

Decision Report - Executive Decision

Forward Plan Reference: (FP/24/03/10)

Decision Date – 08/04/2024

Key Decision – Yes



Developing the Approach to Transformation – Future Council

Executive Member(s): Cllr Theo Butt - Philip Lead Member for Transformation and Human Resources

Local Member(s) and Division: Applicable to all members/divisions

Lead Officer: Alyn Jones - Executive Director, Strategy, Workforce and Localities

Author(s): Sara Cretney - Service Director Strategy & Performance, Dawn Bettridge - Interim Service Director Workforce

Summary

1. This report updates Executive on the progress that has been made over the past month to further scope, define, and deliver the approach to whole Council transformation. In recognition of the complexity, scale and pace of transformation and change that is required to deliver the Council vision and support financial sustainability, this is the first of a regular series of progress reports that will be provided to Executive.
2. The approach to whole Council transformation is now encompassed within our new **Improvement and Transformation Programme** which brings together the activity required to deliver our vision, redesign our organisation, reshape our workforce, transform our services, and deliver our savings. The Programme will comprise five component interrelated parts which will run concurrently over the next 12 months:
 - New Organisational Design
 - Workforce Programme
 - Innovation and Change Programme
 - Partnerships, Devolution and Localities Programme
 - Savings Delivery Plan
3. The Improvement and Transformation Programme will be an essential part of meeting the assurance requirements set out by the Department for Levelling Up, Housing and Communities for Somerset Council's capitalisation direction, and will fulfil the government's requirements to prepare a productivity plan.

Recommendations

4. That the Executive

- i. Approve the proposed scope of the Improvement and Transformation Programme.**
- ii. Note the emerging programme timeline.**
- iii. Note the progress made since February 2024 and the intention to provide regular update reports to Executive.**

Reasons for recommendations

5. To ensure continued awareness of the approach to transformation, noting the expected outputs of the component parts of the Somerset Council Improvement and Transformation Programme.

Options considered

6. See report to Executive in February 2024.

Links to Council Plan and Medium-Term Financial Plan

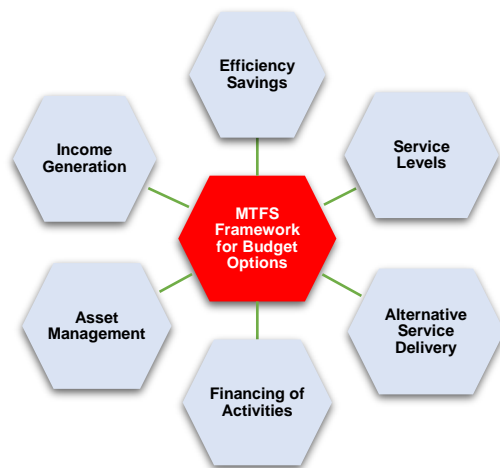
7. The overarching transformation approach is key to closing the budget gap for 2024/25 and to support long-term financial stability. The workforce reduction programme within the transformation portfolio delivers the single largest financial benefit in 25/26 and is therefore an essential element toward future financial stability.

Financial and Risk Implications

8. The Savings Delivery Plan (Section 38 of this report) talks about savings that are expected to be delivered in the future as part of agreeing this report. The wider Improvement and Transformation Programme, within the transformation approach, will bring forward individual business cases.
9. The key risks association with the Improvement and Transformation Programme are detailed within Appendix A.

Medium Term Financial Strategy

10. Within the Medium-Term Financial Strategy (MTFS) there is an established framework for the development of options to balance the budget with six key elements:



11. These six elements are also reflected in the component parts of the Improvement and Transformation Programme therefore the work to deliver the MTFS and Improvement and Transformation Programme will need to be considered together.

Legal Implications

12. Any changes in the provision of services would be considered and determined through the appropriate decision-making processes in accordance with the Council's constitution, including engaging the relevant Scrutiny committees.

