

## The Highland Council

24<sup>th</sup> March 2016

Agenda Item	3
Report No	HC/16/16

### Redesign of the Highland Council

Report by the Chief Executive

#### Summary

This report sets out proposals for leading and progressing the redesign of the Council for Members to consider.

#### 1. Background

- 1.1 At the Council meeting on 10<sup>th</sup> March 2016 Members agreed to defer the report on redesign of the Highland Council to a special meeting on 24<sup>th</sup> March 2016. Over that period further discussion with members and group leaders has helped to shape the proposals contained in this report.
- 1.2 At the Council meeting on 10<sup>th</sup> March 2016 Members agreed to support the proposal for a Commission on Highland Democracy. This would follow up the recommendations made by the Strengthening Local Democracy Commission as set out in its report 'Reconnecting with Communities' in 2014. It will enable conversations locally on the kind of democracy we should have in the Highlands. Arrangements are being made for Rory Mair, CBE to contact Group Leaders and partners so that a further report on the Commission can be brought back to Members for the Council meeting in May 2016.
- 1.3 The Commission on Highland Democracy would operate in parallel with and inform the proposed redesign work.

#### 2. The need for redesign

##### 2.1 Budget context

Members had difficult decisions to make at the budget setting meeting on 25<sup>th</sup> February 2016 to accommodate the reduced budget. Significant reductions in the number of staff employed in the Council and reductions in service budgets of between 2% and 17% will take effect from the end of this month. The impacts of these reductions are still to be felt but it is clear that former levels of service and performance cannot be sustained. New ways of working will be required and expectations of the Council will have to change.

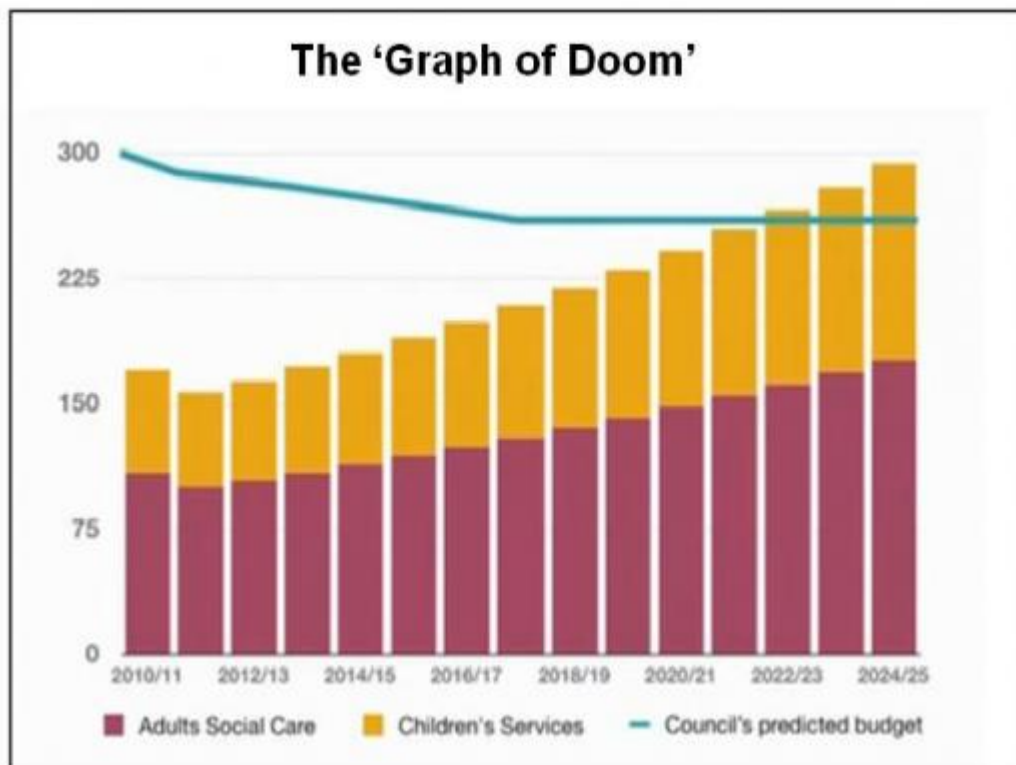
- 2.2 While there is uncertainty about future grant settlements, current assumptions are around a 2% reduction per annum. Some commentators have referred to us experiencing a period of 'perma-austerity' with year on year budget reductions<sup>1</sup>.

