

Council Report

Ward(s) affected: All

Report of Managing Director and Head of Paid Service

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Future Guildford Transformation Programme

Executive Summary

This report sets out the Managing Director's/Head of Paid Service proposal, called Future Guildford, to reorganise our whole Council. Despite achieved savings, wise investments and effective financial management, the Council still faces significant funding challenges. To help meet these challenges, the Council needs to reorganise and transform the way it works and provides services.

This Council has previously delivered transformation through Fundamental Service Reviews, Lean Reviews and service redesign. These reviews have mainly been concentrated on one specific service area and have not looked at the synergies and opportunities across the whole organisation. Whilst these approaches have delivered significant savings, our financial challenges, customer expectations, the limitations of our ICT systems and infrastructure and the need to be more efficient, are demanding a new approach.

Future Guildford is a Council-wide approach, which proposes to reorganise our whole organisation. It is informed through the work of Ignite (management consultants) and is based on investing in our IT infrastructure, increasing customer self-service, better focus on commissioning and commercial opportunities, addressing issues of duplication and redesigning services to improve service delivery and be more efficient.

To achieve this, there will be a need to invest in the replacement of our ICT systems, potential redundancy costs (where, subject to consultation, redundancies take place), and implementation costs. The savings from this exercise will address the financial challenges faced by this Council and are set out in Section 9 of this report.

It should be noted that whilst Ignite provide the model and expertise to inform the approach, we will also be using our knowledge of our Council and borough. This will ensure a measured, balanced and appropriate approach for this Council. The project will be managed through the Project Board. Corporate Management Team will also monitor the project on a weekly basis and updates will be provided to the Executive.

The Overview and Scrutiny Committee will also be asked, within the recommendations of this report, to monitor progress of each stage of the implementation of the Blueprint (Future Guildford programme).

This report, including the Blueprint, was considered by the Overview and Scrutiny Committee at its special meeting held on 6 February 2019, and details of the matters raised at that meeting are included in this report. At its meeting on 19 February 2019, the Executive will also be considering the findings and analysis within this report taking into account the matters raised by the Overview and Scrutiny Committee. The Executive's comments and recommendations will be included in the Order Paper.

Recommendation to Council (26 February 2019):

- (1) That Option 1 be adopted, as described in the body of this report – that is, that the Managing Director be authorised, in consultation with the Leader of the Council, to take all necessary steps to develop the Future Guildford Programme, developing the opportunities and approach described in the Future Operating Model Blueprint (the “Blueprint”, attached as the “Not for Publication” **Appendix 7** to this report), in accordance with the accompanying timeframe, and undertaking appropriate consultation.
- (2) That the implementation budget described in Section 9 of this report be approved, and that the implementation costs be financed from the specific earmarked reserves referred to in paragraph 9.6 of this report.
- (3) That the Managing Director, in consultation with the Leader of the Council, be authorised:
 - (a) following appropriate consultation, to make a recommendation relating to the staffing structure and responsibilities of senior posts (that is, at Director level), to the Employment Committee; and
 - (b) to determine an appropriate recruitment strategy in consultation with the Employment Committee;
- (4) That the Employment Committee be authorised to determine who is appointed to the available posts referred to in paragraph 3 (a) above on the advice of the Managing Director.
- (5) That the Overview and Scrutiny Committee be requested to monitor progress of each stage of the implementation of the Future Guildford programme.

Reasons for Recommendation:

To improve the Council's services and customer care, modernise our services and systems, make us more efficient and deliver the savings required to address our financial challenges.

1. Purpose of Report

- 1.1 This report sets out Future Guildford, which is the Managing Director's/Head of Paid Service's proposed approach for reorganising the whole Council. This aims to:

- improve our services and customer care
- future proof our organisation
- modernise our services and systems
- make us more efficient
- deliver savings required and address our financial challenges and budget gap
- create an environment where there are better development opportunities for staff
- develop our culture into one that collectively adapts and changes to address the various challenges and issues facing us.

1.2 A great deal of work has gone into informing the proposals. Ignite, the Council's appointed management consultants, were commissioned to carry out two reports/projects. These were the Opportunities Assessment¹ and the Blueprint (see **Appendix 7**). Our own Business Improvement Team and our staff from across the whole organisation, at all levels, have been involved and provided the information used by Ignite to inform their recommendations and suggested actions. The report sets out the issues and findings and provides recommendations for implementing Future Guildford.

