

Agenda Item No:**Report No:****Report Title: Change Management at Lewes District Council – Next Steps in Organisational Development****Report To: Cabinet****Date: 2 June 2014****Cabinet Member: Councillor Rob Blackman - Leader****Ward(s) Affected: All****Report By: Director of Corporate Services, Julian Osgathorpe****Contact Officer(s)-**

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Purpose of Report:

To seek approval of an Organisational Development Strategy which will improve services and the customer experience as well as acting as a driver for financial efficiencies and to approve certain specific actions required to implement that strategy.

Officers Recommendation(s):

- 1** To adopt the draft Organisational Development Strategy set out at Appendix 1 and note the role it will play in delivering the council's medium term financial strategy.
- 2** To progress those changes introduced by the Cabinet report of January 2014.
 - (a) To note the restructuring of the senior roles in the Service Delivery Unit.
 - (b) To endorse the initial development of multi-skilled teams pending the full introduction of new technology
 - (c) To note and endorse implementation of the competency framework
 - (d) To note that iESE have been commissioned to report on the costs, benefits and issues of working in partnership with Eastbourne Borough Council and/or other public sector partners with regard to the Corporate Services unit. It is anticipated that a report on iESE's findings will be reported to the Cabinet meeting on 10 July 2014

- 3** To endorse the development of:
- (a) a technology specification to support the new ways of working within the Service Delivery unit.
 - (b) business change specifications to support the implementation of the new ways of working within the Service Delivery unit.
 - (c) a procurement strategy, with assistance from iESE, to secure partners capable of providing the services set out in 3(a) and (b) above.
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Reasons for Recommendations

- 1** To progress the Council's ambition to provide a customer focused service, drive service improvements and realise financial savings.

Information

Executive Summary

- 2** This report summarises our Organisational Development Strategy to move Lewes District Council to a customer focussed model with a new organisational structure and culture. The Strategy is focussed on outcomes:

- Being a successful and sustainable organisation;
- Supporting and delivering for our customers;
- Improving service standards and accessibility;
- Building a successful place-based "brand" for Lewes district;
- Attracting inward investment to support economic growth
- Developing our digital service offer.

- 3** There are three drivers of the OD strategy:

3.1 The national context of diminishing funding requires an agile organisation that can respond to changing circumstances through adopting new models for organisational structure and service delivery. There are many possibilities, including collaborating with other public, private and/or voluntary sector organisations through mergers; shared services and/or partnerships.

3.2 The council is facing a funding challenge: the approved Medium Term Financial Strategy (MTFS) requires savings of c£2.9 million by 2020 (Appendix 3, line 1). Progress is already being made, but there remains an unmet savings requirement of c£1m+ over the next 5 years (Appendix 3, line 12). Attracting inward investment will help the council to meet this target by generating income through New Homes Bonus (NHB) and

National Non-Domestic Rates (NNDR). Other income-generating opportunities will also be sought.

3.3 Customer expectations of services have changed – customers expect services to be more participative, more personalised and more driven by community and individual need than by organisational structures and processes. The implications of this are that the council needs to be more flexible and responsive.

4 The OD strategy continues the council's transformation, called Programme Nexus, and builds on the restructuring that has already taken place. We have introduced agile working and restructured our senior management. Staff and managers are working together to break down departmental silos, redesign services and start the shift to delivering services in mixed (multi-disciplinary) teams. This strategy sets out the future direction. It is informed by the guiding principles adopted in January 2014 and the philosophy of end-to-end customer care and continued staff involvement recommended by staff focus groups.

The strategy recognises four business units around which the council should be organised:

- Corporate HQ – the governance and strategy function required to be a unique, competent and accountable local authority;
- Service Delivery – the day-to-day customer service function for our customers;
- Place Shaping– the policy development and project management function that supports development of our district and the communities within it;
- Corporate Services – the corporate functions that enable the organisation to operate.

5 The Corporate HQ and Place Shaping functions are unique to this authority and geographical area. Therefore it is unlikely that the whole function could be shared with other organisations, although specific roles and expertise could be.

