

<b>TITLE</b>	<b>The 21<sup>st</sup> Century Council: Business Case</b>
<b>FOR CONSIDERATION BY</b>	The Executive on 29 September 2016
<b>WARD</b>	None specific
<b>CHIEF EXECUTIVE</b>	Andy Couldrick
<b>LEAD MEMBER</b>	Keith Baker, Leader of Council and Pauline Jorgensen, Executive Member for Resident Services

## **OUTCOME / BENEFITS TO THE COMMUNITY**

The transformation of the way the Council operates will achieve the following benefits:

- Improved availability of, and access to, Council services through digital channels
- Swifter resolution of issues and queries
- Ability for residents to track the progress of their issue as it is resolved by the Council
- Greater focus on problem-solving and customer responsiveness
- A leaner, more efficient Council costing significantly less to run

## **RECOMMENDATION**

The Executive is recommended to:

- 1) approve the 21<sup>st</sup> Century Council Business Case for implementation, including:
  - a) the anticipated staffing reductions and associated redundancy payments, in line with Council policy;
  - b) the investment, in IT and other implementation costs to enable the significant transformation the Business Case proposes;
  - c) the funding, consisting of:
    - (i) a virement from revenue contribution to capital outlay of £210k in 2016/17 and £500k in 2017/18;
    - (ii) a virement from interest on balances reserve of £500k in 2017/18 and £500k in 2018/19;
    - (iii) supplementary estimate of £998k in 2017/18 and £1,000k in 2018/19 from general fund balances;
    - (iv) capital expenditure totalling £4.329m, £2,752 in 2016/17 and £1.577m in 2017/18, to be funded initially through slippage in the 2016/17 capital programme and ultimately a first call on resources in setting the 2017/18 capital programme;
2. require Officers to update Executive quarterly during the implementation, reporting on progress of implementation and revenue return on investment.

## SUMMARY OF REPORT

Wokingham Borough Council has responded effectively to financial austerity and funding reductions since 2010. The point has been reached where a radical, whole-Council approach to transformation is required to achieve the efficiencies required of us over the next three years. A sound, three-year plan is being developed to deliver the necessary savings up to 2019-20.

The 21<sup>st</sup> Century Council programme makes a substantial contribution to that plan. While the Business Case, the focus of this Executive approval, focuses on the element relating to organisational change (the shape, structure and size of the staffing establishment and how it operates), this is one strand of the programme. The whole programme includes:

- Core Priorities: Being clear about what we will be able to deliver in the future, to what standard, and being clear about where we may need to reduce or stop services if alternative funding sources cannot be found
- Income Generation: maximising revenue income to mitigate savings targets: town centre assets; the council's wholly-owned companies, charging
- Contract Review: achieving further value for money from our major contracts, beginning with our Highways and Transport contracts
- Children's Services: reshaping to reflect the emerging legislation regarding academies, and responding to the residual statutory accountabilities the Council will hold, with significantly reduced central government funding to deliver them
- Waste: reviewing arrangements for collection and disposal to manage costs and to achieve the required recycling targets to avoid fines
- Health and Social Care Integration: working with the NHS to deliver better-connected care at home, promoting independence and avoiding unnecessary hospital admissions. The Council has to respond to growing demand that is not matched by funding increases
- Housing Stock: considering how we can continue to provide effective service to our tenants while rents reduce and new legislation is enacted
- Smart Working: the Council already works smart, and has saved significant sums through reducing its office footprint. Officers and members will explore what else is possible, and consider the potential future use of Shute End
- Shared Services: the Council already shares many services with other authorities, and will continue to explore opportunities where they will deliver better value and greater resilience
- Libraries: the Council has maintained all of its libraries, extended opening hours and made savings. It now needs to further explore opportunities for further savings through different operating models and delivery patterns
- Assets: The Council owns substantial assets in the borough and is working to ensure these are put to best use, and where possible delivering revenue or capital receipts. Linked to this the Council is leading a programme with all public sector partners across Berkshire including police, health and the fire service, to make best possible use of publicly-owned assets and buildings to save public money

