Shaping our Future-Transforming key processes Havant Borough Council

Introduction

The Councils are embarked on a transformation programme that is designed to bring about significant change in the way they function. The plan that was accepted by both Councils in July 2021 described the initial phase of the programme as being internally focussed; gathering insights into how the organisations function, and building the capacity for change. As this 'mobilisation' phase draws to a close, and as the 'redesign' phase begins, this paper outlines the changes in key corporate processes and describes the transition arrangements for moving from pre-existing systems to new ones, and any bridging arrangements that will need to be put in place to ensure that the Councils continue to function and deliver during the transformation period.

The Business Cycles of the Councils

The Target Operating Model (TOM) sets out a number of outcomes that the business cycles of the councils need to deliver:

- The goals of the councils are democratically determined and informed by local needs and aspirations.
- The vision describes how the Councils want things to be.
- The vision is broken down into objectives that measure the difference the Councils want to make to the lives of people living, visiting and doing business in their communities.
- Data and evidence help us to pinpoint and prioritise the areas where most effort is needed.
- Our resources are organised to meet our priorities.
- Our strategies and service plans are based on evidence about what works.
- We measure the impact of our efforts in the communities we serve so that we know if we are meeting our goals.

Achieving all this requires the development of several overlapping plans and interlinked activities, that meet the demands of each stage of the business cycle.

The goals, priority areas and target outcomes are contained in the **Corporate Plan.** This plan creates the 'golden thread' that should be traceable through all the activities in the councils as illustrated above.

The Corporate plan shapes the allocation of budgets and the development of service plans within the context of the 5-year, medium-term financial strategy. **Budget setting** however is an annual process that determines the overall council budget and the distribution of that budget to service areas. It should be developed from robust information that ensures the budget is deliverable. The managerial leadership of the Council, the Executive Board, plays a central role in ensuring this proposed distribution is based on evidence, to inform the Budget that is agreed to by the respective Councils.

Services then need to plan, within their budget envelopes, how they will go about meeting the aspirations of the corporate plan. A **service plan** provides clarity on what will be delivered, how and by whom. How staff will be equipped with the necessary knowledge and skills, how systems and processes will support delivery and how risks will be identified and mitigated. The plan should also identify how the service intends to improve year on year.

To ensure that the plan is adhered to and that people and teams are held accountable, a **performance management** system is used to track progress at the different levels of the organisation. It exists to track progress against tasks, monitor outcomes, assess the performance of staff, reward and recognise success and identify and mitigate difficulties.