6 The Service Delivery and Corporate Service Units comprise respectively 70% and 20% of the resources and activity of the council. There is significant potential to use IT more effectively to deliver these services as well as opportunity for sharing some functions with other organisations (in the short-term, most likely in the case of Corporate Services).

7 Required actions to implement the strategy

7.1 Invest in changing to a multi-skilled, technology-enabled, end-to-end customer service model. This is estimated to cost c£2.25m and to generate 15% efficiency savings of c.£1.2m p.a. It is possible that the capital investment required to deliver the change could be funded from

unallocated NHB received over the next three years (2015/16 to 2017/18);

- 7.2 Evaluate options for partnership working for the Corporate Services unit (expect to report to Cabinet in Q2 of 2014/15);
 - 7.3 Develop the new structure with multi-functional, multi-skilled teams and a matrix management structure;
 - 7.4 Change the culture of the council to add commercial awareness; a learning mind-set and a focus on core competencies to our public service ethos;
 - 7.5 Extend the tools available to staff to improve efficiency and customer satisfaction both through digital and personal service channels;
 - 7.6 Consider the staffing arrangements necessary for the new structure and methods of working. It is anticipated that a reduction of staffing levels of c.15% is likely over the change process between now and 2020.
- 8 A copy of the full paper, of which this is a summary, is attached at Appendix 1, with a diagrammatic illustration at Appendix 2.

Financial Appraisal

- 9 Appendix 3 shows the savings plan through to 2020. It will be regularly reviewed and updated to reflect the influence of Council driven factors such as the impact of its regeneration programme and development of additional revenue income streams and external factors such as the outcome of the next national spending review, the review of the New Homes Bonus funding stream, the national review of the council tax single person discount and changes to administration of the Business Rates system.
- 10 The uncommitted Service Priority budget for 2014/2015 of £380,695 will cover any costs associated with progressing recommendations 3a and 3b.
- 11 The approved budget for 2014/2015 includes £58,000 to progress the Councils development of a procurement strategy with iESE, which complements the approach adopted by Eastbourne Borough Council.
- 12 The 2013/2014 General Fund budget for Service Priorities has been used to cover the cost of the joint Corporate Services Review with Eastbourne Borough Council, following consideration of the proposal by Cabinet in January 2014.
- 13 There is a finite balance in the Council's Change Management and Spending Power Reserve to fund the cost of change management. The balance is expected to reduce going forward unless it is replenished. The Finance Update report on this agenda proposes a mechanism to augment the uncommitted balance.

Legal Implications

- 14** Any engagement of technology providers and business change consultants will need to be undertaken in accordance with transparent and EU compliant procurement procedures.

Sustainability Implications

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I have considered the Sustainability Implications Questionnaire and there are no significant effects as a result of these recommendations at this time. However, as the strategy is developed and implemented on a service unit basis there will be a need to further consider sustainability issues.

Risk Management Implications

- 16** I have completed a Risk Assessment.

The following risks will arise if the recommendations are not implemented:

- The economic sustainability of the council as expressed in the MTFS will be reduced
- The resilience of services will be impacted as the level of resourcing reduces over the coming years in response to the shrinking economic resources available to the council
- The ability of the council to effectively offer services online/through other technology will be reduced as there will be insufficient investment in the digitisation of our processes

The following risks will arise if the recommendations are implemented, and I propose to mitigate these risks in the following way:

- Change management risks including
 - Procurements
 - Contractual
 - Financial
 - Staff engagement and/or morale
 - Business continuity and/or business as usual delivery of services during a period of change
- Mitigation of these risks will include
 - Engagement of specialise external procurement resource through relationship with iESE

- Use of appropriate and transparent EU compliant procurement procedures
- Strong engagement and oversight of contractual issues by internal expert legal resources
- Continuing internal engagement with stakeholders and staff throughout the process
- Effective transition management with regard to all technology, process and staff related changes throughout the process of implementing the strategy

Equality Screening

- 17** I have completed the Equality Screening Questionnaire. At this stage there are no significant effects as a result of these recommendations at this time. However, as the strategy is developed and implemented on a service unit basis there will be a need to further consider equalities issues and impacts.

