

CABINET – 17TH OCTOBER 2019

Report of the Chief Executive

Lead Member: Councillor Morgan

Part A

ITEM TRANSFORMATION PROGRAMME – RESOURCING FOR MOBILISATION

Purpose of Report

This report requests funding from the Reinvestment Reserve to facilitate the mobilisation of the Council's Transformation Programme.

Inter alia, this Programme will have the objective of improving customer experience through the accelerated implementation of on-line customer services. It will also aim to address the financial challenges identified within the latest iteration of the Medium Term Financial Strategy through service efficiencies delivered by digitisation and investment in technology, and by creating the skills and capacity required to support the Council's commercialisation agenda. In addition, the fund will be used to ensure that the capacity and skills are available to deliver against the Council's agenda for regeneration and growth.

Recommendation

That £220,000 is made available from the Reinvestment Reserve to fund the initial phase of the Council's Transformation Programme.

Reason

To ensure that 'invest to save' funding is available for the acquisition of the capacity, skills and technical support required for the development and implementation of the Council's Transformation Programme, and thereby enabling the Programme to contribute to the financial challenges outlined in the extant Medium Term Financial Strategy.

Policy Justification and Previous Decisions

The Council underwent a 'Peer Challenge' process conducted by the Local Government Association in March 2018. In their concluding report the Peer Challenge team recommended that the Council develop transformational plans, incorporating approaches to digitisation and commercialisation. Whilst such plans exist, the Transformation Programme will look to improve alignment of activities within an

overarching framework and provide the resources necessary to accelerate the delivery of transformation objectives.

In general, this decision is supportive of the current Corporate Plan objective of 'Delivering Excellent Services'.

Implementation Timetable including Future Decisions and Scrutiny

Once approved, it is envisaged that resources will be brought in to assist the Council in the development of the Transformation Plan as soon as practically possible.

This report is available for scrutiny in line with the standard scrutiny protocols.

Report Implications

The following implications have been identified for this report.

Financial Implications

This decision will result in a use of the Reinvestment Reserve of £220,000.

It is anticipated that the Council will benefit from additional (and unbudgeted) business rates receipts in financial year 2019/20 through its participation in the Leicestershire 75% business rate retention pilot. Based on projections of Leicestershire business rate income in 2019/20 it is envisaged that the Council will be able to replenish the Reinvestment Reserve by £220,000, reflecting the proposed investment in the Transformation Programme and the Council's stated intentions for the use of additional business rate funding arising from the pilot.

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Overall Risk</i>	<i>Risk Management Actions Planned</i>
The Transformation Programme does not deliver benefits in line with funding provided.	Unlikely (2)	Serious (3)	Moderate (6)	Each element of the Programme will require a business case that is subject to approval from the Transformation Board (consisting of a Cabinet Member and the Senior Management Team). The Transformation Board will also be responsible for monitoring the delivery and benefits realisation arising from Programme activities.

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Overall Risk</i>	<i>Risk Management Actions Planned</i>
Business rate collections across Leicestershire will not be sufficient to create the additional income projected and earmarked for the funding of the Transformation Programme.	Unlikely (2)	Significant (2)	Low (4)	Current business rate income projections continue to show that the Council will receive additional income in line with the original projections. (It is highly unlikely based on current projections that a material shortfall in income will arise.)

Key Decision: Yes

Background Papers: None

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Part B

Corporate Peer Challenge – March 2018

1. The Council undertook a Corporate Peer Challenge arranged by the Local Government Association between 6 - 8 March 2019. Key recommendations from the final report, included:
 - *‘Develop a transformational and digital plan that is integrated to further unlock efficiencies and drive service improvements’*
 - *‘Develop a benefits realisation plan, with clear linkages to the MTFS, to reflect efficiency opportunities’*
 - *‘Build on the draft Asset Strategy to align to the MTFS, council’s transformation and regeneration agenda’*
 - *‘Articulate a clear plan to meet the entirety of the financial gap ensuring that the council’s approach to commercialisation is clear and embedded’*
2. As context, it is useful to record that the Council has a history of continuous improvement in recent years, demonstrated by its ability to maintain front-line services against a background of real terms reductions in central government funding. It has also initiated ambitious programmes and projects to improve the customer experience through the Customer Service Programme, which includes the ongoing Customer Service Standards and Online Customer Experience projects, alongside recent initiatives looking at the Council’s office accommodation and potential document management solutions.
3. In addition, as a direct response to the Peer Challenge, the Medium Term Financial Strategy (MTFS) 2019 - 2022 and the current draft version of the MTFS 2020 – 2023 include sections covering the Council’s transformation and efficiency plans, and commercialisation initiatives, in response to the prospective financial challenges facing the Council.
4. However, the above activities have not been aligned under the auspices of a single transformation programme and whilst some efficiency savings have been identified, it is reasonable to conclude that the scale of likely savings identified do not allow front-line services to be protected in the medium term given the financial projections within the extant MTFS. Delivering the Council’s agenda for regeneration and growth will also require analogous skills and capacity and it is envisaged that this agenda would form part of a wider transformation programme, in addition to areas specifically outlined in the Peer Challenge report.
5. Given the above, a Corporate Transformation Programme has been initiated and (in Summer 2019) a Programme Board has been created. This Board has the objective of developing, initiating, resourcing and monitoring the prospective Programme.

Leicestershire 75% business rate retention pilot

6. The Council is participating in the Leicestershire 75% business rate retention pilot for the financial year 2019/20. Participation in the pilot, based on projected business rate collections, was estimated to generate an additional £13.8m in retained business rates for the county area, over and above those that would have arisen under the standard scheme of business rate retention.
7. The Council's share of these additional business rates is projected in the order of £480,000. Due to the timing of the Government announcement of successful pilot bids, this additional income was not included within the Council's 2019/20 budget.
8. The pilot bid requires the Council to use the additional income in an agreed proportion being (based on the projected additional business rate retention of £480,000):
 - Infrastructure (support for town centres through public realm improvements) - £260,000
 - Financial sustainability - £220,000
9. Identified within the financial sustainability section of the pilot bid was the suggested '*Investment in digital development and adoption of more innovative service models to improve customer services and productivity, and to reduce cost*'. The Council has indicated to bid partners that it is likely that its share of income earmarked for financial sustainability will be directed in this way.

Conclusions

10. At the first meeting of the Transformation Board the challenges of implementing a successful Transformation Programme were recognised. In particular, it was acknowledged that acquiring the skills, capacity and technical support for the Programme were a prerequisite for success, and that additional funding, over and above existing service budgets, would be required to access these resources.
11. It is therefore considered appropriate that earmarked income arising from participation in the Leicestershire 75% business rate pilot be applied (via allocation from the Reinvestment Reserve) for funding the mobilisation of the Council's Transformation Programme. This use of the additional income is in line with the Council's objectives and the Leicestershire 75% business rate retention pilot bid.

Appendices

None