The quality of these plans, and the clear view of the golden thread of goals and values that links them, has a determining influence on whether the original ambitions are achieved, whether improvements are delivered in communities. Regular reviews of the evidence of impact, learning about what works and what doesn't, as well as changes in aspirations and
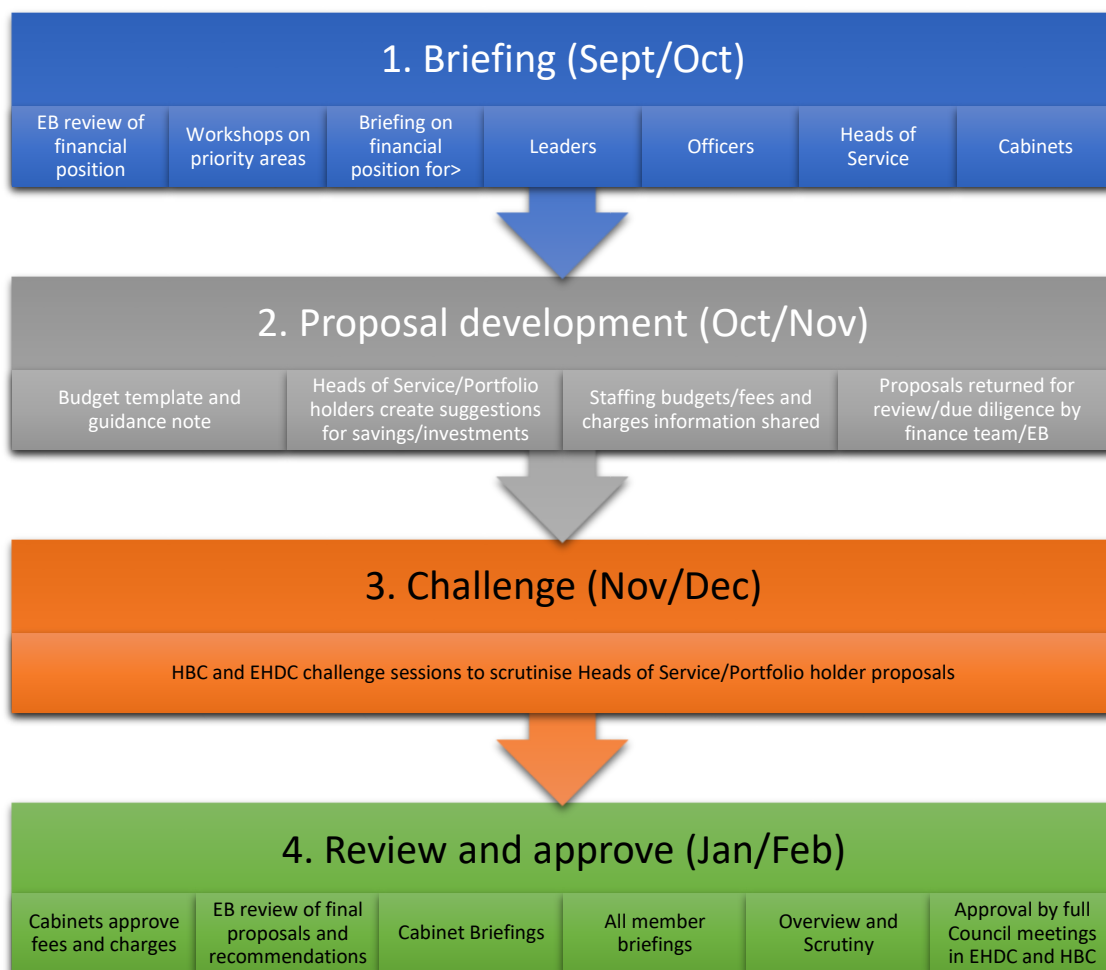
available resources triggers the process of review and adjustment of the plans, and the cycle starts again.

The Transformation Programme and the Business Cycle

To deliver better services and outcomes we need to have better systems and processes. Hence, improvement to elements and the links between elements of the business cycle, are a vital enabler of transformation.

The corporate planning process captures the councils' ambitions and has recently been refreshed in Havant to reflect the current priorities of theadministration. Work driven by the transformation programme has been undertaken to sharpen the objectives to ensure that they are measurable, and clearly cascade the priorities that have been developed by the administration through to the appropriate service areas and individuals.

A key area for improvement is the relationship between the Corporate Plans and the budget setting and service planning process. Traditionally the budget setting process has followed the following path and timeline.

1. Briefing (Sept/Oct)

| EB review of financial position | Workshops on priority areas | Briefing on financial position for> | Leaders | Officers | Heads of Service | Cabinets |

2. Proposal development (Oct/Nov)

| Budget template and guidance note | Heads of Service/Portfolio holders create suggestions for savings/investments | Staffing budgets/fees and charges information shared | Proposals returned for review/due diligence by finance team/EB |

3. Challenge (Nov/Dec)

HBC and EHDC challenge sessions to scrutinise Heads of Service/Portfolio holder proposals

4. Review and approve (Jan/Feb)

| Cabinets approve fees and charges | EB review of final proposals and recommendations | Cabinet Briefings | All member briefings | Overview and Scrutiny | Approval by full Council meetings in EHDC and HBC |

The process follows a logical sequence and consults and involves all the relevant stakeholders. However, the reliance on proposals for change being generated within services has the weakness of missing the broader consideration of how resources may need to move **between** services to deliver on the overall goals of the organisations, and to create headroom for the development of new services and initiatives to meet council goals. Furthermore, there is no consistent evidence base to assist the formation of budget proposals and, in particular, to link them to service plans and priorities.