Background Papers

- 18** Proposals for restructuring to provide a customer focused organisation - Cabinet Report – 6 January 2014

Appendices

- 19** Appendix 1 – Report entitled : “Change Management at Lewes District Council – Next Steps in Organisational Development”

Appendix 2 – Organisational Development Diagram

Appendix 3 – The 2020 Savings Plan

Change Management at Lewes District Council – Next Steps in Organisational Development

1 Introduction

- 1.1** This paper builds on the resolutions of the January 2014 Cabinet and continues to develop the ideas around a new organisational structure for the council, with a particular focus on delivering local services to our customers and developing the capacity to handle the continuing challenges and opportunities we will face.
- 1.2** Recognising the need for change some time ago, the council has already begun the process of re-imagining the organisation and its relationship with its staff and customers. In the June 2013 Cabinet Paper, we described an overall organisation structure comprising three main business units (Service Delivery; Business Strategy & Development: place shaping, futures, policy and projects; Corporate Services: internal support services) plus a small corporate team. Through 2013, a series of stakeholder workshops proposed a move away from the traditional “professionally centric” structure towards a “customer focussed” model and a desire to create true “end to end” customer service. After this wider work, we then took the idea further in January 2014’s paper by describing important aspects of the largest business unit – Service Delivery. The philosophy, along with the initial restructuring to deliver it, was approved by Cabinet in January 2014 and is progressing well.
- 1.3** Over the last three months, the Leader of the Council has been working with CMT to put more detail into our description of the future organisation structure and culture. We are working to have a framework in place that will create greater clarity about the future for members and staff and will drive our OD strategy over the next four years.

2 Background and context

The LDC Journey so far

- 2.1** In early 2011 the council began Programme Nexus, its journey of transformation, with this promise:
an unswerving commitment to customer service
connect with our workforce and partners to inspire exceptional contribution
save money and where possible put money back into our residents’ and businesses’ pockets where we can.
- 2.2** In 2012-13 we consolidated our offices to two sites, in Lewes and Newhaven, and introduced agile working. These enabled us to save on office overheads and begin the culture shift to a more flexible, customer-focussed organisation.

- 2.3** Throughout the last year, we have given priority to delivering a structure that will sharpen our focus on key outcomes rather than professional disciplines and/or processes. These key outcomes can be summarised as being:
- 2.3.1** Being a successful and sustainable organisation – one that is flexible and adaptable enough to cope with funding changes, grow alternative income where possible and so can continue to deliver important services to all our residents, including those vulnerable individuals who would struggle to cope without us
 - 2.3.2** Supporting and delivering for our customers – by building on our existing strengths to reinforce a ‘learning culture’ where all staff feel that they have the devolved power to improve services and be responsive to residents, businesses and other stakeholders
 - 2.3.3** Improving service standards and accessibility – by placing an emphasis on service management and performance measurement to drive continuous improvements
 - 2.3.4** Building a successful place-based “brand” for Lewes district – by building on our unique identity and history while also recognising the strengths of many other organisations (voluntary, public and private) who we now partner with and who we will become increasingly involved with as the local government landscape changes further
 - 2.3.5** Attracting inward investment to support economic growth for our communities – by creative and innovative projects and ventures with a variety of organisations who can bring new capabilities and opportunities into the area for our residents and local businesses.
- 2.4** This resulted in a design approach and structure agreed in January 2014 that comprised three directorates covering services, strategy & development and corporate services. This strategy develops and revises that structure.
- 2.5** The following principles, informed by input from staff, were adopted in January and have informed this strategy.
- (1) One point of contact for all enquiries
 - (2) Keep it simple for customers
 - (3) Join up services - work as multi-function teams
 - (4) Reach out to customers
 - (5) Retain professionalism and professional leads
 - (6) Named contacts for vulnerable customers
 - (7) Be a ‘learning organisation’: continue journey
- 2.6** In April 2014, Cabinet also approved the development of the “Locally Sorted” project. This is intended to create an online space where people can sort local issues, simply. It aims to provide a new way for our residents to relate to the council, other public sector organisations, the third sector and voluntary groups as well as each other and the

democratic process. In addition, and over time as our own digital service options progress and mature, it will also provide a mechanism to promote self-sufficiency by those parts of the community who are both willing and able to access our services without our assistance.