HR Implications

13. The workforce and HR implications associated with the Improvement and Transformation Programme will be significant and will be considered separately as the Workforce Programme develops. The workforce reduction element of the Improvement and Transformation Programme will reduce FTE by c. 20-26% across the whole Council, affecting all levels of management. The Somerset Council restructuring business case is currently under development for implementation July – December 2024. To ensure Somerset Council is resilient and sustainable, the Workforce Programme will include targeted support for managers and staff, an Organisational Development workstream and a workstream focussed on Pay, Grading and Total Reward.

Equalities Implications

14. An Equality Impact Assessment (EIA) has been developed for the Workforce Programme element of the Improvement and Transformation Programme and shared with Executive in February 2024. EIAs are currently under development for the other elements of the Programme.

Community Safety Implications

15. There are no community safety implications associated with this report, but any service specific impacts on community safety will be considered separately as the programme develops.

Climate Change and Sustainability Implications

16. Somerset Council have declared both a Climate and Ecological Emergency. Through that, the Council has committed to working towards making the whole county, including our own estate and operations, 'Carbon Neutral' by 2030 and to take positive action to reverse the damage on our natural habitats by man-made activity. We have also pledged to ensure that Somerset is resilient to, and prepared for, the effects of Climate Change. There are no climate change and sustainability implications directly arising from this decision however separately it would be appropriate for the Council to consider the impact of this programme and other national changes on our targets.

Health and Safety Implications

17. There are no direct health and safety implications from this decision. However, any specific impacts and implications will be considered separately as the programme develops.

Health and Wellbeing Implications

18. We recognise that any period of change can be unsettling. Our employee wellbeing programme has a range of resources available to staff to help with their physical and mental wellbeing. As part of the Workforce Programme, we will ensure that an extensive communication and engagement approach is maintained, including face to face staff 'marketplace' roadshows across the county.

19. The Workforce Programme includes a workstream focused on targeted support for staff and managers to enable our people to manage and cope with change, an Organisational Development workstream of targeted interventions to shape the culture of the Council and to develop our talent, and targeted interventions including outplacement, employability and skills development.

Social Value

20. There are no Social Value implications directly arising from this report. However, any specific impacts and implications will be considered separately, for example, social value will be a key consideration particularly for the Partnerships, Devolution

and Localities programme and the Innovation and Change Programme, and will be built into measures of success and impact.

Scrutiny comments / recommendations:

21. Views from Scrutiny Committee - Corporate and Resources were sought on 7 March on the transformation approach, risks and issues and how best Scrutiny can be engaged in the development and implementation of the programme and its component parts.
22. The committee agreed the recommendations as detailed within the report published within the agenda.
23. Scrutiny commented on the governance of the programme, the role of Scrutiny, and wider council Members and that they should receive regular member briefings.
24. It was noted that the volume of change required to deliver a financially sustainable council would impact service delivery. Awareness and continued scrutiny of the Programme is required, so the impact of resizing the workforce, devolving services, or stopping services is understood by all stakeholders.
25. Scrutiny agreed that in discussion with the Chairs and Vice-Chairs of the other Scrutiny committees, a joint programme of meetings and working groups will be set up to assist with the scrutiny of this programme.

Background

26. The approach to whole Council Transformation was initially presented to Executive on 07 February 2024, recommending a transformation approach that would bring together transformation and change programmes across the organisation, fundamentally redesigning the whole Council in line with the new Values, Behaviours, Organisation Design Principles, and a new operating model that delivers our purpose and vision for the people of Somerset, with a reduced sustainable budget and a smaller workforce. Over the past month this approach has been further developed.
27. The new Council transformation approach will establish the foundations to enable future organisational wide change that is necessary for financial sustainability and implementation of the new organisation vision and design.
28. On 27 February 2024, the Council was advised of the approval in principle to its request for Capitalisation Direction via the Governments Exceptional Financial Support framework. Any final agreement to support Somerset is conditional upon

the completion of rigorous external assurance reviews to assess, at a minimum, the local authorities' financial management practices, and the production of an Improvement and Transformation Programme that will focus on securing the local authorities' medium-term financial position.

