

**Cabinet**  
**NON-CONFIDENTIAL APPENDICES**

Monday, 19th December, 2011  
at 5.00 pm

APPENDICES ATTACHED TO THE LISTED REPORTS

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## **NON-CONFIDENTIAL APPENDICES**

- 5 MATTERS REFERRED BY THE COUNCIL OR BY THE OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE FOR RECONSIDERATION (IF ANY)**
- 11 RE-CATEGORISATION OF INVESTMENT PROPERTIES**

Friday, 9 December  
2011

HEAD OF LEGAL AND DEMOCRATIC SERVICES

## NOTICE OF CALL-IN

In accordance with rule 12 of the Overview & Scrutiny procedure rules of the Council's Constitution, a request is hereby made that the Head of Corporate Policy and Performance exercise the call-in of the decision identified below for consideration by Overview and Scrutiny Management Committee.

Decision Number: CAB 11/12 7331 – Southampton City Council's Change Programme
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Decision Taker: Cabinet
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Date of Decision: 21 <sup>st</sup> November 2011
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Reason(s) for Requisition of Call-In of Decision:

- |   |
|---|
| <ul style="list-style-type: none"><li>To provide clarification relating to how elected members will engage with the Council's Change Programme.</li></ul> |
|---|

Call-In Requested by:

Name	Signature	Date
Cllr Barnes-Andrews		29/11/11

All Members requesting that a Decision be Called-In must sign this Call-In Notice. A decision may be called in by:

- The Chair of Overview and Scrutiny Management Committee
- Any 2 Members of Overview and Scrutiny Management Committee
- In respect of a Decision relating to Education, any 2 Parent Governor or Church Representatives

Please submit to the Head of Corporate Policy and Performance within 5 clear days of the publication of the relevant decision.

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# Agenda Item 5

## Appendix 2

<b>DECISION-MAKER:</b>	FULL COUNCIL CABINET
<b>SUBJECT:</b>	SOUTHAMPTON CITY COUNCIL'S CHANGE PROGRAMME
<b>DATE OF DECISION:</b>	16 NOVEMBER 2011 21 NOVEMBER 2011
<b>REPORT OF:</b>	THE LEADER AND THE CHIEF EXECUTIVE
<b>STATEMENT OF CONFIDENTIALITY</b>	
None	

### **BRIEF SUMMARY**

Southampton City Council aims to be a modern, efficient organisation focussed on and valued by its customers, an ambitious, innovative and leading employer setting high standards and *the* central city and Solent region partner. Given that the Council has to reduce its budget by around £76 million over the period 2011/12 – 2014/15, it is essential that we consider how to shape the council for the future. This report provides details about the Change Programme which will help us to transform the way we do business to reduce our targetable gross costs by 25% over 3 years and to be a fit for purpose organisation by 2015. It sets out why our Council needs to change, what we plan to achieve through change, and the main building blocks of our Change Programme.

### **RECOMMENDATIONS:**

#### **Council**

- (i) Consider and note the Change Programme set out in this report, due to be considered by Cabinet on 21<sup>st</sup> November 2011.

#### **Cabinet**

- (i) Approve the Change Programme.
- (ii) Delegate authority to the Chief Executive to develop and implement the Change Programme projects detailed in this report, following consultation with the Leader of the Council.
- (iii) Delegate authority to the Chief Executive, following consultation with the Director of Corporate Services and the Senior Manager, Finance, to progress options for delivering services through third party bodies using a range of governance structures and models, including (but not limited to) a Local Authority Trading Company.

### **REASONS FOR REPORT RECOMMENDATIONS**

The financial challenges faced by the Council makes it imperative for the Council to adopt radical and different approaches to meeting customer needs, service delivery models and maximising the potential of our employees. The Change Programme will help us do this and shape the Council for the future. In doing so, the Change Programme will help us become more 'customer-focussed', 'efficient' and 'business-like'.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

None

### DETAIL (Including consultation carried out)

1. Southampton City Council aims to be:
  - A modern, efficient organisation focussed on and valued by its customers, delivering quality public services and leading economic development. We care about our customers and we are eager to keep improving.
  - An ambitious, innovative and leading employer setting high standards, with a strong team ethos, an excellent reputation with its customers, pride and loyalty from its employees; an excellent employer that people from the widest range of skills and experience aspire to work for.
  - *The* central city and Solent region partner who leads strategically, understands the important goals of other strategic partners, works effectively and collaboratively on priority goals and changes the big picture of Southampton and the region for the better.
2. To achieve these aims, we need to change, become more streamlined and shape Southampton City Council for the future. The way the Council has been organised was right for the past, and has enabled the City Council to achieve a great deal, delivering good and improving services. However enormous changes are taking place to the public sector and we must ensure that Southampton City Council now progresses to be right for the future – to ensure that we take the opportunities as well as meet the challenges that the future holds.