1.3 As **Appendix 7** (the Blueprint) contains information which the Monitoring Officer deems is exempt from publication by virtue of paragraphs 3 and 4² of Part 1 of Schedule 12A to the Local Government Act 1972, it is set out in full for councillors' consideration in the pink pages on this agenda.

1.4 As discussion of the Blueprint will form the main consideration of this matter, the Council is invited to consider passing the following resolution:

"That under Section 100A(4) of the Local Government Act 1972 (as amended), the public be excluded from the meeting for consideration of this matter on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 4 of Part 1 of Schedule 12A to the Act."

2. Strategic Priorities

2.1 Overall, the Future Guildford project will ensure that the Council is best placed to meet and deliver the themes, priorities and projects within our Corporate Plan

¹ The Opportunities Assessment is not included as an Appendix because the original figures have now been updated in the Blueprint

² Paragraph 3 refers to "information relating to the financial or business affairs of any particular person (including the authority holding that information)"; and Paragraph 4 refers to "information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority..... and employees of, or office holders under, the authority."

2018-2023. We aim to improve our services, making it easier for the customer to access them, deliver the projects we have said we would, become more efficient, and address the financial challenges that we face.

- 2.2 A key element of the Future Guildford approach is the investment in and development of our information technology. This relates to our theme of 'Innovation' where we have stated that we will be "using innovation, technology and new ways of working to improve value for money and efficiency in Council services".

3. Background

- 3.1 Previous approaches to identifying savings and efficiencies at this Council have included service challenge sessions (where a senior manager presented savings proposals to the Chief Executive, Leader and Finance Director, known as 'Star Chamber' sessions), Fundamental Service Reviews (FSR), general service redesigns and Lean Reviews (a management approach looking to improve processes to deliver value and reduce inefficiency). We have already delivered savings to the value of £10 million from 2013 - 2018. A Transformation programme called 'Channels for Change', based primarily on the FSR approach, has been in existence since 2016. It has, however, been concluded by the Managing Director that this approach will not deliver the level of improvements and savings required by the Council at the pace required to balance our budget over the next four years. This is not a criticism of the decisions and actions made in the past. They were made for the right reasons at that time and have generally been successful and effective. It is simply the case that the current and forthcoming challenges require a different, more structured, comprehensive and Council-wide approach.
- 3.2 Some FSRs and service reviews were carried out smoothly and delivered in a timely fashion. Others have been delayed, for a number of legitimate reasons, and have not achieved the savings and efficiencies that were originally planned. This was identified by the Local Government Association (LGA), during our Corporate Peer Review in December 2017, and has been noted by Grant Thornton (our External Auditors) in their audit findings report and annual audit letter to the Council during 2018. The FSRs have also tended to only look at the service itself. Synergies and opportunities with other internal services and joint working with other councils or organisations have not always been developed further. This has led to a situation where a silo culture continues within some parts of the organisation and we have gone as far as we can with releasing savings in this way. In addition, as we know, local government faces considerable and continuing financial challenges, nationally and locally at Surrey County Council. It is accepted that we must all look at how we will need to work closer together, at service level and consider wider partnerships and future models as a local authority. It is therefore important that we ensure we are as efficient as we can be now, and look at all opportunities for partnership working with other councils going forward.
- 3.3 It was also becoming very clear that we did not have a Council-wide culture that accepts and encourages change. In some areas, the resistance to accept corporate direction has led to frustrations for staff, managers and councillors and

has wasted valuable time. Future Guildford provides the opportunity to address and improve this.

