

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET
11th April 2017

REPORT AUTHOR: Chief Executive

SUBJECT: 2025: Powys Transformed - Strategic Planning

REPORT FOR: Decision

Summary

The recently agreed Medium Term Financial Strategy covered a three year period but Cabinet felt it was inappropriate to allocate savings targets for the third year preferring a longer term strategic approach.

The report lays out an approach developed by the Chief Executive in discussion with the management team covering a strategic focussed change programme that looks longer term and will be called 2025: Powys Transformed. The approach will be centred on 3 priorities with 2 further (enabling) priorities in place to support their delivery.

It is intended that the proposed strategic direction is endorsed as a starting point for the new Council

Proposal

a) Context

The Chief Executive's Management Team has developed an approach over recent months that culminated in the development of a revised long-term strategy. The starting point was to create an approach to deal with the 2020 challenge as represented by the Medium Term Financial Strategy. It is important that transformation to deliver financial balance is the appropriate response rather than merely a finance based approach.

The background is worth noting given the Council has delivered considerable savings over the recent years. Since 2011/12 this totals £63.497m. The latest financial model shows that over the next 3 years (from 2017/18 to 2019/20) a further £25.654m must be saved.

The Council set the budget on 23rd February. At the same meeting it agreed the Medium Term Financial Strategy (MTFS) that includes the agreed 2017/18 budget saving requirement of £9.856m. The 2018/19 Financial

Position sees a further £8.425m of savings of which £8.357m has been identified.

However, the 2019/20 financial year (the third and final year of the current MTFs) only identifies £453k of required savings leaving a further £6.850m to be found. The financial position was the initial driver for the approach but as indicated the approach is to seek a strategic transformational response, Even so it is worth confirming our financial challenge. In summary the following table outlines the £25.654m savings requirement with £6.918m to be identified of which the overwhelming majority is in 2019/20.

	Identified Savings (£m)	Savings to be found (£m)	Total Requirement (£m)
2017/18	9.926	0	9.926
2018/19	8.357	0.068	8.425
2019/20	0.453	6.850	7.303
Total	18.736	6.918	25.654

The 2017/18 position is based on known factors that informed the budget but for 2018/19 and 2019/20 the position is based on the financial assumptions outlined in the MTFs. Future years may also be affected by changes to the financial settlement. Currently we assume the funding will reduce by 2.5% in both 2018/19 and 2019/20. Every 1% of Welsh Government funding is worth approximately £1.8m.

b) The Role of Transformation

It is important that a purely finance focus is avoided with transformation being the method by which financial balance will be delivered and the approach can be summarised as follows:

- Designing or redesigning services so that the user perspective is central to change
- Clear linkages between efficiencies and corporate objectives for service improvement
- Demonstrating political support for, and scrutiny of the strategic approach
- Clear governance arrangements to monitor the progress developing and delivery of the programme
- A strategic approach that is transformational and challenges current arrangements with the aim of delivery long term gains and service improvements
- The use of performance and contextual information to develop options and make choices then monitor and review progress.

In recent years the Council has taken a more strategic approach but budget setting has necessarily been based on the allocation of targets largely based on relative budget size. This approach has, in some cases, felt like `salami

slicing` as areas have been further and further reduced to meet a financial target. Some will not be sustainable if this approach is adopted in the third year of the current MTFS. This is true of not only front line services but also corporate functions.

Looking beyond 2019/20 it is likely that the funding settlements will continue to be difficult even allowing for the greater tax raising freedom that local government is likely to be given by Welsh Government.

The adoption of a strategic transformational approach will help meet the challenge. There is no single answer to an issue as complex as the one that all councils face. However it is likely that a portfolio approach of internal (good housekeeping), mutual collaboration and external (outsourced) methods will deliver the required sustainable service delivery and financial position.

To deliver this a series of 'themes' that can provide a framework for meeting the financial challenge are as follows:

a. Flexible, Remote and Mobile working

This is already underway and should be aligned to downsizing corporate offices and increasing productivity. There is considerable cost tied up in the corporate estate and a possible savings target for accommodation savings is worth exploring. This must be based on a new approach to working arrangements.

b. Improving Collaboration

The Minister's White Paper on future local government collaboration whilst retaining the 22 local authorities indicates that collaboration should be pursued where appropriate. There may be scope to explore the various collaborative models including partnerships and shared services. We already collaborate but more can be done and Powys teaching Health Board is a key partner under this theme.

c. Customer Insight and Business Intelligence

The Business Intelligence function has made progress since its creation. However we are still richer in data than information. Improved decision making and performance through better customer insight will help deliver transformation and support the delivery of savings.

d. Business Process Improvements

There is already good evidence that progress has been made in this area. However, the organisation needs to embrace fully business process improvement techniques. Technology can assist this area and the introduction of a new finance system will be a key element as well as integrating systems to make processes more efficient. Investment can bring significant savings that may not impact directly on front-line service delivery but will support improved efficiency.

e. Productivity

Access to information, better business techniques and relevant training can increase productivity and deliver more responsive services. Areas such as customer relationship management, workflow and case management can also be looked at under this theme.

f. Flexibility

It may be appropriate to provide greater options to support the workforce in work/life balance issues whilst remaining within Local Government terms and conditions. For example some councils permit a more flexible approach to working hours and holidays. We have recruitment and retention difficulties in many areas and to counter this we need to be seen as an attractive place to work within the employment market.

g. Commercialisation.

