

<b>REPORT TO</b>	<b>ON</b>
<b>CABINET</b>	<b>27<sup>th</sup> July 2017</b>

Jan 2017



<b>TITLE</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<i>Agenda item No.</i>
Transformation Strategy 2017-18	<b>Leader and Corporate Support and Assets</b>	Joanne Platt Interim Corporate Improvement Manager	<b>6</b>

Is this report a <b>KEY DECISION</b>	<b>No</b>
Is this report on the <b>Cabinet Forward Plan?</b>	<b>Yes</b>
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	<b>Yes – Establishment of Transformation Fund only</b>

### 1. PURPOSE OF THE REPORT

To present the Council’s Transformation Strategy 2017-18 to Cabinet for approval.

### 2. MEMBER RECOMMENDATIONS

- (i) That Cabinet approves the Council’s Transformation Strategy for 2017-18
- (ii) That Cabinet recommends to Council the use of Council financial reserves to establish a Transformation Fund of £500,000

### 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

Clean, green and safe		Strong and healthy communities	
Strong South Ribble in the heart of prosperous Lancashire		Efficient, effective and exceptional council	✓

### 4. BACKGROUND TO THE REPORT

The Council is facing significant budgetary challenges and needs to become financially self-sufficient by 2019-20.

Although we have continued to respond to the needs and aspirations of our communities and have recently been voted as the best place to live in the UK, we recognise the need to change the way that we are organised and do business, to make us a Council that is fit for the future.

Our Medium Term Financial Strategy (MTFS) for 2017-20 sets a target to achieve £300,000 efficiencies from business transformation by 2018 with a further £200,000 by 2019.

Alongside this, we have experienced a period of instability which has impacted on staff morale and our ability to govern and we need to urgently address these issues, supporting staff and members through challenging times ahead and helping them to develop the skills they need for the future and to become resilient through times of change.

The Council's transformation aims are underpinned by the Council's desire to become more agile and entrepreneurial. We will be ambitious, delivering change at pace and empowering our people to be innovative in delivering services.

We will focus on building and maintaining leadership and organisational capacity and strong and effective governance, systems and processes that support, inspire and empower our people to be and do the best they can for our communities and customers.

## **5. TRANSFORMATION AIMS**

We will strive to be the Best Council, innovating to deliver the best services. This means developing our skills together and working cohesively towards delivery of a single vision and priorities.

Our transformational aims are as follows:

**Objective 1:** To develop and embed an organisational culture that encourages, empowers and recognises ambition and innovation

**Objective 2:** A highly motivated and flexible workforce and Council

**Objective 3:** Developing a performance culture

**Objective 4:** Encouraging and nurturing talent

**Objective 5:** To reduce the cost of service delivery by £300,000 by April 2018, and by a further £200,000 by April 2019.

Our transformation model is based around changing systems and processes and developing our people to achieve these aims. We will transform our systems and processes by reviewing how we interact with residents, how we interact with business and how we can become more effective and efficient in all these interactions.

The action plans shown at Appendices 1 - 4 of the Transformation Strategy set out the steps we will take to achieve our transformation aims.

## **6. FUNDING TRANSFORMATION**

Adopting new business models may require some upfront investment and accordingly it is proposed to establish a Transformation Fund of £500,000 from existing financial reserves.

Bids to the fund will be dependent on submission of a robust business case showing the return of investment over a period of no more than 3-years and we will re-cycle a proportion of the savings that have been achieved through transformation into further transformation projects.

## **7. GOVERNANCE**

Reports on progress towards the targets in the action plans in the strategy will be made to Cabinet and Scrutiny Committee.

However, Group Leaders are also individually responsible for implementation of organisational development activity at member level, including ensuring that members of their respective groups engage with the personal development process and member development activity.

## 8. CONSULTATION CARRIED OUT AND THE OUTCOME OF CONSULTATION

The strategy has been developed in consultation with members and senior officers and has taken into account staff concerns arising from the recent staff survey.

No consultation with external stakeholders has taken place in developing the strategy, although stakeholders will be consulted on proposals arising from transformation work.

## 9. OTHER OPTIONS CONSIDERED

None – the Council needs to achieve the efficiency targets set out in the 2017-20 MTFS and to address the issues identified in the 2016 Staff Survey if it is to move forward.

## 10. IMPLICATIONS OF RECOMMENDATIONS

<b>FINANCIAL IMPLICATIONS</b>	Adopting new business models may require some upfront investment and accordingly it is proposed to establish a Transformation Fund of £500,000. Bids to the fund will be dependent on submission of a robust business case showing the return of investment over a period of no more than 3-years and we will re-cycle a proportion of the savings that have been achieved through transformation into further transformation projects. Other activity will be funded from within existing budgets (including the Improvement Plan budget approved by Council in March 2017)
<b>PEOPLE AND CULTURAL IMPLICATIONS</b>	The proposed savings will inevitably lead to changes in staffing numbers and how staff are organised. These will be assessed as plans develop from transformation activity. Any changes will be captured by impact assessments at that time.  Delivery of the 'Our people' action plans will ensure that members and staff are equipped to deliver new business models which will in turn contribute towards improving staff morale and maintaining a happy and motivated Council and workforce.
<b>ICT</b>	ICT will play a major part in delivering transformation and accordingly the Council's ICT Strategy will be reviewed to ensure that it aligns to the Council's transformation aims.
<b>PROPERTY AND ASSET MANAGEMENT IMPLICATIONS</b>	Property will play a major part in delivering transformation and accordingly the Council's Asset Management Strategy will be reviewed to ensure that it aligns to the Council's transformation aims.

## 11. RISK MANAGEMENT

The Council needs to change the way it works and delivers services to assure its financial viability and future sustainability. It also needs to ensure that it develops and supports its people to ensure that it has the rights skills available to achieve its priorities.

## 12. EQUALITY AND DIVERSITY IMPACT

The MTFS for 2017-20 contains efficiency targets to be delivered by business transformation. This strategy provides the framework for how these targets will be achieved. As individual decisions are

taken they will be supported by the necessary impact assessments to minimise the impact on disadvantaged groups

### **13. RELEVANT DIRECTORS' RECOMMENDATIONS**

- (i) That Cabinet approves the Council's Transformation Strategy for 2017-18
- (ii) That Cabinet recommends to Council the use of Council financial reserves to establish a Transformation Fund of £500,000

### **14. COMMENTS OF THE STATUTORY FINANCE OFFICER**

The fund will be available to be called upon if required to manage the cash flow of realising recurring budget savings. Each allocation will be approved within the individual Business Transformation project including the payback period which shall not exceed three years. In the first instance, the possibility of utilising existing resources will be considered. The Transformation Fund can be funded from an allocation from Reserves but will be replaced within the period of the Medium Term Financial Strategy as budget savings and the pay-back period are achieved.

### **15. COMMENTS OF THE MONITORING OFFICER**

There are no direct legal implications arising from this report. Clearly though if there is to be any reduction in staff numbers arising from business transformation then proper HR policies and procedures will need to be adhered to.

Having a robust organisational development framework combined with comprehensive and up to date HR policies will help to ensure the council's duties as an employer are satisfied. Also the actions contained within the 'Our people' action plans will help to ensure that members can access training to assist them in the performance of their duties.

### **16. BACKGROUND DOCUMENTS AND APPENDICES**

#### **Background documents**

LGA Corporate Peer Challenge Report April 2017  
Corporate Improvement Plan May 2017  
Medium Term Financial Strategy 2017-20  
People Plan 2015-19  
Member Development Plan 2015-19

#### **Appendices**

**Appendix 1:** Transformation Strategy 2017-18

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