

Meeting	Executive
Portfolio Area	Resources
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TRANSFORMATION

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KEY DECISION

1 PURPOSE

- 1.1 This report proposes the development of a transformation programme to improve customer experience, increase workforce productivity and organisational resilience, while achieving the savings required by the Medium Term Financial Strategy.
- 1.2 Development and implementation of this transformation is recommended, to enable the Council to deliver on the priorities set out for our town and residents in the “Future Town Future Council” Corporate Plan.
- 1.3 This approach is proposed, with the intention of preventing service reductions where possible.

2 RECOMMENDATIONS

It is recommended that:

- 2.1 Executive agree the Transformation Approach (set out in section 4.1 to 4.6) to improve customer experience, deliver increased productivity and ensure sustainability.
- 2.2 Executive note that the Transformation Approach and underlying delivery programme is to be based on the Foundation Principles set out in sections 4.11 to 4.14. Executive is further recommended to approve the Foundation Principles.

- 2.3 Executive approve preparation of a detailed business case and implementation plan for a first phase of transformation and note that this will be brought forward for consideration and formal approval later in 2021/22.

3 BACKGROUND

- 3.1 The Council's vision and key priorities are set out in its Corporate Plan: Future Town Future Council (FTFC). The Council's Annual Report (2021/22) highlighted five specific priority areas for 2021/22.



- 3.2 In order to deliver on the FTFC priorities – including: *transforming our town*, *cooperative neighbourhoods* and *more social and affordable homes* - the Council is required to continue to address the financial challenges it faces. Following a number of years spending cuts by central government, pressures arising from new legislative requirements or taxation, and facing the challenges presented by the Covid-19 pandemic, the Council needs to identify and deliver around £3Million savings over the next three years, of which £2.419Million relates to General Fund services.
- 3.3 Across the country, local government has been facing a challenging financial position after a decade of central government funding reductions, uncertainty over a longer-term funding settlement, and with pressures heightened by the effects of the pandemic. Prior to the Covid-19 pandemic, the Council had already set out to residents a significant funding gap that would require savings in future years. This financial position has been further adversely impacted over the last 16 months, given the severe disruption brought by the pandemic. In addition, Officers anticipate that the effects of the pandemic are likely to bring longer lasting implications for the Council's finances through factors such as reduced income and increased demand for services including homelessness support. Therefore the focus on financial security is more important than ever in order to support a strong recovery for the Town and the Council.
- 3.4 The Council has had a number of budget saving programmes over the preceding years which have developed and implemented budget proposals to reduce the Council's cost base. Following a number of years of spending reduction, the ability to identify options to reduce net spend has become ever more challenging. The Council's financial position will be updated as part of

the Medium Term Financial Strategy, which will report to Executive in September 2021. Ahead of the update to the Medium Term Financial Strategy this report sets out the Council's proposed approach to transformation, aiming to help address the Council's finances (the 'Making Your Money Count' FTFC priority).

- 3.5 Alongside the financial challenge, the Council must address customer expectations. Customers increasingly want convenient services, with access when, how and where they choose. For many customers this means online services which are easy to use and available "24/7". With many different teams involved in customer service delivery, making sure services are designed from a customer perspective will be key.
- 3.6 The Council faces the challenge of balancing finite resources against significant demand. For example, at the start of the current financial year the Council's Customer Services team experienced up to 45% increase in service demand, with high volumes persisting in recent months. This means that there is an urgent imperative to consider the way customer demand and access to services is managed. Short term measures to support service delivery are currently being considered to improve experience, reduce complaints and improve performance. In addition to this, it is recognised that a sustainable approach is needed, which does not rely solely on increasing resource levels but finding more effective ways to meet customer needs.
- 3.7 The Council recognises that some customers and service types require in person support via the telephone or face to face and this support will remain crucial for many customers in the future. In order to enable resources to be prioritised for those who need it most, it is recognised that it will be essential to provide high quality information, advice and guidance which can be self-served online as well as quality online options for the majority of transactional services.
- 3.8 Over the last 16 months, the Covid-19 pandemic has required high levels of flexibility from many Council teams and services, adapting at pace to be able to meet new requirements, restrictions, guidance or particular service pressures. This included putting in place vital services, such as Stevenage Helps, to support residents and to provide a robust response for the local community. Other examples also include developing local Covid-19 support teams, from contact tracing, to marshalling and supplying teams to support the set up and operation of one of the first mass vaccination centres.
- 3.9 This flexible approach also meant redeploying colleagues into areas facing significant pressure such as homelessness (with the implementation of the Housing First approach), and putting place additional back up resource plans for vital services such as waste and recycling. This approach highlighted some of the benefits of a flexible in-house team, providing support to areas of particular challenge. Despite the Council being partway through an overhaul of its technology infrastructure, the workforce moved successfully to remote, working over a matter of days with video-conferencing and virtual collaboration becoming embedded quickly as a way to maintain connection. Nationwide many people who preferred to shop or transact in person, moved to online options. There is an opportunity now to embed new ways of working

