

Executive Board
20 July 2021

Subject:	Transformation and Improvement Update
Corporate Director(s)/Director(s):	Clive Heaphy, Interim Corporate Director of Finance and Resources Catherine Underwood, Corporate Director of People
Portfolio Holder(s):	Councillor David Mellen, Leader of the Council Councillor Rebecca Langton, Portfolio Holder for Skills, Growth and Economic Development Councillor Adele Williams, Portfolio Holder for Adults and Health
Report author and contact details:	Ceri Walters, Head of Commercial Finance ceri.walters@nottinghamcity.gov.uk 0115 8764128
Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Key Decision: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Criteria for Key Decision:	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Type of expenditure: <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Total value of the decision: £15million	
Wards affected: All	
Date of consultation with Portfolio Holder(s): 21 June 2021 - 8 July 2021	
Relevant Council Plan Key Theme:	
Nottingham People	<input checked="" type="checkbox"/>
Living in Nottingham	<input checked="" type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input checked="" type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>

Summary of issues (including benefits to citizens/service users):

Nottingham City Council (NCC) is on a rapid journey of improvement as set out in the Recovery and Improvement Plan (R&IP) adopted at Full Council on 25 January 2021. Delivery of both the R&IP and organisational transformation requires significant financial investment - time, skills and technology - to ensure that its impacts are meaningful in operational and financial terms.

NCC has received support from Ministry of Housing, Communities and Local Government (MHCLG) in the form of a Capitalisation Direction in two tranches: £20million for 2020/21 and an in principal allocation of up to £15million in 2021/22 to support transformation, modernisation and an invest to save if required. NCC resources have been stretched to capacity during COVID and in order to deliver the transformation required, will require greater capacity through a blend of external specialist resource combined with the skills and experience of existing staff. Delivery is of a complex nature and additional resources will provide focus and a faster pace of change.

Organisational arrangements have been put in place involving both officers and members to drive this transformational activity as set out in Appendix A. Individual business cases will be developed and signed off through these arrangements.

£15million has been set aside to provide the necessary resource to support this investment. It is not set aside for business as usual (BAU) activity, but for **short term, highly targeted spend and technology investment**. The aim is to see work as 'task and finish' with the appropriate transfer of skills to NCC staff.

Exempt information: None.

Recommendation(s):

1. To note the **proposed governance of the transformation programme** as set out in **Appendix A**, including the proposed use of business cases to establish both investment needs and proposed savings over the medium term.
2. To approve a budget for Transformation and Improvement of up to £15million as set out in Section 4.1.
3. To delegate authority to the Chief Executive, in consultation with the Leader of the Council, to allocate the budget to support transformational and improvement activity. This will be reviewed at the end of March 2022.

1 Reasons for recommendations

- 1.1 The reasons for the recommendations are set out in the Summary and Background sections and are primarily to delivery on the council's rapid journey of improvement as set out in the Recovery and Improvement Plan (R&IP) adopted at Full Council on 25 January 2021.

2 Background (including outcomes of consultation)

2.1 The R&IP is captured over a number of themes. The aims of those themes are summarised below and support the outcomes required of additional resources to deliver:

- **Theme 1 - Medium Term Financial Strategy (MTFS)** - *This work-stream aims to deliver a balanced budget and MTFS for the period 2021/22 to 2025/26, funded by sustainable core income and stable revenue streams. Long-term financial management needs to improve without over-relying on income from unreliable sources.*
- **Theme 2- Asset Rationalisation** - *The Asset work-stream will review the Council's property portfolio with a view to disposing of under-utilised assets (land and buildings) and releasing capital receipts to support new capital spending on priority schemes. The aim is to generate at least £100m of asset sales within three years.*
- **Theme 3 - Companies** - *This work-stream will establish a Shareholder Unit and ensure each Council company is reviewed and restructured as appropriate within a properly governed and controlled group framework.*
- **Theme 4 - Capital Programme** - *The Capital Programme ensures that we can invest within our means, deliver value for money outcomes and pay down our debt. It means that we take a systematic approach to managing capital risk across the Council.*
- **Theme 5 - Governance & Constitution** - *The Constitution work-stream is focused on rewriting the council's constitution, financial regulations and scheme of delegations, making it much easier to understand, clarifying roles and responsibilities, and streamlining the decision-making processes.*
- **Theme 6 - Culture Change** - *This work-stream will establish clear goals at a top level and an effective performance management framework with suitable development opportunities for all. This work-stream will:*
 - *help create the conditions for a positive organisation where everyone can thrive ensuring that voices of all colleagues can be heard;*
 - *embracing and celebrating the strength of diversity and*
 - *ensuring there is real equality of opportunity for all.*
- **Theme 7 - Transformation** – *See Annex A re process of engagement*
- **Theme 8 - Council Plan** - *This is about developing a new outcome-focussed council plan setting out our vision and outcomes, and how we will deliver them. The new plan will be broader to reflect the wider range of*

statutory functions and services we deliver for citizens. This will be supported by an overarching performance management framework providing a summary of the important things we measure as part of a well performing council.

