

North Lanarkshire Council Report

Transformation and Digitalisation Committee

approval noting

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Transformation and ALEO Review Programmes: Current Status and Future Gateway Review Proposals

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Executive Summary

This report provides Committee with background to the existing Transformation and ALEO Review Programmes and summarises the current status of activity and decision making within each workstream. Background information on the review programmes is provided along with details summarising how individual reviews are identified and the corporate processes followed by the review teams. Included within these review processes is the inclusion of Gateway Reviews, providing an additional layer of scrutiny and challenge. Previously, separate Gateway Review panels were in place for the Transformation Programme and the ALEO reviews. This report highlights the benefits and added value gained through the Gateway Review process and recommends that Gateway Reviews continue with a single Review Panel in place for both programmes.

Recommendations

The Transformation and Digitalisation Committee is requested to:

1. Note the current status of activity within the previously approved Transformation and ALEO Review Programmes;
2. Note that the existing Transformation Programme will be supplemented, as appropriate, with transformational requirements identified within Council's 2019/20 revenue budget;
3. Approve the continued inclusion of Gateway Reviews as a key component of review activity, with a single Gateway Review process to be adopted going forward for future transformation and ALEO reviews;
4. Identify members to serve on the proposed integrated Gateway Review panel; and,
5. Identify any further areas of review activity for reporting and consideration at future meetings of the Transformation and Digitalisation Committee.

Supporting Documents

Council Plan	Individual transformation and ALEO reviews impact, as appropriate, on each of the priority outcomes. Collectively, the reviews contribute overall to the priority to ' <i>Improve the Council's resource base</i> '
Appendix 1	Transformation Programme: Summary of Current Activity and Status of Individual Reviews
Appendix 2	ALEO Review Programme: Summary of Current Activity and Status of Individual Reviews

1. Background

- 1.1 The Transformation Programme was introduced in 2016 to provide a structured process through which the Council could identify, investigate and implement significant service delivery reconfigurations to achieve increased efficiency and / or a range of other outcomes including, for example, improved service delivery, increased customer focus or successful implementation of new legislation.
- 1.2 Similarly, the ALEO Review Programme was approved in 2016/17 to ensure that the Council's arm's length service delivery arrangements continued to provide value for money and contributed to the Council's strategic direction.
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2. Report

2.1 Transformation Programme

- 2.1.1 The programme currently comprises three individual reviews identified for their ability to offer the greatest potential to deliver efficiency savings, make best use of the Council's resources, improve customer service and / or support the modernisation and digitalisation agendas.
- 2.1.2 A summary of each review and its current status is provided in Appendix 1. Reviews completed or considered in the last financial year are also included.
- 2.1.3 There is no static review programme; a fluid approach to identifying, or stopping reviews, ensures any potential can be exploited quickly and/or time and resources are not unnecessarily expended. By way of example, a proposed review into an Area Delivery Model for shared services in the former Education, Youth and Communities Service was withdrawn following the risk analysis revealing a high likelihood of a combination of strategic, operational and reputational issues. A proposal to achieve the targeted saving through a number of alternative measures was instead proposed and approved.
- 2.1.4 To date, reviews have been identified as part of the revenue budget setting process or directly through services self-assessing their operational planning arrangements.

2.2 ALEO Review Programme

- 2.2.1 The three year ALEO Review Programme was approved in 2016 and includes all external service delivery arrangements where the Council has significant interest. In determining the phasing of the review programme the former ALEOs and External Bodies Monitoring Committee considered:
- the level of Council funding allocated to the outside body by way of an annual management fee or contract works agreement;
 - The level of control or influence that the Council may exert over the organisation, and in particular, identifying those organisations where the Council has a 100% controlling interest;
 - Responsibility within the organisation for frontline service delivery;
 - The existence, or otherwise, of existing "trigger points" within the Council's service level or contract works agreement with the organisation; and,
 - The potential, through existing performance information, knowledge or opportunities already available to the Council, to identify where there may be measurable benefits and deliverables resulting from an earlier review.