In addition, as we continue to deliver 'business as usual', officers and members are focused on opportunities to find savings and avoid costs

## **The Business Case for the 21<sup>st</sup> Century Council Organisational Change Programme**

The appended Business Case sets out the key elements of change to the shape, structure and operating model of the new organisation. The following important aspects are highlighted:

### **1. Greater Self-Serve**

Through improved and better-integrated resident-facing technology, residents and customers will be able to get what they need, find the information they want, make bookings, payments and complete many more transactions remotely and online. For those who are less confident with digital technology, other channels will be available, but where people can self-serve, for reasons of convenience and efficiency, they will be able to.

Internally we will apply the same principle, making it possible, and a requirement, for operational managers to self-serve and to use the new technology, and the removal of unnecessary processes, to enable reduced reliance on internal support and 'back-office' services

### **2. Customer Service and Case Management**

New teams, of generalist, problem-solving case managers will be established, who will hold more complex cases that cannot be resolved at first point of contact. They will liaise with customers and with specialists in the Council but will hold responsibility and bring cases to resolution where they can

Some of these teams will be based in and with localities, working closely with partners in the police (aligned to the new Neighbourhood Policing model), the NHS, the voluntary and community sector and in town and parish councils.

These people will be equipped to be able to address a wider range of issues, relating to people and communities and to environmental issues, in a more connected and efficient way

### **3. Specialists**

Specialists will support the work of the case managers, providing scripts and operating rules, and will be freed up to focus on work that requires the specialist skills for which they were trained and are paid. This model will remove much of the bureaucracy that tends to bog specialists down and hamper their efficiency

### **4. Strategy and Commissioning**

This activity, that converts policy and political ambition into strategy to be delivered across the organisation, will be singly managed and joined up across the entire Council, rather than residing in separate directorates as is presently the case

### **5. Leadership and Management**

There will be fewer senior and middle managers in the organisation, starting with a reduction in the number of Directors, from four currently to three, reflecting the new operating model and structure. Directors will share accountability for the Council's operating efficiency and service delivery, whilst maintaining critical

statutory accountabilities, for vulnerable adults and health, for children, for Highways, and around the Council's financial robustness. The high level structure is illustrated in the Business Case

## **6. Establishment Reductions**

The Business Case sets out a reduction of 150 posts in the Council's establishment, enabled through the changes summarised above. As far as possible these reductions will be achieved through the existing turnover in the organisation. In addition, for the last eight months all senior and middle management posts have been kept vacant (or filled on an interim basis) unless it was clear that permanent appointments were business critical and would be required in the new model. Directorates have similarly monitored and managed vacancies. As a result redundancies will be kept to a minimum, but provision for the statutory cost of redundancy is proposed in the Business Case

## **7. Savings**

The Business Case sets out that through the changes the Council can expect to save £2m in 2017-18 and a further £2m in 2018-19, so a £4m saving on staffing costs through implementation of the programme

## **8. Investment**

To enable the transformation proposed, investment is required and is detailed in the business case. The total required amounts to £6.2m, over the next two years. This investment is necessary for the following:

- ICT acquisition, integration and licences (the sum includes a 20% contingency)
- Implementation costs (one-off: for the duration of the implementation programme):
  - ICT implementation
  - HR capacity to manage large-scale assessment, selection, recruitment
  - Training for staff and managers: new model; new ways of working; acquiring new skills, behaviours
  - Creation of rules and scripts to support Customer Service and case Management teams
  - Retaining the services of the partner with whom the Council has worked successfully to bring the business case to this point, and to brief and engage staff and managers

## **9. Next Steps: Implementation**

Should the Business Case be approved, implementation will begin immediately, and will be phased over the following 18 months, to ensure transition to the new model is safe and effective.