### Drivers for change

3. The public sector across the UK is being forced to make profound changes in the way it functions. Changes at a national level have meant significant loss of funding for some activities, less emphasis on the administration of planning, measurement and monitoring and major changes in the structures for regional, sub regional and partner organisations. Against this backdrop of radical change to the world in which we work, there are further significant changes being currently progressed to the public sector at a local level, for example:
  - A changing public sector role and structure - increased diversity, less regimentation, more innovation
  - The Local Ombudsman will be given increased powers, requiring implementation by Local Authorities
  - Standards Boards will be axed, with new legislation to be introduced to criminalise specific acts of wrong doing within councils
  - New, elected Police and Crime Commissioners will set budgets and strategic plans for police forces across England and Wales, as well as appointing chief constables.
  - Requirements are placed on us by the new Best Value Guidance - Best Value authorities are under a general Duty of Best Value to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”.

- The changes in Health that have a significant impact include the integration of public health within the City Council and the establishment of a GP led Clinical Commissioning Group for the City.
4. Councils up and down the country have:
- Less money but more freedom on how to use these resources due to reduced ring fencing. However, there are greater demands on resources. We continue to face demographic changes, particularly the youngest and oldest leading to greater demands on our services. Due to the increasing impact of central financial reforms felt by residents, there will be more high need, high cost customers.
  - Opportunities to do things differently, more regional flexibility, increased local transparency as a result of changes to the inspection regimes, less national reporting and less central accountability. This could lead to stronger local performance management and increased role for our communities.
  - Customers have greater public expectation, there is an increase in personalisation of services, an enhanced role for local councillors and local communities through the Big Society agenda and the public service reform leading to local service changes.
5. Local government now has the opportunity to re-shape its use of resources, to re-calibrate how it spends those resources – where possible reducing unnecessary bureaucracy and processes, in favour of investment in its priority public-facing services. We need to change and transform in order to:
- Deliver services that meet the needs of our customers with much reduced resources from central Government – in our case we need to reduce our costs over the coming three years by more than £50 million pounds and this is over and above the savings made in 2011/12 which was the first year of the four year Comprehensive Spending Review announced by the Government in 2010.
  - We cannot deal with this scale of imperative by simply cutting back: cutting back by this enormous amount would reduce services to a point that in many cases would result in the Council being unable to deliver an acceptable standard of service to our customers or meet statutory requirements.
  - Meet the challenge of being the best that we can be for our customers. Our customers expect excellent customer service from an efficient business-like Council, and they have told us very clearly that above all they want to see more economic development. By 'economic development' it is clear that they mean more jobs, including more skilled and higher paid jobs, more prosperity, in a developing and attractive city.
  - Change the culture of the organisation and use new thinking to root out unproductive processes and bureaucracy while empowering staff to be more customer focused, innovative, share information and work across services and directorates to achieve the best for our customers.
  - Localism/better commissioning/less direct delivery/better performance monitoring.

### **How could we respond?**

6. Councils are developing new models of working – no one-size fits-all model for local government. We could:
  - Seize the opportunity to develop a new role, new approaches and embrace wholesale change. Time to move away from piecemeal changes and salami slicing
  - Explore different funding options and revenue raising opportunities. Greater pooled budgets and a 'whole system' approach to resources. Better understanding of costs, cash flows and cost drivers
  - Focus more on the future. Increase long term planning, understand changing needs and our residents and customers better
  - Focus on the workforce. Ensure its workforce is fit for purpose, fully trained and supported.
  - Not be afraid to stop doing things
  - Explore alternative sources of provision. Devolve responsibility to others if it will improve outcomes and VFM
  - Increase our investment in prevention and early intervention, backed by a full understanding of impact and VFM.
  - Ensure providers (including internal services) are held to account against outcome targets and incentivise high performance.
  - Develop a strong local performance management regime and internal accountability. Need to replace external regulation and inspection and focus on what matters to Southampton and our priorities.
  - Improve our use and understanding of evidence and data across the Council. Ensure commissioning is based on the best available data. Understand the inputs, outputs and costs for all services.
  - Make better use of technology including social media and web based services. Don't be afraid to try new things and take calculated risks.
  - Encourage the big society and the value that the voluntary sector has in prevention and service delivery.
  - Develop our partnerships and new partnership arrangements. Move away from silo working both internally and externally and ensure there is shared vision across the City for how we can improve.
  - Embrace innovation. Learn from others locally, nationally and internationally but don't be afraid to go first.