3 The National Context – funding and possible organisational changes

- 3.1** The council has fared well during the initial years of the current government’s “austerity” programme. The tradition of strong financial management and prudent budgeting has ensured that there is an adequate level of ring-fenced reserves to meet continuing strategic and operational priorities, and a healthy general fund balance has meant an ability to react to emerging issues and initiatives according to political ambition.
- 3.2** It is, however, becoming increasingly apparent that the continuing level of economic reforms, and the pressures that this is causing within the local government/public sector landscape, will mean that all organisations need to consider more radical, medium term strategies for organisational development and change than has been the case in the past.
- 3.3** Complicating this need for change is a lack of clarity around the likely future model for local government and the public sector. There is no clear messaging from central government concerning large scale structural reform, or even the preferred model for us to move towards. The strategy appears to be to allow the twin pressures of increasing and/or changing demand along with reducing resources to promote innovation and new options to emerge from within the sector, and potentially its redefined relationship with the private sector.
- 3.4** While this looser approach to strategy provides opportunities for local authorities to be far more in control of our own agenda and therefore destiny, it also means that we need to programme into the emerging organisational structures the ability to be agile and respond to an increasingly dynamic public sector landscape. For example, it is currently conceivable that in the medium to long term any of the following outcomes, or any combination thereof, may need to be accommodated by our change strategy:
- Status quo, i.e. continuation as a stand-alone district council
 - Service based merger with other districts and/or borough councils
 - legal partnership with other districts and/or borough councils
 - Service based merger with unitary and/or county councils
 - Legal partnership with unitary and/or county councils
 - Full merger with other districts and/or borough councils
 - Full merger with unitary and/or county councils

- Service based partnership with third sector organisations
- Legal partnership with third sector organisations
- Legal partnership with private sector organisations
- Contractual relationship with private sector organisations

3.5 Beyond the national agenda on localism and devolution, many other councils at different tiers of local government are already exploring these different models of structure and delivery. This has been primarily driven by the scale of financial pressures, but undoubtedly brings opportunities for evolving more sustainable public services for the future which can be scaled up or down to meet local needs and resources.

4 Local context: Our own funding challenge

4.1 Over the last few months, we have been ensuring that we understand clearly the financial pressures that any large scale organisational development programme must help us deal with. In February, Cabinet received and approved the council's Medium Term Financial Strategy (MTFS). This clearly identifies that by 2020 we need to identify and realise savings of c£2.9m in order to manage the continuing effect of austerity. Some savings and/or income generation opportunities have already been identified towards this target which is pleasing. A table summarising this position can be found at Appendix 1.

4.2 However, even taking these opportunities into account there remains an unmet savings requirement of c£1m over the next five years (Appendix 3, line 12). It should also be noted that even with the achievement of this level of savings, the effect on our general fund balance will be a significant, albeit planned reduction in c50% over the same period. It is therefore desirable to over-achieve against this target in order to preserve as much contingency for future years as possible. In order to respond to these pressures, we need to look at options for the future that allow us to radically reduce our budget costs.

4.3 Based on the work undertaken by other councils adopting the end-to-end customer service model that we are developing, we know that it is possible to deliver significant savings by changing the way we deliver services. It is possible that even based on a conservative estimate of cost/benefit that this change could play a vital, and balancing, role in meeting the unmet savings requirement in our MTFS. This is explored in more detail in "Delivering the Strategy" below.

4.4 Notwithstanding the challenges that we are facing in terms of reducing our cost base, the shift in our funding from stable, centrally calculated grants such as Revenue Support Grant (RSG) to sources such as New Homes Bonus (NHB) and our share of retained National Non-Domestic Rates (NNDR) creates an opportunity. The level of funding available to us under these mechanisms is impacted by how successful we are in attracting and retaining inward investment and growth. As a result, there will be a sharpening of our focus and activity in these areas in order to

differentiate Lewes from other districts and create enhanced income growth. This growth in income can be distributed according to political priorities

- 4.5** But even this won't be enough on its own – we need to become more self-sufficient as an organisation, to seek investments and activities that offer a financial return. We will concentrate part of our effort and resources on building commercial awareness and developing the opportunity to take appraised commercial risks. This does not take away from our proudly held public service ethos and values – rather it will allow us to continue vital and discretionary services and to create further community assets.