- 3.4 Ignite have carried out a detailed review of our ICT systems and have concluded that they are not fit for purpose now or for the future. This view is confirmed by our ICT Manager. A review of our technology has found that:
- customer self-service is a patchwork quilt of separate solutions with 3-4 logins and 8-9 varying user interfaces
 - there is no contact management software offering queue management and no master customer record providing a joined up view of the customer
 - Customer Service Centre (CSC) staff have to refer to and directly enter cases into 14 separate systems, and they are not yet covering the full range of our services
 - there are 23 published telephone numbers for services
 - out of 51 in-house systems identified, 30 relate to support services
 - finance has 20 in-house data bases/systems with significant off-system working and have 13 suspense accounts requiring reconciling which requires significant manual effort
 - Human Resources (HR) has a system but leave, sickness, time, performance and recruitment are all managed outside of that system.
- 3.5 Ignite have also carried out a thorough review of our service activities and business processes across the organisation, with the help of staff within each service. The review indicates that there is too much duplication. It identified that we have shadow service IT teams within services operating outside of the corporate ICT team, several enforcement teams doing similar roles across the organisation, different community facing teams spread out across the Council, some teams still receiving direct calls from the public when we have an established CSC and a number of separate teams arranging events.
- 3.6 The Customer Service Centre team was created some years ago to provide a first point of contact for members of the public and who could deal with a range of general queries first time. The current service performs well dealing with 137,568 calls over the last 12 months of which 87.5% were answered within three rings. They also handled over 20,000 visitors to reception and dealt with 11,500 email enquiries. Their role has grown and they now deal with Parking permits, triage Licensing and Planning calls, process all Housing Benefit and Council Tax applications at Reception as well as queries for Refuse, Recycling and Street Cleaning. The aim of Future Guildford is to grow this service.
- 3.7 We have examples of excellent service provision but we also have some areas where there is a need to refresh and improve customer care. Staff do work hard but the processes are often inefficient because of poor supporting systems and structure. Future Guildford seeks to address all of these issues.
- 3.8 We have outsourced areas of our service provision including Guildford Spectrum and the operation of The Electric Theatre and G Live. We also have a history of in-house teams providing the majority of our services in waste, street cleansing, community services and parks and countryside. Whilst these in-house services

generally perform very well, Future Guildford provides the opportunity to review the provision of these services and explore options for different operating models (e.g. trading company or outsourcing).

- 3.9 The General Fund Budget reports, presented to the Joint Executive Advisory Board in November 2018 and Executive in January 2019, identifies that over the medium term period from 2019 to 2023 the Council is projecting a gap between income and expenditure of about £10 million. Sensitivity analysis has concluded that the range of the gap is between £6million and £13 million.
- 3.10 The cause of the gap is set out in the Chief Finance Officer's (CFO) statutory report (see Appendix 1 to the General Fund Budget report). The Council no longer gets a general funding grant from the Government and the principal causes of the gap are:
- reduction in the Council's settlement funding assessment and therefore net retained business rate income due to the government's fair funding review
 - removal of business rate growth received since 2013 under the business rate retention scheme as a result of 'resetting' the business rates system as part of the Government's business rate reforms
 - removal of nearly £2million of base budget funding from the new homes bonus and business rate retention levy due to future uncertainty surrounding the income streams
 - increase in revenue debt servicing costs and interest charges arising from the Council's capital programme
- 3.11 The medium term financial plan projects that £5 million of the gap will occur in 2020-21 principally due to the first 3 bullet points listed in paragraph 3.10 above. This means that the timescale for developing detailed proposals to address the shortfall is compressing and action needs to be taken now to ensure that the Council does not need to make any unplanned use of reserves to balance its budget or fund any unplanned over spends.
- 3.12 The Council's external auditors, Grant Thornton, have audited the Council's medium term budget projections as part of their annual value for money review (see **Appendix 1**).

4. Our Management Consultants - Ignite

- 4.1 We have used a number of management consultants in the past on various reviews across the Council including Alexanders (Lean Reviews across the council), and PWC for the HR review last year. Whilst results and improvements have been delivered, it is felt that not all of the opportunities highlighted were always implemented by this Council. Again, this was due to a number of issues relevant to the time those decisions were made.
- 4.2 Ignite initially came to our attention because they were working in Tandridge District Council. Ignite provide a mix of management consultancy, technology and process redesign, whole organisation culture change and have a good track record and ability to stimulate and prompt change. The following list identifies

councils where Ignite have supported significant savings in staff costs and the percentage saving achieved, or in the process of being achieved: Wokingham (14%), Eastleigh (20%), Maldon (13%), South Somerset (22%), Tandridge (16%), South Hams and West Devon (28%) and Taunton Deane and West Somerset (15%).