29. It is therefore proposed that the new transformation approach will become the Improvement and Transformation Programme and will comprise five component parts:

1. New Organisational Design
2. Workforce Programme
3. Innovation and Change Programme
4. Partnerships, Devolution and Localities Delivery Plan
5. Savings Delivery Plan

New Organisational Design

30. New Organisational Design. This element of the Improvement and Transformation Programme is focussed on delivering a new organisational design and structure for the Council. This programme will deliver:

- A new **vision and strategic design principles** as set out in the report to Executive on 6 December 2023 which will be used to support the redesign of our organisation,
- A new **Target Operating Model** which will describe the kind of council we want to be, how we are structured and how we will work, and
- A new **Council structure** top to bottom redesign of the whole organisation.

31. New Organisational Design - Progress update:

- Vision Statement agreed by Executive in December 2023.
- Organisational Design Principles agreed by Executive in December 2023. These are being refined to inform the Target Operating Model and new organisational design.
- Design Authority established and meeting weekly focussed on the Improvement and Transformation Programme.
- Cross organisational service director level Target Operating Model (TOM) Working Group established with the intention of developing a draft TOM by end of April 2024.
- Work is underway to develop service level blueprints with a Service Director Workshop held on 27/02/24.
- Officer governance review underway to baseline governance boards and meetings with the aim of streamlining governance and decision making for the new organisation.

- Baseline gap analysis is currently being scoped to enable measuring and monitoring of benefits.

Workforce Programme

32. Workforce Programme. This programme will enable a redesigned and reshaped workforce, that is smaller, costs less, is more efficient and productive, and demonstrates a values-led people culture. The Workforce programme will deliver:

- a **reduction to our pay-bill** by c.£40m to help close the 25/26 budget gap whilst minimising the need for compulsory redundancies. Various interventions including a Voluntary Redundancy Scheme, robust recruitment and establishment controls, a reduction in agency spend, a reduction of interims and consultants, removal of vacant budgeted posts, and reduction in management costs.
- embedded **Values and Behaviours** - ensuring the basics are in place to improve employee performance and engagement and organisational efficiency,
- **Supporting staff through change** - various targeted interventions to support employee wellbeing and cultural change.
- **Total Reward** – improvements to how we manage Job Evaluation, development of a new Somerset Council Pay & Grading framework for a smaller workforce, and a review of affordable reward and recognition solutions to attract and retain talent.

33. Workforce Programme - Progress Update:

- Voluntary Redundancy (VR) scheme launched and 45-day consultation period with Trade Unions. Consultation and negotiation remain constructive and positive.
- 345 VR applications received (@ 20.03.24) - numbers are steadily increasing daily. Closing date 24.3.24.
- Drop-in surgeries and bookable one to one VR discussions throughout March for staff around the county and online. Around 100 staff have taken advantage of this support.
- Updated our employee Wellbeing and HR Policy intranet site to help signpost staff to a variety of different resources and support. Staff morale remains a concern, so we are focussed on high staff engagement activity including regular Q&As for all staff with the Chief Executive and Executive and Service Directors.
- Workforce data continues to be cleansed and is being used to inform organisational redesign work, business cases and cost modelling exercises. BI reports have been developed to track the impact of VR including protected characteristics.

- Two external organisations commissioned, with funding support from the LGA, to assess our current organisational structures and our pay and grading framework, to identify where cost savings are feasible and identify any risks around equal pay.
- New core Values and Behaviours launched with associated delivery plan for embedding being delivered e.g. Continuous Conversations.
- Development is underway of a suite of new mandatory training for all staff and a modernised appraisal solution based on regular conversations.
- Interim management structure adopted to ensure the delivery of both transformation and business as usual essential HR services are maintained, utilising internal skills and resources wherever practicable to deliver significant and complex organisational change programmes.

