Service Transformation and Flexible Use of Capital Receipts Update - Q4 2021/22

Service Transformation Summary

1. At the start of the year, the balance within the Transformation Reserve stood at £13.6m. Of this remaining funding, £9.4m had been earmarked to fund approved projects which are currently progressing. These projects include the SMARTCORE Programme, Insourcing and Procurement of IT Services Better Use of Technology within Children Services, Support Services Programme, Smarter Ways of Working Programme and other smaller projects.

2. Following a robust scrutiny of the Smartcore Programme and Insource and Procurement of Information Technology Services Project, a decision has been taken to utilise the opportunity to fund these eligible projects through the Flexible Use of Capital Receipts Strategy which was agreed by County Council in the 2021/22 Budget. This action has resulted in the releasing of £3.8m within the Service Transformation Reserve funding for future projects; with only £0.8m of costs charged to the Service Transformation Reserve in 2021/22.

3. In addition, an in-year one-off saving of £1.2m has been generated within the Portfolio revenue budgets relating to Homeworking and Changes In Service Delivery. £0.6m of this saving has been used to cover the costs associated with the office move from Centenary House Durrington to Durrington Bridge House, with the remaining £0.6m being transferred to the Service Transformation Reserve to help fund future Smarter Ways of Working projects.

4. This has resulted in the Service Transformation Reserve completing the year with a reserve balance of £13.3m. Of the funding remaining, £4.9m is committed to fund approved projects which are currently progressing, leaving £8.4m of unallocated funding.

SMARTCORE Programme

5. The Smartcore programme is focused upon making HR, Finance and Procurement business processes more efficient and economic through the replacement of the existing SAP system with Oracle Fusion.

6. The programme adheres to a set of design principles that seek to establish a single source of truth for key data and information relating to Finance, HR, Payroll and Procurement and Contract Management Services; which will support strategic and operational decision making and planning, whist also providing an opportunity to introduce productivity gains via business process improvements.

7. The programme is in the configuration and sprint phases, with the systems integrator taking WSCC on a 'walkthrough' of the defined environment (shaped by the previous design phase). Following this phase, the system will be thoroughly evaluated via integration testing with key line of business applications as well as user acceptance testing, and payroll runs.

8. The data migration strategy has been completed and work is underway to commence data migrations activities. The project is now increasing in pace with a planned implementation in the spring of 2023.

9. A review of the financial elements of the Smartcore programme is currently underway. It is likely that the programme will require additional funding to successfully complete the implementation of the project as the timelines for delivery have extended further than anticipated when the original budget was constructed. Further details will be included within the Q1 2022/23 Performance and Resources Report.

10. Following a robust review of the project's expenditure and in-line with the County Council's Flexible Use of Capital Receipts Strategy, the expenditure incurred for this project in 2021/22 has been funded from capital receipts income, rather than the Service Transformation Reserve.

Insourcing and Procurement of IT Services

11. Following a joint review by the County Council and Capita, a decision was taken to transfer IT services away from Capita on the 30th September 2021 as part of our move to a new operating model.

12. With this transfer completed, the IT Service now has a modern service model supporting the organisation with the right tools on first request which aid productivity and can adapt as business needs change.

13. Rather than a single supplier, the council now has multiple suppliers, smaller and more specialist to support the IT Strategy and Council agenda.

14. During the fourth quarter, the IT service has continued to modernise and has progressed a further procurement to add a specialist network equipment and maintenance supplier to the Council's IT partner ecosystem.

15. Transformation activity has continued, with the notable action of replacing both datacentre uninterruptable power supplies during January, with modern, highly efficient units that will reduce Council electricity consumption and CO2 emissions.

16. It is anticipated the cost of transition will be in the region of £2.3m, £0.4m less than the agreed initial project budget of £2.750m. The transformed services will also deliver the anticipated budget savings of £0.750m per annum.

17. Following a robust review of the project's expenditure and in-line with the County Council's Flexible Use of Capital Receipts Strategy, the expenditure incurred for this project in 2021/22 has been funded from capital receipts income, rather than the Service Transformation Reserve.

Better Use of Technology within Children's Services

18. Following the decision taken by the Cabinet Member for Children and Young People in August to procure a recording system for Children, Young People and

Learning, the contract has now been awarded and work is expected to begin in the early part of 2022/23. As a result of this two-year programme of work, a number of non-financial benefits are expected to be delivered, including:

- A reduction in the time spent recoding information for children in sibling groups,

- Improving data sharing and reducing risks associated with having multiple recording systems across the service,

- Enabling Social Workers to spend more of their time with children and families by having a mobile working toolkit to help them maximise the use of their equipment and work flexibly,

- Improving the quality of data held on the recording system, ensuring the data we hold is accurate and easy to understand for children and their families.

Support Services Programme

19. Our support services contract, currently provided by Capita, concludes on the 30th September 2022.   The main services included within the contract include Accounts Payable (OWTB), Payroll services and HR support to schools, Business Administration and the Customer Services Centre (CSC).

20. Services for Graphic Design Printing is expected to be out-to-tender shortly. The service will be delivered under a new contract from 1st October.