5 Describing the new structure

- 5.1** Against this background, Corporate Management Team has been working with the Leader and other colleagues to define both a new structure for the organisation as well as a high level view of the key milestones, costs and benefits of moving towards it over the next three to four years. What follows is a summary of the outcome of this process.
- 5.2** Our new organisation design is driven by our belief that the next generation of public services will be more participative, more personalised and driven by community and individual needs rather than by bureaucratic structures and processes. In order to service this new drive for customer service, we must develop a structure and organisational culture that allows us to monitor, prioritise and deploy resource easily and adjust the level of services and our performance to secure sustainable services. We must also increase our ability to 'learn our way forward' as an organisation.
- 5.3** Appendix 2 sets out in diagrammatic form the refined organisational architecture. We believe this will best achieve both the delivery of our high level outcomes, while preserving the agility to react towards the changing landscape referred to above.

By way of fuller explanation, the key components/business units within this are:

Council Governance and Strategy – Role : Corporate “HQ”

- 5.4** This will contain those functions, capacities and capabilities that the council requires to continue to be a unique, competent and accountable local authority
- 5.5** To support the democratic process and ensure that members are able to drive the priorities and practices set by the administration
- Examples of this might be
 - Corporate management
 - Strategic development

- Financial strategy
- Performance management
- Contract/relationship management
- “Intelligent Client” capabilities for those non-retained functions (e.g. ICT; HR)
- Democratic support
- Community engagement

5.6 It is unlikely that our ‘Corporate HQ’ will be shared with other organisations in the future as it is designed to support the priorities of the elected members and Cabinet specifically. Notwithstanding this, there may be some roles within the HQ that could be shared should opportunities arise with sufficiently aligned, like-minded organisations.

Examples of these roles might be:

- Chief Executive
- Section 151 Officer
- Monitoring Officer

Place Shaping Unit - Role : Place Shaping

- 5.7** This unit will contain the functions, capacities and capabilities required to develop Lewes District as a place and group of communities. It is likely to be largely focussed on the development of policy and strategy, and the delivery of key programmes, projects and initiatives
- 5.8** As the strategy is developed the relationship between Corporate HQ and Place Shaping (see Appendix 2) will become clearer. It is likely that the current Business Strategy & Development directorate will have a significant role to play in both of these units
- 5.9** It will continue to focus on the outcomes for which we are already noted such as community development, economic regeneration, parks and open spaces, leisure and wellbeing
- 5.10** It is unlikely that this unit will be shared with other organisations due to its significant alignment with Lewes district as a unique place/proposition. However, it is possible that some capacity and capability required by the unit in order to be effective may be uneconomic to support individually and therefore specific partnership arrangements with other public or private sector organisations may be desirable or necessary

Service Delivery Unit – Role : Day to day provision of services

- 5.11** This business unit will contain those functions, capacities and capabilities that are required in order to deliver the day to day services to our residents, businesses and visitors (e.g. the teams created in the January Cabinet report will form the majority of this business unit)
- 5.12** It will be configured to be capable of delivering the level of service that is specifically commissioned by the Corporate HQ and expected by our residents, businesses and visitors
- 5.13** The service delivery infrastructure will be capable of providing reliable and contemporaneous management information (e.g. performance; costs) in order to enable more effective operational management and to support insight and continuous improvement
- 5.14** It will be highly ICT leveraged and information and knowledge will be completely visible and shared through process enablement and a culture of sharing and learning
- 5.15** It is possible that this unit could be shared with other public sector organisations either contractually or on a legal partnership basis. To this end, there have already been some discussions with neighbouring local authorities, e.g. Eastbourne Borough
- 5.16** It is also possible (though perhaps less likely and desirable in the short to medium term) that this unit could be the subject of a private sector relationship

Corporate Services Unit – Role: professional guidance and support to the organisation

