

CABINET

Date of Meeting	Tuesday, 23 rd July 2024
Report Subject	Governance for the Transformation Programme
Cabinet Member	Cabinet Member for Finance and Social Value
Report Author	Chief Officer (Governance)
Type of Report	Strategic

EXECUTIVE SUMMARY

The Council has a duty to set a legal and balanced budget each year. That annual cycle has meant that the Council tends to focus its attention on making savings that can be achieved within a short timescale. There are potential savings that the council could explore which will not deliver inside the usual annual budget cycle. Such savings would typically involve looking at either larger scale projects such as a shared/collaborative service arrangement with another council or would involve redesigning internal working processes (probably aligned to a change of software). Such changes are typically referred to as transformational.

The Council needs to set up a programme to explore such transformational changes if it is to reduce costs without reducing/stopping services. The governance of such a programme can be fitted within existing reporting structures in the Council.

The capacity required to explore and manage a parallel programme of savings does not exist within the council at the present and will need to be recruited, probably temporarily, on an invest to save basis.

RECOMMENDATIONS

1	<p>That Cabinet approves the</p> <ul style="list-style-type: none"> i) Criteria for selecting transformation projects. ii) Democratic governance structure for the transformation programme, and iii) endorses the allocation of reserves to fund the additional capacity required to support the programme.
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REPORT DETAILS

1.00	BACKGROUND
1.01	<p>The Council must set a legal and balanced budget annually, which includes the contribution to be raised via taxation. The Council has previously always set a balanced budget despite increasing pressures over the years caused by:</p> <ol style="list-style-type: none"> 1) increased demand for statutory services such as adult social care, out of county places and homeless support 2) reducing funding from Welsh Government 3) inflationary increases, which have been particularly acute in recent years.
1.02	<p>The Council has a strong history of making savings to help balance the books. It has pared back staffing levels, automated functions, and delivered services via different vehicles (e.g. Double Click and NEWydd). It operates a number of shared/collaborative services with other councils such as the civil contingencies service, minerals planning and procurement, though in recent years the appetite amongst our fellow councils for sharing services has diminished.</p>
1.03	<p>Since 2008 the council has needed to and taken £124.6 million out of the budget. The Council has a strong track record of delivering the savings included within the budget and has regularly achieved realisation rates of over 90%.</p> <p>2021/2022 – 100% 2022/2023 – 100% 2023/2024 – 99%</p>
1.04	<p>The Council has hitherto been prudent on the use of its (limited) reserves and since 2019/20 has only used them once as a contribution to balance the budget which was a prudent amount of £0.172m to cover time-limited costs. Furthermore, reserves have only been used out of necessity to cover nationally negotiated pay awards i.e. sums which we are contractually obliged to pay but over which we have no control and other significant unforeseen costs.</p>
1.05	<p>The challenges facing the Council have not diminished and recent legislation/policy changes (e.g. Additional Learning Needs and homeless support) have only intensified the pressure at a time when Welsh Government's own budgets are also under pressure. Although the Council has had no indication from Welsh Government of future funding settlements, independent analysis suggests that the support received from Welsh Government may be "cash flat" (or worse) for at least the coming year, and when combined with known cost pressures this equates to a budget gap over the next 3 years of</p> <p>2025/2026 - £37.8m 2026/2027 - £19.4m</p>

	2027/2028 - £19.0m	
	It is widely recognised that the options to make savings, of the size and nature that have hitherto been achieved, are reducing and that a different approach is needed.	
	EXPLAINING THE TRANSFORMATION PROGRAMME	
1.06	<p>The financial pressures described above have tended to lead to a focus on savings that can be achieved within the 12-month timeframe of each budget cycle. There are potential savings, typically focussed on internal processes, open to the council which will take longer than 12 months to achieve which have not been fully explored because:</p> <ol style="list-style-type: none"> 1) They won't deliver within the annual cycle of budget setting; and 2) The council's capacity is only just sufficient to meet its annual savings targets. 	
1.07	<p>If the Council is to find further savings without continuing to cut services, then it must look at how it delivers services as well as which services it delivers and the level of service provision. It might be possible to reduce the council's costs by looking at so called transformational reviews. In this context, such reviews would be ones which would look for savings from the following list:</p> <ol style="list-style-type: none"> i) Internal corporate processes which affect the whole council such as procurement ii) Cross cutting ways of delivering services e.g. how we manage additional hours (sick leave, overtime and out of hours) iii) Fundamental changes (principally automation) in the method of delivery by one or more portfolios e.g. the use of assistive technology in social services iv) Collaborative/shared services with other councils/public sector bodies. 	
1.08	<p>Officers have already identified the following list of potential projects from their own knowledge of the council and available data. This list of projects will need to be assessed (see below) but is split on a preliminary basis into projects where the primary focus will be digital and those where (whilst digital might form part of the solution) the primary focus is not digital. That distinction isn't black and white but will give a useful means of trying to split the very large number of potential projects into manageable work allocations:</p>	
	Digital Projects	Non-Digital Projects
	<ol style="list-style-type: none"> a) Assistive technology to meet adult social care needs and reduce the need for costly domiciliary care; b) Chatbots (artificial intelligence) to respond to customer queries on the website/in the contact centre 	<ol style="list-style-type: none"> 1. Both Aura and NEWydd need new contracts which will involve substantial negotiation 2. We need a piece of work on additional hours, overtime etc. 3. A thematic review of all portfolios to examine <ul style="list-style-type: none"> • When the size/establishment of

