

The Highland Council

10th March 2016

Agenda Item	12
Report No	HC/8/16

Redesign of the Highland Council

Report by the Chief Executive

Summary

This report sets out an opportunity to redesign the Highland Council, matching priorities and ambitions to new funding levels. It recommends that this be done in an inclusive way which is aligned with the Council's move towards more local decision making. The redesign work can be carried out in 2016 such that it provides the basis for a more strategic approach to future budget setting.

1. Introduction

- 1.1 The Highland Council has set its budget for 2016/17. This has been done in the context of a very significant reduction in funding and increasing budget pressures. The process has involved a pragmatic review of priorities and capacity.
- 1.2 At the same time the Council is strongly supportive of an agenda of localism in which these priorities and resource decisions will, in the future, be made more locally, with the collaboration of partners and with the participation of communities.
- 1.3 Moving on from the challenges of the budget, there can be no doubt that a major piece of work remains to be done to match objectives to resources in a sustainable, Highland way.

2 Financial Context

- 2.1 The Local Government Finance Settlement for 2016/17 means that the Council's allocation of revenue funding is over £18m less than for the previous year. This represents a cut of more than 4%. At the Council meeting on 25th February 2016, Members agreed a package of savings totalling £39.856m needed to produce a balanced budget.
- 2.2 The savings proposals include very significant reductions in the number of staff employed by the Council and reductions in Service budgets of between 2% and 17%. Given the timescale for the decisions, many of these savings

proposals must be recognised as pragmatic rather than strategic in nature.

- 2.3** While there is a high level of uncertainty about future budget settlements, the position should become clearer later this year. The 2016 Autumn Statement is expected to offer certainty about funding levels for the next 3 years through to March 2020. The Director of Finance has assumed a reduction of 2% per annum. It is to be hoped that there will be some clarity at that time about the future of Council Tax or its successor.

3 The Rationale for Redesigning the Council

- 3.1** This step change in resource levels and the localism agenda, taken together with the need to modernise and continuously improve performance, should be recognised as a watershed point for the Highland Council. We have an opportunity to define the task as an inclusive redesign process in which we make positive decisions about the future.

- 3.2** In order to deliver best value with the resources available to us and to be a high-performing and innovative local authority, **the Highland Council needs to take this opportunity to work with stakeholders to refocus our mission, recalibrate our objectives and redesign our services.** This must be seen to be a major strategic undertaking which will embrace national and local ambitions, involving Highland communities of place and interest, designed for delivery in partnership with our Community Planning Partners.

- 3.3** The timing for this major redesign process is good. There is an urgent need to rationalise service delivery following staff reductions arising from the Voluntary Redundancy Scheme. The budget decisions will buy time and space for the work during the remainder of the year. At the end of 2016, with relative certainty about funding levels for the next 3 years it will be possible to set long term objectives and plan delivery into the medium term.

- 3.4** It can be seen as an opportunity to re-energise elected Members and staff to make positive decisions about future ambitions and to provide the confidence which flows from being part of a successful organisation. It should align well with the localism theme which the Council has embraced and potentially allows for a more federal structure in which communities can prioritise and decide what is most important to them and how it is resourced. It should reassure Highland residents, partners and businesses that their local authority is responding effectively to the challenges and looking confidently to the future.

4 The Way Forward

- 4.1** It is proposed that the approach should be led by the Council Chief Executive, directed by a politically balanced cross party working group of elected Members (currently 16 Members required) and be genuinely inclusive of the views of Highland communities and the Council's staff, partners and stakeholders.

- 4.2 It is proposed that the work should start immediately and make a final report with recommendations to the Highland Council on 15th December 2016. It should adopt the principles of project management to provide assurance about process, timeliness and an evidence base.
- 4.3 This should be seen as a key investment in the future of the Highland Council. It is proposed that the work should be resourced with a small team of staff dedicated to this major task by seconding and funding 3 full time staff (1 Senior Manager, and 1 Project Manager and 1 Administrator) for 1 year. (The Administrator could, if requested, also provide some secretariat support to the Commission on Highland Democracy). All Council Managers are likely to be engaged in the redesign work during the year and it is possible that specific improvement projects will spin off and require resourcing as the work progresses. A project budget of £175,000 is sought for staff salaries/backfill, oncosts and travel expenses in 2016/17 only. As a one-off project cost it is recommended that this be funded from non-earmarked balances.
- 4.4 The Council would receive the minutes of the Member Working Group and progress reports from the team to its meetings in May, June, September and October of 2016.
- 4.5 The first task of the Member Working Group would be to agree the Terms of Reference for the Redesign. This will include a statement of anticipated principles, outcomes, consultees and timescales. For the report in December 2016, the outcomes must clearly include recommendations on:-
- priorities
 - scale
 - values
 - budgeting
 - performance standards
 - structure
- for the Council for the next 3 years and beyond.

5 A Framework

- 5.1 The Member Working Group would provide direction to the officer team on how the work should proceed and the following framework is recommended. The work:-
- should start with a blank sheet and redesign the Council from first principles. It should **not** seek to redesign from the baseline of current service provision or service structure.
 - should adopt an outcome-focused, zero-based budgeting approach to the design and costing of future service provision.
 - should balance ambition with realism and affordability
 - should clarify and describe the extent of the Council's statutory responsibilities.
 - should consider how services are delivered and how they can be improved, including consideration of digital/online options.
 - should have a clear focus on performance – the right indicators,

standards, measurement and scrutiny.

- should identify options, and costs for the provision of non-statutory services and seek to prioritise these with choices based on democratic principles using established techniques such as Citizen's Juries.
- should, with the collaborative involvement of partners, seek to rationalise the pattern of public services in the Highlands such that a redesigned Council fits with the aspirations and obligations of our partners.
- should use and build on the recommendations of the Christie Commission as a template for a public sector focused on prevention, collaboration and community participation.
- should proceed in parallel and in collaboration with the Commission for Highland Democracy and its agenda of localism.
- should promote the active participation of communities in service design and delivery.
- should be communicated clearly at each stage by elected Members as leaders in their communities.

6 Recommendations

6.1 Members are asked to AGREE

- i. that the Highland Council needs to take the opportunity now to work with stakeholders to refocus our mission, recalibrate our objectives and redesign our services.
- ii. that the approach should be led by the Council Chief Executive, directed by a politically balanced cross party working group of elected Members and be genuinely inclusive of the views of Highland communities and the Council's staff, partners and stakeholders.
- iii. that Groups identify Members to form the working group within 1 week, as per the current formula
- iv. that the work should start immediately and make a final report with recommendations to the Highland Council on 15th December 2016.
- v. that the work is considered a key investment in the future of the Highland Council and resourced with 3 full time staff at a cost of £175,000 in 2016/17 only. As a one-off project cost it is recommended that this be funded from non-earmarked balances.
- vi. that the member working group consider adopting the framework set out in section 5 of this report

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1st March 2016