2.2.2 A summary of each review and its current status is provided in Appendix 2. Of the 15 separate reviews scheduled, 7 are complete and 8 are delivering against a variety of action plans and review recommendations.

2.3 Review Process and Gateway Reviews

2.3.1 The review processes have developed over the years. All reviews now comply with the Council's project management model (which all significant Council projects follow) with an added layer of scrutiny in the form of Gateway Reviews.

2.3.2 In February 2017 the former Transformation Sub Committee approved an enhanced approach to its review activities. In conjunction with services, guidance and associated tools and techniques were developed. Elected Member and Trade Union input was strengthened through the introduction of Gateway Reviews by a Gateway Review Panel.

2.3.3 The panels challenge review teams at key milestones in the research, findings and proposals phases and authorise progression to the next stage.

2.3.4 Review teams and panel members have found these exercises particularly valuable. Teams can explain in more detail the challenges they face, and their potential solutions, while Elected Members have welcomed the closer dialogue with teams, the opportunity to hear the detailed background to decision making and the ability to identify where more detailed examination is required.

2.3.5 Membership of the Gateway Review Panel for Transformation Reviews previously consisted of:

- the Convener and Vice Convener of the former Transformation Sub Committee;
- cross party representation; and
- the joint trade union representative.

2.3.6 Membership of the Gateway Review Panel for the ALEO reviews previously comprised the Convener and Vice Convener of the former ALEOs and External Bodies Monitoring Sub-Committee and the Convener and Vice Convener of the former Transformation Sub Committee referenced above.

2.3.7 The advent of the new Transformation and Digitalisation Committee provides an ideal opportunity to reconfigure membership of the Gateway Review Panels, with a single Gateway Review process in respect of future transformation and ALEO reviews recommended for adoption.

2.3.8 The Gateway Review Panel composition outlined at paragraph 2.3.5 above is considered both appropriate and relevant, and Committee is therefore requested to identify which Transformation and Digitisation Committee members will serve on the integrated Gateway Review Panel. To assist, members should note the Panel's cross party representation previously consisted of three elected members, serving on the Committee, and drawn from a representative sample of all political groupings.

Equality and Diversity

3.1 Fairer Scotland

There are no requirements for a Fairer Scotland assessment arising from this report, however, members should be assured that equality considerations,

including inequality of outcome and socio economic disadvantage, are included in review activity and referenced in the individual review reports.

3.2 Equality Impact Assessment

As above.

4. Implications

4.1 Financial Impact

There are no financial implications arising from this report.

4.2 HR/Policy/Legislative Impact

There are no HR, policy or legislative implications arising from this report.

4.3 Environmental Impact

There are no specific environmental impacts for consideration at this time.

4.4 Risk Impact

4.4.1 Although there are no direct risk implications arising from this report, members should note that Gateway Reviews provide an important layer of scrutiny and challenge, strengthening the robustness of the review processes. Gateway Reviews also mitigate the corporate risk associated with the Council's inability to manage strategic change.

4.4.2 Risk assessment is an integral part of the transformation and ALEO reviews. Potential risks and uncertainties, which may arise as a result of the proposals or service delivery reconfigurations, are identified and a risk assessment is included in the options appraisal phase of all individual reviews with the findings included in the final review reports to Council.

5. Measures of success

5.1 The Council has sufficient information available to assure members that the Transformation and ALEO Review Programmes remain on track and are achieving their original objectives.

5.2 Review findings are demonstrating where the Council's original expectations are being met and highlighting opportunities to: strengthen existing service delivery; generate efficiencies; and, secure Best Value and continuous improvement through a range of recommended areas for improvement and /or revised service delivery arrangements.



