

Executive Board
19 July 2022

Subject:	Transformation Strategic Delivery Partner
Corporate Director(s)/Director(s):	Mel Barrett, Chief Executive Clive Heaphy, Interim Corporate Director for Finance and Resources
Portfolio Holder(s):	Councillor Adele Williams, Portfolio Holder for Finance
Report author and contact details:	Richard Grice, Interim Director of Transformation richard.grice@nottinghamcity.gov.uk
Other colleagues who have provided input:	
Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Key Decision: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Criteria for Key Decision:	
(a) <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 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: Nil	
Wards affected: All	
Date of consultation with Portfolio Holder(s): 5 July 2022	
Relevant Council Plan Key Outcome:	
Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input checked="" type="checkbox"/>
Carbon Neutral by 2028	<input checked="" type="checkbox"/>
Safer Nottingham	<input checked="" type="checkbox"/>
Child-Friendly Nottingham	<input checked="" type="checkbox"/>
Healthy and Inclusive	<input checked="" type="checkbox"/>
Keeping Nottingham Moving	<input checked="" type="checkbox"/>
Improve the City Centre	<input checked="" type="checkbox"/>
Better Housing	<input checked="" type="checkbox"/>
Financial Stability	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>

Summary of issues

This report represents a case for a more structured and time-limited procurement process for a transformation delivery partner. This recommendation is based on the knowledge gained over the last 12 months and expectations of future demands of improvement and transformation activity. This report is to gain approval for the concept to enable a resourcing plan, to be developed alongside the required improvement and transformation activity, which will inform investment requirements and the appropriate procurement processes, ensuring value for money and pace of change.

Does this report contain any information that is exempt from publication?

No

Recommendation(s):

1. To approve the principal of appointing a Strategic Delivery Partner for up to 24 months to support the delivery of the Together for Nottingham Plan and the 2023/24+ Medium Term Financial Plan.
2. To delegate authority to the Corporate Director of Finance and Resources to procure a Strategic Delivery Partner by way of call-off from an established framework, to enable a further Improvement and Transformation to commence as soon as is required.
3. To note that the budget required for the next phase of recovery and improvement will form part of a separate report once a refreshed programme has been established that will support the requirements of the 2023/24+ budget, and that budget approvals will be sought prior to undertaking any call-offs.

1 Reasons for recommendations

1.1 The Non-Statutory review which took place in November 2020 recommended a number of themes for improvement within the organisation which were subsequently captured in the Recovery & Improvement Plan (R&IP) approved at an Extraordinary Full Council on the 25 January 2021. These themes were as follows:

- Theme 1 – Medium Term Financial Strategy
- Theme 2 – Asset Rationalisation
- Theme 3 – Companies
- Theme 4 – Capital Programme & Debt Management
- Theme 5 – Constitution
- Theme 6 – Organisation & Culture
- Theme 7 – Delivery Options
- Theme 8 – Policy Framework

1.2 To support the recovery and improvement requirements for these themes an investment fund was established and was formally approved at Executive Board (EB) on 21 July 2021 totalling £15m. This approach was supported by the Improvement and Assurance Board.

1.3 The R&IP resulted in fundamental changes being incorporated into the Councils Strategic Plan (Together for Nottingham (TfN)) approved at Full Council on 22 January 2022. This captured a detailed exposition of how the Local Authority would develop and implement its recovery.

1.4 During the past 12 months there has been a comprehensive programme of activity to deliver on the TfN plan which has required the support and knowledge of external resources to deliver both interim capacity and expertise. This multi-disciplinary approach has resulted in a programme of savings and improvements delivering £46m gross over the current Medium-Term Financial Plan (MTFP). The procurement and approval of this has been in conjunction with the recommendations in the July 2021 EB report and associated procurement processes.

1.5 In developing the next phase of improvement, delivering on the requirements of the 2023/24+ MTFP and TfN plan this report recommends the principal of a more structured and committed approach to external support through a strategic delivery partner approach. This would:

- Cover up to a 24 month period (programme dependent);
 - Align to a refreshed plan for improvement and transformation activity;
 - Reduce the level of time required by officers on individual procurement processes; and
 - Be on a call off arrangement as and when the need arises.
- A single procurement process would also ensure;
- Continuity for the organisation;
 - Mitigation of the high risk of resourcing due to market conditions;
 - Value for money through the use of one procurement process and
 - Support the need for pace due to the removal of re-establishing a knowledge base of the organisation and its operations.

1.6 This report currently has no value captured as approval is based on the principal only. If approved, the costs will be developed further in conjunction with the needs of the 2023/24+ MTFP and the associated improvement and transformation activity required. The investment costs into this activity, including the strategic delivery partner, will be determined from that and included in the associated funding requirements which will be included in further reports for approval.

