

21st July 2020**Agenda Item: 8****REPORT OF DEPUTY CHIEF EXECUTIVE****UPDATE ON PROGRESS WITH FUTURE APPROACH TO
TRANSFORMATION AND CHANGE****Purpose of the Report**

1. To seek approval for a new model for transformation, improvement and change and report back on the emerging findings from the work undertaken by the Council with its external partner. The report also highlights emerging themes for transformational programmes of work to improve outcomes for residents whilst enabling the Council to meet its financial challenges. In order to deliver this at pace, the report also seeks approval to establish an additional Service Director post to lead and drive transformation, change and improvement across the Council.

Information

2. As a consequence of the COVID-19 emergency, the Council has been forced to undergo highly disruptive, digitally enabled change and rapidly develop new services to support residents. The Council has demonstrated how we can quickly change the way we work to protect and support our residents and it will be important to retain and develop the innovations that have been successful during this time. A Corporate Recovery and Transformation Group, chaired by the Deputy Chief Executive, with senior representatives from Service Departments and central corporate functions has been established to ensure that we join up our approach to recovery with opportunities for transformation, wherever possible using it as a springboard to move us forward.
3. We know there will be long-term socioeconomic impacts of the COVID-19 crisis for our residents. We are also beginning to better understand the growing and changing demands for Council services which are expected to deepen the financial challenges facing the Council in future. These issues underline the importance of identifying the right approach to Transformation and Change.
4. In February we began work on a diagnostic of Council services to identify opportunities to improve outcomes and reduce costs through cross cutting transformation. The work with our external partner, Newton Europe, had to be revised due to the COVID-19 pandemic, due to the availability of frontline staff. We have nevertheless continued the Phase 1 work as far as possible through data analysis and 1-1 meetings with available staff, focusing largely on financial opportunities for the future and the future model for Transformation and Change. In addition, Newton allocated resource to support the Council's response to the COVID-19 crisis

and to ensure the capture of lessons learned, which has supported their recommendations for the Council's future transformation model.

Summary of Phase 1 Findings

Summary of Recommendations

5. COVID-19 has seen the Council adopt new ways of working and new ways of making change at pace. This learning should be used as a springboard to move the Council forward and wherever possible innovations that have been successful will be retained. New ways of working that have enabled staff to work in a more joined up way will also be built upon.
6. Cross-cutting transformation - to help meet the financial challenges ahead, there is a need for central resources for transformation to be focussed on fewer, bigger and more strategic themes. There should be an increased focus on cross-cutting initiatives and resources should be focussed on those projects that deliver the highest benefits in terms of resident outcomes and reduced costs. At the same time departments should be empowered to do department-based change and service improvement. Light touch governance and reporting should be used to ensure we're doing the right things in the right way. The establishment of a transformation and change model that balances capacity, culture and capability in both the centre of the organisation and in departments will enable us to make progress on all fronts.
7. Digital transformation and data - increasingly, data, systems and data science will form an intrinsic part of our day-to-day work and will be key to unlocking further benefits for residents and reductions in cost. The delivery of the Council Plan through departmental plans and transformation and change programmes needs to be informed by data science to provide a firm basis for decision making around services. There is a need for a strategic insight function which should inform strategy and policy, as well as service delivery on the front-line.
8. Agile cross-functional support – the new model of transformation and change should build on close working between all the functions that enable change such as finance, human resources, information communication technology, legal services, as well as project management and data insight to ensure a more joined up approach to planning change.
9. Learning and Development – there is a need to develop the skills of the workforce, particularly in data literacy to help evidence-based decision making, and so that frontline staff are empowered to continuously improve their services.

Savings

10. Finance and Major Contracts Management Committee has received a report setting out the emerging impacts of COVID-19 on the MTFs. At this stage we have not quantified the potential savings that could be delivered through the proposed approach to transformation, this will be done over the summer. The emerging themes of transformation set out below, based on the evidence jointly prepared with Newton Europe, suggests that there could be significant improvements in outcomes for residents, more consistency and greater productivity for the Council which will result in savings. A series of proposals is being reviewed in detail by departments and a further report will be developed for Committee to review in the autumn 2020.

Implications for Transformation and Change

A clearer definition of terms

11. In order to establish a model where central resource for transformation is retained for the highest benefit cross-cutting initiatives and departments take the lead on service improvement it is important to define our terms. The recommended definitions are as follows:

Term	Definition	Responsibility
Transformation	Creating a new system or approach which fundamentally changes the way we operate as a whole organisation.	Central transformation resources
Change	A significant alteration in the way a current system or service operates.	Central transformation resource/Departments
Service Improvement	Process improvements to the current system or existing services identified through the continuous improvement cycle including requirements for regulatory improvement.	Departments
Continuous Improvement	A culture of not accepting the status quo and a cycle of looking to improve systems and processes to improve resident outcomes and make services more efficient.	All staff

A new transformation model

12. Given the long-term socioeconomic impacts of the COVID-19 crisis for our residents and the need to address the financial pressures facing the Council, ensuring effective management of performance and delivery of ambitious change and transformation is high priority. It is also important as the Council moves through recovery to begin work on the future vision and corporate strategy for the Council to be set out in the next Council Plan.

