

## **Delivering Excellence**

### **Report by Kenneth Lawrie, Chief Executive**

#### **1 Purpose of Report**

This report proposes the adoption of “Delivering Excellence” as a framework to secure service and financial sustainability in a challenging financial environment for the public sector. This framework will help ensure that limited resources are focussed on achieving the agreed priorities of the Council and its Community Planning Partners.

#### **2 Background**

The latest update of Council’s Financial Strategy was presented to Council on 17 February 2015. This report set out the revenue budget projections for the period to 2017/18 which incorporates the impact of the approved Transformation Delivery Plan and sets out how the Council is currently delivering the transformation of services and directing expenditure to focus the available resources on priority outcomes.

The Financial Strategy report highlighted that the proposed budget for 2015/16 enabled the projected deficit in 2016/17 to be offset by the projected surplus in 2015/16. However the report highlights that existing plans are not sufficient to address the entire projected budget shortfall in the period to 2017/18 with a shortfall of £4.945 million remaining. An update on the Financial Strategy and revenue budget projections incorporating changes as a consequence of the 2014/15 Final Outturn and changes in Government spending plans following the UK Government’s summer budget will be reported to Council after the summer recess.

The Delivering Excellence framework has been developed to respond to the outstanding financial challenge for 2017/18 and the inevitable financial and service challenges the Council will face in future years as a consequence of wider public sector reform and financial outlook.

The Council’s external auditors Grant Thornton, state in their report - 2016 Tipping Point? Challenging the Current ([2016 tipping point](#)) “To meet these significant challenges, local authorities must improve their efficiency and productivity, reduce their costs and have sustainable medium term financial plans to ensure their financial health remains robust”.

The challenge facing local government is not only financial but is at the heart of what services are provided for our Communities and how Councils provide them. Grant Thornton highlight in their report - 2020 Vision ([2020 Vision](#)), “Councils are struggling against a surging tide, needing to maintain momentum just to stand still.... Consequently, while competent operation of the traditional model may work for a while, it is unlikely to be a good long-term strategy. Working with their communities and partners, councils need to become innovative and adaptive, and work in very different ways”.

The Delivering Excellence framework focuses on reshaping service delivery as the most sustainable way to address the financial and service challenges, to deliver excellence and maintain service and financial sustainability through a continuing period of public sector constraint. The framework will provide a means to refocus the overall approach to service planning, priority setting and resource allocation, whilst also addressing the need to consult and engage with communities. While it is a refocus rather than a fundamentally different approach its success will require a shift in culture and thinking, requiring a more innovative and entrepreneurial approach across the Council, and therefore be underpinned by strong leadership.

The need to transform and reposition services has never been greater and the “Delivering Excellence” framework sets out an approach that provides the means to:

- Realise savings of the scale and magnitude required and to continue to deliver high quality services by engaging staff, partners, stakeholders and citizens to determine the nature of service delivery, the level of service standards and the method of delivering these services;
- Perform successfully in this environment the Council will require to forward plan, for the period beyond known financial settlements, to prioritise the services to be delivered and to clearly identify those services which will no longer be funded or indeed provided or may be provided through alternative mechanisms or approaches;
- To ensure that there is achievement of the outcomes and priorities of the Council and Community Planning Partners

### **3 “Delivering Excellence” Framework**

- 3.1** The “Delivering Excellence” framework set out in Appendix 1 builds on existing service review and transformation activities already established by the Council. It aims to utilise these activities as effectively as possible to ensure that they are delivered to their full effect. The introduction of the framework provides a cohesive and consistent approach to future service delivery and transformation with the customer at the core and employees across the Council empowered to reshape their services.

As set out in Appendix 1, there are six key elements to the Delivering Excellence Framework:

1. **Taking Stock:** At this stage Services outline their existing provision, understand current and future resource requirements in terms of customer, cost, staffing and performance and define the future context in terms of purpose and outcomes and the wider priorities/outcomes for Council and delivery of the Single Midlothian Plan.
2. **Evaluation:** This stage requires the use of the Midlothian Excellence Framework for Self Evaluation, and involves employees at all levels in the service, with services clarifying 'what they do' and 'how well they do it' from a people, customer and community perspective and ultimately identifies areas for improvement.
3. **Options:** Once areas for improvement have been identified the Service utilises a Systems Thinking method which ensures clarity of the purpose of the service and identification of the current demand profile and waste in the system from the customer's point of view, to identify transformation, efficiency and stop/reduce options to be taken forward for further consideration.