To address this weakness, between July and November of 2021 considerable effort has gone in to the development of an evidence base for transformation, to provide the insights the Councils need to drive the maximum benefit from the partnership, and to undertake the work necessary to ensure the long term sustainability of the organisations into the future. All service areas have mapped on a matrix to answer two key questions.

1. How much of a priority is this service?
2. How efficient is this service?

The answer to these questions are informed as much as possible by data, evidence and standard methodologies:

The view of priority is informed by
1. The demonstrable link between the service and corporate objectives
2. A priority-based budgeting exercise that considers each service in relation to council priorities
3. A view of how the service relates to the Target Operating Model

The view of efficiency is informed by
1. A 'spans and layers' exercise; a 'span' is a description of how many people a manger manages in a service area and a 'layer' is a tier in the hierarchy. Hence where a service is under spanned and overlayered it is unlikely to be efficient.
2. Benchmarking: how a service compares with the equivalent service in other organisations for both cost and performance.
3. Activity based costing: is a view of how people spend their time in a service area, and the division between for example administration and service delivery
4. Historic cost budgeting: is a view of the history of the service from a financial point of view, has it for example been invested in previously or has it been subject to budget reductions?
5. Innovation potential: compared to best/next practice how modern is this service?
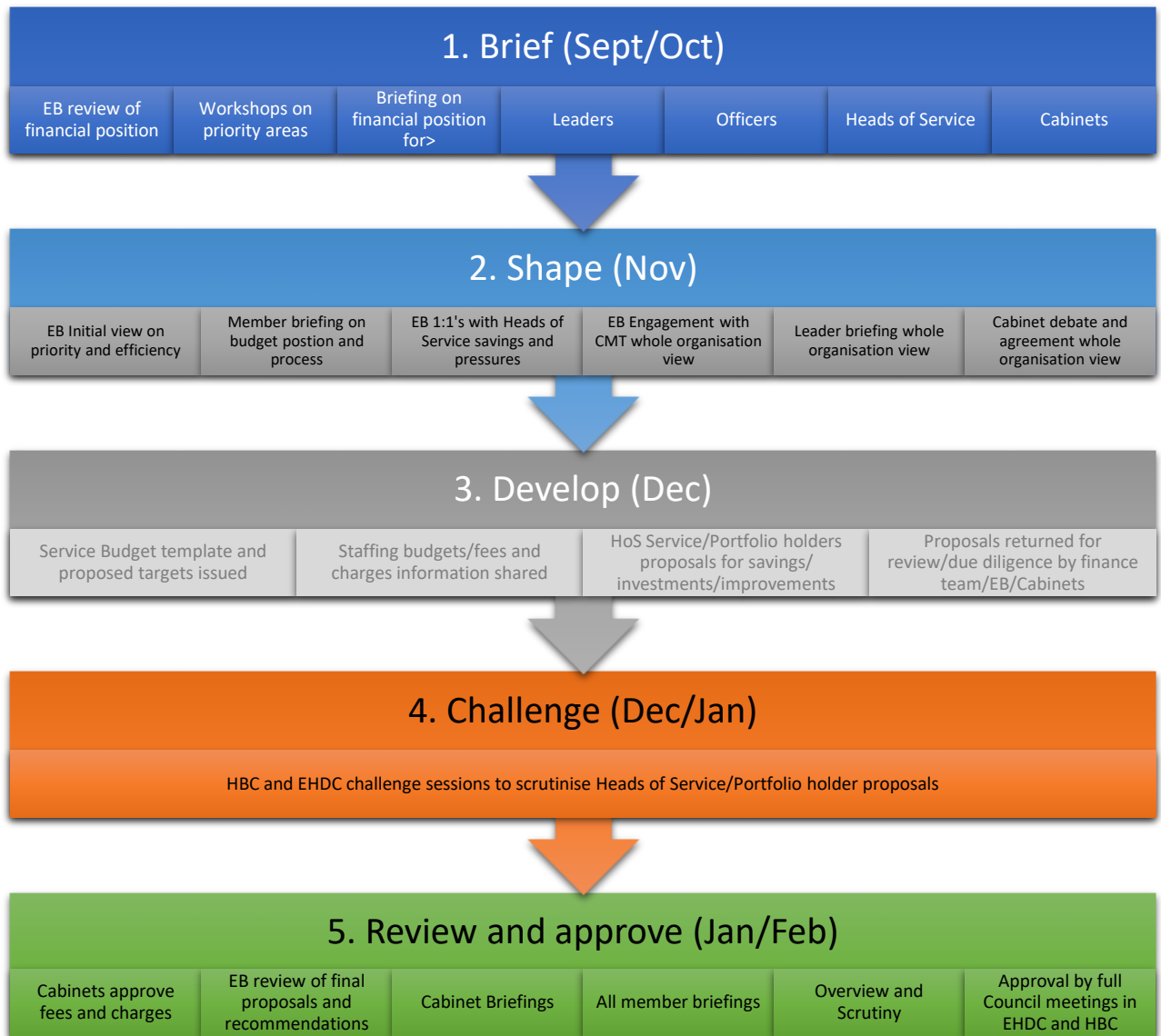
This gives an overall score for every service placing them into one of the four quadrants below which will direct the future direction for those services:
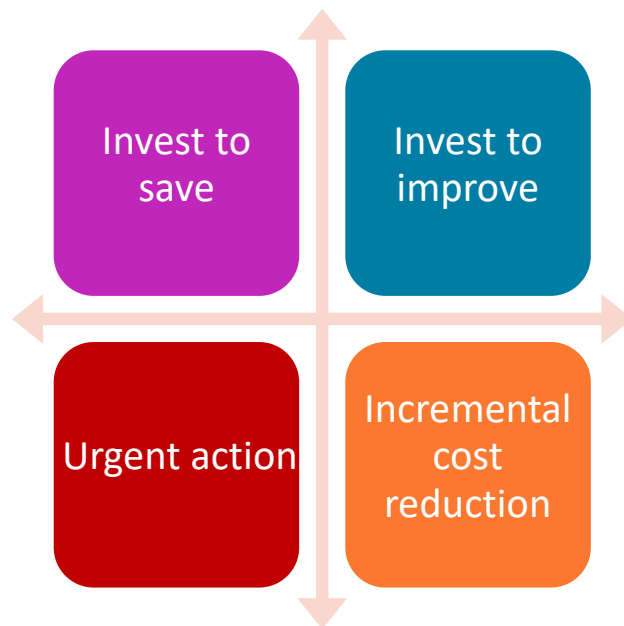
This information will be shared in the first instance with Heads of Service to ensure that the evidence base tells the right story and that the categorisation is the right one. Thereafter percentages will be applied to each category to reflect the overall financial position of the organisation. Low priority and low efficiency services will be targeted for significant savings, high priority services will be targeted for investment. The broad percentages will need to be adjusted based on individual circumstances, and these recommendations presented to Leaders, cabinet and portfolio holders and agreement reached prior to recommendations being made to overview and scrutiny and the Councils.

Changes to the budget setting process

Based on the need for a clearer link between strategy, priority and budget setting the proposal therefore is to insert an additional stage into the process, called 'shaping'. This new stage creates the opportunity to discuss and agree the allocation of resources, as a whole, over time, to reflect the priorities in the corporate plan.