- 4.3 We have also carried out further detailed research into the projects Ignite have been working on. This has included discussions with senior staff from Tandridge District Council about their experiences. Our Business Improvement Manager and the Managing Director also met with the Director who managed the implementation of the model at Eastleigh. Unison, whilst obviously concerned about our staff, have understood the issues relating to why the approach is required here. They agreed to do some research for the Managing Director across the authorities where Ignite and other similar models have been implemented and have provided really useful information. Our Director of Finance has also been in discussions with the relevant officer at Wokingham and Wokingham staff have now visited our Business Improvement Team. They were very positive about the process they have been through and confirmed that significant savings and improvements are being delivered.

The Ignite Model

- 4.4 The model seeks to simplify the way an organisation works through aligning the structure through Customer Management, Case Management and Specialists (setting policy, strategy/planning, statutory adherence and high complexity processing).
- 4.5 Part of the Ignite Future Model means moving as many of a council's activities as possible to 'self-serve'. This means supporting residents, businesses and internal customers to do as much as they can themselves through more efficient and easier to use online processes, that they can access 24/7. Systems are vitally important to allow customer self-service, and efficient processes. Investment in these systems is required and the priorities for this investment include:
- enterprise resource planning (ERP) system that will replace the existing finance and human resources systems, which neither allow staff to self-serve nor provide the management features that an organisation of the size and ambition of GBC requires.
 - online forms and portal to enable customers to apply, report, book and pay for services online and track those services through to resolution.
 - customer relationship management (CRM) system that is integrated with the online forms and provides a central customer record. The CRM will provide the frontline Customer Service Team with a single system through which incoming customer requests across different channels can be managed.
 - workflow that will mean that casework created online is delivered to the new teams through electronic work queues that can be managed in a consistent manner across all key services. Managers of multi-skilled teams will be able to run reports from the single workflow system to view work volumes and performance across all services for which they are responsible.

- 4.6 The model recognises that for some people and some processes, there will be a need for more support. When processes are relatively straightforward, but still require someone to help, then this will be carried out by Case Owners. They play a vital role in delivering services to internal and external customers. They are the owner of the case and single point of contact for the customer, their role will be to see a case through to completion. They can manage cases for different services, rather than just for a single service.
- 4.7 The model is designed to use specialist knowledge only for the most complex of cases. The Specialists provide customer focused specialist advice within the Council and externally.
- 4.8 The Model is shown in Figure 1 of the Summary within the Blueprint (see **Appendix 7**).

The scope and cost of the commission

- 4.9 The Managing Director outlined to Ignite that we have:
- an £8 million gap (as at May 2018) over the next three/four years,
 - that our FSR process was very 'one service centric' and that we had not made the most of links to other services
 - our ICT systems were not allowing us to be as efficient as we could be
 - we wanted to improve our customer service and still had duplication in services across the organisation.
- 4.10 Ignite agreed to propose how we could address this range of issues and wrote to the Managing Director in May 2018 and confirmed the scope of review whilst stating:

"Guildford Borough Council is seeking to extend their understanding of the potential for the implementation of a fresh, customer centric operating Model.

Guildford is facing significant challenges across a number of fronts. Whilst the most significant challenge is financial, you will also be looking to improve service to a new generation of customers, building your capability to engage with an ever increasingly technology capable population and rapidly shifting demographic. This broad combination of challenges necessitates a radical review of the way Guildford currently operates – an operating model that delivers a customer centric, effective and efficient way of providing local government services."

- 4.11 We commissioned Ignite on a fixed price basis £10,000 for the Opportunity Assessment (identifying the scope for savings) and £60,000 for the Blueprint (outlining how we can restructure the organisation, improve and remodel our services and address our financial challenges). This is the amount paid to date in 2018-19. Both areas of work were accepted and it should be noted that given the huge amount of work and site attendance and meetings Ignite have undertaken, this is considered to have been excellent value for money.