Phase 1 will include:

- Establishment of the reconfigured senior leadership team (Directors and the management tiers below)
- Establishment of the reconfigured Strategy and Commissioning and Support Services

- Implementation of the key IT improvements and integration
  - Development of rules and scripts to guide the operating model
- Phase 2, commencing in April 2017, will be moving the large operational service, Children's Services, Health and Wellbeing and Environment, into the new operating model

### **Member Engagement with the Programme**

Progress to date has been reported to the dedicated 21<sup>st</sup> Century Council Member-Officer Working Group, and also to the Sustainable Finance Group and to the Overview and Scrutiny Management Committee

The Personnel Board has considered to programme twice in the last six months, most recently on..., when the Board recommended the Business Case for approval by Executive and noted the impact on the senior officer leadership of the Council and on the likelihood of the process triggering 20 or more redundancies

Looking forward, it is envisaged that the Member-Officer Working Group will continue to monitor and support implementation, the Sustainable Finance Group will monitor progress on savings realisation, and that reports on progress should come to the Executive on a quarterly basis. In addition, a series of workshops will be offered to Members to provide a platform for further engagement with, and shaping of, the model as it moves towards implementation

### **Staff Engagement with the Programme**

A series of engagement sessions was held with staff in June and July. A further round is planned for October, and the cycle will be repeated throughout the implementation phase.

There are also dedicated pages on the Council's intranet, and an active discussion board where issues are being raised and answered

### **Public Engagement with the 21<sup>st</sup> Century Council Programme**

It is intended that the Budget Engagement events we will hold with the public, in different locations around the borough, in October and November, will provide an important forum to discuss the programme and canvass the views and experiences of the public about accessing Council services and how we might make sure improvements are woven into the implementation.

In addition, the Council's website and social media presence will be utilised to publish information and seek engagement with the community.

### **Risks**

No major change programme is without risk. Risks registers have been developed for the programme itself, and for each directorate in relation to the risks emanating from the transition from the current to the new operating model. Effective mitigating actions are in place

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

*The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.*

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See table below	Yes	See table below
Next Financial Year (Year 2)	See table below	Yes	See table below
Following Financial Year (Year 3)	See table below	Yes	See table below

	2016/17	2017/18	2018/19	2019/20	Total	Notes
	£'000	£'000	£'000	£'000	£'000	
Revenue:						
Investment	710	1,180	0	0	<b>1,890</b>	
Redundancy	0	1,000	1,500	0	<b>2,500</b>	
<b>Total</b>	<b>710</b>	<b>2,180</b>	<b>1,500</b>	<b>0</b>	<b>4,390</b>	
Funded by:						
Special item	500	0	0	0	<b>500</b>	Approved 2016/17
Revenue contribution to capital outlay	210	500	0	0	<b>710</b>	Base budget
Pay and redundancy reserve	0	182	0	0	<b>182</b>	Balance transfer
Interest on balances reserve	0	500	500	0	<b>1,000</b>	Balance transfer
<b>Total</b>	<b>710</b>	<b>1,182</b>	<b>500</b>	<b>0</b>	<b>2,392</b>	
<b>General Fund Balance</b>	<b>0</b>	<b>998</b>	<b>1,000</b>	<b>0</b>	<b>1,998</b>	
Capital	2,752	1,577	0	0	<b>4,329</b>	
Capital funded by slippage on 2016/17 schemes with full funding impact on 2017/18 programme						
Income – General Fund	0	(2,000)	(2,000)	0	<b>(4,000)</b>	
Non General Fund	0	(250)	(250)	0	<b>(500)</b>	
<b>Total</b>	<b>0</b>	<b>(2,250)</b>	<b>(2,250)</b>	<b>0</b>	<b>(4,500)</b>	

<b>Other financial information relevant to the Recommendation/Decision</b>
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None
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<b>Cross-Council Implications</b>
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This change programme impacts on the whole Council
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<b>List of Background Papers</b>
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21 <sup>st</sup> Century Council Business Case
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