Head of Business Solutions

Transformation Programme: Summary of Current Activity and Status of Individual Reviews

Transformation Reviews	Planned	Completed	"Live"	Comments – Current Review Status
Countryparks and Greenspace Services	✓	-	✓	The review aims to save £231k. Gateway Review completed, Trade Union consultation started January 2019.
Facilities Support Services	✓	-	✓	Outcome of the review is subject of a separate report to Transformation and Digitalisation Committee on 27 February 2019.
Digital NL	✓	-	✓	Full Business Case under review to be reported to Policy and Strategy on 21 March 2019 as a separate report.
Road Safety Service	✓	✓	✓	Road safety services completed. Review withdrawn, funding to be identified in the Education budget
Asset Management	✓	✓	✓	The council has a cumulative savings target of £886k. A plan is in place for delivery of the savings and has previously been reported to the former Transformation Sub-committee.
Sheltered Housing	✓	✓	-	Sheltered housing support services were reviewed to better match needs in the three new categories of older people's housing: sheltered plus, retirement housing and amenity housing. This will result in a gross total saving of £1,163,960 of which £328,000 was offered for 2018/19 efficiency savings resulting in a potential net saving of £835,960 for 2019/20.
Financial Inclusion Service	✓	✓	✓	Third party review has now been completed and revised funding structure in place. In addition, review of internal service is now complete resulting in move from temporary posts to permanent and location of service within the Communities Service of Enterprise and Communities.
Community Learning and Development	✓	✓	n/a	Review withdrawn and referred to Policy and Resources Committee
Area Delivery Model for Education, Youth and Communities	✓	n/a	n/a	Review withdrawn and savings identified from elsewhere.

ALEO Review Programme: Summary of Current Activity and Status of Individual Reviews

ALEOs and Outside Bodies' Reviews	Planned	Completed	"Live"	Comments – Current Review Status
Phase 1 – 2016-17				
NL Leisure Ltd	✓	✓		Reported through ALEO Committee in February 2017 and Policy and Resources Committee in June 2017.
Culture NL Ltd	✓	✓		
Amey Public Services LLP (<i>Finalising year 4</i>)	✓	✓		Reported through ALEO Committee and former Planning and Transportation Committee in February 2017. Recommendations identified for inclusion in Year 8 review (referenced below)
Saltire Facilities Management Limited		✓		Completed May 2017 generating £1.2m income. Legal Variations enacted to formalise required community benefits to contract end in 2021.
Phase 2 – 2017-18				
Merger Considerations – NL Leisure / Culture NL	✓	✓		Policy and Resources Committee agreed in September 2018 that integration of sports, cultural and leisure services could impact positively on the Council's longer term cost effectiveness and business planning arrangements. Existing Boards requested to nominate members to work together in preparing an integration, communication and engagement plan for further consideration by Committee on 6 December 2018.
Fusion Assets Ltd	✓		✓	Improvement Plan actions, identified through the review, are near to completion with final report to Fusion Assets' Board of Directors due on 18 February 2019. Examination of potential group structure for property, business, regeneration and inward investment activity now underway as part of the Council's Economic Regeneration Delivery Plan.
NL Properties LLP	✓		✓	Short Life Working Group in place to assist NLP with Improvement Plan actions including: preparation of five year Business Plan; establishment re-structure; conclusion and roll-out of Marketing Strategy and Customer Charter; and, review of existing Service Level Agreement between the Council and NLP. Potential inclusion of NLP LLP in group structure as referenced above.
The Campsies Centre, Cumbernauld Ltd	✓		✓	Members Voluntary Liquidation process approved and anticipate company affairs being formally wound up during 2019/20.