### **The Change Programme**

7. The Change Programme will help us to respond by:
  - Transforming the way we do business to reduce our targetable gross costs by 25% in the next 3 years
  - Becoming a fit for purpose organisation by 2015.
8. Our customers are of prime importance and hence, the task is to meet the needs of our customers in different ways through different approaches. By 2015, we expect to be primarily, a commissioning council, with a strong focus on key priorities, statutory services and prevention. This requires us to stop doing activities and delivering services that do not support this and to recalibrate the way in which we meet customer needs and set realistic achievable outcomes. We want to root out unproductive processes and bureaucracies so that more of the Council's investment is spent on direct delivery of services. To achieve this, we want to bring services together with



other councils and public bodies as well as commission services through the private sector and voluntary sector to reduce costs and improve service standards. We also want to encourage and support local communities to play a more active role in taking initiatives within their own neighbourhoods. This will lead to a less visible role in direct service delivery and a greater role in understanding customer needs and requirements, specifying services that are needed and monitoring quality of delivery.

9. Therefore we have to take a strategic, planned approach to progress a number of strands of work programmes and projects at an increased pace by using and developing in house talent, skills and experience. The Change Programme is a **cohesive and coordinated approach** for delivering the changes required to meet the challenges we face by bringing these strands of work while still ensuring that front line services continue to be supported. By doing this in a joined up way (and not piecemeal), we will ensure that we maximise opportunities.

### **Laying the foundations – progress to date**

10. Some building blocks to assist the development of the Change Programme have already been put in place. These include the following:
11. Restructuring Council services: A starting point for the Change Programme is to organise services to meet the new financial realities and to be ready for the opportunities as well as the challenges of the years ahead. There are many of both and we must be fit for the purpose of embracing both. We have started the work on re-shaping our directorates from April 2011 and given the complexity, challenges and opportunities, this process is likely to take till March 2013. In doing this the Council will follow the principle that *no customer will be placed at risk as a result of changes that we make to our organisation of services*.
12. We are in the process of reshaping the whole organisation and have so far, reduced the number of public-facing directorates to three. These will be supported by a single directorate to manage important corporate work, typically in support of the 3 public-facing directorates. The intention is for the new Families & Communities Directorate to be established by April 2012. In the meantime, we are having discussion with neighbouring councils and other public bodies to find joint approaches to managing services, where such arrangements will be of financial and service benefit to both parties. These developments will no doubt result in further changes to the shape of the organisation in the coming months and years.
13. Working with Partners: We have played a key role in working with our partners in shaping and connecting the City-wide priorities both within the City and outwardly across the Solent region and its developing LEP.
14. Leadership and Management: The Management Board of Directors aims to include representation from the principle lead in contracted-out services, and a variety of strategic partnership leads acting as the equivalent of non-executive directors – supporting the Management Board through external challenge, contacts and constructive contribution.
15. We have established the Leadership Group comprising the Directors and Senior Management of the Council as well as the Director of Public Health

and his management team. Our colleagues in Capita are also invited to most meetings. This Group is absolutely vital to the performance and future strength of Council services and has started meeting regularly to share and discuss key new developments and opportunities. It is an important forum for knowledge development as well as for problem-sharing and solving. We intend to develop the experience, the training, the core competencies within our Leadership Group, and to ensure that good practice is spread across the directorates.

16. Quarterly Business Reviews: We expect to achieve a stronger focus on performance for each service through Quarterly Business Reviews which have started recently. They will focus on the recently established list of 12 Critical (or 'Killer') Key Performance Indicators for the Council and each Directorate. In these sessions, each Directorate will report on performance from each service, to the wider Leadership Group. QBRs will also support the services in working and planning across directorates – not only vertically within directorates.

