

WEST NORTHAMPTONSHIRE COUNCIL CABINET

20 DECEMBER 2022

**LEADER OF THE COUNCIL & CABINET MEMBER RESPONSIBLE FOR
TRANSFORMATION: COUNCILLOR JONATHAN NUNN**

Report Title **Progress Update Transformation and Local Government Reform**

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List of Appendices

Appendix 1 Transformation Progress and Outcomes Report

Appendix 2 – At a glance service transformation status

Appendix 3 – Grand Design Delivery progress

1. Purpose of Report

- 1.1. The purpose of the report is to provide members with an update on how the Council has progressed against the original goals of the Local Government Reform (LGR) plans, the development of its operating model and the progress made through transformation to deliver efficiencies.

2. Executive Summary

- 2.1 West Northants Council transformation is an ongoing journey, as our environment and external pressures change we will always have to adapt to new challenges that require us to think differently and seek new efficiencies or ways of working. From the outset the Council set out its priorities in the West Northants Corporate Plan published in June 2021 and these aims remain unchanged. But this is now underpinned by a clear set of outcomes and deliverables published in our Grand Design Plan and a clear operating model as set out in the Appendices to this paper.
- 2.2 At the heart of our plans are better outcomes for our residents, businesses and the environment and a commitment to provide good services that are run efficiently. Taxpayers expect this and we were clear in our Corporate Plan that we would always have a focus on the best use of our resources.
- 2.3 But transformation is also about modernising our services, improving how we work and our service standards, as well as delivering on some of the ambitions and justifications for Local Government Reform. This report provides an update on how the Council has progressed and delivered against the following key areas:
- Efficiencies promised from LGR (local Government Reform)
 - Transformation efficiencies delivered since the Councils inception
 - The West Northants Council (WNC) operating model
 - Transformation progress across Council services to date and planned next year
 - Progress on the disaggregation of services from North Northants Council (NNC).
- 2.4 While the Appendices set out a narrative for our transformation journey, progress and delivery against these areas, this report specifically seeks to confirm the scale of efficiencies we have secured to date and planned for 2023-24 and the progress made in delivering our commitments and priorities.

3. Recommendations

- 3.1 It is recommended that the Cabinet:
- i. Note the efficiencies delivered to date and planned for 2023-24;
 - ii. Note the content of the detailed reports at Appendices 1,2 and 3 which sets out the details of our progress against our plans, commitments, and savings targets.
 - iii. Note the key elements of our Council operating model in Appendix 1 and the design principles that will underpin our future operation and service to stakeholders.
 - iv. Note the summary of the West Northants Master Property Plan for our buildings, and
 - v. Note the progress on disaggregation of services from North Northants and status of services that are still shared.

4. Reason for Recommendations

- 4.1 This report is for members to note but provides a comprehensive update with progress updates, timelines and the financial benefit of our transformation plans. It responds to several questions raised recently regarding the Council's progress.
- 4.2 We will be looking at how we provide ongoing reports and the regularity of them so that members feel informed of progress against the baseline of this report.

5. Report Background

- 5.1 While we still have more to do, the scale of change undertaken in the first two years of West Northants Council has been significant. It has involved bringing together processes, functions and finances across 3,000 staff, 800 systems and four main office buildings, as well as consolidating thousands of contracts. Our priority has been delivering business as usual, protecting service continuity and meeting all our legal duties. But we have done this alongside making service and process changes, rationalising our systems and assets, and driving forward our transformation agenda.
- 5.2 Members of the Council, Scrutiny chairs and stakeholders have raised several questions recently about the Council's transformation plans and progress. This has included questions about:
- the financial benefits delivered,
 - what vision and operating model West Northants Council is working towards, and
 - the transformation progress we are making in modernising and consolidating services.
- 5.3 The Council set out a clear vision to make West Northants a great place to live, work, visit and thrive. This vision and the priorities for delivering this were set out in the Corporate Plan Published in June 2021 and further underpinned by key strategies we have published in the first 18 months of the Council. Many of these strategies have been developed working with stakeholders, member groups, partners and input from the public.
- 5.4 The attached appendices set out in some detail how we have progressed our vision, strategies and operating model and how we have tackled some of the key challenges that being a single unitary council has given us the opportunity to address. Specifically, the Appendices include key information members have requested as follows
- Appendix 1 provides confirmation of our Operating model and design principles as well as a detailed update on our transformation journey and splitting services from North Northants,
 - Appendix 2 sets out how we have progressed against the deliverables we set out in the WNC Grand Design published in January 2022 and
 - Appendix 3 provides an "at a glance" progress map that demonstrates the progress made in each service against the key steps towards transformation.

