Team meetings by the Strategic Director of Transformation to staff briefings, newsletters and payslip insertions.
- 3.52 As part of the Shared Transactional Services programme, staff surveys (temperature checks) were completed for finance staff and human resources staff in June and November 2009. These surveys identified a significant number of issues of concern and imply that the morale of both groups of staff was negatively affected. The Council recognised that action was required and a stabilisation plan was developed by the Shared Transactional Services Service Manager. Another survey is due to be completed shortly to assess the progress made.
- 3.53 We have also considered the results of the temperature checks against one outcome set out in the Shared Transactional Services blueprint - 'employee satisfaction - employees are equipped and motivated to deliver'. The temperature checks in June and November indicate that this outcome had not been achieved to date. The survey is required to ensure

progress is being made and to ensure further appropriate action can be taken as necessary. Another survey is due to be completed shortly to assess the progress made.

- 3.54 Other corrective action was also taken to address further issues identified, such as additional training for Shared Transactional Services staff and a change in the management structure and leadership of the HR function.
- 3.55 For the New Ways of Working programme, stakeholder analysis and communication arrangements are under developed. The programme has a dedicated communication resource, but has yet to profile stakeholders or implement a communication plan. We are aware that due to the inter-dependencies between the Shared Transactional Services programme and New Ways of Working, the Shared Transactional Services communication plan has addressed New Ways of Working within Somerfield House. Also, that the temperature checks provided information relating to working arrangements within Somerfield House and feedback on the relocation process.
- 3.56 In recognition that New Ways of Working communication arrangements are underdeveloped, the Council established, in May 2010, a change advisory group for the programme. The purpose of this group includes, amongst a range of other objectives, ensuring effective communication. In order to ensure that the Council communicates effectively with all stakeholders engaged in transformation the Council should identify, profile and develop a stakeholder strategy for the New Ways of Working programme. It should then plan how it will engage with these stakeholders.
- 3.57 We are aware since commencing this review, the newly appointed programme manager has begun this process, but it is as yet incomplete.

### **Recommendation 7**

The Council should continue to actively engage stakeholders in the New Ways of Working programme by:

- identifying and profiling the stakeholders; and
- developing a communication plan.

### **Management Information**

- 3.58 *Accurate and reliable information is important in ensuring management and members can effectively monitor and understand how the Council is performing.*
- 3.59 Key stakeholders in the transformation programme are elected members. As part of this review, we have had the opportunity to meet with the members involved in the Transformation Strategy Board, the Resources and Scrutiny Commission, the Executive Member for Efficiency and Value for Money and review the documentation provided to the Resources and Scrutiny Commission and the Transformation Strategy Board.
- 3.60 The Transformation Strategy Board receives detailed information to support each monthly meeting. This includes a gantt chart which set out the key milestones over time, a portfolio update report and papers to support other agenda items. However, the information within the portfolio update report at times contains technical language which some members can find difficult to understand and interpret.

- 3.61 The Resources and Scrutiny Commission receives key documentation prior to papers being received by Cabinet, such as the original strategy agreed in June 2008 and summary progress reports. Since April 2009, the Council has introduced quarterly monitoring to the Commission. These reports provide a short summary on each programme and a short summary of the costs and benefits for the portfolio of programmes. Progress reports are not provided to Cabinet, although regular briefing sessions are held between the Strategic Director of Transformation and the Executive Member for Efficiency and Value for Money.
- 3.62 Progress reports are provided to the Portfolio Commissioning Board. These reports provide head lines messages of how each programme is delivering against cost and financial benefits. Gantt charts are also provided to illustrate how long a programme will run.
- 3.63 The New Ways of Working accommodation strategy is complex and was based on detailed modelling of the costs and benefits over the next seven years. However, the accountant who originally prepared this information is no longer with the Council and more current financial information has been limited due to a lack of financial capacity within the Transformation Directorate for the past 18 months. This issue has now been addressed and a full time accountant is in post and developing the financial information required to support the programme and ensure it is on track. As a consequence of the lack of financial expertise and supporting information, the field work we have been able to do on this aspect of the review has been limited.
- 3.64 The Strategic Leadership Team and Members are involved in developing management information to ensure it is fit for purpose. As new members and strategic leaders become involved in the Business Transformation Programme, the Transformation Team should continue to review the content and quality of the information it provides, and to which bodies, to ensure it continues to meet the requirements of all those involved in the governance arrangements.