2. Background

Summary

2.1. A comprehensive portfolio of transformation programmes sits at the heart of the TfN plan and is critical to delivery of commitments the council has made within that plan, in particular the MTFP.

The actions managed within the transformation portfolio are broad and cover the full breadth of the council's internal and external activities. In the first instance, it aims to modernise processes, systems and approaches, and improve efficiency and effectiveness. The portfolio is central to the council achieving a firm financial

footing and is scheduled to deliver £46m gross and £33m net savings over the current MTFP period.

In future years, the portfolio of transformation programmes will lead the council to become more outward facing and innovative while at the same time demonstrating sufficient corporate grip and coordination.

2.2. In order to design, initiate and begin delivery of this comprehensive portfolio of transformation, the council has had to draw on expert external support while building its own capacity to deliver. The main components of this mixed economy for resourcing have been:

Creation of a Transformation Office that blends council staff with interim expertise and Price Waterhouse Coopers (PwC) consultancy support providing provides a strong corporate grip on and encouragement for, change across the council.

- **Specialised support for specific business case development** and programme implementation that has drawn on interim management and consultancy support from, amongst others, PwC and Cipfa.
- **The development of the Change Academy**, in partnership with PwC, to train and deploy fifteen council staff to existing programmes, to ensure the council can withdraw from external support in these areas over time while also developing longer-term capability amongst the workforce.

2.3. This partnership approach has enabled the council to identify opportunities, develop robust business cases and begin implementation of significant and substantial change in the following areas:

- Simplification and improvement of customer service contact and resolution;
- Simplification and improvement of the council's internal processes, including financial management, HR and assurance;
- Property management;
- The council's approach to commissioning and procurement;
- Implementation of the council's Adult Social Care strategy;
- Redesign of the council's Children's Services;
- Examination of ways to improve access to preventative support at a neighbourhood level;

2.4. Without this mixed economy approach, the council would not have been able to move at the pace nor develop the scale of plans that it has. The current net commitment to the MTFP is:

- £33m as set out in **Table 1** below and
- £13m to support delivery of savings already embedded in the MTFP from previous processes.

TABLE 1: WAVE 1 & 2 NET SAVINGS					
	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	TOTAL £m
Adults	(0.226)	(0.513)	(1.044)	(1.701)	(3.484)
Children's	(0.539)	(3.557)	(5.222)	(7.231)	(16.549)
Customer	(0.329)	(1.648)	(2.605)	(2.605)	(7.187)
Business support	(0.340)	(0.680)	(1.370)	(1.370)	(3.760)
Procurement	(0.031)	(0.493)	(0.807)	(1.121)	(2.452)
TOTAL	(1.465)	(6.891)	(11.048)	(14.028)	(33.432)

In addition the investment into the Change Academy has delivered cost mitigation of a minimum net £1.1m for 2022/23 that would otherwise have been procured from external consultancies.

2.5. The council's need to continue on its improvement and transformational journey for the next 4 years of the MTFP is clear however the size and scale of the challenge is still being established and will determine the next phase of activity which will require the same flexible approach to external resources as referred to in section 2.2.

The drivers are:

1. Financial (MTFP);
2. External (Central Government) and
3. Local (residents' demands for consistent and improved services).

Whilst the current planned transformation activity remains critical, more will be needed.

In addition, the council's four-year improvement journey envisages building on the changes being made through the programmes outlined above to further increase the quality of services the Council provides and thus improved outcomes for residents and businesses in the city.

The need

2.6. The council envisages an ongoing need for the next two years to have access to external support to be able to call-off specific expertise as required as need is identified. The current model used by the Council to procure external expertise or extra capacity is on a case-by-case basis, which creates the following issues:

- Significant amount of officer time absorbed in building each individual case for support and subsequent procurement;
- Significant strain on the corporate procurement team;
- Significant 'transaction costs' in on-boarding new suppliers and ensuring they have sufficient knowledge of the Nottingham context to operate effectively and

- Substantial officer time expended in developing necessary working relationships with new suppliers and managing various contracts and commercial models.

2.7. The council requires the ability to access a broad range of support and expertise, nimbly and with as little friction as possible, in order to ensure the good progress made so far can continue and with as little disruption as possible. This suggests the identification of a strategic transformation partner with whom the council can develop a deep and ongoing relationship and who can provide broad reach to expertise spanning the full spectrum of Council's change activity.

Crucially, such a relationship would only release funds to a partner on approval of clear and specific business cases and prescriptive deliverables and would not be exclusive for example it would not prevent the Council from procuring expertise from other organisations if there was a case to do so.