- 5.17** This unit will consist of those functions which are required by any organisation in order to function effectively and comply with necessary regulatory/other frameworks
- 5.18** It will look very similar to the current Corporate Services directorate but may vary in some ways, e.g.
- Separation of strategic management into the Corporate HQ business unit
 - Separation of some customer related process functions into the Service Delivery unit
 - Separation of some place based activity into the Place Shaping unit
- 5.19** It will share some key characteristics of the Service Delivery unit in so far as it will be highly technologically enabled and based on the sharing of knowledge and information.
- 5.20** It is possible that all/some of the functions within this business unit could be shared with other public sector organisations either contractually or on a legal partnership basis

5.21 It is also possible that some of the functions within this business unit could be the subject of a private sector relationship at some point in the future

6 Delivering the Strategy

6.1 In developing a programme of activity to support the delivery of the strategy, it is necessary to understand and agree the following criteria:

- Cost/benefit of activity
- Effect of the change on the organisation
- Next steps/key milestones

Cost/Benefit of Activity

The primary areas of focus for the programme will be:

6.2 Service Delivery Unit

6.2.1 It is anticipated that c70% of the resources and activity of the current council organisation will be contained within this business unit. This makes it the most attractive place to start the change process as it will have the biggest impact on the customer experience and potentially the achievement of our savings target.

6.2.2 CMT have considered the experience of the handful of other organisations nationally which are currently moving towards the kind of architecture and operating model proposed in our strategy.

6.2.3 We have also engaged with a selection of private sector organisations that are capable of supporting the delivery of the transformation process that will be necessary.

6.2.4 This process has provided enough information for a very high level view of costs and benefits of moving towards the kind of multi-skilled, technology enabled, end-to-end customer management business unit that we are proposing.

6.2.5 Based on the work undertaken by other councils adopting this model it is possible to deliver a savings range between 15 – 25% of costs in scope of the change. For LDC, we would propose the adoption of a conservative 15% General Fund efficiency target applied to a budget of c£8m. This will yield savings of c£1.2m which is sufficient to meet the unmet requirement in Appendix 3 and balance our MTFS.

6.2.6 The cost of delivering the change is estimated at c£2.25m. While this is clearly a large sum of money, the achievement of even the lowest level of returns within the scale referred to above will yield a payback period of about two years.

- 6.2.7** It is possible that the capital investment required to deliver the change could be funded from unallocated NHB received over the next three years. The estimated receipt for 2015/16 is £1.37m and annual receipts from 2016/17 are estimated at £1.57m.
- 6.2.8** Notwithstanding the promising nature of this high level analysis, it is necessary to test the veracity of the high level information through a more structured engagement with the market (see “Next Steps/Key Milestones” below).

6.3 Corporate Services

- 6.3.1** It is anticipated that c20% of the resources and activity of the current council organisation will be contained within this unit.
- 6.3.2** It is also considered that the functions of this unit are most likely to yield opportunities for partnership working in the short to medium terms with other public sector organisations.
- 6.3.3** It is not clear at this time the extent to which this unit has the potential to yield additional savings. However, Cabinet has already approved an exploration of opportunities, costs and benefits of shared delivery of the functions within this business unit with Eastbourne Borough Council (EBC) and/or other public sector organisations.
- 6.3.4** The outcome of this piece of work will be reported back to Cabinet during Q2 2014-15 (see “Next Steps/Key Milestones” below).

Effect of Change on the Organisation

It is not possible to provide a comprehensive description of the full extent of this kind of change within this report. It is, however, possible to outline the key areas that will be influenced and describe them generally. In this regard, the following aspects of the organisation are key:

6.4 Structure

- 6.4.1** We will be significantly changing the basic structure of the organisation. We will be removing both vertical, functional “silos” and horizontal “layers” of management.
- 6.4.2** They will be replaced with multi-functional and multi-skilled teams of people with more empowerment and autonomy to deliver outcomes for customers.
- 6.4.3** The result of this change will be a shift to a more “matrix” or “relational” management structure rather than a traditional “pay and rations” or “line management” one.
- 6.4.4** This change has already been described and approved by Cabinet in January 2014.

