

**ITEM NO.1**

**REPORT TO THE COUNCIL MEETING OF 31<sup>ST</sup> OCTOBER, 2011**

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**Status:** Decision

**Title:** Future Options : Preferred Approach

**Originator:** Anna Graves Interim Chief Executive

**Where from:** Full Council – 25<sup>th</sup> July, 2011 ‘Future Options for the Authority’

**Where to next:** Implementation of next phase

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**1. Purpose of the Report**

- 1.1 Councillors will recall that the Interim Chief Executive Recruitment Committee 10<sup>th</sup> March 2011, outlined that an Interim Chief Executive, once appointed, would be responsible for exploring shared services. A report to Full Council on 27<sup>th</sup> April 2011 confirmed this appointment.
- 1.2 The project brief agreed at 25 July 2011 Full Council (Appendix A) sets out the way in which the project has been carried out, and that any options to progress further must deliver against the following objectives :-
- a customer focused organisation
  - high quality services, efficiently delivered
  - mutual interest and understanding with partners to support long term high quality service delivery
  - solutions that work locally and fit appropriately into a national and countywide framework
  - sustainable budgets going forward, including significant savings
- 1.3 This report outlines the progress made and sets out a recommended approach for taking the Council forward.

**2. Recommendations:**

- 2.1 **That the Council acknowledges the approach builds on existing good practice within the Council. The approach is staged over time and requires milestone decision making and managing risks in a progressive manner.**
- 2.2 **That Council approves the detailed approach as set out in Section 8.8 of this report which takes the project to the next step for a decision in December 2011**

- 2.3 That the Council should evolve as a smarter and more efficient organisation, and undertake a robust programme of service reviews as a first step. This should be informed and shaped by the community.**
- 2.4 The Council should continue to look for collaboration in service delivery as appropriate. The whole range of service delivery models should be included and applied where a sound business case can be developed on a service by service basis.**
- 2.5 The Council in time should move towards a shared CEO and Management team, with the right partner, and with a Business Case established.**
- 2.6 That the Council receives at a future meeting, a Business Case and Implementation Plan for approval ahead of implementation starting in December 2011.**
- 2.7 That Council approves the establishment of a Transformation Board of seven Councillors, a sub-committee of Full Council, which is politically balanced.**
- The Board will:**
- § oversee the development of the Business Case and Implementation Plan for the recommended approach**
  - § oversee the delivery of the transformation programme and make recommendations back to Full Council for it to make the final decision at key milestones**
  - § oversee the delivery of efficiency**
- 3. Summary of Reasons for the Recommendations.**

The recommended approach:

- (i) Uses the learning and experience of the Council and others to develop a solution that is right for Harborough and its community.
- (ii) Builds on the 'mixed approach' service delivery model that has developed over time. There is evidence that this approach is delivering good results.
- (iii) Builds on the evidence that shared management teams can deliver significant service improvement and efficiency across larger service areas.
- (iv) Ensures the Council has a strategy for developing its model of service delivery and that decisions are made in a structured approach and reflects government thinking that a 'one size fits all' approach may not always provide the best solutions for service delivery.
- (v) Responds to the evidence that suggests it is necessary to firmly articulate the Council's vision for the future, what values and principles these are based on, and the priorities to deliver.
- (vi) Builds on research and evidence that suggests getting the Council 'fit' to enter into collaboration is an important first step.

- (vii) Builds the capacity of the organisation in terms of leadership and skills to deliver new service delivery models
- (viii) Reflects evidence that most forward looking public and private sector organisations now have a blend of financial and non financial key objectives so that success is identified in not just monetary terms but also in terms of customer satisfaction and positive organisational culture.
- (ix) Reflects changing national policy and ensure that Harborough is able to respond flexibly and positively to the opportunities that this can bring.
- (x) Responds to the financial challenges facing the Council.
- (xi) Engages the community in the development of the service model so that it is fit for the needs of Harborough community. This community, its needs and the way it wants interaction with the Council is changing.
- (xii) Ensures decisions are made at key milestones, providing the opportunity to be flexible and make the best of any opportunities that could present themselves, as there are significant changes ahead in terms of national and local policy and partnerships.