5. Actions taken so far

5.1 Ignite, with our Business Improvement Team, have carried out a huge amount of work gathering information and data/benchmarking and have also provided the following sessions with our staff:

- Finance meetings gathering the relevant financial information about all of our services
- ICT meetings looking at our current ICT systems and future needs
- Workshops with our 34 service representatives gathering data that was used for the Opportunity Assessment report
- Service Leader session
- Service Challenge sessions with each Service Leader – presentations to a panel consisting of the Managing Director, Ignite, Director of Finance, Chief Internal Auditor and Councillor Gordon Jackson one and a half days, Councillor Paul Spooner one day
- Further ICT sessions with Council system administrators
- Change and Culture workshop with service representatives
- 'Illuminate sessions' (looking at specific processes) with service representatives and internal users

5.2 As well as involving our staff in helping to shape our Council's future, councillor involvement is also very important to the success of the project. The Leader of the Council has been involved in the discussions and meetings with Ignite throughout the process to date. The Lead Councillor for Innovation and Transformation has also been involved in the Service Challenge sessions. Councillor workshops and relevant committee meetings have all been arranged:

- Ignite session with the Executive, 27 November 2018
- All Councillor workshop with Ignite, 21 January 2019
- Overview and Scrutiny Committee, 6 February 2019, to which all councillors were invited.
- Executive, 19 February 2019.
- Full Council, 26 February 2019.

5.3 Effective communication is key to the success of this reorganisation. A communications strategy and activities plan has been produced (see **Appendix 2**). As part of the on-going engagement, the Managing Director has also set up a blog for passing on messages and receiving questions/supplying responses, emailed updates to staff and councillors, had 1:2:1 meetings with staff when requested, set up regular meeting spots with staff in 2019 and has started discussions with Unison.

5.4 We have also commissioned external legal advisers to provide support by reviewing the employment terms and conditions, and advising on the ways to approach the transformation process in relation to employment legislation.

5.5 Two risk registers are attached in **Appendices 3 and 4**. They cover the risks involved in both the proposed Future Guildford project and a comparison with our current service and lean review transformation programme. Although the objectives for both are the same, Future Guildford takes a holistic approach to

identify the potential opportunities and savings across the whole of the Council while the service and lean reviews are very specific to individual services. The service reviews do identify savings and efficiencies but the silo working culture discourages cross-service thinking and solutions and therefore opportunities for making bigger savings, efficiencies and improvements can be missed.

- 5.6 The Future Guildford project is sponsored by James Whiteman, Head of Paid Service and Councillor Paul Spooner, Leader of the Council. The Project Board membership is set out in **Appendix 5**. We will be involving councillors both formally in project teams and informally to discuss specific issues. We will also be recommending that the Overview and Scrutiny Committee should be involved in monitoring progress of each stage of the implementation of the Blueprint.

6. Consultations

- 6.1 Formal consultation with staff and Unison will take place, in accordance with our procedures and employment legislation, as each relevant stage of implementation is delivered.
- 6.2 There may be a requirement to consult with the public where there is a statutory need or requirement when redesigning some of the services. This will be taken into consideration as part of each service review during implementation.

7. Overview and Scrutiny Committee comment

- 7.1 A special meeting of the Overview and Scrutiny Committee, to which all councillors were invited, met on 6 February 2019 to discuss Future Guildford. The following matters were raised at the meeting:
- The difficulties of undertaking a simultaneous cost-saving and structural re-think, the robustness of the evidence base for the projected savings, and whether cost or function was driving the change.
 - The need for a flexible and supportive approach to customer channel shift.
 - Potential efficiencies and improvements from redesigning work processes and the use of Ignite's process redesigns from other local authorities.
 - The need to adapt our decision-making processes to the structural changes arising from the Future Guildford transformation
 - The investment options for the technology components of the transformation and the impracticality of the Council developing its own systems to save future oncosts.
 - The Committee requested the full list of savings proposed under the categories of non-staff saving, service reduction and commercial services which totals £6.3 million of the proposed savings.³

³ The list of strategic reduction and commercialisation provides a full list of ideas put forward by service managers as part of the 'service challenge' process. The list is set out as *Appendix n* to the Future Guildford Blueprint. Each manager was asked to identify how they would save money in their areas which the service challenge panel evaluated. As set out in paragraph 9.2 below, in order to assess the deliverability of the proposals, officers and Ignite have weighted the savings proposed by their probability of achievement. This means that those savings that are accepted will be likely to over achieve the amount provided, whilst other savings that are not implemented will be underachieved. Each proposal will be

- The possibility of changing the fixed price consultancy contract with Ignite to a turnkey contract.
- The value in achieving the Future Guildford transformation prior to undertaking any shared service arrangement or similar co-operation with other local authorities.
- The timeframe for implementing the three phases of the transformation and the role of the Overview and Scrutiny Committee in monitoring progress.