### **Recommendation 8**

The Transformation Team should continue to review the documentation it produces to support the Business Transformation Programme to ensure it remains appropriate for the function for which it is intended.

## **Management of Intended Outcomes**

### **Management**

- 3.65 *It is important to be clear as to the distinction between an outcome and a benefit. An outcome of a project can be defined as the desired operational result the project is aiming to deliver, whereas a benefit is the measurable improvement achieved as a result of an outcome. For example, an outcome would be the establishment of the shared service and the benefit would be increased productivity as a result of the shared service.*
- 3.66 The outcomes and benefits for phase one of the Shared Transactional Services programme have been identified in the business case and the blueprint. Within the programme, the Council has identified both financial and non-financial outcomes and associated benefits. As the Council anticipated that it would be unable to make significant system changes within phase one, the focus for this phase has been on delivering financial benefits. The Council aimed to do this through reducing the staffing establishment within human resources, finance and procurement and facilities management. It should be noted that the

scope for facilities management was limited to reducing the number of staff full time equivalents by three, and this was achieved by not replacing staff leaving the Council.

- 3.67 However, within the blueprint, non-financial outcomes and benefits have still been identified, along with the financial outcomes. Exhibit 5 below provides two examples of the outcomes and benefits expected. Our observation is that they are not SMART (specific, measurable, achievable, realistic and time bound).

#### Exhibit 5

	Example 1	Example 2
Outcome	Improved information - information facilitates good decision making.	Employer of choice - Shared Transactional Services is a great place to work giving real career opportunities for employees and managers.
Benefit	Managers and employees improve business results by making decisions based on accurate, timely information.	Satisfied employees deliver improved business results.
Measurement	Quality of decision making and business outcomes.	Shared Transactional Services employee satisfaction survey, BME participation in the workforce, BME progression, age, diversity etc.
Source: Shared Transactional Services Blueprint 20 March 2009 Draft v0.5		

- 3.68 The outcomes and benefits for the New Ways of Working programme were defined in the original strategy in June 2008 and included benefits such as a 30% reduction in the number of work stations and a reduction in sickness absence (no specific target was given). We are not aware that the Council has defined these benefits more clearly or set specific targets against which progress can be monitored.
- 3.69 The Council is not formally monitoring progress against the non-financial outcomes and benefits for either the Shared Transactional Services or the New Ways of Working programme. The focus of all groups within the Governance structure as set out in exhibit 3 is on financial benefits and savings. It should be noted that the lack of accurate data to baseline and monitor the performance of non-financial benefits has hampered effective monitoring.
- 3.70 A consequence of not monitoring the non-financial benefits is that the Council cannot assess their contribution to the strategic objectives.
- 3.71 Monitoring of the financial benefits is evident through the reports to the Programme Boards, in the highlight report and at the Transformation Strategy Board and Portfolio Commissioning Board. The monitoring of non-financial benefits should be introduced for all these Boards and Committees. The Council should work towards having measurable non-financial benefits against which progress can be actively monitored, as well as financial.

### **Recommendation 9**

The Council should ensure all programmes are delivering non-financial outcomes, as well as financial, by:

- identifying and profiling all benefits;
- developing benefits realisation plans; and
- clearly and consistently monitoring and reporting achievement against the plan, throughout the agreed governance structure.