21. The Customer Services Centre currently provides support to 23 essential council services. It has been decided that two of the 23 CSC teams will move to the County Council to ensure complex contracts with vulnerable customers are held within direct control of the County Council. These services are confirmed as:

- Care Point 1 – Supporting Adults Services

- The Integrated Front Door – Supporting Children's Services and the Multi Agency Safeguarding Hub.

22. The planned tendering process for the remaining 21 CSC services closed on 16th May and the outcome will be communicated to key stakeholders accordingly.

23. The majority of the remaining services will move to the Council on or before the end of the contract.   Employment Support Services (Payroll services and HR support to schools) will move to the Council on the 1st of June.   The remaining services will move on the 1st October.

24. £1.2m of funding has been allocated from the Service Transformation Reserve to fund this programme of works. This budget will cover costs for additional resources required to deliver the projects including project managers, business change support, exit costs for Capita and technical support.

Early Years Property Support Project

25. As part of the revised Early Help model in West Sussex, a number of one-off and temporary property services costs have been incurred. Expenditure of £0.317m associated with project management, property clearance and holding was incurred in 2021/22, with further costs expected in 2022/23 as works continue on the disposal or re-assignment of affected buildings.

Smarter Ways of Working Programme

26. The County Council is building on the learning and experienced gained from the pandemic to help shape the way we work in the future. The council has a large portfolio of property all across the county which are used for various purposes. Work is currently underway to look at future ways of working which will enable the County Council to:

  • Reduce the workspace provided and maintained by the County Council with no impact to the provision, quality or standard of services.

  • Provide good quality workspaces which staff can use in a flexible manner and better suits work and personal lives with no negative impact on well-being or productivity.

  • The ability to better meet the needs of our customers.

27. The programme team have been running workshops with staff to enable experiences and ideas to be shared across the County Council.

28. A budget of £0.320m has been allocated to fund the initial scoping, planning and engagement of this programme of works. This work is currently underway.

Future Projects – Earmarked Commitments

29. A number of new projects are currently being scrutinised through the Service Transformation Governance Process. Currently, £2.6m has been earmarked for these emerging plans. If all these funding requests are successful, the remaining unallocated funding within the Service Transformation Reserve will reduce from £8.4m to £5.8m.

30. As seen in 2021/22, it is likely that some future project expenditure, currently projected to be charged against the Service Transformation Reserve, will be eligible to be funded through capital receipts; enabling more funds to be maintained in the service transformation fund for future transformational projects which are envisaged to improve the productivity of the council.

Table 1 – Service Transformation – Overview of Current Projects

Project	Total Project Budget Allocated	Spend in Prior Years (Pre-2021/22)	Service Transformation Expenditure 2021/22	Flexible Use of Capital Receipts Expenditure 2021/22	Final Project Spend Forecast
Smartcore Programme	£7,500,000	£2,526,224	£0	£2,650,977	TBC
Insource of Procurement and IT Services	£2,750,000	£473,667	£0	£1,102,213	£2,300,000
Better Use of Technology – Children's Services	£463,000	£0	£125,484	£0	£463,000
Support Services Programme	£1,200,000	£0	£0	£0	£1,200,000
Early Years Property Support Project	£397,000	£0	£317,505	£0	£397,000
Smarter Ways of Working Programme	£320,000	£0	£121,870	£0	£320,000
Temporary Expansion of IT Project Team *(2021/22 2021/22 Final year of project)*	£668,000	£373,840	£231,881	£0	£605,721
Community Hub – Worthing Library Relocation *(2021/22 Final year of project)*	£150,000	£78,747	£23,468	£0	£110,000
Total 2021/22 Spend			**£820,208**	**£3,753,190**	

Flexible Use of Capital Receipts Summary

31. As detailed within the 2021/22 Budget Report, the County Council approved the use of up to £10.0m of capital receipts in 2021/22 to fund specific eligible transformation projects under its Flexible Use of Capital Receipts Strategy.

32. Following a robust and prudent scrutiny of the expenditure incurred within the proposed projects, a total of £4.4m has been applied to capital receipts funding. The table below details the 2021/22 position for each of the capital receipts funded projects.

Table 2 – Updated of the Flexible Use of Capital Receipts – 2021/22

Project Description	Qualifying Expenditure	Estimated Project Cost as at February 2021	Actual Project Cost as at March 2022	Update on Position
Smartcore	Investment in transformational project, that supports HR, Procurement and Finance processes to enable automation and improved efficiency.	£1.5m	£2.7m	Project planned to complete in 2022/23
Insource & Procurement of IT Services	Service redesign to improve efficiencies and achieve savings.	£0.0m *Noted in narrative	£1.1m	Project planned to complete in 2022/23
Waste Service Transformation	Service redesign to improve efficiencies in waste collection and disposal contracts and continuation on initiatives with the district and boroughs to incentivise recycling (rephased from 2020/21 due to Covid-19 restrictions).	£1.3m	£0.6m	Delayed due to the pandemic
Total		**£2.8m**	**£4.4m**	

33. Looking ahead to the 2022/23 financial year, the County Council's Flexible Use of Capital Receipts Strategy details that it proposes to use the flexibility to fund up to £10.0m of qualifying transformation expenditure.