

**Cabinet**  
**16 October 2014**

#### **4. DELIVERING THE CORPORATE PLAN – FUTUREFIT UPDATE**

**Relevant Cabinet Members**

Mr S E Geraghty and Mr J P Campion

**Relevant Officer**

Chief Executive

**Recommendation**

1. **The Deputy Leader and the Cabinet Member with Responsibility for Transformation and Commissioning recommend that:**
  - (a) **Cabinet notes that 2015/16 is a year of major transformational change and strategic economic investment;**
  - (b) **Cabinet supports in principle the developing proposals emerging from Corporate Strategy Planning 2014 (as set out in this report and Supporting Papers) noting their contribution to meeting Government funding reductions and delivering against the Council's Corporate Plan priorities both in 2015/16 and beyond;**
  - (c) **Cabinet asks that officers work with Cabinet Members to develop further proposals to close the emerging £5m financial gap to balance the 2015/16 budget;**
  - (d) **the proposed programme of communications and engagement with unions, residents, staff, businesses and other stakeholders in the Autumn is endorsed, whilst the proposals are at an early stage, to enable a further report and informed decisions to be taken during the budget-setting process for 2015/16 onwards;**
  - (e) **the involvement and contribution of the Overview and Scrutiny Performance Board is supported which will feed into the budget-setting process; and**
  - (f) **Cabinet notes progress since 2011/12 of the FutureFit Programme, including savings targets met, better outcomes delivered and implementation of the new Operating Model.**

**Transformation Background and Progress**

2. The BOLD programme was launched in October 2009 with the prime objective of being proactive about change enabling the Council to address the financial challenge whilst transforming itself in line with residents' priorities.

3. 2015/16 sees a year when a number of transformational areas will come to fruition with significant financial and non-financial benefit to the tax payer. The list below, whilst not exhaustive, covers some of the key transformational programmes.

#### Driving economic prosperity

- Strategic Economic Plan – the securing of £47m from central Government will allow the implementation of significant infrastructure and employment land projects to drive up economic growth and create jobs (further details in paragraph 13)
- WorldClass Worcestershire – starting this Autumn a targeted inward investment and national profile plan will be implemented to improve Worcestershire's national reputation and attract external investment.

#### Protecting the most vulnerable

- Children's Safeguarding Redesign – a review of the Looked After Children strategy focused on keeping vulnerable young people safe with a key component being the recruitment and retention of talented staff
- Shift to Targeted Early Help – helping those who need it most to nip problems in the bud
- Personal Choice – rolling out mechanisms such as an e-marketplace and online assessment tool so that service users needing Adult Social Care can control their own budgets making their own choices as to how their needs are met.

#### Becoming an excellent commissioning authority

- Design Unit – transfer of the function to the international architecture firm Jacobs which will save the tax payer money and open up potential new career opportunities for staff transferred over
- Support Services – volume services such as HR and finance transactions being commissioned from more cost effective providers
- Learning and Achievement – implementation of an external provision model delivering a dynamic and cost effective way of working with schools enabling them to make their own decisions as to what will work for them locally
- Joint Property Vehicle – working with public sector partners to make the best use of the collective property estate
- Integration of health and adult social care – broadening and deepening integration with the NHS to join up services to those most in need
- Sale of IBS Schools – following consultation with schools and a thorough divestment process a financial return in excess of £1m is expected for the tax payer while protecting

## What Residents Have Said

- the future provision of IT services to schools
- Act Local – building on successes such as the Parish Lengthsman scheme to find pragmatic ways of working with communities, voluntary sector, districts and parishes to find local and cost effective solutions

4. As in previous years, this year's Corporate Strategy Planning was underpinned by what local people have said is important to them, as outlined in the Corporate Plan, recognising that with less money to do the things that are important for local people, the Council has to do things differently. The recommendations to Cabinet reflect:

- Checking progress against the FutureFit Corporate Plan
- Addressing the 2015/16 emerging funding gap for the Council
- Commencing the refresh of the Medium Term Financial Plan for 2015/16 -2018/19, including savings and investment proposals
- Reviewing and re-focusing programmes and projects which would comprise the next phase of delivery of FutureFit
- Understanding how the new Operating Model has progressed since it was approved by Council in May 2014
- Agreeing clear and coherent communication and engagement with all stakeholders including residents, members, staff, unions, partners and businesses.