5.5 But given the current pressures on budgets and services this report is also an opportunity to set out the savings and efficiencies that the Council has delivered to date and is seeking to deliver in 2023-24 (details of which will be included in the 2023-24 MTFP Budget report submitted alongside this paper.

5.6 **LGR (Local Government Reform) Savings** - The LGR programme set out a vision for the future in which the two new Councils would drive benefits for residents and businesses as a result of removing some of the barriers and challenges that two-tier government can create. The LGR prospectus of May 2019 set out a plan to achieve this alongside a funded programme of transformation across all the predecessor Councils and using the Capitalisation flexibilities given to us and through business rate pilot funding. The prospectus set out four key priority areas for change:

- Driving Transformation, Integration and Local Government Reform
- Focus on Customers, Staff and Members
- Seek Opportunities for Efficiency and Value for Money
- Create a governance framework to deliver safe and legal services

5.7 The LGR prospectuses of 2019 and 2020 also set out the potential for significant savings of £84m to be delivered as a result of the LGR plan. Of the £84m savings it was assumed that £51m would be delivered prior to vesting day both within the legacy Councils and through LGR transformation. Savings from LGR included, for example, savings from the implementation of a new single Finance and HR system replacing the 8 systems used by the previous councils, a new website and automated customer service technology. All of these were delivered by the year end 2020/21.

5.8 When the two new Councils went live in April 2021 the remaining savings to be delivered of £35m were split between the two Councils. This included assumed savings like:

- the reduction in senior staff costs as the councils were amalgamated
- the rationalisation of buildings
- Contract consolidation savings, and
- Benefits from automations and efficiencies from new IT systems.

5.9 West Northants Council therefore had £17.50m left to be delivered over the first few years of the Council. The table below shows how West Northants has delivered and exceeded these targets for efficiency:

	<u>£000s</u>	<u>£000s</u>	Comment
Total estimated Local Government Reform savings estimated pre-vesting day		84,448	As reported to Joint Implementation Executive and Shadow Executive prior to vesting day
<u>Business Rates Retention funded savings delivered</u>			
2019-20	-1,626		As reported to Joint Implementation Executive and Shadow Executive prior to vesting day
2020-21	-2,246		As reported to Joint Implementation Executive and Shadow Executive prior to vesting day
		-3,872	
<u>Northants County Council Transformation Projects savings delivered</u>			
2019-20	-33,281		As reported to Joint Implementation Executive and Shadow Executive prior to vesting day
2020-21	-12,235		As reported to Joint Implementation Executive and Shadow Executive prior to vesting day
		-45,516	
Balance of savings to be delivered post vesting day		35,060	
West Northants Created 1 April 2021			
West Northants remaining savings delivery target		17,530	Assumed a 50% split of the remaining savings target for West Northants
Transformation savings delivered in 2021-22	-6,120		2021-22 transformation related budget proposals
Transformation saving delivered in 2022-23	-6,409		2022-23 transformation related budget proposals
Transformation savings anticipated in 2023-24	-13,905		2023-24 transformation related budget proposals
Transformation savings anticipated in 2024-25	-5,494		2024-25 transformation related budget proposals
Transformation savings anticipated in 2025-26	-2,075		2025-26 transformation related budget proposals
		-34,003	
Transformation savings in excess of WNC inherited target		-16,473	

- 5.10 **West Northants Other Savings and Efficiencies** - despite the challenges we have faced in terms of legacy financial pressures uncovered in our first year, the mounting demand pressures and inflation that have followed in 2022-23 and challenges set to continue into 2023-24, we have continued to deliver efficiencies over and above those assumed in LGR.
- 5.11 We have adopted consistent themes approach to tracking out savings which help us ensure we consistent in our thinking and how we identify short, medium and long-term savings and that we are driving best practice. These themes are shown below

Theme	Narrative
Redesign & Reorganisation	Service redesign or aggregation post LGR – opportunities to reduce staffing, delayer structures or change the model of who delivers what services, where and how; are the spans of control reasonable? Can we reduce headcount by sharing work or being co-located. Can we reduce our footprint and operating costs.
Demand and Prevention	We cannot change our demographics, but we can influence the likelihood of people coming to us, how quickly their needs escalate and how we react to them and how long they stay independent. Where can we invest one off or Public Health grant in prevention to reduce or slow demand or reduce costs?
Buying & Commissioning	Could we buy things differently or combine legacy contracts to get better economies of scale? Can we seek help from the market to help us reduce need, reshape the offer and look at

	when it makes sense to provide services ourselves In house or outsource or partner?
Charging and Income	How do our fees compare and benchmark? Is there an opportunity to increase fees, generate new income streams, harmonise legacy charging or earn income from fees for services, asset use or commercial propositions? Are there external funding or grants we could access or should use?
Technology and Innovation	Where could we reduce operating costs through systems, digital innovation or automating. Are there examples from other councils making savings that we could duplicate? Can we consolidate systems or services and become more cost effective or provide services to others. Many of these initiatives will be delivered by DTI (Digital, Technology and Innovation services) but the benefits will be realised within the services they support
Process and Policy	Where could we do things differently to create operational efficiency e.g., can we centralise processes in customer services at a reduced cost because they can use more generic trained advisors? Are there policies that give us the discretion to deliver in different ways or more efficiently? are we experiencing demand failure anywhere that we can improve. are there national policies that allow us to capitalise costs or use grants?

