

CLACKMANNANSHIRE COUNCIL

Report to Council

Date of Meeting: 9 February, 2017

Subject: Promoting Financial Sustainability – Organisational Redesign

Report by: Chief Executive

1.0 Purpose

- 1.1. The purpose of this report is set out for Council the rationale for a whole organisation redesign in the context of ongoing budget pressures, future financial projections and other matters of financial sustainability which have been outlined in a separate report to Council titled, *Promoting Financial Sustainability – Severance & Redeployment*.

2.0 Recommendations

- 2.1 It is recommended that Council agrees to:

- a) take forward a whole organisation review based on the strategic change framework and within the parameters set out at section 3 of this report;
- b) commission external capacity to undertake that review as set out at section 3 of this report; and
- c) fund the review from the Spend to Save Fund.

3.0 Background & Considerations

The Need for Change

- 3.1 The Council's Workforce Strategy, agreed in October, 2015, noted the need for the Council to lose in the region of 320-350 fte posts over the period 2016-19. (A separate report to this Council meeting sets out the financial context for this.)
- 3.2 As well as having at its disposal technical mechanisms to reduce the establishment's headcount (e.g severance, non-filling of vacancies etc), it is vital that Council is clear on its priorities for service provision and that it puts in place an organisational model which best promotes the implementation of these so that there is direction for the necessary managed contraction of the workforce.
- 3.3 However, while there is a need for the Council to take proactive and targeted action to reduce its overall establishment, it will not be sustainable simply to

continue to scale down existing operations as there would not be sufficient capacity to continue current service provision. Rather, the Council needs to review and redesign the organisation as a whole based on an agreed set of priorities for outcomes and service delivery.

- 3.4 Council has already agreed a broad strategic change framework for this based on a number of principles and objectives which provide a good foundation for now taking forward and implementing a whole organisation redesign. This strategic change framework is summarised overleaf.

Progressing Redesign

- 3.5 In order to progress such a redesign, the political Administration of the Council wish to commission externally to provide capacity and bring objectivity to the initial stages of the redesign process. Accordingly, it is proposed that a commission with the following overall brief is openly tendered for (see fuller brief at Appendix):

In the context of the strategic change framework set out by Council, prepare a written report which includes:

- a) options for a Council-wide model of service delivery;*
 - b) organisational and management designs and associated structures which would most effectively implement those options;*
 - c) a proposed implementation approach which would enable Council to incorporate savings into its 2018-19 budget.*
- 3.6 It is proposed that this contract for external support would be funded from the Spend to Save Fund which currently has £354,000 uncommitted, which would mean there would not be a draw on existing or future general revenue budgets. Comparable commissions have cost between £80,000 to £500,000.
- 3.7 It is anticipated that significant savings in employee costs will be proposed as part of the review and it is the intention that implementation of these would impact positively on the 2018-19 revenue budget.
- 3.8 As the value of the contract could exceed £164,000, it would be subject to European Union procurement directives. The timescales associated with tendering under those directives are such that a contract would not be able to be awarded prior to the local government elections in May. Accordingly, it would be for the newly elected Council to consider tenders received and make the contract award.
- 3.9 The political Administration propose that the commissioning process for the tender and the monitoring of the implementation of the contract are overseen by a panel of elected members. This panel would be based on the political balance which prevails in the Council at the time.
- 3.10 The Chief Executive would be responsible for managing the contract and supporting the elected member panel.

STRATEGIC CHANGE FRAMEWORK



Why

- better service performance
- more effective service contributions to meeting outcomes
- improved customer satisfaction
- affordability and financial sustainability

How

- prioritising statutory and specified discretionary services
- building services around customers and communities
- having easier and more efficient access to services
- having more local presence and delivery
- empowering communities and increasing local influence

What

- having more integrated services
- removing organisational silos and barriers
- having a collective, corporate (and multi-agency) approach to service design and delivery
- focusing on fewer, more integrated processes

Who

- providing clearer managerial focus on outcomes and performance
- redesigning officer roles at all levels to facilitate integration
- increasing performance oversight

3.11 On the basis outlined in paragraph 3.8, an indicative overall timeline for whole organisational redesign would be as follows:

- 9 February – Council approval
- Mid February - Commission tender on the procurement portal
- End March – Deadline for responses to call for competition
- Early April – Technical checking of response
- Mid April – Suitable bidders invited to provide full tender
- End May – Tenders returned
- June – Panel interviews with tenderers
- July - Contract awarded (further to required standstill period)
- Start August - Contract start
- End October – Redesign report received
- November - Report submitted to Council
- February 2018 – 2018-19 Budget
- April 2018 – Implementation of redesign begins
- October 2018 – Implementation completed

4.0 Conclusions

4.1 The environment of local government is constantly changing - given the financial context, it is likely that that environment will be subject to further change in the coming years.

4.2 The Council's financial challenge is such that significant reductions in the Council's workforce are required. This needs to happen within the context of a wider organisational redesign to ensure that the Council is fit for purpose and financially sustainable going forward. Without that direction, workforce reductions will not be effectively targeted, the Council will risk creating significant issues of capacity and its resources risk being skewed to non-priority areas of business.

5.0 Sustainability Implications

5.1. The recommendations contained in this report aim to promote the financial sustainability of the Council and its priority services.