2.8. There is an immediate need for this expert support for the potential case, subsequent design and initial implementation of a substantial expansion of the council's use of process digitisation approaches and technologies. This cost is captured within the Customer and Business support business cases and enables delivery of the savings included in the MTFP.

3. Other options considered in making recommendations

3.1. To do nothing: a high-level options appraisal for the procurement of a strategic partner is set out below, however, to do nothing is excluded as this would result in non-delivery of savings and improvement.

	Options	Advantages	Disadvantages
	Procure external resources on an incremental approach as and when required (not a single delivery partner).	If market demand and rates reduce there is the ability to reduce those costs incurred through a formal long-term agreement.	Market demand is high and could result in no resources or a delay in getting resources – this would reduce savings and prevent the pace of change. Continual transition of new partners into the organisation takes time and detracts colleagues from delivery. This will delay progress.
	Procure a strategic partner for a limited period with call off aligned to next phase in improvement and transformation	Use of frameworks to ensure value for money. Knowledge continuation and removal of constant onboarding	Reduces openness to solutions from other potential partners.

		<p>which delays delivery and benefits realisation.</p> <p>Access to a wide range of specialist support.</p> <p>Relationship development and continuity of organisational interaction.</p> <p>Gains an understanding of the business.</p> <p>Pace of delivery.</p> <p>Opportunity to obtain social value investment from the longer-term agreement.</p>	
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4. Consideration of Risk

4.1 Risk and associated mitigation contained within this report are:

- a) Budget insufficient to fund required activity – as set out in the report further transformation activity will be driven by the MTFP refresh requirements. At this point estimated costs will be calculated and a funding strategy developed that will be included in the budget setting process. The programme will then be managed in accordance with budget monitoring principles to ensure costs are contained, value for money is ensured, delivery options considered, and subsequent savings delivered on time and to standard.
- b) Contract management – robust contract management is applied to the any supply and service received by the Council. This activity will follow those principals.
- c) Value for money – Use of frameworks drive simpler processes and reduce organisational costs in procuring services that have been through a competitive process at a point in time.

5. Finance colleague comments

5.1 This report does not request any budget or financial spend approvals. The focus of the report is to **agree the principle of appointing a Strategic Delivery Partner** that will support further waves of transformation activity to enable the Council to deliver a balanced 2023/24+ MTFP and further improve outcomes for citizens (as set out in point 1.4) however, this arrangement would not be mutually exclusive as set out in point 2.7.

The **benefits of gaining this approval** are:

- a. One procurement process – reducing officer time;

- b. Ability to increase pace on future decision making and subsequently activity to deliver outputs and;
- c. Transparency of future resourcing options.

- 5.2 Transformation activity will require implementation resources, the funding of these resources will be incorporated into a funding strategy and included in the budget refresh.
- 5.3 Approval for spend, once the funding strategy is agreed, will be undertaken in accordance with current constitutional approvals or any alternative arrangements approved.
- 5.4 Use of a procurement framework ensures that at a point in time a competitive process has been undertaken and should demonstrate value for money.

Comments provided by Ceri Walters, Head of Strategic Finance, on 11 July 2022.

6. Legal colleague comments

- 6.1 The proposals in this report raise no legal issues and are support. The proposed approach will seek to streamline the access to support when required in furtherance of the Council's transformation agenda.
- 6.2 A compliant framework will be used to call-off from for identifying a chosen Delivery Partner in due course, in accordance with the Council's constitutional requirements.
- 6.3 As noted in the report, budget for such call offs is not contained within this report and further approvals will be required prior to making any awards.

Comments provided by Dionne Screamon, Senior Solicitor – Contracts and Commercial, on 11 July 2022.

7. Procurement colleague comments

- 7.1 The proposal involves using a framework to make an appointment. The framework has specific call-off terms for awarding contracts. Provided the framework process is followed, the award of contract would be compliant with procurement law and therefore there would be no significant Procurement concerns.

Comments provided by Paul Ritchie, Procurement Manager, on 1 July 2022.

8. Equality Impact Assessment (EIA)

- 8.1 An EIA is not required because the report does not represent proposals for a new or changing policy, service or function.

9. Data Protection Impact Assessment (DPIA)

- 9.1 A DPIA is not required because the report does not have data protection implications.

10. Carbon Impact Assessment (CIA)

10.1 A CIA is not required because the report does not have carbon impact implications.

11. List of background papers relied upon in writing this report

11.1 None

12. Published documents referred to in this report

12.1 Medium Term Financial Plan – Executive Board 22 February 2022

12.2 Transformation & Improvement update – Executive Board 20 July 2021