#### 4. Key Facts, evidence and research

4.1 The Technical Notes within the appendices to this report set out the detailed facts, evidence and research that has been carried out to develop a better understanding of Harborough District Council's current position and where it could proceed to next. Some key facts are drawn out from each Technical Note and are set out below.

#### 4.2 Best Practice Reflections (Appendix B)

4.2.1 This Technical Note is a research paper providing supporting evidence of current models in operation across local authorities and lessons being learnt.

4.2.2 The Local Government Improvement and Development Agency stress that if the only driver for change is financial, things could fail because cultural issues and the change in mindset is essential across all tiers of any organisation to be successful in any form of effective collaborative working.

4.2.3 A question that needs asking before entering into any type of service delivery model is whether the authority in its current state is fit for purpose and working as effectively and efficiently as possible. If that answer is no, the authority's ability to find a suitable partner to share with could be restricted as they are not an attractive partner. If looking at outsourcing the benefit is with the private partner as they could potentially increase their charges for their services to realise the efficiencies. The saving is in effect pocketed by them and paid for by the authority.

4.2.4 A Deloitte's research paper "In the hot seat. Reducing costs in public – sector organisations in an age of austerity", suggest that "moving from planning cost reductions to delivering actual savings is a difficult and complex process". However, they recommend "reshaping organisations, to focus resources

where they can have the most impact rather than making uniform cuts within existing structures”.

4.2.5 Recommendations are; ” to tackle public sector financial pressures in a sustainable way there has to be a willingness to learn from public sector peers and private sector forerunners who have:

- Developed a comprehensive and credible strategy to lower costs permanently
- Improved the commercial skills which are crucial in judging priorities, managing transition, commissioning suppliers and assessing value for money.
- Collaborated within their organisations, their locality, and their delivery network and across government, for example using commissioning to build effective partnerships with the private and third sectors.
- Built the capability to deliver a coherent, sustainable cost reduction programme, and to monitor and realise the benefits.
- Mobilised their people behind a positive view of the future and invested in leadership at all levels.

4.2.6 Shared Service Architects (an organisation that delivers training to ensure shared services are successfully carried out) stress in their training before entering into any form of shared service the first priority is to make sure the relevant service area is as efficient as possible before contemplating entering into any form of shared service, as this will increase the chance of success between the partners.

4.2.7 At the heart of each process/option that is ultimately decided upon; there are people at the core of each process. Recognising that differing behaviours and emotions between all parties will exist; that these will need to be managed so that from the onset trust is gained and visions and priorities are aligned. This concept applies whether it relates to external or internal stakeholders; internally led transformation; shared services or outsourcing.

4.2.8 CIPFA ( The Chartered Institute of Public Finance & Accountancy) states in a 2010 report “Sharing the gain” - on risks to potential change in an organisation; “ unless top management – including elected members in the case of councils – are fully supportive of the case for change, achieving buy in and access to resources further down the organisation will be virtually impossible”

#### 4.3 Harborough’s History of Sharing (Appendix C)

4.3.1 This Technical Note details the analysis of the current shared services that the Council operates. The term shared services includes a wide range of service models ranging from simple sharing of posts between two authorities to the complex sharing of complete services with a number of partners. The aim is to gain an understanding of the main issues around the sharing and identify any unintended consequences, both positive and negative which occurred as a result of the sharing.

4.3.2 The benefits from the current shared services can be summarised as:

- Economies of scale with procurement.
- Pooling of scarce or specialist skills
- Access to wider range or depth of expertise
- Economies of scale in transactional work
- Increased staff development and/or career opportunities
- Creating a single point of contact for customers for greater consistency.
- Efficiency gains from increased flexibility and staffing resources.
- Transfer of best practice within the partnerships.

4.3.3 The shared services have promoted transformational change and a culture of best practice within their service area. Most of the current shared services are delivering savings and the current level of annual savings from all the shared services equates to approximately £200,000.

4.3.4 A number of the shared services have developed from the initial Welland Partnership. There does not appear to be a strategy for developing shared services within the Council. Each shared service has developed in isolation from a particular need in that area.

