

REPORT TO	ON
COUNCIL	27 th September 2017

Jan 2017



TITLE	REPORT OF
Transformation Fund	Interim Corporate Improvement Manager

Is this report confidential	No
-----------------------------	----

1. PURPOSE OF THE REPORT

To seek approval of Council to establish a Transformation Fund of £500,000 to invest in transformation activities.

2. RECOMMENDATIONS

- (i) That Council approves the use of the Council's General 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 is striving 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 £500,000 efficiencies from business transformation.

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.

With this in mind, the Cabinet approved a Transformation Strategy for the Council for 2017-18 at its meeting in July. This focuses 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

The Council's Transformation Strategy for 2017-18 sets out the Council's transformational aims as follows:

- Aim 1:** To develop and embed an organisational culture that encourages, empowers, recognises and rewards ambition and innovation
- Aim 2:** A highly motivated, flexible and resilient workforce and Council
- Aim 3:** Developing a performance culture
- Aim 4:** Encouraging and nurturing talent
- Aim 5:** To reduce the cost of service delivery by £300,000 by April 2018, and by a further £200,000 by April 2019.

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

6. FUNDING TRANSFORMATION

Adopting new business models will require some upfront investment and accordingly it is proposed to establish a Transformation Fund of £500,000 from the Council's General Reserves. Examples of how this may be used include the purchase of new equipment at the depot to support the commercialisation of the depot for vehicle maintenance and MOTs or the purchase of new ICT equipment or systems to improve efficiency and support new ways of working.

Establishing the fund will enable pace to be maintained in delivering transformation and avoids the need to submit myriad reports for approval to fund transformation activity.

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.

Cabinet considered this at its meeting on 27th July and made a recommendation to Council that the use of general reserves should be used to create this fund.

7. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTS

7.1 FINANCIAL IMPLICATIONS

Adopting new business models may require some upfront investment to bring about change quickly. 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.

7.2 COMMENTS OF THE STATUTORY FINANCE OFFICER

The Transformation 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 the General Reserves and could be replaced as budget savings and the pay-back periods are achieved.

7.3 COMMENTS OF THE MONITORING OFFICER

There are no direct legal implications arising from this report.

It is widely recognised that the council needs to change the way it goes about its business – we need to be fit to face the challenges of the future. The provision of a Transformation Fund is designed to help to facilitate this.

RISK	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. Addressing this may need some upfront investment which the fund will facilitate.
EQUALITY & DIVERSITY	There are no equality and diversity implications to the recommendations in this report.
HR & ORGANISATIONAL DEVELOPMENT	There are no HR and organisational development implications to the recommendations in this report.
PROPERTY AND ASSET MANAGEMENT	There are no property and asset management implications to the recommendations in this report, although the fund may be used to make changes to property to accommodate new ways of working
ICT / TECHNOLOGY	There are no ICT implications to the recommendations in this report although the fund may be used to upgrade ICT based systems to underpin new ways of working.

8. BACKGROUND DOCUMENTS AND APPENDICES

Background documents

LGA Corporate Peer Challenge Report April 2017
Corporate Improvement Plan May 2017
Medium Term Financial Strategy 2017-20
Transformation Strategy 2017-18

Appendix 1: Report to Cabinet meeting of 27th July 2017

Report author:	Telephone:	Date:
Joanne Platt	01772 625309	15 th September 2017