13. To provide sufficient capacity, drive and leadership it is therefore proposed that a new Service Director post be created dedicated to strategy, transformation, change and improvement. As part of the Corporate Leadership Team, this role will support further challenge of performance and bring about sustained improvement whilst driving change at pace. The Service Director will lead on developing the model and approach for transformation and ensuring its effective implementation to enable effective change and transformation across the whole Council.

14. The high-level model for change and transformation will be underpinned by the following principles:

- Transformation activity will be aligned with the Council's strategy and vision, informed by data science and analysis, ensuring that it is focussed on fewer, bigger and more strategic projects, whilst allowing room for ongoing service improvement.
- Corporate resources will focus on large, cross cutting programmes of work bringing about real change and improved outcomes for residents whilst ensuring continued value for money. Departments will deliver department-based change and service improvement.

Corporate Directors and their senior and middle managers will be empowered to lead service improvement within their own areas.

- Transformation activity will be monitored with lighter weight principle-based governance processes, reporting back to Members. This will foster ownership, creativity and innovation whilst rigorously ensuring appropriate alignment of resources and that they are being used effectively and benefits are realised.
- More agile cross-functional working and collaboration to deliver results faster and better.
- Broad capability will be developed and embedded across the Council in change leadership, data literacy and problem solving to create capability, capacity and a culture of continuous improvement.
- Organisational change management and change communication will be key enablers and incorporated in the Council's approach to improvement, change and transformation.
- Data, insight and intelligence, change management and systems change will drive transformation, change and long-term decision making.
- Digital transformation and technologies will be critical to and underpin improvement, change and transformation and are key to unlocking further potential within services and across the Council.
- Ways of working will be developed which bring functions involved in transformation closer to front-line services they are supporting to promote greater understanding, encourage and speed up cross-functional collaboration.

15. The new model and approach to transformation, change and improvement will be made up of the following components:

- A corporate Strategic Insight Unit of focussed resources with specialist and technical skills and capacity including data insight, analytics and data science will set the strategic programme for transformation, provide challenge, review and report progress to Members. Transformation programmes and departmental change will utilise data analytics alongside an understanding of local residents' needs to gain insight, to challenge the status quo and to identify the best opportunities for improvements and change. Data tools will be developed that improve the efficiency and performance of services and outcomes for residents and provide valuable insight for continuous improvement. Research, policy and strategy planning and development will also be part of the role of the unit.
- A community of change management capacity accountable for delivering value with strong data analytics, process design, decision science and project management ability will be developed to ensure best practice and knowledge is shared and resources targeted to best effect via agile and cross-functional project teams.
- The Council's existing corporate functions that are key enablers of change such as human resources, finance, legal and information and communications technology will be strongly connected to transformation and change projects.

- Learning and development capacity will complement the new model for transformation and change to create a culture and capability for service change and continuous improvement in all areas. This will include building on skills in data literacy, problem solving and change leadership. The Management and Leadership Development programme will likewise provide an opportunity to invest in strengthening skillsets for change amongst middle managers who take responsibility for continuous improvement within departments.
16. The new model as outlined above will require a change in the way we deploy resources within both the central Programmes, Projects, Performance and Policy functions and transformation related resources within Service Departments. A review of these resources will take place to ensure that the Council has access to both the specialist knowledge and skills required and change and project management capacity to enable both cross-cutting transformation and departmental change. This work will be led by the new Service Director role. It is proposed that a further report be brought to the Committee meeting in September updating on progress.
17. Staff working within these areas currently will be involved in developing further detail of the model and its application. Staff will be formally consulted on any proposed changes to staffing structures and the potential implications for existing staffing resources as the work progresses.
18. As part of the new transformation and change model a new set of criteria must be developed to assess whether a project will be delivered as part of a cross-cutting programme or whether ownership of the project belongs in departments. It is also important that resources are directed to those projects that deliver the highest benefits in terms of outcomes for residents and savings. A gap analysis exercise is being undertaken to understand where existing transformation and change programmes fit into this picture. For existing projects this means that it may be necessary to stop, accelerate or change scope of projects. An update on this analysis will be given to the Committee in September 2020 for further consideration.

Proposed programmes of work

19. Subject to further work, there are currently three programmes for cross-cutting transformation under consideration. Members views are sought on these high-level descriptions to inform further detailed work.
- Strategic Commissioning of care services and placements – The Council’s expenditure on commissioned services is due to grow, driven by a number of factors such as ageing populations, and the needs of people with disabilities / special needs and vulnerable children. There is the further impact of COVID-19 which has yet to be fully understood. To maintain a control on expenditure and help ensure the right outcomes for residents, Nottinghamshire County Council needs to ensure the availability of the right services at the right cost by developing a strategic commissioning improvement cycle that is data and demand driven. It is proposed that in order to strengthen our commissioning offer, we explore the scope for cross-departmental commissioning models that include Adults Services, Children’s Services and Public Health.
 - Ambitious Outcomes– The Council has been taking steps towards being national leaders in getting the best outcomes for residents. In Adults, there has been a focus on maximising independence, and Children’s services are “Good” and have an aspiration to get to

“Outstanding”. However, it has been recognised that there is inconsistency in outcomes for residents, driven by both process and decision making, and best practice in some areas does not translate equally to residents. The purpose of projects under this programme is to understand and correct these inconsistencies leading to better, more consistent outcomes for residents. In addition, it is proposed that we explore opportunities for whole system prevention and strength-based approaches that would enable the council to support people to be aspirational, independent and to share responsibility for the future, as well as strengthen our relationships with our partners.