6.5 Culture

- 6.5.1** The changes described above will require and encourage a shift towards customer focus, management by outcomes and personal accountability.
 - 6.5.2** They will help us become more 'self-sufficient' as an organisation by creating an emphasis on commercial awareness and return on investment - in addition to, not instead of, our core public service values.
 - 6.5.3** We will be fostering and supporting a more learning based culture where the organisation and its staff embrace each interaction with its customers, or the delivery of a project, as an opportunity to gain insight, develop new strategies and improve our actions.
 - 6.5.4** The introduction and adoption of our Competency Framework approved by Employment Committee in December 2013 and endorsed by Cabinet in January 2014 will be a key enabler of this cultural shift.
- 6.6** Ways of working
 - 6.6.1** We will develop a highly technology enabled service delivery infrastructure which will provide real time performance information and support managers and staff to better utilise their time and resources.
 - 6.6.2** It will ensure that the information needed to serve our customers effectively will be available to any member of staff, at any time, at any location and through any channel they are using.
 - 6.6.3** This will provide the platform to extend the tools available to staff to our customers through digital (e.g. web; apps) or mediated channels (e.g. face to face; telephone) to improve both efficiency and the fulfilment of customer needs.
- 6.7** Sustainability
 - 6.7.1** The people requirements for the new ways of working will be less than the current model. This is an inescapable reality of the reduction in funding for local councils.
 - 6.7.2** The role of the change to the ways of working is not to generate this contraction – it is to deliver an organisation and a service delivery infrastructure that can be supported by fewer staff in a sustainable way.
 - 6.7.3** However, based on the experience of other councils which have gone through this process, it is anticipated that the council will employ c15% fewer people at the end of the change process (by 2020) than at the start.
- 6.8** While this is a challenging and contentious message, the council's natural turnover is averaging more than c13% over the last four years. Even allowing for the effect on this average of the Voluntary Severance

scheme, it is anticipated that the majority of the contraction can be accommodate through voluntary severance and natural turnover, provided robust internal resource management is adhered to during the change process.

7 Next Steps/Key Milestones

7.1 The development and delivery of an organisational development strategy is an iterative and organic process to some extent. As a result, it is likely that reports on key decisions and/or progress will be coming to Cabinet during the lifecycle of the programme.

7.2 Notwithstanding this, the immediate next steps for which endorsement is sought are as follows:

7.2.1 The adoption of this Organisational Development Strategy by Cabinet

7.2.2 The endorsement of the role that this strategy will play in delivering the unmet savings requirement in our MTFS up to 2020.

7.2.3 Continuation of the key changes introduced by the Cabinet Report of January 2014, namely:

- Restructuring of the senior roles within the Service Delivery unit
- Initial development of multi-skilled teams pending the full introduction of new technology and ways of working
- The implementation of the Competency Framework

7.2.4 The conclusion of the iESE investigation into the costs, benefits and issues of working in partnership with EBC and/or other public sector partners with regard to the Corporate Services unit, and