6.0 Resource Implications

6.1 *Financial Details*

It is proposed that the commission be funded from the Spend to Save Fund which currently holds £354,000. While exact contract costs will not be known until tenders are received, comparable commissions have cost between £80,000 to £500,000, which should offer a guide to Council. It is anticipated that significant savings in employee costs will be proposed as part of the review and it is the intention that implementation of these would impact positively on the 2018-19 revenue budget.

6.2 Finance have been consulted and have agreed the financial implications as set out in the report.

6.3 *Staffing* – there are no specific implications for the number of posts on the Council’s establishment as a direct result of this report. However, the proposals seek to facilitate a general managed reduction in the size of the Council’s workforce through organisational redesign.

7.0 Exempt Reports

7.1 Is this report exempt? No

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies

(1) Council Policies(Please detail)

Budget Strategy
Workforce Strategy

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? N/A

10.0 Legality

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers.

11.0 Appendices

1 – Commission Brief

12.0 Background Papers

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

- a) Making Clackmannanshire Better Booklet
- b) Report to Council of 11 August, 2016, Putting Customers First

Author(s)

NAME	DESIGNATION	SIGNATURE
Elaine McPherson	Chief Executive	Signed: E McPherson

Appendix – Whole Organisation Redesign – Contract Specification

OUTLINE BRIEF

In the context of the strategic change framework set out by Council:

a) develop options for a Council-wide model of service delivery;

b) develop organisational and management designs and associated structures which would most effectively implement those options;

c) propose an implementation approach which would enable Council to incorporate savings into its 2018-19 budget.

A - Background

B - Approach to Organisational Redesign

C - Redesign Principles & Objectives

D - Commission Objectives

A - Background

Clackmannanshire Council is a multi-million pound business which delivers a wide range of services for communities across Clackmannanshire.

The contexts which the Council operates in are ever-changing: the Council of today is not the same as the Council of five years ago and the Council in five years time will be different to how it is today. As contexts change, the Council must change with them to make sure that it is doing everything it can to improve people's quality of life and to make Clackmannanshire a better place.

Changes in public sector funding have been a key issue facing local councils for a number of years and will continue to impact on what councils do and how they do it. Balancing the financial challenges there are also opportunities for real improvement if the Council and its partners work in a more integrated way and pool their resources better. Similarly, changes in legislation are making it easier for communities to become more involved in service delivery.

The Council's Workforce Strategy, agreed in October, 2015, noted the need to lose in the region of 320-350 fte posts over the period 2016-17 to 2018-19. Given the financial challenges, the Council needs to be clear on its priorities for service provision and to put in place an organisational model which best promotes the implementation of these priorities so that there is direction for the managed contracted of the workforce.

While there is a need for the Council to take proactive and targeted action to reduce its overall staffing establishment, it will not be sustainable simply to continue to scale down existing operations as there would not be sufficient capacity to continue current service provision. The Council, therefore, wishes to review and redesign the organisation as a whole based on an agreed set of priorities for outcomes and service delivery.

Council has already agreed a broad strategic direction based on a number of principles and objectives which provide the basis for taking forward and implementing a whole organisation redesign.

B - Approach to Organisational Redesign

The Council needs to get maximum benefit from all its available resources. Its approach is to:

- focus on clear priorities and target resources to greatest effect
- transform services so that they best meet user needs, which may mean having different models of delivery and doing things in different ways
- be as efficient and effective as possible in everything it does
- make the best use of its substantial assets
- make sure that it collects all income owed and has an appropriate approach to charging for services
- get better value for the money spent on goods and services.

This approach is necessary so that the Council can have a **sustainable cost base** going forward, **sustainable service delivery** and, most importantly, **achieve its priority outcomes** which are shared with its community planning partners, viz:

- Clackmannanshire has a positive image and attracts business and people
- Communities are more inclusive and cohesive
- People are better skilled, trained and ready for learning and employment
- Communities feel, and are, safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving
- Our environment is protected and enhanced
- Public services are improving

C - Redesign Principles & Objectives

The Council wishes to redesign its organisation to achieve:

- Financial sustainability
- Affordable services
- Better service performance
- Improved customer satisfaction
- More effective contributions to meeting outcomes

Its future organisational design needs to:

- Prioritise statutory and specified discretionary services
- Have easier and more efficient access to services
- Empower communities and increase local influence

The organisation needs to:

- have more integrated services
- remove organisational silos and barriers
- have a collective, corporate (and multi-agency) approach to service design and delivery
- focus on fewer, more integrated processes

It needs its employees to:

- provide clearer managerial focus on outcomes and performance
- facilitate integration in redesigned roles at all levels
- increase performance oversight

D - Commission Objectives

In the context of the strategic change framework set out by Council in this brief, contractors are required to prepare a written report which includes:

- a) options for a Council-wide model of service delivery;
- b) organisational and management designs and associated structures which would most effectively implement those options;
- c) a proposed implementation approach which would enable Council to incorporate savings into its 2018-19 budget.

The report should include:

- a) assessment/demonstration of the pros/cons and costs/benefits of potential options, particularly in relation to improved service performance and cost efficiency
- b) detailed description of the main options and associated designs and structures including:
 - scope of services covered
 - financial and budget implications (current operational cost profile, indicative costs associated with the proposed model, designs and structures)
 - Workforce implications
 - Any legal implications
 - Any other technical implications (e.g. technological)
- c) transition and implementation plans and associated suggested timelines
- d) risk assessment of the proposals

These deliverables could be informed by case studies of innovative and/or best practice from elsewhere.

The completed report needs to be available to the Council by the end of October, 2017.