Innovation and Change Programme

34. Innovation and Change Programme. This programme will bring together innovation and change activity across the whole council including Adults and Children's Services transformation programmes. It is work in progress, but will deliver:

- **Service Redesign** – fundamentally rethinking the way we work and how we design and deliver services
- **Digital and Data** – ensuring we have the systems, skills and capabilities we need to deliver our vision
- **Property rationalisation** – reviewing our assets to support new ways of working and drive more cost-effective use of our buildings

35. Innovation and Change Programme. Progress Update:

- Programme mobilisation pack is in draft to articulate such detail as a timeline and deliverables more clearly as we discover and agree them.
- Initial kick off and scoping meetings have been held for the Digital and Data workstream.
- Vision for Digital and Data in the future council is being drafted, along with a review of the Strategies created at LGR with the view to consolidate.
- Vision for Service Design and Delivery is being drafted for inclusion in the Target Operating Model which will set the scene for Service Re-design.
- Property Rationalisation has been onboarded into this Programme for delivering elements on Property which will impact the new ways of working

Partnerships, Devolution and Localities Programme

36. Partnerships, Devolution and Localities programme. This programme comprises three inter-related workstreams aimed at reviewing and transforming how we work with our partners and communities, to co-design solutions through consultation

and engagement, sharpen focus, increase effectiveness and deliver devolution objectives:

- **Partnerships** – understanding, rationalising and refocussing how the Council works with partners including Voluntary, Community, Faith and Social Enterprise Sector (VCFSE), NHS and City, Town and Parish Councils.
- **Devolution** – delivering a prioritised programme of devolution activity aimed at sustaining valued local services, mitigating financial challenge and delivering savings.
- **Localities** – comprehensive review of all the ways in which the Council works with and in localities, ensuring future arrangements are streamlined, effective and aligned with organisational design principles and Council priorities.

37. Partnerships, Devolution and Localities programme. Progress Update:

- Early discussions with strategic partners about the Council's Improvement and Transformation Programme, with a view to establishing a co-designed approach.
- Meetings with Somerset Association of Local Councils and representatives of Society of Local Council Clerks. Somerset Council attendance at their respective AGMs pre-Christmas 2023.
- Establishment of joint funded (with NHS) Strategic Partnerships Head of Service post – recruitment underway.
- Joint commissioning event with VCFSE Leaders and ICB and SC commissioners in development for April 2024.
- Executive approval in January 2024 of Asset and Service Devolution Framework to guide development, governance and delivery of devolution opportunities.
- Cross service Devolution officer working group established
- Senior officer engagement /dedicated point of contact for local councils for first tranche devolution projects and programmes
- Regular briefings and themed discussions at Clerks' working group
- Opportunities for local collaboration emerging from LCNs
- Emerging prioritised Devolution Programme for 2024/25;
 - Deliver projects to achieve agreed MTFP savings
 - Negotiate and deliver opportunities with larger towns
 - Progress negotiations and asset transfers related to contractual changes
 - Assess expressions of interest from City, Town and Parish Councils and appropriately constituted partner or community organisations.
- Initial informal discussions with colleagues and partners to inform full scope of the programme. Further, more structured approaches are being developed including mapping session with Corporate Leadership Team

- Review of LCNs underway, informed by workshop day with Chairs and Vice Chairs. Review is due to report to Executive in May 2024

Saving Delivery Plan

38. Saving Delivery Plan - This programme will provide a Council wide view of all current savings commitments and future savings opportunities. It will drive the implementation of the Council's refreshed Medium Term Financial Strategy (See section 9) to support the effective identification, analysis, planning, prioritisation, and sequencing of new savings delivery. It will also provide assurance for the delivery of savings in full to the timescales that have been agreed.

It will seek to deliver:

- Task and finish reviews and work packages to understand the savings opportunities for each target area within the Council's Financial Strategy.
- A framework for identifying, maturing, validating and assuring new savings proposals, ready for decision, on a fluid basis, i.e. throughout the year.
- Identification and management of dependencies between new savings proposals and/or existing savings commitments.
- Coordination of assurance via subject matter experts to ensure robust assessment of deliverability, risks and impacts of new savings proposals and clarity on decision making requirements.
- Proactive assurance, monitoring and tracking of all 24/25 and 25/26 savings delivery.