5. Approximately 49,000 responses have been received as part of the Council's approach to communications and engagement since 2010. This continues to rise as there is an active roll out of viewpoint surveys, focus groups and public road shows. Residents have consistently and clearly indicated their top three priorities are:

- Maintenance of the Highway
- Protecting vulnerable young people
- Protecting vulnerable older people.

The FutureFit Corporate Plan and resultant transformation programmes reflect these priorities.

6. Residents' satisfaction with the local area remains high at 84% and satisfaction with the County Council decreased to 53% from the highest point in 2012 of 59%. To find out what is driving this satisfaction focus groups were held in Summer 2014. These concluded the main factor behind satisfaction was how the Council responds to issues and explains its actions. Residents felt extremely positive about certain services; the Hive and Registrar services for example, and less so about areas such as Highway repairs. In response to this feedback the Council will continue to invest in highways looking for ways to improve satisfaction based on focus group feedback where clearer signage for example was highlighted. These activities will run alongside communications to residents about services through further public roadshows, local media briefings and use of social media for example.

## What Local Businesses Have Said

7. The percentage of residents who feel Job Prospects need improving has dropped from 36% (November 2013) to 25% (June 2014). The number of jobseekers is now at the same level as the 2007 pre-recession average. Open for Business has been, and will continue to be, a corporate priority for the Council.

8. Business confidence is improving in the county, with 49% predicting turnover increases and 45% thinking profitability will improve over the next 12 months.

9. The three economic priorities Worcestershire businesses want the Council to focus on are:

- Supporting the growth of existing businesses
- Infrastructure improvements (particularly Roads and Broadband)
- Working with partners to look at possible financial incentives.

10. Taking this feedback on board the Council has made significant progress setting up the first business growth hub in the West Midlands (Worcestershire. Business. Central). The growth hub has helped over 2,800 local businesses to grow and create jobs to date. The Council has also secured £47m towards infrastructure initiatives by working with the Local Enterprise Partnership, businesses and other partners to deliver the Strategic Economic Plan.

## What Staff Have Said

11. 1553 staff replied to the Staff Survey. The majority of staff believe the Council has a clear vision for the future (61%) and that their managers make a positive effort to keep them informed (73%). There has, though, been a decline in the number of staff who feel valued for their contribution.

12. In reaction to the staff survey, leadership teams are working through results and putting actions in place along with a cross organisational HR programme called "Invest in the Future" which will be launched in the Autumn looking at succession planning and apprenticeships for example.

## Corporate Plan Priorities: Open for Business

13. Open for Business (OfB) remains the key area of focus and recognises that driving up economic prosperity across Worcestershire benefits all elements of our quality of life. The Council's approach has been based around three strategic areas:

### Investing in the Fundamentals

Bringing an additional focus on inward investment, roll out of Game Changer programme and infrastructure, for example road, rail, broadband, skills and high level apprenticeships.

### Service Design and Transformation

Embedding an "Open for Business" culture across all service areas

in the Council, accelerate start-up opportunities and business "growth" packages and continue to seek views of businesses.

### Reputation and National Profiling

Developing a national and international profile through the Local Enterprise Partnership to build Worcestershire's reputation with business as a place to invest, and to build influence with key national decision-makers, including Government.

14. Key to achieving Worcestershire's ambition for greater economic prosperity is the implementation of the work programme successfully secured through the Strategic Economic Plan. The plan includes funding for the following:

- Worcester Technology Park
- Malvern Hills Science Park – further phases
- Hoobrook Link Road, Kidderminster
- Southern Link Road – ongoing improvement phases
- Broadband – further improvements to achieve 95% superfast coverage by 2017
- Centre of Excellence for Vocational Engineering Training
- Flood alleviation – highway works to reduce impacts of flooding.

In addition provisional funds have been allocated to:

- Worcestershire Parkway Station
- Kidderminster Railway Station.