However, where 'quick fixes/improvements' are identified, employees will be empowered to take immediate action to introduce localised solutions which require minimum resource and do not impact on the wider policy/process practices currently in place.

4. **Option Review:** The non-localised options identified are then subject to a review and challenge process by the Strategic Leadership Group (SLG) to ensure that they are achievable, acceptable and financially accurate. This process will involve staff teams presenting their findings.
5. **A Programme for Change:** Completion of stage four should result in a package of transformation and efficiency options to be taken forward and a prioritised list of stop or reduce options captured in an overarching plan to ensure visibility and the availability of options for wider consultation and engagement.
6. **Outputs:** Key documents will be produced all of which will demonstrate, at both a service level and wider council level, engagement and adherence to the framework.

Central to the creation of the service options will be meaningful engagement with a wide range of employees, partners, and stakeholders. The support and endorsement of Elected Members will of course be an essential element of the process.

This will lead to there being a wide spread understanding of what the future could be and how individuals and groups can contribute to shaping it. The options will form the core of the Council medium term Service and Financial plans.

- 3.2 The Framework provides a consistent and systematic approach for driving forward improvement and change within the Council. The expected outcomes achieved by adopting Delivering Excellence – include:

- Delivering improved outcomes;
- Evidencing a step change in service delivery to customers;
- Improvement activities which remove waste and inefficiency across service areas;
- Options to withdraw completely or from direct delivery of services;
- Options to enhance income generation, in-source or develop new business opportunities;
- Increasing the capacity of communities to provide for themselves;
- An effective and streamlined process for planning, change and performance management encompassing:
  - Planning
  - Budgeting
  - Priority setting
  - Monitoring performance;
- Have shared clarity of purpose throughout the organisation and have service delivered by motivated and empowered staff;
- Engagement and buy in from all employees to help shape the future which will improve motivation and ensure employee voices are heard;
- Inspiring leadership at all levels of the Council;
- A useful approach for services undertaking any form of internal or external evaluation.

**3.3** As well as providing a consistent and cohesive approach to delivering service and financial sustainability together with focussed service improvements the 'Delivering Excellence framework will result in the production of key documents, plans and approaches which demonstrate, at both a service level and wider council level, engagement and adherence to the framework. This will include:

- Clearly defined service priorities
- Service Improvement Plans
- Transformational changes plans
- Efficiency savings schedule
- Service options for Council consideration
- Effective Workforce Plans
- Key measures of service performance

## **4 Incorporating the existing Transformation Programme**

The Transformation Programme is, and will continue to be, central to the delivery of sustainable change and deliver the Council's Financial Strategy. Five of the eight strands of the current Transformation Programme will remain a major focus with continued drive towards delivering on the agreed outcomes and targets for these strands of the programme. These include;

- Children's Services;
- Services to Communities;
- Education;
- Customer Services; and
- Integrated Service Support.

The delivery of the outcomes associated with the remaining three strands which are not in their entirety transformational, but none the less important to the delivery of the Financial Strategy, will be strengthened by the transition into the Delivering Excellence Framework. These include; Externalisation/In Sourcing, Income Maximisation and Energy.

It is important to recognise the strengthening of the approach to continuing to deliver on the commitment to transformational change as the Council drives forward excellence in service provision through the introduction of the Framework which focuses on Continuous Improvement. Delivering Excellence will undoubtedly result in the identification of additional transformational shifts within services, which will largely be managed within the context of Delivering Excellence, however both strategic and wider, cross cutting areas of transformation will in turn be managed as part of the existing Transformation Programme applying the same rigour and principles as the current programme. The framework will provide a means to track both existing and new activities, whether Transformational, financial discipline or redesign/service reviews options in a single plan to ensure visibility and monitoring of improvement and savings delivered.