7.2 The above issues were either addressed/answered in full at the meeting or will be noted and considered as part of the implementation of the Blueprint.

8. Equality and Diversity Implications

8.1 The Screening Equality Impact Assessment is set out in **Appendix 6**. At this stage, no further action is required but as each phase is developed, a further assessment will be carried out.

9. Financial Implications

9.1 The Blueprint set out at **Appendix 7** is a detailed business case set out over 123 pages. The summary on page 9 of the Appendix within the Blueprint sets out the savings envisaged by the Future Guildford project. More detail regarding the savings and the payback period can be found in section 6 of the report and within appendices, which can be obtained from Business Improvement on request. However, the Future Guildford Project is not just a cost saving exercise alone. It creates the opportunity to future proof our services by improving our ICT systems, giving our residents and customers the platform to self-serve, creating efficiencies in both back office and front line service delivery, which will create efficiency and resource savings including staff across the Council.

9.2 The total savings identified are in excess of £20 million; however, taking into account the weighted probability of achieving the savings it is considered that on-going savings of £10.1 million are achievable over the four-year period. The Director of Finance has reviewed the savings proposed and the probability of their achievement. Some of the savings have already been included within the Council's medium term financial plan and so the net additional savings identified are £9.5 million by 2022-23 as set out on page 78 of the Blueprint. The savings set out below are envisaged weighted savings. At this stage it is not possible to set out the split of the savings in relation to the HRA from the General Fund, this split will come with further design and analysis of the future model. In addition, the Director of Finance recommends that once the split is established that a 20 percent under achievement contingency allowance is included in the Council's medium term financial plan. A summary of the savings is set out below:

subject to further consultation and decision making by the Future Guildford Project Board before implementation.

| Weighted revenue savings (excluding existing MTFP items) | | | | | |
|--|------------------|--------------------|--------------------|--------------------|---------------------|
| Opportunity type | 2018 - 2019 | 2019 - 2020 | 2020 - 2021 | 2021 - 2022 | 2022 - 2023 |
| Future Model | £0 | -£417,000 | -£2,250,000 | -£4,500,000 | -£4,500,000 |
| Non staff efficiency | -£321,134 | -£857,257 | -£1,209,011 | -£1,859,011 | -£1,869,011 |
| Strategy based reduction | -£145,207 | -£1,267,975 | -£1,953,454 | -£2,236,508 | -£2,476,508 |
| Commercialisation | -£288,675 | -£650,100 | -£865,575 | -£1,108,265 | -£1,273,690 |
| TOTAL | -£755,016 | -£3,192,332 | -£6,278,040 | -£9,703,784 | -£10,119,209 |
| Increased tech revenue | | £337,500 | £626,000 | £626,000 | £626,000 |
| Grand Total | -£755,016 | -£2,854,832 | -£5,652,040 | -£9,077,784 | -£9,493,209 |

***Note** – The Increased tech revenue in the table above represents the predicted on going costs of the ICT implementation programme

- 9.3 Within the summary on page 9 of the Blueprint report, the costs of implementing the proposed approach are set out. The future model set out in the Blueprint requires a significant investment in ICT to implement the new and updated systems the Council needs to deliver services into the future. In order to deliver the scale of the ICT investment and bring the systems into use, along with re-engineering the business processes used by staff, it is proposed to create an implementation team who will deliver the changes at the pace required to deliver the savings for the Council's medium term financial plan.
- 9.4 The implementation plan and costs are set out in section 6 of the Blueprint and the proposed structure of the implementation team is set out on pages 77 and 78. The Director of Finance has reviewed the cost estimates, which are summarised below. You will note that there is a difference between what we have paid Ignite to date, as detailed in paragraph 4.11 and the figure shown in the table below (£101,650). The figure in the 2018-19 forecast (£101,650) was based on an assumption that the implementation phase would start in December 2018 but only the commissioning costs have been paid to date.

