

Appendix 3

2024/25 – 2026/27 Transformation Programme

February 2024



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1. Overview

- 1.1 During the first year of the transformation programme in 2022/23, savings were minimal as the programmes mobilised.
- 1.2 In that first year, while the scope and savings ambitions were minimal, the transformation programme allowed the Council to set up the foundations of good governance, infrastructure, resource capability and to introduce the right disciplines to support the delivery of its more ambitious targets in future years.
- 1.3 There was an urgency to undertake transformation at pace in response to the IAB instructions resulting in the production of a series of Outline Business Cases (OBC's). Lesson learned exercises in more recent times has provided useful insight into what has worked well and where there are opportunities for further improvement in both the development of the business cases, the assumptions and the performance monitoring of them.
- 1.4 Competing priorities and resource gaps both in the enabling services and the Directorates has meant that the transformation programme, now in its second year has faced a number of challenges.
- 1.5 There are a number of projects and initiatives that have shown huge signs of success and delivery of savings targets such as the cross-cutting initiatives in Customer and Business Support.
- 1.6 Where programmes have struggled to reach the necessary pace to delivery its commitments, the introduction of the Transformation Oversight Board, Executive Panel (Transformation) and the Delivery Board have brought greater attention and focus on how programmes can ensure they remain on track or identify the necessary mitigation measures to get back on track where needed.
- 1.7 With further ambitious targets in future years, it is imperative to provide assurance on the current and future transformation savings, ensuring sufficient investment is identified and approved to deliver the savings within an approved framework, acting at the earliest opportunity to remedy any risks and issues.
- 1.8 Table 1 below shows the total gross savings approved in the 2023/24 MTFP of £61.942m.
- 1.9 Table 1 below also shows the total savings programme was reduced by £1.852m to £60.090m due to removing Procurement savings funded by other funding streams.

1.10 The current savings target 2023/24 is £15.671m with the remaining programme (2024/25 to 2026/27) at £42.654m

Table 1: Annual Gross Savings								
	2022/23	2023/24	2024/25	2025/26	2026/27	2022/23 to 2026/27 Total Saving	2024/25 to 2026/27 Total Saving	
	£m	£m	£m	£m	£m	£m	£m	
2022/23 MTFP	Customer	(0.329)	(1.319)	(1.647)	0.000	0.000	(3.295)	(1.647)
	Business Support	(0.340)	(0.340)	(0.690)	0.000	0.000	(1.370)	(0.690)
	Procurement – revenue	(0.331)	(0.662)	(0.414)	(0.314)	0.000	(1.721)	(0.728)
	Procurement – other funding streams	(0.370)	(0.707)	(0.497)	(0.278)	0.000	(1.852)	(0.775)
	Adults	(0.226)	(0.660)	(0.531)	(0.657)	0.000	(2.074)	(1.188)
	Children’s	(0.539)	(3.018)	(3.775)	(1.999)	(0.809)	(10.140)	(6.583)
	Sub total	(2.135)	(6.706)	(7.554)	(3.248)	(0.809)	(20.452)	(11.611)
2023/24+ MTFP	Children’s - Early Help		(0.902)	(1.143)	0.000	0.000	(2.045)	(1.143)
	Community		(0.705)	(0.163)	(0.300)	0.000	(1.168)	(0.463)
	Adults		(3.402)	(5.150)	(4.674)	(4.364)	(17.590)	(14.188)
	Customer Support		(1.879)	0.835	0.000	0.000	(1.044)	0.835
	Estates/New Ways of Working		(2.013)	(0.075)	0.000	0.000	(2.088)	(0.075)
	Homelessness		(0.522)	(5.569)	(3.266)	(7.949)	(17.306)	(16.784)
	Finance & Resources - IT		(0.249)	0.000	0.000	0.000	(0.249)	0.000
	Sub total		-9.672	-11.265	-8.24	-12.313	-41.490	(31.818)
*Gross Savings per Annex 5 MTFP 2023/24		(2.135)	(16.378)	(18.819)	(11.488)	(13.122)	(61.942)	(43.429)
Remove Procurement – other funding streams		0.370	0.707	0.497	0.278	0.000	1.852	0.775
**Gross Savings per Annex 5 MTFP 2024/25		(1.765)	(15.671)	(18.322)	(11.210)	(13.122)	(60.090)	(42.654)