### **Review of Current Outcomes**

- 3.72 This section considers if the two programmes which we have used as tracers, Shared Transactional Services and New Ways of Working, remain on track and whether issues are managed effectively as they arise. For both programmes, we have already identified our concern regarding identifying, profiling and managing benefits and whether the information available is appropriate for the purpose it is intended.
- 3.73 The Council has provided evidence to demonstrate that emerging issues are being addressed within both programmes. For example within the Shared Transactional Services programme, the temperature checks identified leadership as a concern for the staff, in both June and November 2009. A number of measures were introduced to address this and the Council continues to monitor this area.
- 3.74 Evidence is also available to identify delivery of milestones, through the project highlight reports and supporting gantt charts. In addition, individual outcomes within the programmes have been identified, such as a reduction in full time equivalents in human resources, although significant reductions are not anticipated until 2011.
- 3.75 Currently, however, we are unable to confirm if Shared Transactional Services and New Ways of Working are on track in delivering non-financial benefits, as the Council is not monitoring progress, as discussed above. Also the Shared Transactional Services phase one completion report has yet to be published which should assess the programme against the original objectives.

### **Working in Partnership**

- 3.76 *Working in partnership is widely recognised as the way forward for public sectors bodies and, if effective, should result in improved outcomes and better value for money. Councils should be exploring working in partnership with other public sector bodies, voluntary organisations and the private sector in order to maximise benefits and outcomes and reduce costs.*
- 3.77 The review of the New Ways of Working programme involved consideration of the accommodation strategy and how the Council is working in partnership with others to deliver this strategy.
- 3.78 The Council has had discussions with Bristol Primary Care Trust (BPCT) and both the Council and BPCT have agreed to maintain contact and dialogue over asset use. As the Council's current accommodation strategy is focused on office accommodation, opportunities for joint working are currently limited, but may increase when the focus moves towards operational services where both organisations have a common interest, such as Children's Services or health and social care.



- 3.79 The accommodation strategy has not been re-evaluated since its agreement in June 2008. We recommend that the Council considers reassessing the buildings within the scope of this programme to ensure the existing selection remains appropriate and if additional buildings should be included. The reassessment includes the location of offices, to ensure the strategy continues to meet the needs of the Council and should also include consideration of partnership working with both BPCT, other public sector bodies, the voluntary sector and possibly the private sector.

### **Recommendation 10**

The Council should continue to consider how it can develop and re-evaluate its New Ways of Working accommodation strategy in partnership with others, both public, private and voluntary sectors to ensure the most effective and beneficial options are selected.

### **Risk Management**

- 3.80 *Effective programme and portfolio risk management ensures that councils understand and appropriately manage risk to support better decision-making. In order to be effective, the risk management processes must identify, assess, plan, implement and monitor risks.*
- 3.81 The following paragraphs consider strategic risk management for the overall Business Transformation Programme, at programme level and the extent of independent assurance arrangements in place for the Business Transformation Programme.
- 3.82 The Council has an agreed Council wide risk management strategy. The programme risk management arrangements considered within this review aim to follow this strategy.

### **Business Transformation Programme level risks**

- 3.83 The major risks for the Business Transformation Programme are identified within the portfolio risk register, which was last updated in February 2010. Within this register, the Transformation Team has identified three high priority risks, after taking account of the mitigating controls. These risks are:
- realise cashable savings due to inability to track savings;
  - capacity to support the level of change; and
  - political change, affecting the level of funding<sup>2</sup>.

### **Programme level risk management**

- 3.84 The Council has introduced a consistent risk management approach across all the projects and programmes supported by the Centre of Excellence. This approach includes the project and programme boards identifying and monitoring each of the risks. Risks are logged, profiled and reported at the project and programme boards. Risks can also be escalated to the portfolio risk register, if required.