| Costs | Forecast costs | | | | | TOTAL |
|-----------------------|-----------------|-------------------|-------------------|-----------------|-------------|--------------------|
| | 2018 - 2019 | 2019 - 2020 | 2020 - 2021 | 2021 - 2022 | 2022 - 2023 | |
| Technology (new) | £0 | £462,500 | £130,000 | £0 | £0 | £592,500 |
| Team - Ignite | £101,650 | £1,011,600 | £321,150 | £36,000 | £0 | £1,470,400 |
| Team - contractors | £155,960 | £1,390,320 | £1,930,620 | £235,000 | £0 | £3,711,900 |
| Teckal & Trust set up | £0 | £430,000 | £1,862,100 | £0 | £0 | £2,292,100 |
| Contingency | £25,000 | £500,000 | £640,000 | £25,000 | £0 | £1,190,000 |
| Redundancy | £0 | £1,850,000 | £2,250,000 | £0 | £0 | £4,100,000 |
| Grand Total | £282,610 | £5,644,420 | £7,133,870 | £296,000 | £0 | £13,356,900 |

- 9.5 Whilst the technology and implementation costs can be reasonably estimated, the contingency costs are less certain. As the final outcome and individuals are not yet known, redundancy estimates for every member of staff have been calculated as part of the Blueprint. It is not envisaged that this number of potential redundancies will need to be made, and any potential redundancy will be subject to appropriate consultation with staff. The costs included above are

based on an average cost of redundancy across the organisation, and are subject to change depending on the final outcome.

- 9.6 The payback period on the investment required to deliver Future Guildford and the achievement of the savings is estimated to be between 2 and 3 years. So that the Council can recognise the full savings within its medium term budget, the Director of Finance proposes that the implementation costs are pump primed from reserves as follows:

| Reserve to be utilised to fund Future Guildford implementation | Amount |
|---|----------------------|
| Invest to Save reserve | £2.7 million |
| ICT renewals reserve | £0.6 million |
| Budget pressures reserve | £2.2 million |
| Business rates equalisation reserve | £4.5 million |
| Car parks maintenance reserve | £1.0 million |
| Carried forward items reserve (unused) | £0.5 million |
| Interest rate movements reserve | £0.8 million |
| Capital movements reserve | £0.3 million |
| Legal actions reserve | £0.5 million |
| Job evaluation reserve | £0.3 million |
| Total | £13.4 million |

- 9.7 The general fund budget report anticipates that prior to Future Guildford, general fund revenue reserves are expected to be £40 million by 2023. Therefore, following implementation of Future Guildford, and use of reserves as set out above, the Council's general fund revenue reserves are anticipated to total £27 million by 2023, which our financial risk register shows is still adequate to meet the operating needs of the Council.
- 9.8 It is anticipated that following the implementation, the balances on the above reserves will be nil with the exception of the car parks maintenance reserve which should have a remaining balance of £3 million (which is considered adequate to undertake future maintenance and improvement of our car parks).

10. Legal Implications

- 10.1 The Managing Director, as Head of Paid Service, has a statutory responsibility in relation to the organisation of the Council, its staff, their appointment and management, and the number and grades of those staff – alongside holding an overall responsibility for the coordination of the resources needed to do so. In particular, the Managing Director has a duty to prepare and report on proposals for such staff and resources, to full Council, and the Council has a duty to provide such staff, accommodation and other resources as the Managing Director considers sufficient. The Local Government Act 1999, section 3, requires that continuous improvement is made in the way in which the Council's functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

- 10.2 This report seeks authorisation for the implementation of the Future Guildford project, and the provision of the resources required for its delivery. It does not, however, constitute a report which seeks to determine staffing matters, such as the number of posts, or a desired structure, or terms and conditions. Such matters shall be the subject of engagement and consultation with staff and other stakeholders, such as UNISON, as appropriate, and will be the subject of individual decisions.
- 10.3 The Blueprint envisages a programme of procurement in relation to goods and services (for example, in the context of the Council's ICT provision). The procurement exercises will be run in accordance with the Council's Procurement Procedure Rules.