1.11 To deliver the sizeable transformation programme, significant investment of £20.289m (capital receipts £18.446m, children’s base budget £1.843m) was made available in the MTFP to support delivery over 2022/23 to 2025/26. In addition, other funding (HRA and I.T. digital reserve) of £0.711m is available, bringing the total investment to £21m.

1.12 Table 2 below shows actual 2022/23 and gross forecasted investment requirement (2023/24 to 2025/26) totals £18.985m compared to £21m available resulting in an overall saving of **£2.015m**.

1.13 The capital receipts requirement is forecasted at £16.968m compared to £18.446m available resulting in a saving of **£1.479m**.

1.14 The Children’s Service is forecasted to contribute revenue resources of £1.306m, **£0.537m** lower than budgeted.

1.15 The net use of the other funding sources has reduced the requirement for capital receipts by **£1.479m** (Table 3) which is proposed to be **re-purposed** to strengthen the Corporate PMO and support the delivery of the desired outcomes including the more recent proposals generated from the Duties and Powers exercise. This is set out in more detail in Section 3.

1.16 Of the programmes shown below, the Homelessness programme is currently under review and future investment requirements will be dependent on a refreshed business case approval.

1.17 There is no investment available after 2025/26. In addition, the below figures do not include feasibility costs or associated redundancy costs that may be incurred as a result of the existing savings programme.

Table 2: Investment						
	Actual 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total 2022/23 to 2025/26	Forecast 2023/24 to 2025/26
	£m	£m	£m	£m	£m	£m
PMO	1.090	0.642	0.112	0	1.844	0.754
Training or Academy	0.230	0	0	0	0.230	0.0
Academy backfill	0.716	1.198	1.050	0	2.964	2.248
TOTAL #1	2.036	1.840	1.162	0	5.038	3.002
Procurement	0.341	0	0	0	0.341	0
Adults	0.282	0.500	0.168	0	0.950	0.668
Procurement & Commissioning	0.484	0	0	0	0.484	0
Childrens	2.948	4.305	0.381	0.502	8.136	5.188
Customer Support	2.146	1.068	0.424	0	3.638	1.492
Homelessness	0	0.216	0.182	0	0.398	0.398
TOTAL #2	6.201	6.089	1.155	0.502	13.947	7.746
Contingency	0	0	0	0	0	0
TOTAL	8.237	7.929	2.317	0.502	18.985	10.748
Funded by:	£m	£m	£m	£m	£m	£m
Capital Receipts	8.201	7.054	1.713	0	16.968	8.767
Revenue Children's Budget	0.036	0.494	0.274	0.502	1.306	1.270
Digital Reserve	0	0.258	0.234	0	0.492	0.492
Housing Revenue Account	0	0.123	0.096	0	0.219	0.219
Total Funding	8.237	7.929	2.317	0.502	18.985	10.748

Table 3 Transformation Investment – Capital Receipts	MTFP 2022/23	MTFP 2023/24	MTFP 2024/25	MTFP 2025/26	Total
	£m	£m	£m	£m	£m
Approved as part of the Capital Budget (Annex 7 MTFP 2023/24)	9.824	6.649	1.973	0	18.446
Capital receipt underspend brought forward from previous year	0	1.624	1.219	1.479	
Capital receipts available	9.824	8.273	3.192	1.479	18.446
Table 2 - Actual 2022/23 & Forecasted 2023/24 to 2026/27	8.200	7.054	1.713	0	16.967
Capital receipts carried forward	1.624	1.219	1.479	1.479	1.479