<sup>2</sup> Transformation Directorate Risk Register

### Independent assurance

- 3.85 *Programme assurance is an independent added-value function, which involves specific assessment of a programme. Programme assurance should provide confidence that the programme is being managed effectively and will realise the benefits and achieve the outcomes as planned.*
- 3.86 The assurance function for Business Transformation Programme has been carried out by the Centre of Excellence and this has included reviews of key documents, such as business plans. Internal Audit have not been involved to date, in order to avoid duplication with our review. From our experience, it may be advantageous for the Council to consider introducing additional more widespread independent assurance measures, such as identifying a 'critical friend' (Internal Audit may be able to fulfil this role) or commissioning a more formal review process, such as a 'gateway review'.

#### **Recommendation 11**

The Council should consider introducing independent assurance measures, such as a formal gateway review and the use of Internal Audit to provide assurance.

### Readiness for Next Phase

- 3.87 The amount of work carried out within this section has been limited due to the current stage of Shared Transactional Services and New Ways of Working. The Shared Transactional Services has completed phase one, but the final position is as yet unreported. Phase two involves a major procurement exercise and documentation is developing to support this work. For New Ways of Working, the programme has evolved since June 2008, but is not supported by current and relevant documentation and is in the process of being updated.
- 3.88 In order to ensure the Council is maximising benefits going forward, it needs to fully understand how existing programmes are delivering and consider this in the wider context, taking into account the many priorities facing the Council and its current financial constraints.

## 4 Overall conclusions

4.1 The original scope of our review, as set out in section 2 was framed around a number of key review areas:

- understand the aims and objectives for the two selected programmes and assess how they are supporting and helping to deliver the overall objectives for the Business Transformation Programme. Has the introduction of the Business Transformation Programme started to deliver improved performance, greater efficiencies and increased customer satisfaction?
- assess the Council's approach to considering the options and ensuring informed decisions were, and are being made, and if decisions have been subject to appropriate scrutiny;
- assess the programme management arrangements in place for the two focus programmes, including the risk management arrangements;
- consider the cost in comparison to benefits received as a result of introducing the Shared Transactional Service and rationalising the Council's office accommodation; and
- assess the savings to be delivered over the next three years, including sustainability and feasibility.

4.2 Whilst the detailed findings in section 3 have been presented using the Office of Government Commerce gateway O structure, our original objectives have remained the key driver for our work. The following table draws together the conclusions from our work.

Key Objective of the GT Review	Conclusions	Recommendations Raised
To understand the aims and objectives for the two selected programmes and assess how they are supporting and helping to deliver the overall objectives for the Business Transformation Programme.	The objectives for the Shared Transactional Services and New Ways of Working programmes are set out in the programmes' business cases. We are able to conclude that the financial savings identified support and assist in delivering one of the key objectives of the overall Business Transformation Programme.  However, we are unable to conclude if the non-financial benefits for Shared Transactional Services and New Ways of Working are being delivered and if they support the overall objectives of the Business Transformation Programme.	1, 3, 6 and 9

Key Objective of the GT Review	Conclusions	Recommendations Raised
Assess if the introduction of the Business Transformation Programme has started to deliver improved performance, greater efficiencies and increased customer satisfaction.	We are unable to conclude on this objective based on our focus on Shared Transactional Services and New Ways of Working, because the Council is not monitoring the delivery of non-financial benefits or monitoring the impact on change on service performance.	1, 3, 6, and 9,
Assess the Council's approach to considering the options and ensuring informed decisions were, and are being made, and if the decisions have been subject to scrutiny.	<p>We are able to conclude that the Council has strengthened its governance arrangements and structure in place for the Business Transformation Programme.</p> <p>Decisions on the options for the current strategy were taken by Cabinet in June 2008. Decisions continue to be taken either by Cabinet or the Portfolio and Commissioning Board.</p> <p>The Resources and Scrutiny Commission fulfil the scrutiny function within the current structure.</p> <p>Our recommendations aim to further strengthen existing arrangements.</p>	1 and 2
<p>Consider the costs compared to benefits received as a result of introducing the Shared Transactional Services and New Ways of Working.</p> <p>Assess the savings to be made over the next three years.</p>	<p>Exhibit 2 provides an analysis of costs compared to savings from 2008-09 to 2015-16.</p> <p>The Shared Transactional Services programme is a short term programme and has now been completed. The phase 1 of the Shared Transactional Services programme has cost the Council a total of £1.5 million. Accumulated savings are expected to exceed these costs in 2012-13, generating net saving for the first year in 2010-11.</p> <p>The New Ways of Working programme has a much longer payback period. Accumulative savings are anticipated to exceed the programmes accumulated costs of £13 million in 2015-16, generating net savings for the first time in 2011-12, of £503,000.</p> <p>Our recommendation raises the question as to whether this rate of return is appropriate and affordable in the current economic climate.</p>	1