4.3.5 There is a need to adhere to sound project planning principles as in a number of cases there was little clarity around the issues of drivers, costs and anticipated performance levels. This makes it difficult to analyse the benefits and monitor progress.

4.3.6 There appears to be little reference to indirect consequences of the shared service. Where there have been staff reductions it is not clear that appropriate changes have been made to the support services. The impact on areas such as customer services is not always recognised.

4.3.7 The significant operational difficulties from implementing shared services appear to be around IT and Human Resources issues. Where these have been aligned the transition to the shared service has been more successful.

#### 4.4 Opposites don't attract (Appendix D)

4.4.1 This Technical Note explores whether as a Council it is important to find suitable potential partners who are similar to Harborough District in terms of area profile, economic and population make up as well as organisational culture and operational processes.

4.4.2 The Chartered Institute of Public Finance and Accountancy sum it up well when they comment on "The Leadership Challenge in Collaborative Working (2010) "This should not disguise the fact that the early stages of any shared venture will be mostly – if not wholly – 'human' and 'cultural' in nature".

4.4.3 Put another way, there is no blueprint or rulebook that can be followed to bring people and organisations together. Much will depend on the social and political skills of people in positions of leadership (e.g. council leaders, chief

executives, heads of finance), who have prime responsibility for developing inter – organisational relationships, agreeing shared goals and overseeing collaborative initiatives.

4.4.4 In a report written by KPMG (commissioned by Centre for Public Service Partnerships) titled “The Brilliant Local Authority of the Future” similar themes are reflected. Indications are that to be a successful council in the future skill sets needed will include:

- Setting strategic vision and direction;
- Commercial and financial awareness;
- Performance management;
- Communication;
- Influencing and persuading;
- Networking; and
- Negotiating.

#### 4.5 Reflections on what Harborough District Council wants to achieve (Appx E)

4.5.1 This Technical Note looks at the external factors such as government policy and countywide changes that could affect the way Harborough District Council operates. It also examines the internal factors such as existing performance and Councillor priorities. Together these factors should define our perspective on what is required to be achieved by the future options project.

4.5.2 The Council does not sit in isolation in terms of defining its future and any options or solutions need to take into account external drivers, not just internal drivers.

4.5.3 The Comprehensive Spending Review has presented challenging financial scenarios for all councils. In line with many other authorities across the country, Harborough District Council must explore how changed methods of delivery could help to mitigate these difficult circumstances regarding public sector budgets.

4.5.4 The Localism agenda presents opportunities for councils to look at delivering their business in new ways. The Localism Bill will provide the legislative foundation for putting power back into the hands of communities. But it will also require fundamental changes in the way government works at every level.

4.5.5 The magnitude of the changes regarding finance is such that there could be a very significant impact on the Council’s budget and medium term financial strategy. Localising Support for Council Tax is as important for local authorities as the proposals for business rate retention. This is because the new scheme could see a major shift in budget risk away from central government to local government – even small changes in caseload numbers could see local authorities struggling to contain the benefit expenditure within budget.

4.5.6 Government policy is currently fluid and evolving. So the recommended approach has to be flexible and have the opportunity to evolve and change.

The Council should review all of the Council's services to consider alternative methods of service delivery. It is doubtful whether this can be done through the existing budget and service planning process, and will require a more transformational process. Central government thinking does not seem to suggest or support the idea of a 'one size fits all' approach to service delivery. Therefore a service by service approach is appropriate.