2. Transformation portfolio 2023/24

- 2.1 The transformation portfolio, having grown in 2023/24, covers a range of programmes and initiatives including a number of cross-cutting programmes and some Directorate specific programmes.
- 2.2 To support the successful delivery of the transformation programme, Directors as Senior Responsible Officer (SRO) and the programme leads working with colleagues are reviewing options to ensure that savings are delivered during 2023/24.
- 2.3 Saving targets that are based upon reducing third party spend are likely to be impacted by increased price inflation and increased demand for services beyond the original metrics used to determine savings targets or growth within baseline budgets.
- 2.4 Savings relating to staffing reductions will also be impacted by cost of living and agency spend to fulfil key operational delivery roles but will see a benefit for positions where vacancies can be held.
- 2.5 Where we have programmes that are behind target and require remedial activity to mitigate the risk of under delivery by year-end, guidance was provided on the types of mitigations acceptable to bring the projects back on track. These are as follows:
 - **Recovery Actions** These are actions that are put in place to bring transformation performance back on-track within the original agreed scope of the transformation project/programme. For example, applying more resources to elements of the original implementation to accelerate delivery or unblock issues that have adversely affected delivery. If these recovery actions directly relate to the original transformation project/programme then they will be reflected as positive movement against the target.

- **Replacement Savings:** Where progress has fallen behind target trajectory and there are no 'recovery actions' that can realistically be taken in-year to bring performance back on-track then respective transformation leads should consider the addition of replacement savings that can make up the short-fall. E.g. The addition of a replacement saving that is outside the original scope of the transformation project/programme. These require approval through a governance process before they can be incorporated into the transformation programme.

2.6 Whilst the programme is experiencing challenges in delivering savings, there are examples of really positive actions to manage demand and changes in working practices that can be demonstrated and shared through the established programme boards. The challenge is ensuring the outcomes deliver cashable savings.

2.7 In this section, an overview of these programmes (as ordered above in Table 1) is provided.

Customer and Business Support (Customer Support)

2.8 The aim of the Customer Support programme is to consolidate the customer contact and business support activities within Customer Services, delivering operational efficiencies and improvements to both customer and colleague experience.

2.9 The programme works across the whole council with the aim of rapidly improving key customer services through a programme of process redesign and simplification based around customer needs. Simpler, faster processes improve customer satisfaction and reduce costs for the council.

2.10 This rapid process-by-process improvement is accompanied by a consolidation of contact points for customers, providing a more effective triage and support service based on whole customer need rather than specific service requirements. The implementation of effective digital channels is a key element of this programme, providing rapid 24/7 access to council services where appropriate.

2.11 Now in its second year of delivery, the programme is on track to reach its committed savings targets.

Procurement

2.12 Some parts of the Procurement programme as set out above has now transitioned to service activity and is overseen by the Commercial Oversight Board.

- 2.13 The parts of the programme that remain, aim at identifying savings through award of contracts for lower cost than was provided for in the original budget. These are tracked and confirmed through the procurement process and recovered from budgets where possible, once delivery is evidenced.
- 2.14 The Procurement Transformation programme has delivered a new operating model for the Commercial, Procurement and Contract Management function.
- 2.15 This programme has faced a number of barriers to the recovery of cashable savings against targets which are largely attributed to inflationary levels and inability to remove funds from budgets (e.g.: due to being external grant-funded, capital allocations or commitments against other savings programmes).
- 2.16 As a result, all savings currently being pursued and reported are mitigation actions in the form of replacement savings delivered through business as usual Procurement activity.

Adult Social Care

- 2.17 The Adults transformation programme saw an ambitious increase to its saving targets in its first year and the second year of delivery has faced a vast number of challenges.
- 2.18 The main aims of the programme continue to be about promoting independence, prevention and delaying the need for longer term care.
- 2.19 It is widely recognised that the demand for adult's social care services is increasing across the nation and this is no different in Nottingham. A number of key challenges, such as increasing demand, workforce retention and financial pressures mean that the existing programme of change was further developed to improve service quality, provide better outcomes for citizens and deliver financial savings for the Council.
- 2.20 The programme has a clear plan across its scope and activity is underway to accelerate the delivery of its savings targets. In a number of areas where there is likely to be under-delivery in 2023/24, a mitigation action plan is currently being created to assess the most suitable mitigations and profiling.