## Appendix A - Action Plan

Rec. No.	Recommendation	Priority H/M/L	Management response	Implementation date and responsibility
1	<p>The Council, Strategic Leaders and Members, should regularly re-evaluate the Business Transformation Programme to ensure the overall scope and individual programmes:</p> <ul style="list-style-type: none"> <li>• remain focused on delivering the Council's core objectives and priorities;</li> <li>• are focused and prioritised to ensure optimal contribution to the delivery of the Council's immediate and medium term priorities; and</li> <li>• the Council has sufficient financial resources available to enable it to deliver the necessary rate of return within the context of wider organisational change, the impact of the economic downturn and the pressure created by long pay back periods, for some projects and programmes.</li> </ul>	H	<p>The Portfolio and Commission Board has been replaced by the Strategic Options Delivery Board whose main purpose is to ensure strategic alignment of the transformation programme, resourcing of programmes and projects is transparent and benefits identified are appropriate to investment and are tracked for delivery.</p> <p>To support this the SODB has already initiated a number of T1 and T2 meetings to discuss the future shape, size and purpose of the Council in 3-5 years time as a result of the recent change in Government and key policies. This will form the basis of strategic investment decisions along with the recent introduction of Directorate change plans and a clear governance process to identify where enterprise solutions should be developed.</p>	Dec 2010 Review, SOBD and six monthly reviews thereafter.
2	<p>Ensure all participants of the Transformation Strategy Board understand their roles and responsibilities, and clarify the links and relationships within the structure. Clear terms of reference should be in place for all boards and groups.</p>	M	<p>The TSB Terms of Reference were reviewed in Jan 2010 and all Boards have Terms of Reference which are reviewed at regular intervals. We are aware new members join the TSB after elections and will raise this issue with the Executive Member to ensure Board Members understand their roles and responsibilities and discuss possible improvements to the Board and the way its functions.</p>	Service Director Transformation - Raise with Executive Member in October 2010 briefing.

Rec. No.	Recommendation	Priority H/M/L	Management response	Implementation date and responsibility
3	The Council should ensure that it monitors the effect on services (business as usual) of transformational change to ensure the impact on performance is understood and the risk of any reduction in standards minimised.	H	As stated in the report plans for business continuity and business readiness were established for the STS programme and are part of the planning and transition approaches adopted by the Transformation Programme for all major projects and programmes. This action is highly dependant on good Directorate operational performance measures which are not consistently evident across the Council as again stated in the report. The Council is seeking to address this issue via performance scorecards and the programme will raise the importance of resolving this issue with the Service Director responsible whilst it ensures it continues to develop good practices in transitioning changes into the operations.	Service Directors Transformation and Performance Improvement to meet regularly starting Oct 2010 to ensure those areas effected by major change identify critical operational performance measures.  Any issues identified to develop these measures will be escalated to the SLT the Board responsible for Operational performance.
4	The Council should ensure prompt reporting of lessons learnt and completion reviews following closure of projects and programmes, so that others can benefit more immediately.	M	Agreed. Lesson learnt reports and completion reviews have been developed for STS and the Customer Excellence programmes and fed back into the way future programmes are managed. It is recognised this process needs a greater urgency in producing the reports and improved visibility for the lessons learned so that future for programmes and projects can benefit quicker.	Service Director Transformation will issue a clear directive for all Governance Boards in Oct 2010 on Completion reports.  The Centre of Excellence will publish findings to the SODB and use the information to continually improve its advice and Councils methods and approaches.