39. Saving Delivery Plan - Progress Update

- £27.5m of new savings have been identified and approved for delivery in 24/25 and 25/26 as part of the 2024-2028 budget setting, in addition to prior year savings that had already been agreed during prior year budget setting (i.e. approved at Full Council in February 2023).

Design Authority

40. A Design Authority was established mid-January to provide assurance, guidance, and leadership for the design of the new Council, making sure that decisions on the workforce, structure, and ways of working align to and deliver the strategic vision and objectives. To date its work has focused on -

Establishing early principles to review the structural design of the Council including:

- Consideration of spans and layers of control
- Commissioning a review of duplicate roles and functions across the Council
- Established the data requirements in order to inform structural reviews

- Using workforce data, confirmed the exemptions and process associated with Voluntary Redundancy component of the workforce programme.

High level timeline

41. The overall high level programme timeline is detailed within Appendix B. The timeline details the outputs associated with each of the five component programmes which will result in their individual plans that will contribute to the overall Improvement and Transformation Plan.

Governance timeline

42. The overall high level governance timeline is detailed within Appendix C. The timeline details the schedule of meetings and the decisions required to be taken.

43. When local governments receive exceptional financial support, they are required to develop an Improvement and Transformation Plan. These plans aim to address financial challenges and drive efficiency. Some of the key requirements for the plan are as follows:

Transformation Goal(s) Clear objectives for transformation.	<ul style="list-style-type: none"> • cost reduction • service improvement • organisational restructuring
Efficiency Measures: Specify the measures that will enhance efficiency.	<ul style="list-style-type: none"> • streamlining processes • reducing waste • optimising resource allocation
Financial Sustainability: The plan must demonstrate how it ensures long-term financial stability.	<ul style="list-style-type: none"> • Savings delivery plan included in overall Improvement and Transformation Programme
External Assurance: assessing the plan's viability and feasibility.	<ul style="list-style-type: none"> • External assurance • LGA Peer Support
Engagement with Stakeholders: Involve relevant stakeholders, including community representatives, employees, and service users.	<ul style="list-style-type: none"> • Stakeholder mapping and analysis underway • Communication and engagement Planning
Timeline and Milestones: clear timelines for implementing changes.	<ul style="list-style-type: none"> • See above. • Programme has been broken down into five key elements with specific milestones.

Monitoring and Reporting: to ensure transparency and accountability.	<ul style="list-style-type: none"> Regular reports to: Executive, Scrutiny, Design Authority, Transformation Board, Performance, Risk and Budget Board
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Background Papers

Executive Report 6 December - [Executive Report - Item 11 - 2024/25 General Fund Revenue Budget & Capita Programme update](#)

Executive Report 7 February [Executive report - Item 14 - Developing the Approach to Transformation](#)

Scrutiny Report 7 March [Scrutiny Report - Item 7 - Developing the Approach to Transformation](#)

Appendices:

Appendix A – Key Risks

Appendix B – High Level Timeline

Appendix C – Governance Timeline

Report Sign-Off

Legal and Governance Implications	David Clark	20.03.2024
Communications	Peter Elliott	19.03.2024
Finance & Procurement	Nicola Hix/Jason Vaughan	25.03.2024
Workforce	Dawn Bettridge	20.03.2024
Asset Management	Oliver Woodhams	19.03.2024
Executive Director / Senior Manager	Alyn Jones	25.03.2024
Strategy & Performance	Sara Cretney	25.03.2024
Executive Lead Member	Cllr Theo Butt Phillip	26.03.2024
Consulted:		
Local Division Members	N/A	
Opposition Spokesperson	Cllr Faye Purbrick Opposition Spokesperson for Transformation and Human Resources	Sent 20.03.2024

Scrutiny Chair	Cllr Bob Filmer for Scrutiny Corporate & Resources Committee	Sent 20.03.2024
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