15. The Cabinet Member with Responsibility for Economy, Skills and Infrastructure intends to begin to scope out the next stage of the 2025 economic vision, thus ensuring Worcestershire keeps its momentum and drive for excellence in this area. It is also recommended there is joint Cabinet and officer work looking for innovative financial mechanisms to fund investment in this area moving forward.

16. Additionally, Cabinet is asked to note progress in planning National Profiling and particularly its impact on inward investment. Over the course of the Autumn a number of high profile events and targeted activities are planned with the Local Enterprise Partnership under the banner of WorldClass Worcestershire. The aim is to generate interest and inward investment from the three key sectors articulated in the County's Strategic Economic Plan. This work involves both the Chamber of Commerce and local businesses.

17. As the Council develops its commercial capabilities through the Commercial and Change Directorate, the Service Design and Transformation area of the strategic approach will be worked up further and rolled out.

18. The Council has made progress in the key area of helping businesses and residents work in an energy efficient way, reducing

## **The Environment**

their outgoings and helping the local environment. This has been achieved by:

- Attracting investment in the green economy and infrastructure
- Promoting the cost savings of reducing waste and energy consumption
- Reducing energy consumption by promoting the use of renewable energy in the county
- Raising awareness of the challenges and opportunities climate change brings.

The County Council along with Worcestershire District Councils and Herefordshire Council plan to revisit the Joint Municipal Waste Management Strategy and look at any tried and tested initiatives not yet rolled out in Worcestershire to explore this Corporate Plan area even further.

## **Children and Families**

19. Supporting children and families will continue to shift to a targeted approach focusing on those individuals and families who need the help most, allowing others, especially schools in their education setting, to make their own decisions on what is most suitable locally. Continued work will include:

- Improvements to safeguarding to enable children, young people and families to achieve their potential in a safe environment so that they lead successful lives
- Increasingly giving schools more freedom to raise standards in education particularly by encouraging schools to work together far more and by supporting the creation of academies and free schools
- Ensuring that young people have the skills and abilities that businesses need by improving educational attainment and work readiness.

## **Health and Wellbeing**

20. The duty of local authorities to improve and protect the public's health, alongside responsibilities for adult social care, is now well embedded in Worcestershire. Areas that remain a focus include:

- Empowering individuals to take responsibility for their own and their families' health
- Working with partners to help create a health promoting environment
- Making it easier for people to look after themselves, find support in the community and preserve their independence for as long as possible
- Working towards greater integration of health and adult social care
- Giving those eligible for adult social care more control over their funding and more freedom to choose the care that they want
- Ensuring that there is range of sustainable and quality services available.

## Operating Model

21. Cabinet supported a new Operating Model in April 2014 which was formally approved by Full Council in May 2014. Cabinet is asked to note progress in the following key areas:

### Business Intelligence

Specialism is now split into two distinct yet complementary functions of Research and Performance Management. Research now works closely with the service areas informing forward looking business planning and Performance Management focuses on Quality Assurance.

### Quality Assurance (Member Involvement)

We are looking to strengthen the role of the scrutiny panels and further involve Cabinet Members at a Directorate level earlier in the process. A further report is due at a future meeting of Council.

### Digital Strategy

Progress has been made in a number of significant areas including a new telephony and contact centre solution and improved applications for self-service with the highways "Report –It" functionality proving particularly successful.

### Matrix Working (Internal and External)

The Act Local approach is now working with District and Parish Councils to join up across services at a local level and the Joint Property Vehicle model is coming together across partners. Internally work is underway in areas such as Commissioning of Transport and Digital Inclusion involving officers working across portfolios to ensure a more joined-up approach to service delivery.

### Senior Management Structural changes

Recruitment is currently underway for a Director of Commercial and Change along with key posts in the Business, Environment and Community Directorate and the Directorate of Adult Services and Health.

### Role of Strategic Commissioners

Roles have been defined with clear accountabilities and skill set requirements in the three outward facing directorates of Children's Services, Adult Social Care and Health along with Business, Environment and Community.

### Commissioning Support

Standard roles and definitions have been established including the recruitment of a Commercial Manager. Staff consultation and implementation of new roles will be completed by October 2015 with training in place to close any skills gaps. Alongside processes have also been reviewed with standard guidance in place.