5.12 We have delivered significant transformation and wider efficiencies across these themes in our first years and the scale of these is set out below.

Theme	Narrative	2021/22	2022/23	2023/24	Savings
Redesign & Reorganisation	Service redesign or aggregation post LGR – opportunities to reduce staffing, delayer structures or change the model of who delivers what services, where and how; are the spans of control reasonable? Can we reduce headcount by sharing work or being co-located. Can we reduce our footprint and operating costs.	£830,000	£2,716,000	£13,890,000	£17,436,000
Demand and Prevention	We cannot change our demographics but we can influence the likelihood of people coming to us, how quickly their needs escalate and how we react to them and how long they stay independent. Where can we invest one off or Public Health grant in prevention to reduce	£3,744,000	£1,150,000	£2,132,000	£7,026,000

	or slow demand or reduce costs?				
Buying & Commissioning	Could we buy things differently or combine legacy contracts to get better economies of scale? Can we seek help from the market to help us reduce need, reshape the offer and look at when it makes sense to provide services ourselves In house or outsource or partner?	£1,300,000	£1,803,000	£425,000	£3,528,000
Charging and Income	How do our fees compare and benchmark? Is there an opportunity to increase fees, generate new income streams, harmonise legacy charging or earn income from fees for services, asset use or commercial propositions? Are there external funding or grants we could access or should use?	£399,000	£7,975,000	£5,409,300	£13,783,300
Technology and Innovation	Where could we reduce operating costs through systems, digital innovation or automating. Are there examples from other councils making savings that we could duplicate? Can we consolidate systems or services and become more cost effective or provide services to others	£71,000	£189,000	£1,050,000	£1,310,000
Process and Policy	Where could we do things differently to create operational efficiency e.g., can we centralise processes in customer services at a reduced cost because they can use more generic trained advisors? Are there policies that give us the discretion to deliver in different ways or more efficiently? are we experiencing demand failure anywhere that we can	£263,000	£106,000	£1,881,930	£2,250,930

	improve. are there national policies that allow us to capitalise costs or use grants?				
		£6,607,000	£13,939,000	£24,788,230	£45,334,230

5.13 Members will be aware the 2022-23 has been a particularly challenging year for demand, with the cost-of-living crisis, as a result of pressures on inflation and due to the war in Ukraine. This pressure meant that some savings could not be delivered in full during 2022-23, where the volume of clients or service requests means that savings were outstripped by new costs.

5.14 As the Council must deliver a balanced in year budget, unlike many partner agencies, this has meant us taking urgent action to reduce unnecessary expenditure in year in 2022-23. The Management team and Cabinet undertook “Survive to Thrive” budget sessions with two key focus areas – immediate efficiencies and tackling so called “wicked issues”.

5.15 **Immediate actions** included introducing a Council-wide Spending Review Panel which has avoided around £1.7m in cost to date, to review all agency staff and there were expert panels set up in both Children’s and Adults to review care packages and increases. But services also agreed over 150 proposals or actions to reduce spend, finance things differently or produce savings (on top of the original budget savings proposals) across the five key of efficiency and transformation themes as follows:

Theme	Yr 2023-24
Buying & Commissioning	162
Charging and Income	4091
Demand and Prevention	4083
Process and Policy	814
Redesign & Reorganisation	1283
Technology and Innovation	359
Grand Total	10,792

5.16 Examples of the savings and efficiencies generated from this work included for example

- Renegotiated technology contracts, like the corporate telephony contracts saving us £0.5m
- The use of COVID funding to expand post hospital therapy and care and reduced hospital stays and risk of in hospital infection through supported discharges £0.5m
- Front door “conversation one” prevention services expansion in adults to reduce the escalation of care in a crisis and help people to return to independence £1m
- The use of Refugee grants to fund a range of WNC services supporting our refugee communities from Ukraine, Afghanistan and small boats and meet their wellbeing, educational and training needs,
- Consolidation and renegotiation of IT contracts £0.26m

- The configuration of print and data service to ensure that usage is optimised and appropriate £0.15m, and
 - Maximisation of income opportunities £0.2m
- 5.17 **Wicked Issues** – alongside immediate budget improvements and efficiencies we also undertook a series of workshops that look specifically at areas where the Council was facing significant demand and escalating costs and where a cross Council focus was the only way we could create longer term solutions that were better for residents, the Council and/or our finances. The work from these informed the budget setting process for 2023-24 and further detail is set out in Appendix 1.
- 5.18 As we look to 2023-24, we will focus on the delivery of these initiatives and to complete the aggregation and transformation steps for services where this has not yet been completed and as shown in Appendix 2.