- Resident Experience - Across the Council, there are opportunities to innovate, streamline and re-design services to be more resident-centric. Maximising continuity, having a single view of interactions with the Council and making our own services more efficient are all levers to this. There are also opportunities to automate processes and make it easier for residents to access the services they need, particularly those that are transactional.

20. Further programmes of cross-cutting work may be added where they can be proven to have the potential to deliver high benefit improvements to resident outcomes and/or reduce cost. Over time the themes of the cross-cutting programmes can develop to address emerging priorities and opportunities.

Summary of Next Steps

21. Further work will be done over the summer to develop the detail of the new transformation model, including consideration of resources, transition arrangements to the new approach and proposals for implementation. This will incorporate a more detailed analysis of the potential programmes. An update on the work will be provided to Committee in the autumn. This will include information on the resourcing of the new transformation model as well as business cases for the programmes outlined above with details of relevant estimated savings.

22. A summary of proposed next steps for redefining the Council’s approach to Transformation and Change is as follows:

July 2020	Improvement and Change Sub-Committee review and approve the proposed Transformation and Change Model and the establishment of a dedicated Service Director post to lead on transformation and change.
September 2020	Improvement and Change Sub-Committee review the proposals for resourcing the transformation model as well as detailed business cases for the proposed programmes and estimated savings.
Autumn 2020	Transformation and change programmes initiated. Programmes to be started at the earliest possible opportunity once approved.
1 st January 2021 (at latest)	New transformation model fully operational.

Financial implications

23. The services included in these proposals cover a mix of enabling support functions and departmental resources. These are funded from a number of sources including permanent and temporary revenue budgets, capital, reserves and grant funding. Currently the main programmes and project support that provides the bulk of the support to transformational

activity is funded from capital receipts through the use of the capital receipts flexibility provisions allowed by Government. It is anticipated that the review of the approach, the proposals to realign resources and create a Director of Transformation post will be maintained within existing budgetary provisions.

Other Options Considered

24. Detailed work has been undertaken involving an external partner to review and analyse the current position, the changing context, to model and predict future demand and develop proposals for key programmes of work and the ways in which these which can be delivered to meet the challenges we are facing whilst making the most of the opportunities available to provide the greatest impact in terms of improving outcomes and value for money. These proposals represent the conclusion of this initial phase of work.

Reason for Recommendations

25. For the Council to be able to meet the challenges faced and make the most of the opportunities available it is imperative that the Council is able to transform the way in which it operates and how it organises itself and its interactions with partners, residents and their communities. In order to do this successfully the Council will need the right approaches, capability, capacity and leadership. The Council will need to deliver change, transformation and continuous improvement in a different way, at pace if this is to bring about sustainable change for the benefit of residents and their communities within the Medium Term Financial Strategy. This report sets out the building blocks for this new approach.

Statutory and Policy Implications

26. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

It is recommended that Members:

- 1) Approve the proposed model for transformation, improvement and change as set out in the body of the report.
- 2) Approve the establishment of 1fte Service Director post to lead on transformation, improvement and change with immediate effect.
- 3) Agree to receive a further report with business cases for transformation and change programmes and proposals for resourcing the Transformation Model at the next meeting.

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For any enquiries about this report please contact Nigel Stevenson

Constitutional Comments (KK 13/7/20)

27. The Improvement and Change Sub-Committee is responsible for monitoring and driving the Council's Improvement and Change Programme. The proposals in this report are therefore within the remit of this Sub-Committee.

Financial Comments (NS 10/07/2020)

28. The report sets out the progress towards a new model for transformation and change and the establishment of a new Service Director role. The report sets out the complex funding arrangements that currently exist in the intention that the creation of this new role will be contained within existing budgets.

HR Comments (MT 9/7/20) The Service Director post will be appointed to in accordance with the Council's Constitution and agreed policies and procedures. Given the level of the post this will be appointed to by a Member Recruitment Panel.

30. Employees potentially affected by implementation of the proposed new model for transformation will be involved in the development of staffing structures and formally consulted before a final decision is made on the detail. Recognised Trades Unions will also be engaged and formally consulted through the Council's Joint Consultative and Negotiating Panel framework. The Council's collectively agreed policies and procedures will be followed in respect of consultation and implementation of any proposed staffing changes.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Update on Future Approach to Transformation and Change report to Improvement and Change Sub-Committee – 27 January 2020 (published)

Electoral Division(s) and Member(s) Affected

- All