and delivering services in a way which ensures a responsive, flexible offer for residents.

- 3.10 In October 2020, Executive agreed the Workforce Strategy which aims to embed new ways of working, respond to the changing world of work in response to the pandemic and to ensure its workforce are equipped and enabled to deliver the Council's priorities and ambitions.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

Proposed Transformation Approach

- 4.1 To respond to these challenges and opportunities, it is proposed a rolling transformation programme is implemented. This includes an holistic review of processes, technology and teams to make sure they are set up in the best way possible in order to meet the Council's strategic objectives outlined above and to minimise the need to reduce or cease services.

- 4.2 Our ambition for the transformation programme is :

Customers are at the heart of our services. We will serve customers in a straightforward way, with resolution at the first point of contact and through the provision of easy to access online services that are so good, people prefer to use them. We will work cooperatively with residents to make sure services are designed with them.

- 4.3 The proposed programme approach will involve a Council wide review of customer support and support services and will include:

- Modernising the service offer with digital options
- Cutting out waste by shortening processes
- Implementing a customer-focused culture to prevent failure demand

- 4.4 An initial assessment undertaken by Officers, sought to identify the opportunities and understand how the Council can best release savings as well as to improve the experience for staff and residents. Based on modelling the potential savings from a range of drivers (e.g. self service, efficiency, demand management, remodelling the organisation), it is estimated that the Council could save approximately up to £2million through adopting this proposed Transformation Approach. Further work is required to consider the detailed changes necessary, the resulting profile of possible savings and will require investment and substantial changes to achieve required services. It is proposed that a rolling programme will be established which will start delivering savings from 2023/24.

- 4.5 The approach outline above is the preferred option as:

- securing increased income in a post-covid economy will be challenging;
- the Council is committed to keeping service reductions to a minimum.

- 4.6 The Council has previously delivered savings through efficiency programmes, implementing shared services, and Business Unit Reviews. This programme, if approved, would sit alongside the Cooperative Commercial and Insourcing Strategy which seeks to support the Council's 'Making Your Money Count' priority by ensuring that additional income is maximised for the Council; however the Council's financial position is unlikely to be resolved solely by the implementation of the Cooperative Commercial and Insourcing Strategy.

Alternative options considered and not recommended

- 4.7 Alternative options, as set out immediately below, are available for the Council to consider.
- 4.8 Generating further commercial opportunities and income: the Council has an agreed Cooperative Commercial and Insourcing Strategy (2021), with a clear action plan to generate additional income which can fund priorities and protect local services. Having undertaken a thorough assessment of the potential of this approach - and having embarked on projects identified within this Strategy, it is not considered prudent to seek further stretch savings beyond those already set out in this Strategy.
- 4.9 Additional service reductions or reducing the FTFC programme: a further alternative approach would be to focus savings activities to reduce the level, quality, or number of services provided to Stevenage to achieve the full required £3m savings. This approach is not recommended given the disruption and adverse impacts that it would have on the town and on local people. Significant reductions to key corporate priorities such as regeneration of the town centre would have a sustained adverse impact on the quality of the local environment and the longer-term economic success of the town, local businesses and residents.
- 4.10 Seek additional efficiency savings: this option would be to consider and focus on additional efficiency gains that can be achieved across different service areas. Following a decade of spending reductions, there are fewer opportunities available for lighter-touch efficiency savings, presenting high levels of risk that this approach would not achieve required savings.