## **Financial Summary: Delivery of Savings – Progress to Date**

22. The Council continues to respond to the challenge of significant central Government funding reductions which has been proactively managed since 2011/12 through robust medium term financial planning alongside the delivery of the BOLD programme in support of FutureFit Corporate Plan.

23. Over this period, the Council's required cost reductions have risen from £20m per year to a latest estimate of around £25m per year as central Government has increased funding reductions directed towards Local Government as part of their plan to tackle the national deficit.

24. This has taken account of the Council's need to protect budgets from the impact of inflation, and the costs of demographic increases in vulnerable service users.

25. The Council continues to meet this increased financial challenge whilst at the same time achieving many service improvements.

26. Since 2011/12, the Council has delivered savings of £76.4m as follows:

- £30.8m (2011/12)
- £19.6m (2012/13)
- £17.0m (2013/14)
- £8.5m so far this year (2014/15) as part of the full year requirement of £30.5m
- £0.5m delivered early for future years.

27. The 2014/15 savings target of £30.5m is forecast to be achieved. There currently exists a risk to the delivery of schemes totalling £1.4m in 2014/15. This is being reviewed and challenged robustly on a monthly basis.

28. The savings requirement in 2015/16 and over the medium term from 2015/16 is broadly similar to that set out in the draft budget approved in February 2013. Additional financial pressures may arise once central Government publish the results of their consultations over the summer on areas such as the Care Act and the Education Services Grant. The impact on the Council's savings requirement will be refined ahead of the presentation of a draft budget to Cabinet that will follow the Chancellor's Autumn Statement.

29. There remains a risk that more savings may be required as a result of further announcements from central Government.

## **Delivering Better Outcomes**

30. Whilst the Council has remained focused on the financial challenge, it has not lost sight of better outcomes for local people. Recent successes include:

- Since 2011 over £55m has been invested to improve Roads and Pavements



## **Review of Medium Term Financial Plan**

- Over £100m is being invested in Worcestershire's economy supporting business to grow and create more jobs
- 86% of the County's Early Years setting and schools are rated good or outstanding by Ofsted
- Last year at our Recycling Centres we recycled almost 59,000 tonnes of waste saving over £4m in landfill tax
- 19,000 potholes have been repaired this year with the Council receiving the highest grant for pothole repair in the UK due to proven track record of success
- Last year 1,300 adults with learning disabilities received support to lead more independent lives
- Since 2012, 300 families were helped return to work, reduce anti-social behaviour and improve school attendance
- Last winter gritting teams covered 50,000 miles of road across Worcestershire which is the equivalent of more than twice around the world
- Local businesses have received energy efficiency support saving them over £1m and almost 5,000 tonnes of CO emissions
- Libraries across the County attracted nearly 3.5 million visits last year with more than 3 million books, CDs and DVDs issued.

31. Work continues to update the emerging Medium Term Financial Plan covering the financial years 2015/16 to 2018/19. The Council has to take account of the impact of inflation, changing legislation, new Government policies and expectations, pay awards and the increases in the costs of demographics combined with an ageing population as well as the impact of changes to funding received from central Government.

32. These costs are forecast to rise, and combined with an expectation of reduced funding, means the Council has to find solutions to close this gap and do things differently in the future through the FutureFit Programme.

33. Financial planning for the future remains extremely challenging. Central Government has currently given only outline information for next year (2015/16) which will be confirmed in the provisional Local Government Finance Settlement in December that follows the Chancellor's Autumn Statement.

34. This means there is a significant risk that the level of funding from central Government may further reduce in excess of our current forecast, with the additional complication whereby different central Government departments announce further reductions at different times throughout the year, outside of the official funding settlement announcements and without potentially considering the combined impact on the County Council.

35. Notwithstanding this, the Council has a duty to develop robust financial plans and after taking into account the uncertainty of future funding levels, and the need to appropriately plan budgets inclusive of inflation, demographic and demand pressures. The

## **Corporate Strategy Planning – Programme Proposals**

## **Potential Risks to Delivery**

Council is currently in the progress of updating and refining its Medium Term Financial Plan. Based on information that is currently available and our views on emerging trends and consultations, it is likely that the Council will need to achieve at least £27m savings for 2015/16 and then at least £25m each year thereafter.