6. Issues and Choices

- 6.1 The scale of change undertaken in the first two years of West Northants Council has been significant. It has involved bringing together multiple and varied processes, service functions and finances across 3,000 staff, 800 systems, four main office buildings and thousands of inherited contracts. Our priority has remained protecting service continuity and always ensuring we are meet our duties while making changes, rationalising and transforming alongside business as usual.
- 6.2 We are not the first Council to face Local Government Reform. When compared with other LGR councils, we have progressed faster than some (for example in having a single Enterprise Resource Planning (ERP) system from day 1 and progressing a new staff Pay and Grading Structure within two years) and in other areas we have taken more time (for example in rationalising systems for specific services). Our journey has been particularly challenging as we transitioned alongside dealing with the challenges of Covid, the effects of which continue to affect all councils.
- 6.3 Importantly, all our key strategic changes have been supported by clear published strategies and set under the direction of the Corporate Plan, which set out for staff and stakeholders the direction of travel and priorities for change. This is important as successful councils have a clear link between their corporate plan, strategies, delivery and staff appraisals.
- 6.4 We have also made good progress on working with wider partners with a strong start on our Integrated Health and Care Partnership, which has attracted national interest and the exciting work on our Local Area Partnerships. Work has also been progressing across our Sport Excellence Plans with exciting growth plans underway across motorsport, rugby, cricket and other sports.
- 6.5 It should also be borne in mind that the progress made has been done against a backdrop of:
- The ongoing effects of Covid including sustained high demand, for example in temporary housing following family or household breakdowns and a loss of income, for example as parking income has not recovered to pre-pandemic levels due to more home working

- The impacts of vulnerable people demand (above all pre unitary and WNC 2021-22 budget predictions) including 760 more adults' customers, 42 more children in care and an increasing number of single homeless people
- Demographic growth with a 13% growth in our population based on the 2021 Census, twice the national average and significantly a 57% growth in the over 75s compared to a national rate of 34%
- Maintaining the performance standards set in the corporate framework, and
- The emerging cost of living and inflation crisis and effects of the war in Ukraine.

6.6 All of the above have required us to adjust and adapt our plans and priorities as we have progressed through our first two years.

7. Implications (including financial implications)

7.1 Resources and Financial

7.2 The report sets out the efficiencies that have been delivered from LGR, in the Councils first two years and being targeted in 2023-24 with further detail on how and where in the Appendices.

7.3 It should be noted that the 2023-24 budget proposals and detail will be published as part of the 2023-24 budget-setting process and Council's reports to be published for the Cabinet meeting of 20 December 2022.

7.4 Legal

7.5 There are no legal implications arising from the proposals as the recommendations are only to note.

7.6 Risk

7.7 There are no specific and significant risks arising from the proposed recommendations in this report as the recommendations are only to note.

7.8 Consultation

7.9 The 2023-24 budget proposals and detail will be published as part of the 2023-24 budget-setting process reports to be considered at the Cabinet meeting on 20 December 2022 and will then be subject to public consultation. All the strategies referenced have been developed with stakeholders.

7.10 Consideration by Overview and Scrutiny

7.11 Not applicable.

7.12 **Climate Impact**

7.13 The proposals set out under the “wicked issues” Ways of working, utilities & operating costs in section 4 of the Appendix 1 Report highlight a number of proposals and plans that will support our goals to be more sustainable and deliver our carbon neutrality aims.

7.14 **Community Impact**

7.15 The Councils operating model design principles, property plans, work with health and voluntary sector partners in our ICS (integrated Care system) and LAPs (local area partnerships) highlight a number of proposals and plans that have and will continue to support positive outcomes for communities. We will increasingly work with communities and partners to address the issues that are pertinent to them and especially where these issues are leading to inequalities across the wide determinants of health.

7.16 **Communications**

7.17 The 2023-24 budget proposals and detail has been published as part of the 2023-24 draft budget and Council’s reports for the Cabinet meeting on 20 December 2022. Public consultation on the proposals will be supported by a communications and engagement activity plan to inform and engage the public and other stakeholders on the proposals.

8. Background Papers

8.1 None