1. Brief (Sept/Oct)

EB review of financial position	Workshops on priority areas	Briefing on financial position for>	Leaders	Officers	Heads of Service	Cabinets

2. Shape (Nov)

EB Initial view on priority and efficiency	Member briefing on budget postion and process	EB 1:1's with Heads of Service savings and pressures	EB Engagement with CMT whole organisation view	Leader briefing whole organisation view	Cabinet debate and agreement whole organisation view

3. Develop (Dec)

Service Budget template and proposed targets issued	Staffing budgets/fees and charges information shared	HoS Service/Portfolio holders proposals for savings/ investments/improvements	Proposals returned for review/due diligence by finance team/EB/Cabinets

4. Challenge (Dec/Jan)

HBC and EHDC challenge sessions to scrutinise Heads of Service/Portfolio holder proposals

5. Review and approve (Jan/Feb)

Cabinets approve fees and charges	EB review of final proposals and recommendations	Cabinet Briefings	All member briefings	Overview and Scrutiny	Approval by full Council meetings in EHDC and HBC

Combining the categorisation on the matrix with a whole organisation view, will enable members to determine which services they want to see invested in and which reduced to both increase efficiency and deliver priorities over a 3 year period.

A simplified diagram is given below to illustrate the methodology. Each disc on the diagram corresponds to the cost of the service and the two diagrams are a visual representation of how it is proposed the investment moves over time. Hence in the diagram below, service A which is considered low priority and inefficient sees its budget shrink over time and service D, high priority and efficient grows over time:

'As is' 22/23		To be between 23 and 26
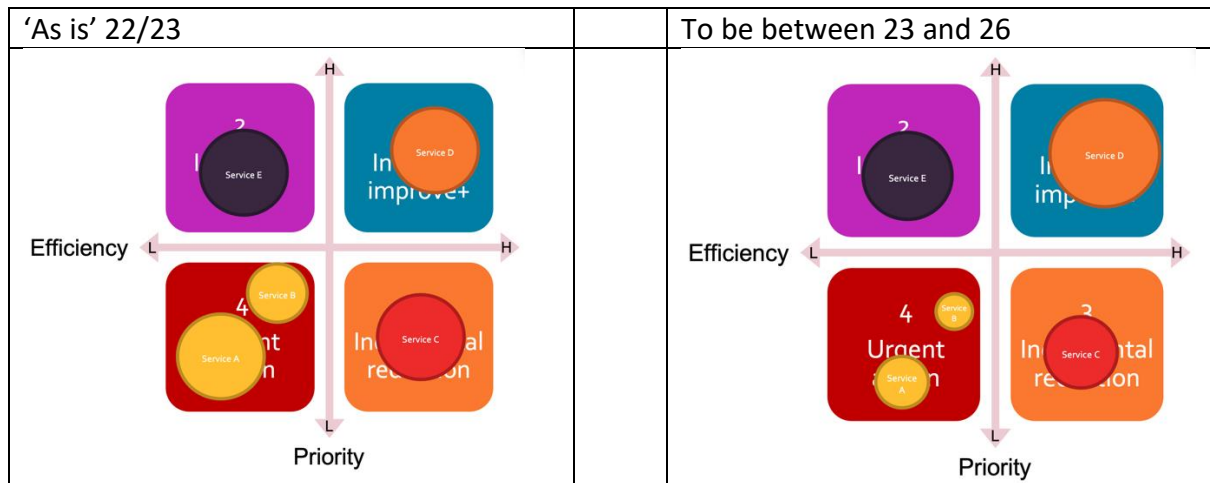
The work that has been completed over the summer and autumn of 2022 has created a draft categorisation for each cost centre and, based on this categorisation, a target has been proposed that sets out the trajectory for all services over a three year period, that taken as a whole delivers both efficiencies and objectives.