A more commercial approach is already evident in some areas such as Business Services within the Resources Directorate with contracts being won and services provided to other public organisations. This can be a key part meeting the 2019/20 requirement and may require an exploration of the delivery model in order to remain compliant with local government legislation. There is scope to increase the income flows to the Council and an area that has been looked at in English Councils is Property as a means of generating income through acquisitions, leases and development.

c) Existing Policy Framework

In Powys 2020 we already have a key document laying out our vision for the future. It clearly sets out our priorities in an accessible and understandable manner. Powys 2020 also includes the principles to guide future decision making to guide the county to 2020.

Sitting underneath Powys 2020 is the 'new' Corporate Improvement Plan (CIP). This came out of a review of our approach to corporate planning that indicated a general acceptance that we lacked a clear document that covered how we would use our resources as efficiently and effectively as possible for the benefit of the citizens of Powys. The CIP puts in place an approach to help deliver this requirement.

With Powys 2020 setting out the vision the CIP brings these together to show how our vision, values and principles linking to the Well-being and Future Generations (Wales) Act 2015. The seven well-being goals are clearly laid out along with the Act's five sustainable principles.

All of this implies a continuing evolution in the Council's role and responsibilities, the council needs to maintain a focus on delivering excellent services but at the same time enhance the skills in areas such as community facilitation and support, commissioning, market development, communications, branding and quality assurance. Transformation and saving money are not mutually exclusive processes. For example a more effective

adult services can make better use of resources; better economic development can increase prosperity, generate more revenue for the council and create a reason to keep young people in the county and therefore stop the decline in our population base that will create a severe financial challenge over the next decade.

Both Powys 2020 and the CIP covers the four agreed priorities:

- Services delivered for less – remodelling council services to respond to reduced funding
- Supporting People in the community to live fulfilled lives
- Developing the economy
- Learning – improving learner outcomes for all , minimising disadvantage

In addition there is an emerging fifth priority around workforce improvement and organisational development as evidenced by the ' roots' programme. The development of a workforce with behaviours and skills to meet the challenge is a key requirement. It is now appropriate that these priorities are revisited.

d) 2025: Powys Transformed

The next step is to develop the narrative produced for Powys 2020 to illustrate/articulate what the transformed Powys will look like in 2025. Powys will be transformed by the Council delivering objectives and securing outcomes based upon the priorities of Improving health and care, creating a vibrant economy and improving learner outcomes and aspiration for all. The priorities will be delivered by means of two supporting programmes that are best viewed as 'enablers'; developing the workforce and remodelling our services.

2025: Powys Transformed will be our Vision and the priorities and enablers will form the basis of our Corporate Improvement Plan. Our current programme management structure will need to be changed to reflect this. Not all of the enablers will need to be standalone programmes but some will such as RRoots, behaviours and commercialisation.

Commissioning will continue to be the vehicle to stimulate thinking and service redesign which will be guided by the priorities and delivered by the enablers.

We will need to ensure that our activity fits with and supports the work of the PSB and the Wellbeing Plan, the work of the Regional Partnership Board and the joint health and care strategy.

In summary the priorities to deliver 2025: Powys Transformed will be:

- Improving Health and Care
- Creating a vibrant economy
- Improving learner outcomes and aspiration for all

These will only be delivered by two 'Enablers'

- Developing the Workforce
 - Behaviours and Culture
 - Leadership
 - Engagement
 - RROOTS

- Remodelling Council services and improving efficiency by using the approach outlined above that will in effect form a transformation toolkit consisting of the following:
 - Agile, Flexible, Remote and Mobile Working
 - Improving collaboration and Integration
 - Customer Insight and Business Intelligence
 - Business Process Improvements
 - Productivity
 - Flexibility
 - Commercialisation

Options Considered/Available

The alternative option would see the continuation of allocated savings targets but this is not necessarily strategic and would not support transformation.

Preferred Choice and Reasons

A strategic change programme to deliver 2025: Powys Transformed is the proposed approach. A transformational approach is required given the scale of required savings.

Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

The approach seeks to deliver a long term sustainable service delivery model

Children and Young People's Impact Statement - Safeguarding and Wellbeing

Not applicable

Local Member(s)

Not applicable

Other Front Line Services

The emerging approach will impact on front line services but this cannot be determined yet.

Support Services (Legal, Finance, Corporate Property, HR, ICT, BPU)

Finance – The approach will help deliver the MTFFS and longer term financial planning.

Legal: The recommendation can be supported from a legal point of view.

Public Service Board/Partnerships/Stakeholders etc

The Proposal will require the involvement of the LSB.

Corporate Communications

Statutory Officers

The Strategic Director Resources (S151 Officer) notes the comments made by finance and adds this is an important report for longer term corporate planning including financial sustainability of the council over the period up to 2025.

The Solicitor to the Council (Monitoring Officer) has commented as follows: “I note the legal comment and have nothing to add to the report.”

Members’ Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
That Cabinet endorse the ‘2025: Powys Transformed’ as a means of longer term strategic planning and savings delivery for the new Council to continue	To enable the Chief Executive to commence strategic transformational planning to meet the savings requirement and explore options to be presented to a new administration

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	Not applicable
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Person(s) To Implement Decision:	Jeremy Patterson, Chief Executive
Date By When Decision To Be Implemented:	

Contact Officer Name:	Tel:	Fax:	Email:
Jeremy Patterson			

Background Papers used to prepare Report:

- **Corporate Improvement Plan**
- **Medium term Financial Strategy**