### **Moving Forward**

17. Accountability: The Chief Executive and Directors will be accountable for delivering the Change Programme and Directors and Senior Managers are responsible for delivering transformation and cost reduction projects on the following principles:
  - Reduce costs significantly
  - Customer centred – use the *Customer Present* test
  - Focus on outcomes
  - Ensure deliverability
  - Plan and create quick wins on the way
  - Set and achieve clear timescales and cost reductions
  - Ensure joined up programmes of work
  - Take measured risks
18. We will implement change by:
  - Using the knowledge and understanding of our staff to achieve improvements
  - Using customer focused approaches and useful tools to check on our future way of working across the organisation:
    - **So What?** - by all employees considering what positive difference, what positive outcomes they will cause to happen as a result of their work
    - **Customer Present**.....focus on 'keeping it real' by all employees imagining that the customer is present in their meetings, in discussing future plans, in considering change, in assessing where they can reduce bureaucracy - and what they would make of what we are doing.
  - Using clear jargon free language
  - Ensuring individual projects form part of a Council wide approach

19. Creating the capacity

We need to create the capacity to enable Change to happen, without incurring more costs. Many councils have bought in this resource; we intend to develop that capacity and capability as much as possible internally. This will have significant benefits for the wider organisation, whilst also enabling the Council to develop a capacity it currently doesn't have. Therefore, we have established an initial Change Task Force (CTF) – bringing together colleagues with relevant and compatible skills and experience, with a clear desire to be involved in positive change. The Change Task Force will provide additional capacity to the Chief Executive, Directors and Senior Managers including rapid assessments of opportunities and scoping of projects.

20. The CTF members will continue to hold their usual accountabilities but we will aim to clear sufficient space in their workload such that they work together on change programmes and projects and support staff across the organisation on change projects.

**Change Programme Priorities and Projects**

21. The main priorities are to:

- Reduce cost
- Improve customer experiences
- Improve service delivery
- Reduce the time and resources spent on non productive processes, practices and systems

22. This will be done through rapid scoping and assessment of options and ideas so that informed decisions can be taken on whether they are realistic, can be delivered within the required timescales and achieve the objectives.

23. While a number of proposals set out in the draft budget will contribute to the Change Programme, the top priority projects are:

1. Joint Services with the IOW
  - a. Educational Support
  - b. Economy and Environment
  - c. Other services
2. Rolling out LEAN out LEAN Service Management across Directorates to reduce unproductive processes and systems
3. Joining up contract management, procurement and purchasing
4. Changing the way we work
  - a. IT Strategy and flexible, mobile working
  - b. Strategic Asset management
  - c. Review of HR practices
5. Developing different service delivery models
  - a. Developing a clear framework for the Council
  - b. Adult Social Care Provider services
  - c. Housing
  - d. Exploring commercial options for

- Parks and Open Spaces
  - Waste, Fleet, Itchen Bridge and ROMANSE/CCTV
  - Street Cleansing
6. Exploring service developments to improve the customer experience. These will be dependent on budgetary restrictions and successful partnership participation:
- a. Introduce a 'City Bursary' programme for local students to access higher education; and a 'City Alumni' business leader mentoring programme for local students.
  - b. Reduce parking costs in the City centre in specific periods to encourage the City economy.
  - c. Introduce city-centre Wifi access including the parks, to increase the attraction of the whole City centre to all visitors.
  - d. Develop a Southampton City Card, to provide specific benefits to our customers.
24. In addition, other strands of work will also be progressed through the Change Programme and implementation of budget proposals agreed in February 2012.
25. Customer Focus
- Projects:
- Customer Priority Programme and Business Support Review Phase 2
  - Multi agency, multi disciplinary work to support communities with the most complex needs who live in our Council estates
  - Developing a joint commissioning model for Council services, building on the current work relating to Adult Social Care, Children's Social Care and Health
26. Culture
- Projects:
- Establishing and progressing the new management structure.
  - Imbedding the LEAN culture in all employees' approach to working within the Council.
  - Delivering joint/ shared services with other public bodies.
  - Partnering with others to achieve lower prices and benefitting local supply chains.
  - Reviewing policy development, performance management, partnership working, customer insight and community engagement.
  - Working with Southampton Connect to focus City-wide partners on core City issues, including long-standing tough challenges.
27. Strategic Asset Management
- Estate Regeneration programme
  - Joint accommodation for locality abased services
  - Service Property Review
  - Community Asset Transfer