Foundation Principles

- 4.11 In support of a new transformation programme (set out in 4.1 – 4.6) a set of foundation principles are proposed below, to help shape particular projects and design of key services to achieve benefits for customers and reduce costs.
- 4.12 These foundation principles recognise the importance of work working cooperatively across teams within the Council, and with partners too. It seeks to build on the work that has taken place to adapt new ways of working through the Covid-19 pandemic, to reflect on what has worked well and where future improvements can be made to benefit customers and residents.
- 4.13 The approach recognises that there will need to be investment and enhancement to our digital foundations, to help ensure these channels are reliable, accessible and available for many customers to choose to use. There will be continued support both face to face and over the phone for customers who need it.

4.14 The principles also seeks to further embed the cooperative neighbourhood model, working closely with communities to help resolve problems, maintain a visible and proactive presence and help Council teams to work effectively together.



Align the spend and effort to strategic priorities and have a clear line of sight from inputs to measurable outcomes

Everything cannot be a priority, some choices must be made and it must be 'one in and one out' for all and any new initiatives

Adopt a new strategic framework with more outcome focused measures



Digital channels which are so good customers choose to use them

Ensure digital services are reliable, accessible and designed with customers

Actively reduce demand on other channels

Continue to provide support for vulnerable customers and those who need it



High volume and high priority digital services will be designed with customers and be improved through customer feedback

More customer insight to understand failure demand

Create a different dynamic through user-centred design and feedback from our customers



Focus process redesign effort and technology investment where volume and/or potential for productivity gains is high

Processes that are simplified and automated to boost productivity

Invest in integration to mitigate where there is inflexibility in current systems



Through our cooperative approach, focus on prevention and building self-sufficient communities with a strong neighbourhood presence

Community services focused on reducing demand and enabling customers to help themselves

Services working better together

Positive relationships and co-production of services



Develop staff to adopt new ways of working, use technology confidently, solve problems and work flexibly on site, remotely and in the community

A strong development offer to build an empowered workforce

Ensure that staff are trained and have the appropriate skills to succeed



Leaders who are empowering and who prioritise coaching, personal accountability and pride in delivering innovative and excellent customer service

Avoid escalating decisions unnecessarily (due to risk-aversion)

A strong performance management culture

Less reliance on the management hierarchy

4.15 Outcomes for our customers

The transformation programme aims to transform the customer experience. In practice this will mean:

- One place to go for any council service – one front door for customers.
- A choice of how customers access services - Online, on the phone, in person.
- Self-serve is available on the website for the majority of services.
- Customers can talk to someone in person if they need to, for example where the issue is complex, sensitive or the customer cannot access online services.
- Services are convenient, and can be accessed when, how and where customers want.
- Customers don't have to talk to multiple people / teams to get what they need.
- Customers are involved in how digital services are designed – through feedback, engagement, designing and testing new services.
- Customers know what to expect when they contact the Council.

Outcomes for our workforce

4.16 The Council's workforce has a critical role to play in delivering the services Stevenage residents need; they also have a deep knowledge of the Council's business processes and how to improve them. As part of the transformation programme employees will be engaged and informed throughout, seeking their expertise and ideas to create even better services whilst building upon and continuing to develop in house expertise across the workforce.

4.17 Feedback will also be sought from Elected Members, who have deep knowledge of local communities as well as Council services, who experience with and work across many services, tackling complex cases and complaints that can sit across a range of service areas.

4.18 To deliver the outcomes needed we must continue to innovate, adapt and adopt new ways of working in line with our Workforce Strategy. In practice for staff this may mean:

- More self-service e.g. ICT requests, HR and facilities support.
- Easy to find information e.g. on the intranet.
- Customer case information in one place.
- A "Tell us once" approach e.g. no need to contact three or four teams separately about new starters / leavers.
- Embedding neighbourhood working and the cooperative neighbourhood model.
- More automation of manual processes.

- More time to help customers who need it.
- More productive working time and a more rewarding experience.
- Easy to use mobile technology.
- Reduced reliance on paper.
- Ability to learn new skills and work more independently.

4.19 A significant proportion of Council spend is on staffing and therefore the transformation will result in a headcount reduction over time; it is also likely that the Council will need to deliver some structural changes in order to enable the change – e.g. implementing larger multi-skilled teams in order to manage caseloads more effectively. However, it is not intended there will be top down structure change for the entire organisation.

4.20 Where possible the approach taken will minimise the impact on staff, such as looking at options to deliver savings through staff turnover rather than redundancy. Where structural change may be needed, this will be managed in accordance with our workforce policies and procedures. Our established approach is to work close with Trade Unions and staff, to plan ahead, reduce disruption where possible, to look at suitable options for opportunities such as retraining where colleagues are impacted by change.