	<ul style="list-style-type: none"> c) Artificial Intelligence should be used to reduce the number of administrative tasks including production of minutes, preparation of presentations etc; d) Finance, procurement and purchasing processes in preparation for legislative changes and the replacement of financial systems; e) Continuing work to embed Fast Track and speed up the processing of invoices; f) Rostering and payroll processes; g) Review of processes allied to the digital strategy for capturing savings from the Digital Strategy 	<p>services were last reviewed and</p> <ul style="list-style-type: none"> • whether there is scope to downsize • Whether there is further scope to combine smaller services into larger functions e.g. training functions <ul style="list-style-type: none"> 4. Review of HRA Borrowing / Homelessness options 5. School Modernisation 6. Review of industrial estates rents and letting practices
1.09	<p>Councillors may also have ideas for potential transformation projects and there needs to be a mechanism for gathering those suggestions. Each year the council goes through a series of budget workshops and Overview and Scrutiny Committee (OSC) meetings and these would be a good place to capture ideas for new transformation projects. Equally the process doesn't have to be formal, and members can email officers with suggestions.</p>	
1.10	<p>Some suggestions will have greater impact than others and some will release savings more quickly. Thus, there needs to be an assessment of potential savings to prioritise quick wins and larger savings. As part of the assessment, it will also be necessary to estimate the level of potential savings that might delivered which can then be taken into account (by Cabinet) in the Medium Term Financial Strategy ("MTFS") to reduce the projected budget shortfall. The Corporate Resources OSC ("CROSC") would appear to be the best body to make such assessments, and to then track the delivery/realisation of those savings in due course.</p>	
1.11	<p>Once projects are included within the programme they will need to be led, managed and monitored by staff as well as being overseen by/reporting to councillors. Appendix 1 shows a proposed governance structure with:</p> <ul style="list-style-type: none"> 1. direct management of each project by officers; and 2. reporting to Overview and Scrutiny Committees and Cabinet for one or more of the following purposes: <ul style="list-style-type: none"> i) To seek authority to make changes to service standards or the establishment of services – such reports will be considered by the relevant OSC which will make recommendations/comments to Cabinet for approval (see below); ii) To report on the progress with individual projects to OSC's (oversight); 	

	iii) To report to CROSC progress on the transformation programme as a whole towards meeting targets set out in the MTFS (progress checking and accountability)
1.12	At officer level, each project will have a project team to investigate and deliver savings. A chief officer team member will sponsor each project. Individual projects will make recommendations on how to reduce costs and those recommendations may either be within existing delegated authority of officers to implement or may require approval from Cabinet.
1.13	If a proposal needs approval by Cabinet, then it will be reported through the OSC/Cabinet process in the usual way. That reporting process might result in changes to the proposal or a refusal to authorise part or all of the proposal, which would impact on the savings to be achieved.
1.14	CROSC will fulfil a collating role where it brings together the results of such recommendations made by OSCs/decisions by Cabinet to assess their impact on the Council's ability to fulfil its MTFS. It will not be a forum for taking a second look at the detail of proposals which are properly the remit of another OSC ("taking a second bite of the cherry") but will be focussed on the effect or impact of the work of the other OSCs on the overall programme.
1.15	If the governance structure for the proposed transformation programme is approved, then the first reports would be brought forward in the September cycle.

2.00	RESOURCE IMPLICATIONS
2.01	The challenge facing the Council is that identifying and then delivering the annual round of budget savings consumes a large part of its capacity for change. Given the timescales for the projects envisaged within the transformation programme, the programme will in effect need to run in parallel to the annual budget cycle and that will require additional resource.
2.02	To support such a wide ranging and complex programme it is suggested that there should be one post to look after digitisation/automation-based projects and one post to look after projects where the primary solution won't be digital.
2.03	The programme won't need to be fully staffed from the outset. The size of the team will need to grow as projects are initiated. As a first phase, it will be necessary to establish the scope of each project and the scale of potential savings i.e. a very loose form of outline business case. If these are agreed, then projects will be formally initiated, and more detailed business cases drawn up for each – this is the point at which the resource would begin to increase.
2.04	Loose projections are set out below for additional costs (inclusive of on costs) over and above current base budget spending and increasing the 0.6 FTE business process review and 1.6 FTE project management resource already available. They are top of scale so may be less in reality

depending upon the person actually appointed. FTE indications assume that the full list of projects progress to initiation. Options may also need to be explored to release capacity at key times in some of the key support areas such as Finance – for example rescheduling and re-prioritising financial reporting arrangements -

	Resource	24/25	25/26	26/27
	Programme Manager (G10)	79,947	79,947	79,947
	Project Manager (G06) £50,154			
	1 FTE for 6 months	25,077		
	2 FTE for 12 months		100,308	
	2.4 FTE for 12 months			120,370
	Business Process Re-engineer (G06) £50, 154			
	1 FTE for 6 months	25,077		
	1.4 FTE for 12 months		70,216	70,216
	Total*	130,101	250,471	270,533
	*- at 23/24 salary rates			

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The governance structure for the transformation programme does not impact upon the delivery of services to our residents. Provided consultation is undertaken as described below and impact assessments are prepared as needed for each project the overall programme should adequately consider any implications, the wellbeing goals and the ways of working specified within the Well Being of Future Generations Act.
3.02	Each project and the overall transformation programme will have a risk register.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	The governance structure for the transformation programme does not impact upon the delivery of services to our residents. Clearly, specific projects included within the programme may well have an impact on staff or services and consultation will need to be undertaken in relation to specific proposals in due course.

5.00	APPENDICES
5.01	Appendix 1 – diagram showing proposed governance structure.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Gareth Owens Telephone: 01352 702344 E-mail: Gareth.legal@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>FTE – a full-time equivalent (FTE) is a unit of measurement used to figure out the number of full-time hours worked by all employees. For us, 37 hours is a full-time workweek, so an employee working 37 hours per week would have an FTE of 1.0.</p> <p>Medium Term Financial Strategy (MTFS) – a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p>