- 4.5.7 It could be considered necessary to refresh and establish firmly the council's vision for the future, what values and principles these are based on, and the priorities to deliver.
  - 4.5.8 Harborough District Council has no failing services, and performance overall is adequate. This can lead to a complacent approach to improvement, without a key driver for change of special measure or impending interventions.
  - 4.5.9 Harborough District Council must be in a position to respond to and inform the priorities and debate at the Leicestershire County level, to ensure the issues and community of Harborough are represented by the work that strategic authorities will do within our communities. The formal consultation on Leicestershire Strategy refreshed priorities will run between October and mid December 2011. As a partner in Leicestershire Together, Harborough District Council should respond to the consultation and give consideration to its role in delivering Leicestershire's priorities as part of the Council's business planning process. Harborough District Council should also feed into the refresh of the priorities on an annual basis to ensure that they are continually relevant to the environment this Council is planning and delivering services within. As the lead organisation for Locality Working within the Leicestershire Together framework Harborough District Council needs to ensure it addresses the implication of establishing and administering any locality structures.
- 4.6 Understanding the community (Appendix F)
- 4.6.1 The report builds a view of the residents of Harborough District so that an understanding is gained of the predominant socio - economic characteristics and economic pressures that could impact on the Council.
  - 4.6.2 Harborough District's key characteristic is it's rural nature and affluence of it's citizens; generally being recognised as one of the least deprived local authority districts in the country. Poverty within the district is highly localised and tends to be in the urban areas of the district rather than rural areas. Residents in rural areas rely on receiving community support rather than relying on state support.
  - 4.6.3 There is low public sector dependency across the district. The overall dependency for support and services is not directed towards the local authority, but rather towards their own communities. Only in the market towns is there a tendency for dependency on the local authority. The elderly are the main age group where there is reliance for social care or state support.

- 4.6.4 The district has strong out-commuting pressures. In general, this out-commuting is to better-paid and more senior jobs. The District has a more intense service economy than national averages, with a particularly strong distribution sector anchored by Magna Park. The global economic downturn is having an impact within the District's business community with more business closures being identified as the upward trend rather than new business ventures being started within the district.
- 4.6.5 Population growth is expected to be growing faster than in many urban areas. This combined with an above average aging population, along with loss of young people/families will place different economic and socio pressures on the districts' resources over the next 10-20 years. An ageing population combined with the sprawling nature of the district has the potential to increase rural isolation, particularly for more vulnerable adults. This will require the Council to consider how it delivers its services to vulnerable residents in a large rural area.
- 4.6.6 Due to the rural nature of the district, some areas are isolated from the internet, particularly high-speed broadband. A relatively large area of the district receives broadband at less than 2 MB per second, meaning that the speed at which data is exchanged over the internet will be slow. This should be an important consideration when taking into account how the Council communicates with our customers and accessibility of services.
- 4.6.7 The Council has only just started gaining an insight into its communities and it would be prudent to use customer insight into the development of service models for the future. Unless a clear analysis is made on an ongoing basis into the make up of the district, the risk will remain that resources are not being utilised effectively to match the communities' needs as well as missing opportunities to change residents' behaviour to support the Council's long term budgetary goals.

## 5. Consultation

### 5.1 **Councillors :**

- 5.1.1 A series of All Councillor workshops were undertaken. The first on 2 August 2011 was attended by 23 of the 37 Councillors. The purpose of this workshop was to :
- encouraging debate
  - appreciate the assumptions and the different views held by individual Councillors
  - facilitate views and opinions being aired so that the project could develop and evolve with a better understanding gained about Councillors' underlying assumptions and values.
- 5.1.2 A second All Councillor workshop was held on 22 September 2011 and was attended by 26 of the 37 Councillors. Councillors were briefed on the set of



assessment criteria that have been used to explore the risks and opportunities inherent to the five potential approaches identified. These approaches are:

- Do nothing
- In house transformation
- Outsourcing
- Shared Services
- Shared CEO/Management Team