36. Whilst there are encouraging signs of economic recovery with regard to national finances, the Council will still need to continue to plan for significant reductions in its funding.

37. Compared with the need to achieve at least £27m savings next financial year 2015/16, emerging plans have been identified to deliver just over £22m.

38. There remains a financial planning gap at this stage of £5m. Work will continue to identify ways in which further savings can be delivered. Clarity on the financial planning gap will be provided within the draft budget report to Cabinet after the Chancellor's Autumn Statement. Further detail on emerging saving plans will be brought to future Cabinet and Scrutiny meetings as appropriate.

39. The Council will continue to take on board feedback and ideas from staff, partners, residents and service users through extended communication and consultation meetings over the coming months.

40. As the savings aspect of the transformation programme enters its fifth year a number of proposals explored build on existing projects looking to take the savings further or accelerate them in line with the move to become an excellent commissioning authority. The proposals are built around a number of key design principles including commissioning, partnership work, personalisation of budgets, local solutions and centralisation of support services in line with the new Operating Model.

41. The Corporate Strategy Planning (CSP) supporting papers for the proposals are split by Corporate Plan priority area along with a cross-council set of projects. A full list by focus area indicating whether the project builds on existing work (Further) accelerates forecast savings (Faster) or a recent addition (New) can be found in the Supporting Papers to this report on the Council's website.

42. Delivering this scale of transformation and delivering within financial constraints in a tight timescale whilst continuing to protect the vulnerable and deliver better outcomes for our residents and businesses will continue to be challenging. High level risks have been identified at a corporate level as well as individual project risks and mitigations. These risks are carefully managed, mitigated and continuously reviewed as the programme progresses:

- Ensuring appropriate capacity and capability of expert resource is available to support the fundamental changes required i.e. HR, Commercial, Legal, Finance and Programme Management. This change capacity will need

## Next Steps: Communications and Engagement

## Equality Impact Assessment

to be balanced against our continuing statutory and operational delivery commitments

- Ensuring appropriate market capacity to respond to the Council's commissioning activity, ensuring existing and new providers are flexible and dynamic in responding proactively to service users
- Meeting the increasing demand on Childrens' Safeguarding within the financial budget available
- Developing a workforce of a smaller size with different skills than has previously been required
- Meeting the requirements of the Care Act 2014 which becomes the single statute for adult care and support as, whilst full guidance is still awaited, an initial assessment indicates the Act will place a significantly high and new financial pressure on the County Council.

43. Mitigations underway include proactively working with the market to shape future provision, launching a new workforce strategy (Investing in the Future), setting up a task:finish cross council group of professionals to focus on Safeguarding and financial modelling preparing varying scenarios that the Care Act or other external factors may influence.

44. A programme of communications and engagement to run from October through to December was endorsed at CSP. This will include elected members, staff, unions, residents, businesses and other stakeholders and run at the earliest opportunity whilst the proposals are at an early stage.

45. All available channels will be used including further public road shows, media briefing sessions, social media and dedicated communications and sessions with stakeholders.

46. Members and staff will continue to be engaged and updated through internal channels including face to face road shows with the Leader of the Council and Chief Executive.

47. Engagement over the coming months will inform the budget setting process in January/February 2015. The Council also plans to deliver clear communications about how it continues to deliver against the four Corporate Plan priorities.

48. The Equality Act 2010 requires the Council to exercise a level of due regard to the three aims of the equality duty in designing policies and planning/delivering services which is proportionate to their potential for contributing to (or detracting from) these aims. The Duty's aims are:

- To eliminate unlawful discrimination
- To advance equality of opportunity
- To foster good community relations.

49. An analysis of the level of due regard required in respect of each transformational change programme in the Council has been completed with initial screening undertaken and this will steer the

## Supporting Information

ongoing development of robust Equality Impact Assessments and consideration of due regard which will be taken into account as we move forward.

- Details of all proposals can be found in the Supporting Papers to this report on the Council's website, at County Hall Reception and in the Members' area.

## Contact Points

### County Council Contact Points

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## Background Papers

In the opinion of the proper officer (in this case the Chief Executive) the following are the background papers relating to the subject matter of this report:

FutureFit: The Corporate Plan