## **5 Governance and Timeline**

The Financial Strategy approved by Council on 17 February 2015 indicated that Council will have the means to set a balanced budget for 2016/17. There is therefore an opportunity to shift from the annual focus in the current year's budget process and by adopting the Delivering Excellence framework to develop medium term financial plans in response to the inevitable continuing financial challenges. Table 1 sets out a time line to support the development of the Delivering Excellence framework and associated medium term financial plans as follows:

**Table 1 – Timeline**

	<b>Incremental Months</b>	<b>Cumulative Months</b>	
June 2015	1	1	Adoption of Delivering Excellence Framework.
July – May 16	11	12	Implement programme, develop service and financial proposals. Consultation with Midlothian Community on financial and service challenges.
December 2016	-	-	Formal approval of 2016/17 budget.
June 16	1	13	Update to Council setting out proposals. Proposals published
July 16 – November 16	5	18	Consultation on proposals
December 16	1	19	Update to Council on Consultation and recommendations to set a balanced budget for 2017/18 and future years.

This timetable allows Council to approve a final budget for 2017/18 and sustainable and robust plans for 2018/19 and 2019/20 in December 2016. Service proposals will be reported through Business Transformation Steering Group and then to Council as appropriate.

## **6 Community Engagement**

Central to the creation of service redesign options will be meaningful engagement with a wide range of employees, partners, and stakeholders.

The primary requirement is that this engagement should be statistically robust wherever possible, using a range of approaches from the Midlothian Citizens' Panel to web-based surveys and engagement through briefings, seminars and workshops with relevant groups. Detailed proposals in respect of community engagement will be developed and brought forward after the summer recess.

The aim will be to encourage a wider understanding of the challenges the Council faces, whether service or financial, options for future service delivery and how individuals and groups can contribute to shaping it. The options will form the core of the Council medium term Service and Financial plans.

## 7 Report Implications

### 7.1 Resource

Whilst this report deals with financial issues there are no financial implications arising directly from it.

### 7.2 Risk

The Framework offers a robust process which incorporates the need for services to be aware of and responsive to risks identified throughout the approach.

Further consideration will be taken throughout the approach to monitor and reduce any associated risk in delivering the Framework with wider risks being addressed with the appropriate stakeholders.

There is a risk that by not involving our employees and communities, they will become less engaged in delivering sustainable services, however it is also recognised that the organisation requires continuing support to ensure successful delivery of the Framework.

### 7.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

### 7.4 Key Priorities within the Single Midlothian Plan

Service Planning and Review is a fundamental part of the framework and services are currently tasked with ensuring that their plans and activities are informed by the outcomes and priorities captured in the Single Midlothian Plan.

### 7.5 Impact on Performance and Outcomes

Service Planning and Review is a fundamental part of the framework and services are currently tasked with ensuring that their plans and activities are informed by the outcomes and priorities captured in the Single Midlothian Plan and therefore performance continues to be measured and monitored against the key priorities and outcomes identified in the Single Midlothian Plan.

### 7.6 Adopting a Preventative Approach

Whilst the proposals in this report do not directly impact on the adoption of a preventative approach, adoption of the framework will undoubtedly allow resources to be prioritised to support prevention.

### **7.7 Involving Communities and Other Stakeholders**

Engagement and consultation with Communities and other stakeholders is embedded within the framework and associated timeline. Specifically the timeline provides for engagement with communities later in 2015 on the service and financial challenges the Council faces over the coming years with further engagement and consultation during 2016 on the proposals to address these challenges.

### **7.8 Ensuring Equalities**

There are no direct equality implications arising from this report as there are no proposed changes to policy however, as Services work through the framework the appropriate Equality Impact Assessments will be completed.

### **7.9 Supporting Sustainable Development**

The Framework sets out a series of approaches to service planning and review which focus on delivering sustainable service improvements.

### **7.10 IT Issues**

There are no direct IT implications arising from this report.

## **8 Recommendations**

Council is recommended to;

- a) Note that an updated Financial Strategy and revenue budget projections will be reported to Council after summer recess.
- b) Adopt the Delivering Excellence framework as set out in this report.
- c) Endorse the overarching timeline and governance arrangements set out in section 5.
- d) Note the proposed engagement and consultation aspects of the framework as set out in section 6 and that more detailed proposals will be developed in this respect and brought forward after the summer recess

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#### **Background Papers:**



# Delivering Excellence Framework