- 5.1.3 This provided a framework for discussion amongst Councillors in which they could express views about each approach and the associated risks and opportunities. Full details of these workshops are in the Technical Notes appended in Appendix G
- 5.1.4 Councillors stated that they would be happy to change their current position on what they believe is right for the Council, based on more information, facts and evidence being presented.
- 5.1.5 There needs to be a strong vision statement – a driven business plan which needs to be communicated out to stakeholders as well as staff.
- 5.1.6 There was consensus that in house transformation was needed and deemed a priority.
- 5.1.7 There were concerns centered on whether there was enough information available to decide what should be transformed first and what costs would be applicable to transform Harborough District Council. Councillors acknowledged it was just as much about culture as well as process.
- 5.1.8 There is a debate still to be had as to whether a shared service is preferable to outsourcing as there was no clear agreement. Preference is for more information to be gathered as to what should be shared or outsourced and why, before any decisions are made.
- 5.1.9 Councillors' recognised that there could be a mixture of models – no single right way. Members agreed that they would have to be open and honest when looking at services to determine what needs to be done to achieve sustainable efficiencies and savings. Attitude to risk needs to change with perhaps less risk aversion.
- 5.2 **Partners** : A number of Chief Executives (CEOs) were interviewed to gauge perceptions and experience of working with Harborough District Council and also on views and experience of sharing. All CEOs within Leicestershire were interviewed and also some from the Welland Partnership. Some CEOs from outside of the area were also included, some managing shared councils, some managing transformation programmes. These CEO's represent other councils who either work with the Council in current shared arrangements or in partnerships, or have expressed interest in working with the Council, or are just based in the same county, or have some insight into shared working.

Key matters arising from this consultation

- (i) The vibrancy of Market Harborough town itself is widely admired and others would like to emulate it's success. Our commuter link with London is seen as a key strength, as is the character of Market Harborough town centre that has been retained through our planning policies and processes. However, the rest of the District has much less visibility and does not have the same recognition outside the local area.
- (ii) In order to share successfully with local authority partners, Harborough District Council will need to demonstrate a clear and compelling vision, but also a willingness to compromise; a natural consequence of collaboration.
- (iii) Some partners would look to share management before they would share services, and others believe that the best approach is bottom up – to share services, then management.
- (iv) Geography and politics are seen as limiting factors for some to enter into more substantial arrangements with Harborough District Council.
- (v) A prevailing view is that unless there is a platform of trust and confidence with potential partners the process of sharing would fail. There is a view with some that re-building of trust is required. Some authorities are more reserved about the idea of sharing due to issues that have arisen in previous discussions.
- (vi) There is a view that Harborough District Council has a lack of strategic capability and this is a significant corporate risk.
- (vii) There is the willingness to want to work more closely, all stated this was an open door, but some are apprehensive about the stability and leadership, both at an officer and political level to deliver.

### 5.3 **Citizens panel**

5.3.1 Harborough District Council manages a Citizens' Panel made up of representatives of the community across the district. A discussion group has been held on two occasions with a small group of representatives of the Citizens' Panel.

5.3.2 The discussion of this group highlights the following;-  
Overall the group felt that the community wanted value for money and no wastage. Each age group would want different things and perhaps sharing services could support this need to be flexible. The group felt that currently services were carried out in good time and were responsive, and some were concerned that with a shared service, Harborough may not be seen as a priority. Responsiveness was very important to the group and any new model of service delivery must maintain responsiveness.

5.3.3 Service delivery is important and the group appreciate why the Council was looking at how these services can be delivered, especially if it saved money. But these savings must not come at a cost of reducing key services. Expectations from residents are high, perhaps too high.

5.3.4 Sharing service with other councils is a good idea but the councils that Harborough could share with need to the 'best' and careful assessment of their service performance would need to be done. Shared services should be

resilient and maintain the current standard of service or better. The group were more concerned about the 'output' of the service not the provider.

- 5.3.5 The view of some of the Citizen's Panel was that commissioning and contract management is a specialist role which Harborough District Council may not have any experience of or understanding in to carry out effectively. It's not been their core business to date, and this could be a risk to the Council if not handled correctly.
- 5.3.6 For the future, the Council has to embrace all the new digital technology that its residents and businesses are already using, especially the social media. The young generation have high digital expectations and therefore the Council must address this. Again social networking needs to be managed and this may require specialist knowledge/ management. Face to face is always going to be important as not everyone will be able to access technology.
- 5.3.7 The Council needs to continue and develop its ability to be the source of information exchange and support to the community, irrespective of who provides a service, a type of signposting service. The Council should facilitate, support and enable its community.