ALEOs and Outside Bodies' Reviews	Planned	Completed	"Live"	Comments – Current Review Status
Town Centre Activities Ltd	✓		✓	Enterprise and Housing Committee agreed, on 5 September 2018, that TCA should be dissolved with effect from 31 March 2019 with TCA Safe and TCA Local divisions transferring in-house and an alternative delivery model being developed for Shopmobility. The Special Resolution to amend the existing Articles of Association and allow the transfer of net assets to the Council for use in furtherance of TCA's charitable objectives has been prepared and application made to the Office of the Scottish Charity Regulator to wind-up the charity. Regular engagement with staff and trade unions remains ongoing. Dialogue with voluntary sector is underway regarding future delivery options for Shopmobility and in support of this process, TCA Board agreed on 31 January 2019 to extend the transfer period to 30 June 2019 to allow the voluntary sector to undertake necessary due diligence and ensure a seamless transition.
Walker Profiles Ltd		✓		Completed August 2017, generating minor income of £40,000 with no detriment to service delivery.
Phase 3 – 2018-19				
Routes to Work Ltd	✓		✓	Commencing in September 2018, this review is due to be completed by August 2019. The extended timescale reflects lessons learned from Phase 2 where it was identified that engagement with Directors should be scheduled at key milestones in the review's activity to allow for feedback and provide the Board members with an opportunity to comment/engage in the shaping of proposals/options. To this end a workshop was held with the Board of Directors in October 2018 providing them with an opportunity to outline their vision and ambitions for the organisation, as well as identifying any issues or concerns they may have as Directors on the Board. Wider stakeholder engagement is currently in progress and assessment of current provision due to take place in March.

ALEOs and Outside Bodies' Reviews	Planned	Completed	"Live"	Comments – Current Review Status
NLC Municipal Bank Ltd	✓		✓	North Lanarkshire Municipal Bank is the final company included within the ALEO Review Programme. The Review Team, comprising relevant staff from across the Council is in place and review activity commenced in December 2018. Initial work includes identification and assessment of key documents. In addition, contact has been made with a possible benchmarking partner (benchmarking visit expected to take place in February 2019). Key stakeholders are being identified prior to a consultation exercise taking place. The review findings are due to be reported to the Council in August 2019.
Integration of CultureNL Ltd and NL Leisure Ltd	✓		✓	Programme Board in place and Integration Plan considered by Policy and Resources Committee on 6 December 2018. An early priority in the integration process is for the Council, as sole member of each organisation, to prepare and execute a number of Special Resolutions permitting the dissolution of NL Leisure Ltd and transfer of responsibilities, functions and assets to CultureNL. It is anticipated that these Resolutions will be considered at a special Policy and Strategy Committee on 28 February 2019. Preparation of the draft Services and Funding Agreements, which will require to be in place between the Council and the integrated single delivery vehicle, is underway.
Phase 4 -2018-19				
Mears Scotland LLP – Year 8 review	✓	✓		<p>Year 8 review findings presented to the Enterprise and Housing Resources Committee in May 2018 identified high levels of service delivery across the partnership. The review also considered whether an extension to the contract would be of benefit to the Council, however, the projected spend for revenue, plus some additional capital works, would take the contract spend at January 2021 over the total contract value, and so an extension of the contract beyond that timeframe was not recommended.</p> <p>A short term improvement plan was approved to strengthen current service delivery arrangements. It was also agreed that the Council and Mears LLP should work together to ensure a successful TUPE transfer of staff currently employed within the Mears repairs planning team to the Council. Work with HR is underway to implement the transfer seamlessly and as soon as practicable. The associated saving to the LLP will be offset by Mears employing 13 apprentices each year until the contract end date.</p>

ALEOs and Outside Bodies' Reviews	Planned	Completed	"Live"	Comments – Current Review Status
APS LLP – Year 8 review	✓		✓	<p>The Year 8 review commenced in July 2018 with the outcome initially reported to Infrastructure Committee in November 2018, and then carried forward to Policy and Resources Committee in December 2018. The review recommended that the Head of Environmental Assets conduct a market testing exercise to identify whether amending some of the existing contract rates and prices for a term beyond June 2021 will be more beneficial to the Council than ceasing the contract at its natural termination date. A benchmarking exercise is now in progress with the outcome to be reported to the Environment and Transportation Committee.</p>