2.2 Transformation and service renewal describes the process of changing the Council's approach to focus on the outcomes that we are seeking to achieve and undertaking the essential service redesign to achieve those outcomes in a more effective and efficient manner and at lower cost. A number of discussions are taking place across the organisation as to how we can learn from others who have successfully trodden this path.

2.3 Transformation and renewal requires pump-prime funding and the piloting and testing of new approaches before scaling up, so that the council and key stakeholders are confident of the council's ability to continue to deliver for its citizens. £15m has been set aside for transformation and improvement with spending to be informed by robust business cases through a member led Board for transformation (as set out in **Annex A**).

2.4 The overriding principles applied to programme resourcing

- i. Work must align to the R&IP/Transformation plans;
- ii. We are not using transformation as an opportunity to backfill perceived BAU gaps;
- iii. Appointments will be for a fixed length and deliverables, activity and outputs will be agreed at the outset;
- iv. The aim is to provide capacity and to transfer skills and knowledge; Internal development wherever possible;
- v. We will seek to optimise the approvals process and HR & Procurement processes will be clear and communicated;
- vi. Critical success factors & performance measures identified and there will be a formal monitoring and reporting of the use of resources;
- vii. In the case of transformation, approvals will be via robust Business Cases submitted to the Transformation Executive Board and proposals delivering at least a 3:1 return on savings (i.e. £3 saved over a 3/4 maximum time horizon for every £1 invested).

3 Other options considered in making recommendations

3.1 To do nothing: this risks the potential of non-delivery of the R&IP, and is rejected.

4 Finance colleague comments (including implications and value for money/VAT)

4.1 This report estimates a requirement of up to £15m to support the delivery of the R&IP over the themes set out in section 2.1 which could span 3 financial years.

The allocation of spend to specific projects will be delegated to the Chief Executive, in consultation with the Leader, to allocate the budget to support transformational and improvement activity.

- 4.2 £2.2m has already been approved through delegated decisions or previous Executive Boards reports however these will be captured as part of the overall monitoring but does not require further approval.
- 4.3 The £15m will be funded from a number of sources: - capital receipts, base budget, reserves and if required, the Capitalisation Direction (as referred to in the Summary section) which has a principal allocation of up to £15m in 2021/22 to support transformation and modernisation.
- 4.4 To support the delegated authority requirement, set out in recommendation 3, a routine and robust process will be developed that allows informed decisions to be taken at pace.

Monitoring and reporting of this spend will be undertaken through normal budget monitoring processes supported by the appropriate professional internal support and captured within the formal budget monitoring Executive Board reports.

- 4.5 To ensure value for money is delivered on all external contracts, procurement processes will use existing frameworks; where this is not available then the appropriate procurement process will be required. Dispensation from contract procedure rules will only be given in exceptional circumstances.
- 4.6 Any transformation activity impacting on services and delivering savings will be captured as part of the budget process at which time, if required, an Equality Impact Assessments will be completed.

Advice provided by Phillip Gretton, Strategic Finance Business Partner, on 7 July 2021.

5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

- 5.1 Procurement will provide support with any procurement activity required, ensuring full compliance with Contract Procedure Rules and UK Public Contract Regulations 2015. This will ensure value for money is secured from all external contracts sourced to deliver the programme. To ensure timely delivery of all projects Procurement will need to be involved from inception of the project, to advise on routes to market and the sourcing strategy.

Advice provided by Steve Oakley, Head of Contracting and Procurement, 7 July 2021.

- 5.2 The recommendations set out in the report raise no significant legal issues and are supported. Legal advice and assistance will be provided as and when required in order to support delivery of the programme. As with Procurement early engagement is recommended to ensure that appropriate resource can be allocated either through

the internal Legal Team or, if necessary, through other means procured by the Director of Legal and Governance.

Advice provided by Malcolm R. Townroe, Director of Legal and Governance, on 7 July 2021.

6 Strategic Assets and Property colleague comments (for decisions relating to all property assets and associated infrastructure)

6.1 Not Applicable.

7 Social value considerations

7.1 NRB as a local company employ a significant number of staff from the local community.

8 Regard to the NHS Constitution

7.1 Not applicable.

9 Equality Impact Assessment (EIA)

9.1 An EIA is not required because the report does not propose a new or changing policy, service or function.

10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

10.1 None.

11 Published documents referred to in this report

11.1 Full Council – 25 January 2021 - Recovery & Improvement Plan