Design and Delivery Approach

4.21 The programme will organise the work into four themes.

4.22 The four transformation themes will guide the design of the way the Council will operate in the future.



4.23 Each theme has a Strategic Director lead, to work across the organisation, with Members and with colleagues to look at potential opportunities for transformation and impact. This is supported by an assessment has identified the relative baseline cost of each area. A detailed plan for each area will be established as a next step.

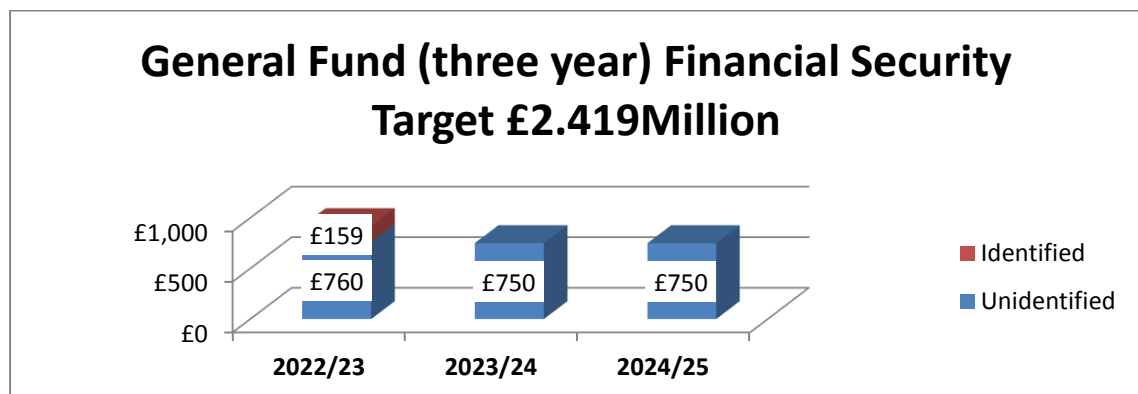
4.24 Detailed planning is underway to scope the first phase of the transformation programme, which is anticipated will be implemented in 2022/23 and deliver savings from 2023/24. Early projects to achieve quick wins or test out new 'proof of concept' ideas to deliver early benefits will also be considered.

- 4.25 A dedicated team is being mobilised in order to ensure sufficient capacity to deliver change alongside delivering the business as usual and other priority programmes.
- 4.26 An outline business case will be brought back to Executive later in the year with further detail on the first phase which will focus particularly on the Resources and Service Delivery themes including:
- Redesign of targeted customer processes
 - First phase of “single front door” (one access point) for customers
 - More self-serve for support services
 - Targeted technology changes e.g. payments, some digital services