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<sup>1</sup> The 21<sup>st</sup> Century Public Servant by Needham and Mangan, (University of Birmingham, ESRC and Public Service Academy) 2015

2.3 Increasingly the analysis by Barnet Council in 2012 of its predicted budget has become used generally to apply to the whole of local government. This provided the 'graph of doom' showing below that if spending predictions were accurate and there was no change in Council statutory services then social care and children's services costs would use all that Council's budget with little room for other community services. Clearly local government in England has experienced greater cuts than in Scotland so far.

### The Barnet "Graph of Doom"



2.4 The financial outlook brings some urgency to the need for the Council to re-think and refresh its relationship with our communities. The Council has a range of relationships with its public, including:

- The public as customers, with expectations on responsive and suitable local Council services;
- The public as stakeholders and electors, with experience and views to share on things that matter to them and expectations that the Council will listen to and represent them and not only in relation to Council services;
- The members of the public and specific communities with needs for particular support, and with increasing expectations on the Council to target resources for those in most need recognising that different people and places need different things. This brings implications which challenge the concept of universal service provision and consistent service standards across the area;
- The public as becoming more self-reliant or being more involved in local community action and more responsible for community led services. This brings greater emphasis on the Council as an enabler rather than a provider of public services.

The time is right to openly explore these relationships and how they might need to change over the medium term.

- 2.5 There are still significant public resources being invested in the region and we have real assets in our staff, our partners and in our communities. A programme of redesign needs to be positive about what can be achieved by refocusing these assets and using them to best effect.

### **3. The purpose of redesign**

3.1 It is proposed that the redesign work should:

- Renew the Council's purpose and ambition. This means being clear about the difference the Council wants to see made to the lives of Highland citizens and make a regional contribution to the country's success.
- Review the Council's priorities based on the outcomes it and its constituent communities want to achieve and in the context of its statutory and non-statutory duties.
- Produce proposals on how to deliver Council services that can be afforded within the budget set, considering a range of delivery options.
- Recognise that form follows function with proposals to be made on the management of Council operations.
- Rise to the localism agenda Members have instigated.
- Explore the best options for public participation in public services.
- Propose a programme that places staff at the centre of making the change happen, which values them and supports them as excellent public servants.
- Seek out and listen to a range of perspectives to inform the redesign work.

### **4. The proposed scope of the redesign work**

4.1 While this report identifies what could be in scope for the redesign work it is important to clarify what is out of scope and how the work may need to adapt to external change.

4.2 The redesign work cannot comment on or propose any reorganisation of local government. While the Council may have a view, that is a matter for Government. Also during the period of the redesign work we will be advised of the Council's grant settlement, and we expect the Autumn Statement to offer certainty about funding levels over the next 3 years through to March 2020. The proposals from the redesign will need to adapt to that settlement.

4.3 Similarly the redesign work would have to adapt to any other external changes may arise such as any new arrangements for local taxation and any change in local authority functions set by the Scottish Government.

### **5. The leadership of the redesign work**

5.1 It is proposed that the redesign work is led and overseen by a working group of 16 elected members to enable balance across the groups. It is proposed the Group is given a title, an example could be the "Shaping Your Council Board."

The Board would be supported by:

- A small internal team led by the Chief Executive with dedicated staff.
- External support. The Working Group/Board would determine what is required but this could include challenge and peer review, drawing on the skills and expertise of those with experience in business and public service leadership and change, including those with senior local government experience.

Those providing external support would have direct access to the Board and would work with the Chief Executive team as necessary.