#### 5.4 **Staff**

- 5.4.1 Staff have been involved in a number of ways. All Staff briefings have presented the opportunity for the Interim Chief Executive to outline the reasons why the project has been started and its scope and progress being made. Opportunity for staff to raise issues and question was available at these meetings. The Core Brief system has also been used to deliver the content of these presentations.
- 5.4.2 An email has been set up as part of a dedicated webpage for Future Options, whereby staff (and the community) can post comments or questions on the Future Options project, and the staff suggestion scheme has been revitalised.
- 5.4.3 A group of staff from across the Council have met several times to work in more detail on aspects of the project. This is additional to the Internal Project Team, comprising five officers who have progressed the project under the direction of the Interim Chief Executive.
- 5.4.4 Staff members of Unison have also been represented through a continual dialogue with Unison, through the established monthly meetings, and also by involving Unison in the assessment of options. The Regional Unison representative has more lately become involved.

## 6. Options Considered

- 6.1 A Local Government re-organisation is not planned for the area. There is no planned review of local wards in the foreseeable future, although consultation is currently taking place on the proposals for the 2013 Review of Parliamentary Constituencies. Under current arrangements the District of Harborough is split between three parliamentary constituencies – Rutland and Melton, South Leicestershire and Harborough. Under the initial proposals the district remains split between three constituencies and the boundaries between the three remain the same within our boundary. However, under the proposals the Harborough and Rutland and Melton constituencies remain unchanged but the South Leicestershire constituency ceases to exist with the wards within our area which are currently part of the South Leicestershire constituency becoming part of the Daventry constituency. Therefore whilst there are national changes ahead, there are no local changes planned
- 6.2 The Council has adopted the Strong Leader and Executive Model as of this year 2011. This model is in place till 2015 and cannot be changed mid term.
- 6.3 With this in mind, the possible approaches for the Council did not include any assessment of political merger to support the development of a new single council in any form, which would require Boundary Commission recommendation and approval of the Secretary of State.
- 6.4 A high level assessment of the possible approaches has been undertaken. To identify the issues and opportunities each approach may present, against a set of criteria. This assessment process has had input from staff, Unison and Councillors.
- 6.5 Possible approaches include:- Do Nothing, In House, Outsourcing, Shared Services, Shared CEO/Management team.
- 6.6 These approaches were tested against the following criteria: Politically viable, democratic function, aligned to political vision, community focus, partnership working, responsive services, financial considerations, timescales, deliverability, skills of staff, alignment with localism, future proofing
- 6.7 The full output of this work is contained within Appendix H Assessment of Approaches. Some high level key points that emerge are; All those engaged in this assessment offered constructive and balanced feedback, reflecting similar themes and concerns. Most considered that strong leadership and the need for unified commitment is vital to ensure that whatever approach is chosen, it is supported and followed through to its natural successful conclusion.
- 6.8 Whilst the groups recognised potential savings and opportunities for efficiencies, the overriding focus should be centred on the community. There were some doubts expressed whether this is best served through outsourced private sector delivery.

- 6.9 A better understanding of community needs and expectations was referenced consistently throughout the assessment process. This is seen as a priority to unlocking the future success of the council.
- 6.10 Do Nothing was disregarded as not viable, but useful to benchmark the other approaches.
- 6.11 In house transformation approach is seen as the least risky approach. But it is considered by many that this could provide the greatest opportunity to become efficient; working alongside the community, developing the localism agenda and provide the Council a strong platform for moving forward.
- 6.12 The capacity and capability of existing staff to deliver the In house transformation is a concern. Whilst highlighting that capability exists within the organisation, this could be complemented by utilising some additional external skills.
- 6.13 A challenge of In House approach is the possible perception of investing in internal processes. This needs to be off set by the focus that this is an invest in the short term for much longer term sustainable savings
- 6.14 Shared Services approach was seen to provide opportunity to share knowledge and expertise, retain specialist skills and provide resilience. The approach creates large service partnership providing the ability to be more influential whether in policy formulation or in procurement.
- 6.15 The approach to ultimately share a CEO and Management team is still seen as a viable option with some exciting opportunities. It is considered by many that this needs to be developed with Councillors so that a clear understanding of its implication and the impact on the rest of the organisation is understood. It is considered that this is not currently fully understood.
- 6.16 The Council has the ambition and desire to provide high performing efficient public services.
- 6.17 This objective can be achieved by maximising our existing ICT technology and also by introducing new systems and infrastructure. ICT should be one of the enablers for the Council to become increasingly smarter and more efficient in service delivery. Investment in this area would bring many benefits including a reduction in operating costs, smarter mobile and flexible working, integrated services, and easy access for the community to get the service they require.
- 6.18 It is evidenced by other councils that significant achievements can be made to reduce operating costs and a knock on reduction in accommodation.
- 6.19 Harborough District Council already has a number of important ICT components in place. But it is recognised that other essential components require to be fully exploited and there is a need for renewal and modernisation.