Childrens Social Care

- 2.21 The Children's Integrated Service transformation programme covers all of Children's Social Care, from Early Help (EH), through Child in Need (CIN), Child Protection (CP) to Children in Care (CIC).
- 2.22 It aligns work started in early 2022/23 with implementation of the recommendations from the council's Ofsted inspection. The primary aims of the programme are to:

- Help families stay together more safely and with greater resilience, using effective targeted interventions. This will significantly reduce the trajectory of growth of children in care in Nottingham
- Ensure the most timely and effective support is consistently provided from EH through CiN and CP. This will be a significant driver of improved service quality and reduced risk as well as reducing future workforce growth requirements
- Reduce bottlenecks and improve processes and ways of working to help staff spend more time helping young people, and gain greater satisfaction from their roles
- Improve commissioning and recruitment processes of residential and foster careers
- Support the council on the journey to maintain consistent good practice

2.23 The programme is largely on track to deliver against its targets and where there are any areas of likely under-delivery, there is a clear mitigation action plan in place with high confidence of full delivery.

Communities

2.24 There are a number of initiatives under the Community programme which are in delivery, including the commissions Safety and Regulatory review and the review of Fleet.

2.25 The current initiatives are being aligned with the future savings proposals from the Duties and Powers proposals to ensure full alignment and success.

2.26 Where there are areas of likely under-delivery, a mitigation action plan is in place.

Estates

2.27 The programme around Estates is largely connected to the establishment of a new Corporate Landlord Service that provides a strategic overview and manages the Council's assets.

2.28 A number of the initiatives within this programme have already been delivered as planned and where there are some areas that will have a likely under-delivery, a mitigation action plan is in place to ensure it remains on track.

Homelessness

- 2.29 The aim of this programme is linked to the reduction of the use of costly nightly paid/temporary accommodation. A focus on early prevention and tailored housing solutions for households is key to this.
- 2.30 Much like social care, the programme faces a number of cost pressures caused by increasing local and national demand and there is a growing need to address homelessness as a city-wide issue rather than just a council issue.
- 2.31 The programme had a delayed start due to the need to recruit to its new Housing Solutions team and therefore any under-delivery in this financial year is being mitigated throughout the life of the programme via a number of opportunities to get it on track to deliver.

Finance & Resources - IT

- 2.32 The smallest of the initiatives in the transformation portfolio sits within this programme which is connected to opportunities around Cloud Storage and Voice Convergence. Both of these initiatives have had some difficulty in delivery largely attributed to the high demands and priorities on the IT Service.
- 2.33 A mitigation action plan is in place to ensure that this work remains on track and is mindful of the growing pressure on this enabling function to absorb further requirements from Duties and Powers. The plan around some of this is addressed in the below section.

3. Transformation portfolio 2024/25

- 3.1 There is £2.317m investment allocated in 2024/25 to support the existing commitments which is mainly funded by capital receipts and some other funding sources as shown in Table 2 above.
- 3.2 The detailed investment has been shared with the Capital team to ensure that it is compliant with the flexible capital receipt directive.
- 3.3 The capital receipts requirement is forecasted at £16.968m compared to £18.446m available resulting in a saving of **£1.479m (Table 3)**. These unused funds are mainly due to a combination of the utilisation of support services (HR, Legal, Finance) within Directorates, a reduced need on the contingency allowance and a streamlined PMO and change academy staff.