Changes to Service Planning and the introduction of the Applied Programme in Service Redesign

A vital component in the business cycle is that of service planning. It is at this level that priorities and objectives are converted into the delivery of services and strategies. Neither of the councils has a required approach or template for the leaders of services, neither gathers these plans together for scrutiny and review. The local government sector as a whole have moved considerably away from onerous requirements for services to produce highly detailed plans. It is important that the effort put into this is proportionate to the size of the organisation so that the cycle works in the service of the business, rather than the business working in the service of the cycle.
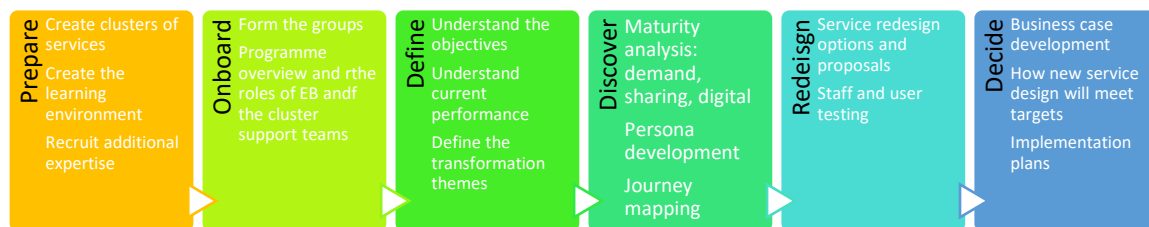
Nevertheless, heads of service and their direct reports should be able to demonstrate their thinking and answer key questions.

1. What is the purpose of your service, what outcomes is it trying to achieve and how do you know if you're being successful.
2. How does your service contribute to the objectives and priorities of the Council and to the target setting model?
3. What targets exist for the service overall? What targets exist for individual staff members to ensure their contribution is measured and rewarded?
4. How do you demonstrate the values of the organisation in the way that you lead the service?
5. How do you enable your staff to provide excellent services? What are your plans for workforce development how do you ensure that your systems and processes help delivery?

6. What are your plans for the improvement of your service? How will you understand the demand for your service and use that understanding in redesign work? What role my new technologies play in service improvement?
7. How do you identify risks in service delivery and how do you mitigate and manage those risks?

Whilst no particular change is needed in terms of requiring a lengthy and written service plan, it is proposed that the questions above form the basis of the conversation between corporate directors and heads of service. A major plank in the transformation programme is the development and delivery of the Applied Programme in Service Redesign, this is a modular and intensive learning programme that will result in a robust, long term transformation plan for each area of service that will enable the service to meet targets.

The stages in the development of this plan are delivered through a series of sprints illustrated below

Prepare	Onboard	Define	Discover	Redeisgn	Decide
Create clusters of services	Form the groups	Understand the objectives	Maturity analysis: demand, sharing, digital	Service redesign options and proposals	Business case development
Create the learning environment	Programme overview and rthe roles of EB andf the cluster support teams	Understand current performance	Persona development	Staff and user testing	How new service design will meet targets
Recruit additional expertise		Define the transformation themes	Journey mapping		Implementation plans

Changes to Performance management

The final element in the business cycle is the allocation to teams and individuals of a set of targets and tasks that ensure the organisations deliver services to the community that enable it to achieve stated goals and objectives. This is done through the performance management system. The councils have had for some time an approach to target setting and appraisal, however steps have been taken to strengthen this system through the adoption of a 'balanced scorecard' methodology.