Rec. No.	Recommendation	Priority H/M/L	Management response	Implementation date and responsibility
5	<p>The Council should ensure that programmes are supported by up to date business cases which include SMART non-cashable objectives.</p> <p>If information is not readily available to monitor non-cashable outcomes this should be clearly stated in the business case and alternatives sources of data, or the collection of new data considered.</p>	H	<p>All the programmes have up to date business cases with robust financial benefits identified linked into the programmes and operational budgets to ensure they are realised, some with well defined non cashable benefits. It recognised that there needs to be more consistency across all the business cases for non cashable benefits and processes are already being put in place to ensure these are developed with associated measures to ensure they can be tracked into delivery and operational performance. As stated previously many performance measures do not currently exist so in the future the development of this measures associated with these non cashable benefits will need to form part of the programmes deliverables.</p>	<p>All existing Transformation Programme and Major Project Business Cases will be reviewed over the next few months starting Oct 2010.</p> <p>New Business Cases will be subject to the new benefits management framework being developed by the Centre of Excellence.</p>
6	<p>The Council should develop a robust business case for the New Ways of Working programme which includes clear and measurable non-financial outcomes against which progress can be monitored.</p>	H	<p>A revised business case based on the original cabinet approval in June 2008 is being developed waiting for SODB approval. The current climate has introduced a lot of uncertainty on the shape, size and purpose of the Council in the future so other alternatives are being investigated and it is likely a further revision of the business case will be required as more clarity becomes available</p>	<p>SRO NWOW submission to SODB Sept 2010, and Cabinet Nov 2010.</p>

Rec. No.	Recommendation	Priority H/M/L	Management response	Implementation date and responsibility
7	<p>The Council should actively engage stakeholders in the New Ways of Working programme by:</p> <ul style="list-style-type: none"> <li>• identifying and profiling the stakeholders; and</li> <li>• developing a communication plan.</li> </ul>	M	<p>A full communication plan for the NWOW programme has been produced and is now being implemented. This Communication Plan aims to keep Stakeholders informed of NWOW Programme progress through selected communication media. Feedback is an important part of the process and is to be encouraged as a measure not only of the success of the programme in achieving its objectives, but also positive engagement of participants and quality of solutions delivered. Through the <a href="mailto:nwow@bristol.gov.uk">nwow@bristol.gov.uk</a> generic email, Change Advisory Groups (CAG's), intranet 'page issue editor' feedback system, face to face meetings with staff groups, ongoing consultation with Trade Unions and Self Organised Groups, message boards to name a few.</p>	<p>NWOW Communication &amp; Programme Managers Started and ongoing.</p>
8	<p>The Transformation Team should continue to review the documentation it produces to support the Business Transformation Programme to ensure it remains appropriate for the function for which it is intended.</p>	M	<p>The documentation and reporting is continually under review to ensure it informs appropriately, highlights the key issues and supports quality decision making. This will continue and at present a delivery scorecard for transformation is in design and the SODB reports being developed further so the transformation programme is placed in context with other change activities so financing and benefit delivery can be tracked appropriately.</p>	<p>Service Director Transformation to ensure processes are present in the Centre of Excellence to monitor reporting effectiveness Oct 2010 onwards.</p>