- 3.4 While the existing transformation portfolio as above is underway, the Council is embarking on a series of new savings proposals as part of the recent Duties and Powers exercise. These are currently under consultation and any investment requirements will be subject to consideration and approval.
- 3.5 While many of the proposals are not transformational in nature and the level of change activity will increase to new levels and therefore a robust governance and delivery arrangement is required in order to support the delivery of a balanced budget.
- 3.6 To effectively manage the totality of change, it is proposed to integrate these under a single Corporate PMO under the leadership and steer of an expanded Oversight Board.
- 3.7 Creating a Corporate PMO will mean:
4. A Central, **consolidated grip** of change activity. Not a heavily bureaucratic set up, but one that promotes agility and service ownership.
 5. The Corporate PMO will act as the enabler of transformation, forming better collaboration with Services
 6. **Corporate accountability** and oversight through the Corporate Directors and Portfolio Holders
 7. Creation of **single integrated delivery plans** for each Directorate
 8. **Consistent approaches, tools, templates** and good practice across Directorates
 9. A **central pool of project management and business analyst resources** and funds to support services
- 3.8 To establish a suitable set up of a Corporate PMO to manage the new demands from the Duties and Powers proposals, it is proposed that the unused balance of £1.479m capital receipts in 2024/25 (as shown below in the updated investment table 4 and capital receipts table 5) is re-purposed to ensure that there is an adequate level of transformation resource (programme/project management and business analysis) under a strengthened PMO.

Table 4: Updated Investment						
	Actual 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total 2022/23 to 2025/26	Forecast 2023/24 to 2025/26
	£m	£m	£m	£m	£m	£m
PMO	1.090	0.642	0.112	0	1.844	0.754

Strengthen Corporate PMO	0	0	0.742	0	0.742	0.742
Training or Academy	0.230	0	0	0	0.230	0.0
Academy backfill	0.716	1.198	1.050	0	2.964	2.248
TOTAL #1	2.036	1.840	1.904	0.000	5.780	3.744
Procurement	0.341	0	0	0	0.341	0
Adults	0.282	0.500	0.168	0	0.950	0.668
Procurement & Commissioning	0.484	0	0	0	0.484	0
Childrens	2.948	4.305	0.381	0.502	8.136	5.188
Customer Support	2.146	1.068	0.424	0	3.638	1.492
Homelessness	0	0.216	0.182	0	0.398	0.398
TOTAL #2	6.201	6.089	1.155	0.502	13.947	7.746
Contingency	0	0	0.737	0	0.737	0.737
TOTAL	8.237	7.929	3.796	0.502	20.464	12.227
Funded by:						
	£m	£m	£m	£m	£m	£m
Capital Receipts	8.201	7.054	3.192	0	18.447	10.246
Revenue Children's Budget	0.036	0.494	0.274	0.502	1.306	1.270
Digital Reserve	0	0.258	0.234	0	0.492	0.492
Housing Revenue Account	0	0.123	0.096	0	0.219	0.219
Total Funding	8.237	7.929	3.796	0.502	20.464	12.227

	MTFP 2022/23	MTFP 2023/24	MTFP 2024/25	MTFP 2025/26	Total
	£m	£m	£m	£m	£m
Table 5 Transformation Investment Capital Receipts					
Approved as part of the Capital Budget (Annex 7 MTFP 2023/24)	9.824	6.649	1.973	0	18.446
Capital Receipts underspend brought forward from previous year	0	1.624	1.219	0	
Capital Receipts Available	9.824	8.273	3.192	0	18.446
Table 2 - Actual 2022/23 & Forecasted 2023/24 to 2026/27	8.200	7.054	1.713	0	16.967
Strengthen Corporate PMO (£0.742m) & Contingency (£0.737m)	0.000	0	1.479	0	1.479
Total Actual and Forecasted Expenditure	8.200	7.054	3.192	0	18.446
Capital Receipts Carried Forward	1.624	1.219	0	0	0

3.9 The capital receipts requirement shown above is included in the Capital Programme (Budget Report Section 11 and Appendix 8).

3.10 This set up would ensure that delivery resources are aligned to each Directorate and a tighter grip on single integrated plans is possible.

3.11 The re-purposing of this fund will allow for an increased resource pool as well as provide further contingency towards additional enabling support resources.

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