5.2 Progress reports would be presented to each meeting for the Council to consider over the next 12 months.

## **6. The methods proposed**

The methods would include:

- Early workshops with the Board to review the Council's purpose and the outcomes to pursue.
- Gathering views from a range of perspectives on the Council's purpose, its service delivery options, its methods of encouraging public participation in public services, and on its redesign proposals. Stakeholders will include other public bodies, other service providers, key customer groups, communities of place and of interest and staff and Trade Unions. A variety of methods would be used to gather these views including surveys, focus groups, interviews and social media such as web chats. Trialling citizens juries in Highland as a sounding board for proposals or for considering any controversial proposals could also be an option.
- Clarifying the statutory functions required of the Council and their relative priority against the outcomes.
- Analysing these functions on the basis of the need for them and the costs associated with them, starting from a 'zero base'. This means justifying all budgets to be proposed for 2017/18 and adopting the principles of 'zero-based budgeting' normally applied annually.
- Developing service delivery options (e.g. in-house, out-sourced, shared services, integrated services, commercial and community-run services);
- Reviewing non-statutory services to align them fully with the Council's mission, costing these for budgets to be proposed for 2017/18 and considering the range of service delivery options;
- Identifying the skills needed among staff to lead, manage and support the organisational change required for a programme to be designed that values staff and values what it means to work in public service;
- Identifying any future development needs arising from the changes proposed for elected Members;
- Supporting and listening to the feedback from the Commission on Highland Democracy.

## **7. The timescales proposed**

7.1 It is proposed that the recommendations from the Board will report in two stages to the Council:

1. For the Council meeting in December 2016, focusing on budget proposals;
2. For the Council meeting in March 2017, focusing on the other aspects of the redesign including operational arrangements, public participation approaches and a programme for staff development.

7.2 Implementation of the Council's decisions on the budget would be from April 2017 and other changes following that date and under the leadership of the new Council elected in May 2017.

## **8. The resources required**

8.1 To cover costs associated with the internal team and the external support along with any costs associated with public and partner meetings, including secretariat support for the Commission on Highland Democracy, travel and ICT requirements a budget of £150k is required. With staff and budget reductions agreed by the Council it is no longer possible to absorb these costs within current budgets so it is recommended that this is treated as a one-off project cost and funded from 2015/16 year-end underspends.

## **9. Implications**

9.1 Resource implications: this report is about how the Council can redeploy its reducing resources to deliver the Council's priorities taking into account stakeholder views. The costs of supporting the redesign work are included in the report.

Legal implications: the work of the Board will include an examination of the Council's statutory and non-statutory roles and all proposals made will comply with the Council's legal duties.

Equalities implications: the redesign work will be mindful of the Council's Fairer Highland Plan and its duties under the Equality Act 2010.

Climate Change/Carbon Clever implications: no new implications are identified.

Risk implications: there are risks associated with the ambition of the proposed work in the timescale required. Project management techniques will be used to deliver on time and under the scrutiny and direction of the Board. The Board would retain 16 Members throughout its term.

Gaelic implications: no new implications are identified.

Rural implications: proposals will affect rural and urban Highland, supporting the Council's localism agenda.

## **10. Recommendation**

### 10.1 Members are asked to agree:

1. There is a need for redesign of the Council given the financial position and outlook;
2. That a redesign process is inclusive of the views from a range of stakeholders with its purpose and scope as described in sections 3 and 4 of the report;
3. That a Board is established to lead and oversee the work. The Board would have a title and have 16 Members throughout its term. Groups are asked to identify their Members as per the formula within one week;
4. That the work should start immediately to meet the first deadline for budget proposals in December 2016 and the second deadline of March 2017 for proposals on operations, public participation and staff development programme. Progress reports will be brought to each Council meeting over that period.
5. That a budget of £150,000 would be drawn from 2015/16 year-end underspends and used to resource a small internal team and a range of external support for the Board.
6. That the Board considers adopting the methods proposed in section 6 of the report.