Rec. No.	Recommendation	Priority H/M/L	Management response	Implementation date and responsibility
9	<p>The Council should ensure all programmes are delivering non-financial outcomes, as well as financial, by:</p> <ul style="list-style-type: none"> <li>• identifying and profiling all benefits;</li> <li>• developing benefits realisation plans; and</li> <li>• clearly and consistently monitoring and reporting achievement against the plan, throughout the agreed governance structure.</li> </ul>	H	<p>A greater focus will be placed on non financial outcomes than has been to date, the main focus having been on delivery of financial cashable benefits. However in the current climate the cashable benefits will always be the primary delivery. All programmes and projects will have associate benefit realisation plans developed in the future and this will form part of the Cof E role to check they are developed.</p> <p>It is recognised that the Council lacks good planning skills and this has impacted the transformation programme, several attempts have been made to improve this position by introducing planning capability, this will continue as it is critical to good clear, consistent monitoring.</p>	<p>SOBD – resolve the planning issue – Oct 2010.</p> <p>Service Director Transformation QA process on non financial benefit identification and benefit realisation plans.</p> <p>SRO's and Project Executives o ensure Benefit Realisation plans are produced.</p>
10	<p>The Council should continue to consider how it can develop and re-evaluate its New Ways of Working accommodation strategy in partnership with others, both public, private and voluntary sectors to ensure the most effective and beneficial options are selected.</p>	M	<p>This will continue post the Comprehensive Spending Review when plans will be established by the programme and discussions started. This will ensure the most effective use of time as the position will be clearer and parties more inclined to engage.</p>	<p>NWOW SRO and Programme Manager Q1 2011.</p>
11	<p>The Council should consider introducing independent assurance measures, such as a formal gateway review and the use of Internal Audit to provide assurance.</p>	M	<p>Formal Gateway reviews have already been introduced the first taking place Sept 2010 for the Waste Project with Landlords Transformation programme next in Oct/Nov. This will continue for all major programmes going forward and measures are being taken to introduce smaller gateway review capability to other projects in a cost effective manner. This work in being completed with Local Partnership organisation. QA consultancy support is also in place already to all programmes and projects through the Centre of Excellence.</p>	<p>Service Director Transformation – already in progress.</p>

## Appendix B - Glossary

The following are explanations of common terms used in this report.

### **Baseline**

A reference level against which an entity is monitored and controlled.

### **Benefit**

The measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders.

### **Blueprint**

A model of a business or organisation, its working practices and processes, the information it requires and the technology that will be needed to deliver the capability described in the Vision Statement.

### **Business Case**

The justification for an organisational activity (strategic, programme, project, operational) which typically contains costs, benefits, risks and timescales and against which continuing viability is tested.

### **Business Change Manager**

The role responsible for benefits management, from identification through to realisation and ensuring the implementation and embedding of the new capabilities delivered by the projects. Typically allocated to more than one individual and also known as Change agent.

### **Dis-benefit**

An outcome perceived as negative by one or more stakeholders. Dis-benefits are actual consequences of an activity, whereas a risk has some uncertainty about whether it will materialise.

### **Outcome**

The result of change, normally affecting real world behaviour and/or circumstances; the manifestation of part or all of the new state conceived in a programme's Blueprint.

### **Programme**

A temporary flexible organisation structure created to coordinate, direct and oversee the implementation of a set of related projects and activities in order to deliver outcomes and benefits related to an organisation's strategic objectives; a programme is likely to have a life that spans several years.

### **Programme Board**

A group that is established to support a Senior Responsible Officer to deliver a programme.

### **Programme Management**

The coordinated organisation, direction and implementation of a dossier of projects and transformation activities (i.e. the programme) to achieve outcomes and realise benefits of strategic importance.

**Project**

A temporary organisation that is created for the purpose of delivering one or more business outputs according to a specified Business Case.

**Risk**

An uncertain event or set of events which, should it occur, will have an effect on the achievement of objectives; a risk is measured by a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact and objectives.

**Senior Responsible Officer**

The single individual with overall responsibility for ensuring that a project or programme meets its objectives and delivers the projected benefits.



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