6.20 An assessment of the ICT requirements to deliver the ambitions of the council has been commissioned from SOCITM, and a summary of the findings is contained within Appendix K. Any progress to deliver Future Options, would need to include this assessment and its recommendation within the Business Case for Future Options

7. External challenge :

7.1 East Midlands Councils was asked to carry out an independent, external evaluation of the “Future Options” review to provide challenge and assurance on the process and emerging findings. Harborough District Council is a member of East Midlands Councils which represents all forty six councils in the East Midlands. It was agreed that Jan Sensier, Interim Executive Director at East Midlands Councils, would conduct the review over a period of two days, comprising one day of interviews and one day of paperwork review and report writing. In addition, Heather Parker, Strategic Programme Manager for East Midlands Improvement and Efficiency Partnership at East Midlands Councils, reviewed the Future Options Project Brief to highlight potential lines of enquiry and compare against similar RIEP projects.

7.2 Included in this section is the summary of the report, the full version is in Appendix I. “The Future Options Review has been conducted through a structured, logical and thorough process, and delivered at pace. Whilst in the timeframes given, it would have been unrealistic to expect all staff and stakeholders to be fully included, every effort has been made to take views, provide briefings and generally engage with all those affected by the review, and particularly with members and staff. The leadership has been strong, and through the efforts to engage, additional champions for change have been created within the organisation at both member and officer level. Due to the overall robustness of the review, my recommendations mostly focus on supporting the next stage of the project as it moves to implementation. There are also some risks that may not have sufficient mitigation in place, and some reflections on potential gaps in the review process to date that can be rectified in the next stages of the review”.

8. Recommended Approach

8.1 The Council needs to change how it operates; there is unanimous agreement on this point. The Council wants to ensure value for money and provide high quality, excellent services shaped by the community it serves.

**8.2 Therefore the Council should evolve as a smarter and more efficient organisation, and undertake a robust programme of service reviews as a first step. This would be informed and shaped by the community. This reshaping of the council is enabled by the delivery of improved fit for purpose ICT systems and accommodation that supports modern ways of working. (Recommendation 2.3)**

**8.3 As this develops and the Council draws out savings, it should continue to look for collaboration in service delivery as appropriate. The whole**

**range of service delivery models should be included :- in house, outsourced, shared services, and applied where a sound business case can be developed on a service by service basis. (Recommendation 2.4)**

**8.4 This will lead to a position in time where a shared CEO and Management team, with the right partner, should be identified and delivered. This shared team would work across the range of service delivery models and partners. (Recommendation 2.5)**

**8.5 The delivery of this approach is staged over time and requires milestone decision making before proceeding to the next step. This is a measured approach, managing risks in a progressive manner. (Recommendation 2.1)**

**8.6 It develops the skills of existing officers working alongside experts, a legacy to deliver the continuous improvement journey.**

8.7 To progress the project to the next stage whereby Full Council consider the Business case and Implementation Plan, the following key actions are required.

**8.8 In the immediate period to Dec 2011**

- § Refresh and establish firmly the Council's vision and priorities for the future
- § Decision on the preferred approach and agreement to develop the Business Case and Implementation Plan to include;
  - § the financial model
  - § to develop the implementation timeline
  - § to establish efficiency targets
  - § to establish payback periods
  - § to establish quick wins
  - § to establish the bigger longer term opportunities
- § Establish the Transformation Board and Transformation Team
- § Week beginning 12 December 2011 Full Council (special council to be called) to seek;
  - § A decision on the Business case and Implementation Plan
  - § A decision to proceed to implementation
  - § A decision on integration of the budget and service planning process with Future options at this point in time
- § Establish the mechanism to ensure that service quality and delivery is not impacted during the process of transformation as far as is reasonably possible
- § External challenge process on the business case