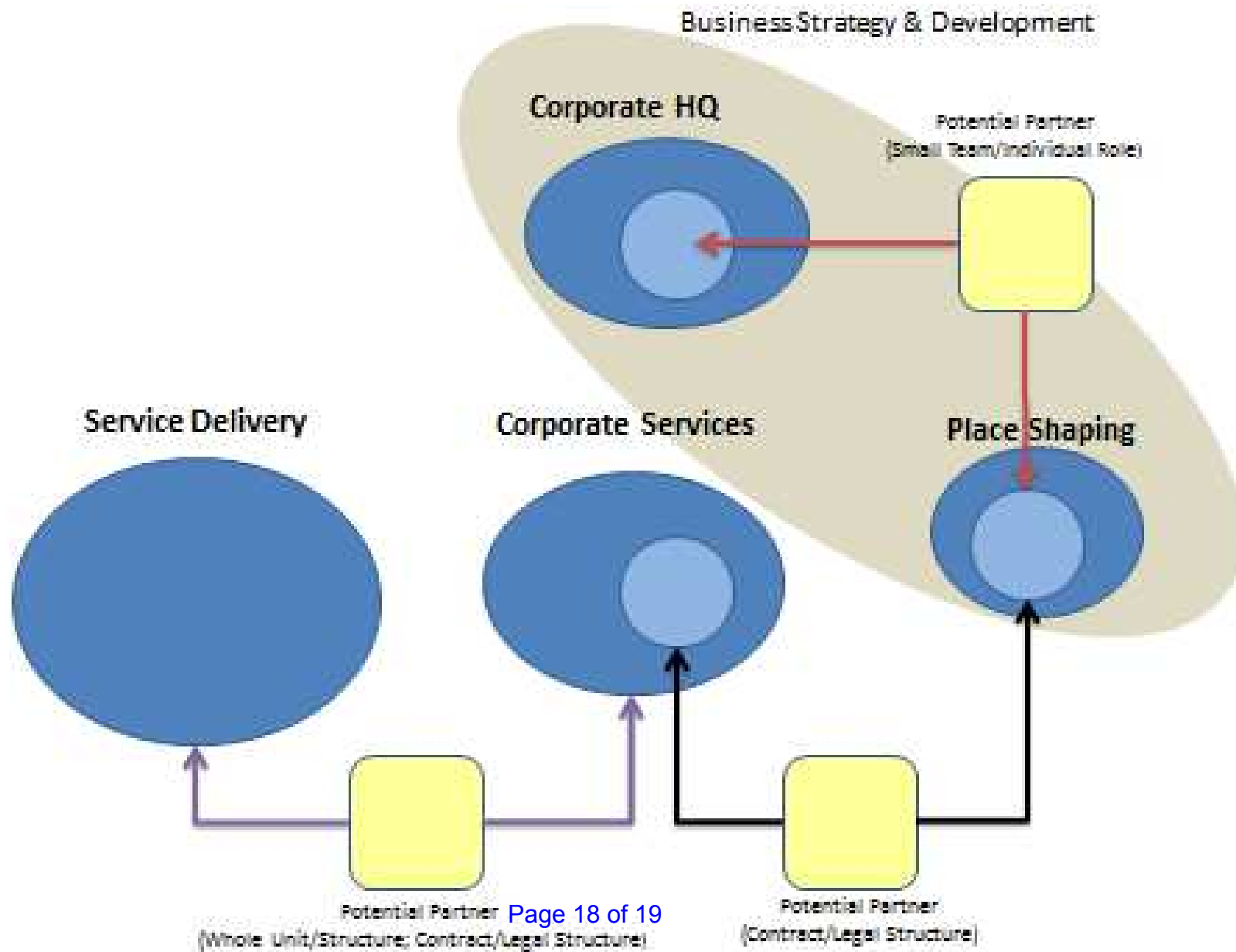
- The development of proposals which give effect to the findings of the report;
- The analysis of the costs and benefits and their likely contribution to the delivery of LDC's savings requirement.

7.3 The development of a:

7.3.1 Technology specification to support the new ways of working within the Service Delivery unit

7.3.2 Business Change specification to support the implementation of the new ways of working within the Service Delivery unit

7.3.3 Procurement Strategy to engage with the potential providers of these services to test the veracity of the high level cost/benefit figures outlined above. It is proposed that we work with our procurement partner, iESE, for this.



The Medium Term Financial Strategy Savings Plan

Line nos:	The 2020 Savings Plan	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Total £'000
1	Savings Target	596	550	670	642	500	0	2,958
	The plan							
2	Wave Leisure service fee reduction	40						40
3	Restructure Phase1	387						387
4	Agile Working	45						45
5	Agile Working			258				258
6	Restructure phase 1	124						124
7	Treasury Management operations		50					50
8	Welfare Reforms			260				260
9	Review of transport arrangements			100				100
10	Income generation				300			300
11	Regeneration activity					300		300
12	Business process efficiencies		200	350	350	300		1,200
13	Total Savings Plan	596	250	968	650	600	0	3,064
14	Shortfall / Surplus(-)	0	300	-298	-8	-100	0	-106
			Delivered					
			Deliverable					
			Requires significant work/investment to deliver					