## RESOURCE IMPLICATIONS

### Capital/Revenue

28. We need to reduce our costs over the coming three years by more than £50 million pounds and this is over and above the savings made in 2011/12 which was the first year of the four year Comprehensive Spending Review announced by the current Government in 2010.
29. Our gross costs exceed £500M and so this reduction equates to 10% of our gross operating costs. However, after we have stripped out those costs that we cannot influence (for example, schools and housing benefit payments), and reduced by a factor those costs we have limited influence over (for example business rates and the direct costs associated with the provision of care), we are left with just under £200M of **targetable gross costs which need to be reduced by 25% over 3 years**.
30. The Change Task Force members will provide the capacity for developing and delivering projects through creating sufficient space in their workload by reprioritising their work. They will be supported by the small team within the Customers and Business Improvement Division within the Economic Development Directorate.
31. The Change Programme will be expected to deliver real financial benefits as well as improved customer experiences. In order to progress some projects, it may necessary to meet up front investment and initially this will be done through using one-off funding made available through the current Efficiency Fund as well as ongoing budgets within services to support the Change Programme activity.
32. Once the remaining Efficiency Fund has been utilised there is currently no provision in the budget for further transformational investment. The approach therefore will be to complete rapid scoping of projects and if individual projects highlight the need for specific one-off investment (especially those involving the use of technology), report to Cabinet for consideration and approval.

### Property/Other

33. None

## LEGAL IMPLICATIONS

### Statutory power to undertake proposals in the report:

34. Under the Duty of Best Value, authorities should consider overall value, including economic, environmental and social value, when reviewing service provision. As a concept, social value is about seeking to maximise the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves.

### Other Legal Implications:

35. None

## POLICY FRAMEWORK IMPLICATIONS

36. Southampton Connect Plan

Council Plan

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	E-mail:	dawn.baxendale@southampton.gov.uk		
<b>KEY DECISION?</b>	Yes/No			
<b>WARDS/COMMUNITIES AFFECTED:</b>	All			

### SUPPORTING DOCUMENTATION

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

#### Appendices

1.	None
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#### Documents In Members' Rooms

1.	None
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#### Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out?	Yes –for each project
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#### Other Background Documents

**Integrated Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	N/A	
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## Properties now designated as strategic

Property	Use	Strategic Reason
Southbrook Road, Land for Car Parking Nelson Gate	Parking	Part of a feasibility study for Central Station – Review after study
East Bargate Street 002-008 & Hanover Buildings,	Shops	Would be part of Bargate Centre redevelopment. Owners Parkridge in Administration. Close liaison with Administrator to deliver a scheme
East Bargate Street, 010-011	Shops	Would be part of Bargate Centre redevelopment. Owners Parkridge in Administration. Close liaison with Administrator to deliver a scheme
East Bargate Street, 012-016	Shops	Would be part of Bargate Centre redevelopment. Owners Parkridge in Administration. Close liaison with Administrator to deliver a scheme
Hanover Buildings, 032 - 033	Shops	Would be part of Bargate Centre redevelopment. Owners Parkridge in Administration. Close liaison with Administrator to deliver a scheme
West Quay Road, West Quay Shopping Centre	Shops	Retain to work with Hammerson on delivery of Watermark West Quay
Avenue The, The Cowherds	Public House	Close proximity to Southampton Common
Lordshill District Centre, Centre-Car Parks	Parking	Part of a feasibility study for Lordshill District Centre – Review after study
Lordshill District Centre, The Mountbatten	Public House	Part of a feasibility study for Lordshill District Centre – Review after study
Lorshill District Centre, Fuel Station	Other Commercial	Part of a feasibility study for Lordshill District Centre – Review after study
Drivers Wharf, Land at Site A & B	Storage	Site for future development at Drivers Wharf
Northam Road, Land Adjoining Methodist Church	Parking	Site for future development at Drivers Wharf
Princes Street, 029	Parking	Site for future development at Drivers Wharf
Princes Street, Former Scout Hut	Storage	Site for future development at Drivers Wharf

**Properties now designated as strategic**

<b>Property</b>	<b>Use</b>	<b>Strategic Reason</b>
Princes Street, Land at Rear Coburg Street	Storage	Site for future development at Drivers Wharf
Princes Street, Site and Premises	Industrial Warehousing	Site for future development at Drivers Wharf
Mansbridge Road, Car Park (Fords)	Parking	Site for Major Employer Use