11. Human Resource Implications

- 11.1 The Future Guildford Programme introduces a completely new way of working for staff and will result in the restructuring of teams and services as well as the introduction of new roles, which will be subject to full consultation. Proposed changes to working practices will be fundamental leading to the development of new skills and behaviours amongst the workforce as the organisation transforms through culture change. Development needs will be assessed and then met by a variety of methods alongside the provision of a number of supporting change initiatives and workshops. These will be provided using both internal and external resources, with the Organisational Development team working closely with the HR team to deliver these.
- 11.2 It is likely to be the case that headcount reductions of approximately 14% will be generated as a result of the restructuring, with most of these being redundancy situations. In a redundancy situation, staff will require financial information and guidance on redeployment opportunities with a programme of outplacement support tailored to their individual need. The HR team will provide advice and manage these processes and use local government networks and employment agencies to assist with job searches. If the review leads to the development of a trading company or outsourcing of some of our services then this is likely to result in a large-scale TUPE exercise as a number of services move into a commercial delivery model or new contractor. The TUPE process will require HR support prior to transfer and ongoing HR expertise in managing a post transfer workforce for which additional HR resource may be needed.
- 11.3 The timescales for the programme and the level of HR resource required to manage consultation processes, consult on, and co-ordinate recruitment and selection processes, consult on and implement proposed changes to contractual terms, foster good industrial relations through Unison involvement, manage grievances and disputes, provide employee support and HR advice at all stages, will be significant. The Managing Director and HR Manager will assess resourcing requirements throughout the implementation of the programme and procure additional HR resource to assist the existing HR team as necessary.

12. Summary of Options

- 12.1 Option 1 – Future Guildford. This option is the proposed implementation of the Blueprint, as set out in **Appendix 7**, under the heading of Future Guildford. This proposal sets out to reorganise the whole Council and our ways of working. This will be achieved through investing in our ICT systems, implementing Ignite’s model alongside other efficiencies and approaches. This will result in improved customer care and services, making us more efficient, and delivering the savings required to address the financial challenges facing us. This approach provides a structured, timetabled and appropriately resourced approach to addressing the number of issues required. The risks are set out in the document in **Appendix 3**.
- 12.2 Option 2 – Continue with the Channels for Change approach. This current approach involves the use of FSRs, and a general, one service centric approach to reviews. Whilst it has delivered significant savings in the past, we have not met our savings targets recently and it is felt that this approach is no longer able to deliver the level of savings we need within the timescales required. It is also felt that this approach would not enable the Council to address the necessary cultural changes, efficiencies and improvements required. The risks are set out in the document in **Appendix 4**.
- 12.3 Option 1 is therefore the recommended approach.

13. Conclusion

- 13.1 It is clear that this Council faces a number of challenges. Our residents, businesses, customers and visitors have developing expectations about how they make use of our services and make contact with us. We can see from the work Ignite have carried out, and our own internal assessments that despite the current improvement programme our ICT systems are in need of investment and development to address these requirements and expectations.
- 13.2 The financial challenges and related budget gap also require us to review the structure of our Council and our methods of working and models of service provision.
- 13.3 The Blueprint provides a structured and planned approach of looking at the whole Council and delivering the level of change required. This requires significant investment in new ICT systems, implementing change and new processes and service models, and cost relating to potential redundancies.
- 13.4 The sensitivities in relation to the level of proposed staff reduction are understood but the need for this level of change, savings and efficiencies cannot be avoided. If we do not plan and look at issues in a structured, informed way now, it is likely that this will result in urgent, unplanned and unstructured action at a later date and we will not have introduced the improvements to our services that are possible through Future Guildford. This would not be fair or helpful to our customers, residents, or staff.
- 13.5 All of the planning to date is to ensure that the process will be managed correctly and appropriately. We will continue to communicate with our staff as we

progress and will consult with them in accordance with our employment legislation and policies and procedures. We will also continue to communicate with our residents and customers (and consult as required) as the change is proposed and implemented. We will use our knowledge of our Council and borough to implement change that is measured, balanced and appropriate for this organisation. We provide a wide range of vital services that our community rely on. This is not just a cost cutting exercise. It is an approach that aims to address the many challenges and improve this Council for the future.

14. Background Papers

None

15. Appendices

- Appendix 1: Grant Thornton report
- Appendix 2: Communication Strategy for Future Guildford
- Appendix 3: Risk Register for Future Guildford
- Appendix 4: Risk Register for Channels for Change
- Appendix 5: Project Board Membership
- Appendix 6: Screening Equality Impact Assessment
- Appendix 7: Future Operating Model Blueprint (referred to as the Blueprint in this report), Ignite Consulting (EXEMPT FROM PUBLICATION BY VIRTUE OF PARAGRAPHS 3 AND 4 OF PART 1 OF SCHEDULE 12A TO THE LOCAL GOVERNMENT ACT 1972)