An overview of what would be included within a detailed implementation plan is as follows:

## **8.9 In the short term (Dec 2011 to summer 2012)**

- § Establish the mechanism and opportunity for community to engage in the re-design of the service delivery model
- § Develop and deliver smarter and more efficient service delivery to include:-
  - A co-ordinated process to draw out efficiency through business process re-engineering and value for money techniques during this period across all services and all shared and outsourced arrangements.
  - A programmed review of each service/activity area to consider best fit models of service delivery for decision to next period.
  - Include a soft market test of the outsourcing opportunities, both as a single council, and in collaboration with other councils.
- § Implement existing programme of ICT improvements
- § Proceed with Property review
- § Revised management structure implemented if appropriate
- § Start to realise the efficiency targets
- § External challenge on realisation of savings, community focus and robustness of the service models

### **Medium Term summer 2012-march 2013**

- § Property solution delivered
- § Year 1 of ICT solutions delivered
- § Seek decision from Full Council on the case for proceeding to share the CEO and Management team.
- § Actively seek a partner with whom to share and sign a “statement of intent”
- § Implement best fit service models as a result of assessment.

### **Long Term March 2013-onwards**

- § Enter into a shared management team including CEO arrangement if agreed
- § Continue to implement revised service delivery models
- § Continue process of continual improvement

## **9. Resource Issues**

A mixture of in-house and external support will be required to deliver the recommended approach. It is considered essential to have good programme management to deliver this scale of programme. This should be led by the Chief Executive responsible who should be held accountable for the delivery by the Transformation Board and Full Council.

## **10. Impact on Communities**

None directly from this report.

## **11. Legal Issues**

None at this time.



12. Equality Implications

An EIA has been carried out on the high level approach of Future Options. (Appendix J). The EIA sets out some clear recommendations that need to be addressed when the Future options programme continues to the next stage.

13. Impact on the Organisation

There is convergence required between the approved approach for Future Options and the Budget and Service Planning Process that is currently underway. This convergence is timetabled to occur during December, when the Business Case for Future Options is further considered at Full Council, and the first Draft Budget is presented to 19<sup>th</sup> December Executive.

14. Community Safety Implications

None from this report directly

15. Carbon Management Implications

None from this report directly.

16. Risk Management Implications

A high level risk plan has identified the immediate risks surrounding this project using the council's TEN risk management approach.

Risk identified	Likelihood	Impact	Control measure
Efficiency targets are not met quickly enough to address forthcoming financial challenges	significant	critical	Sound business case Strong programme management. Strong leadership Full engagement by services
Keeping focused on business and service delivery whilst such a programme is underway	significant	critical	Build on the work of the existing performance group. Strong leadership Strong programme management and escalation processes Full engagement by services
The current funding gap identified through budget and service planning, is significant larger than anticipated. This would create a longer payback period and more difficult savings agenda	low	critical	Financial model needs to have sensitivity ranges in build. Longer payback period is accepted by Council

**Previous report(s):**

Report to Full Council on 27th April, 2011 'Appointment of Interim Chief Executive'  
Report to Full Council on 25<sup>th</sup> July, 2011 'Future Options for the Authority' (*which recommended approval of the Project Brief and establishment of a Member Working Group*)

**Information Issued Under Sensitive Issue Procedure: NO**  
**Ward Members Notified: Not applicable**

**Appendices:**

- A. Project Brief**
- B. Best Practice Reflections**
- B Harborough's History of Sharing**
- D. Opposites don't attract**
- E. Reflections on what Harborough wants to achieve**
- F. Understanding the Community**
- G. Member Workshops**
- H. Assessment of Approaches**
- I. External audit**
- J. Equality Impact Assessment**
- K. ICT High Level Assessment**

**Background papers**

**Appendix C : Harborough's History of sharing : Notes from interviews. Exempt. Paragraph 1 and 2 of Schedule 12a.**

**Appendix H : Assessment of Approaches. Table 1 and 2**