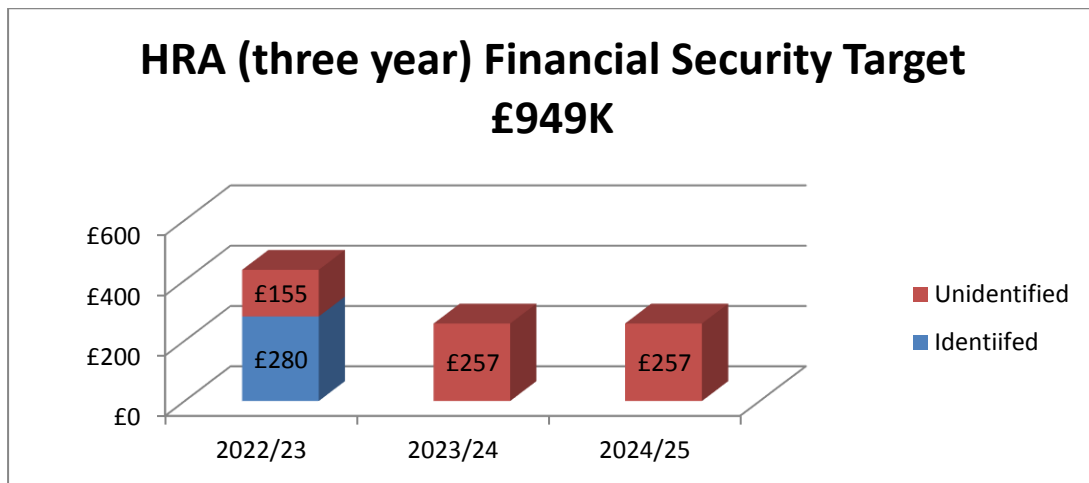
5 IMPLICATIONS

Financial Implications

- 5.1 The current General Fund Financial Security target for 2022/23-2024/24 is £2.419Million, (with £2.26Million of this unidentified) as set out in the General Fund budget setting report to the February Council. The target will need to be reviewed as a result of the last 16 months impact from the Covid-19 pandemic and any new emerging pressures. This will be reviewed formally via report Executive September, providing an update to the Medium Term Financial Strategy. This approach is to ensure that the principle of a contribution to General Fund balances is achieved by 2023/24, but also to reflect any further adverse financial impacts of Covid-19 on the General Fund.



- 5.2 The Housing Revenue Account (HRA) Financial Security Target for 2022/23-2024/24 is £949K, (with £669K unidentified). Although the target for the HRA is lower there are likely to be more cost pressures arising for the HRA from the Housing White paper, which could impact on the level of savings required in future years, along with the impact of Covid-19 on rent collection and services. The target will be reviewed as part of the November 2021 refresh of the HRA Business Plan.



5.3 The total level of unidentified savings for the next three years is £2.93Million and there is likely to be a need for on-going savings beyond that as inflation and pressures outstrips income growth and with rising inflation. The ‘Making Your Money Count’ programme has three strands. Firstly the Commercial and Insourcing Strategy. Secondly an expectation that savings options can be driven through the Transformation of services as proposed in this report . If sufficient savings cannot be identified through these initiatives then the probability of further service reductions is likely as the ability to deliver efficiency savings has diminished.

5.4 The types of initiatives implemented (as set out in the report) will need to be cognisant of the profile of savings required to be delivered and the level of investment to deliver them, to ensure the on-going financial resilience of both the General Fund and HRA.

5.5 The Making Your Money Count (MYMC) programme has identified funding within the Council’s budgets to invest in the transformation programme from both the General Fund and HRA. However the level of investment required may need to be increased based on the detailed work to design interventions.

Legal Implications

5.6 There are no legal implications identified at this stage of developing the transformation approach and proposals.

Equalities and Diversity Implications

5.7 An initial Equalities Impact Assessment has been undertaken for the transformation programme to inform and shape the approach to the next stage of work.

5.8 Further assessments will be undertaken for the impact on customers as staff when proposals emerge through the transformation discovery work and the delivery programmes.

5.9 Risk Implications

5.10 The key risks associated with the transformation are outlined below, alongside proposed mitigations

Risk	Mitigation
If the Council does not pursue transformation, it will need to rely more heavily on other savings areas in order to meet the MTFS/ deliver a balanced budget which is likely to mean more service reductions	Seek Executive approval to the transformation programme
If resources are not available including staff time and external skills to support the transformation, the pace and scale of change will be reduced	Invest in a central team in order to reduce burden on service operational teams. Bring in additional skills and experience Prioritise improvement work which has the most impact via the central team.
If staff are not energised and motivated by the change, there will not be the buy in to the programme needed to deliver impact.	Continue to support staff with ways of working and resilience post-Covid Involve and engage staff in the programme design and delivery
If the shared ICT Service is insufficiently resourced/ prioritised to support technology change the Council will not be able to meet the full ambition of the programme.	Commit to partnership approach to agreeing technology priorities and align transformation plans with East Herts where possible. Refresh/ Review ICT strategy and implementation Ensure resources are sufficient programme

Information Technology Implications

- 5.11 Optimising our technology will be vital to support transformation. The ICT Partnership Strategy approved by East Herts District Council and Stevenage Borough Council in 2019 set a clear direction and the urgency to update the foundations of the services that customers, Members and staff rely on.
- 5.12 The vision for the strategy is to create a modern and transformational ICT service that drives and supports delivery of joined-up services to Customers through the effective use of technology.
- 5.13 A review is to be commissioned in order to identify how the current ICT programme can be accelerated where possible, and how the service model can be optimised.
- 5.14 The ICT strategy will be refreshed during 2021-22 and a core goal is to make sure it supports both organisations' transformation ambitions.
- 5.15 In line with the strategy refresh operating model options will be considered which will enable us to move at pace in order to support digital transformation.