The dimensions of the scorecard are illustrated and explained below
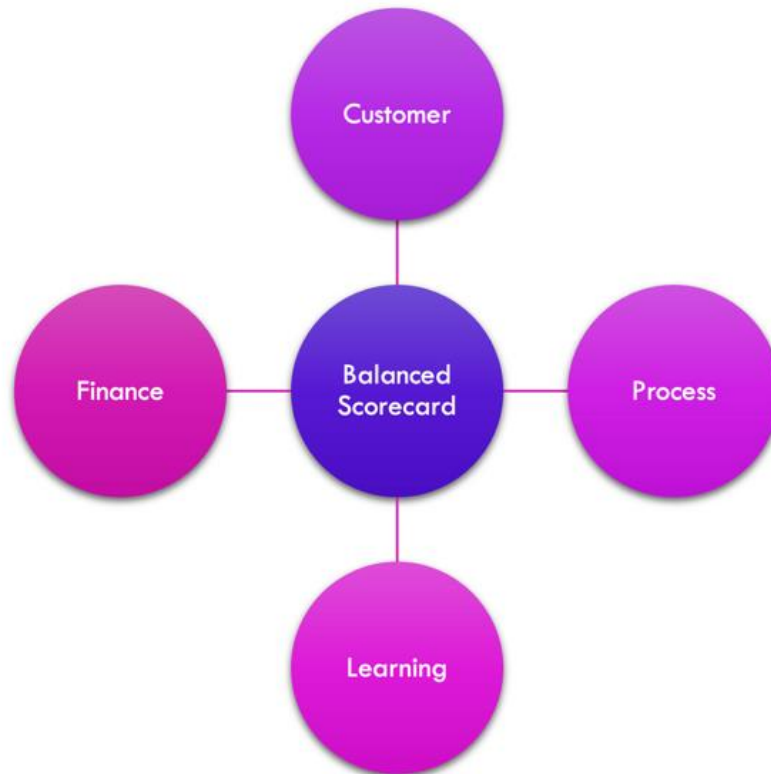
This asks the organisation to plan for and measure achievement across four dimensions:

- **Customer and Communities** – this looks at delivery from the perspective of our communities, residents and business, and the difference the Councils wish to make. It will contain measures that customers would recognise as meaningful to them.
- **Finance** – this recognises that the Councils need to be financially sustainable, both to ensure ongoing resilience, in the face of a continually changing environment, and to allow the flexibility to invest in areas where this will support achievement of strategic priorities. This is critical contact point between operational (business) planning, transformation and budget setting.
- **Internal processes** – this reflects the "way we do business" and will track movement towards the TOM. Work here is a key driver for both making the difference to customers and communities, and to financial sustainability.
- **Learning and Growth** – this represents delivery of the capability for achieving the goals of the organisation in terms of developing our people, IT architecture and other enabling elements.

This process ensures that targets are distributed logically and sequentially down through all of the levels of the organisation as illustrated below.

Corporate scorecard

Director scorecard

HoS scorecard
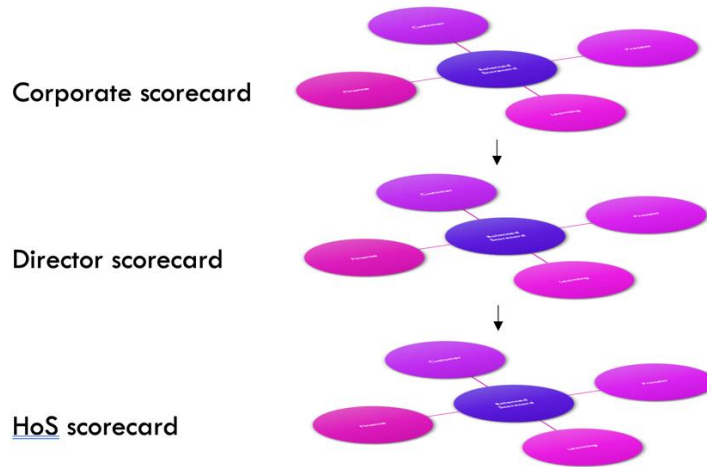
Conclusions

The transformation programme will impact on all areas of the councils' functioning. To do this effectively the initial focus has been on developing the data and evidence base that is required to deliver transformational activity. The existing processes of the Councils also need to change to establish a more effective business cycle. Changes to the budget setting process, to reflect the need for a whole organisation approach and to develop an evidence base are necessary now, to set challenges for the service redesign process. There needs to be an increased focus on effective service planning, not to create a bureaucratic process but rather to ensure that Heads of Service are fully exercising their role as strategic and transformation leaders in the organisation. The applied programme in service redesign will result in a comprehensive Service plan for each area and improvements to the performance management arrangements will make sure that we have adequate accountability at all levels of the organisation.