

| | | | |
|---|---|--|--------------------|
| DECISION-MAKER: | CABINET | | |
| SUBJECT: | TRANSFORMATION PROGRAMME UPDATE | | |
| DATE OF DECISION: | 29 OCTOBER 2024 | | |
| REPORT OF: | COUNCILLOR FIELKER LEADER OF THE COUNCIL | | |
| <u>CONTACT DETAILS</u> | | | |
| Executive Director | Title | CHIEF EXECUTIVE | |
| | Name: | Andrew Travers | Tel: 023 8083 2943 |
| | E-mail | andrew.travers@southampton.gov.uk | |
| Author: | Title | TRANSFORMATION DIRECTOR | |
| | Name: | James Wills-Fleming | Tel: 023 8083 2054 |
| | E-mail | james.wills-fleming@southampton.gov.uk | |
| STATEMENT OF CONFIDENTIALITY | | | |
| None | | | |
| BRIEF SUMMARY | | | |
| <p>When Council set the Budget for 2024/25 on 6 March 2024, it was agreed that a comprehensive Transformation Programme be established as part of its plans to address the structural budget deficit. In July 2024 Cabinet approved a strategy and initial definition of the council's "adapt grow thrive" Transformation Programme. This report, and main appendix "Transformation Update-October 2024", sets out the progress made towards delivering the Transformation Programme, and the current status and expected outcomes of each Portfolio of activity within it.</p> | | | |
| RECOMMENDATIONS: | | | |
| | (i) | That Cabinet agrees the updates to the expected outcomes of the Portfolios of activities within the adapt grow thrive Transformation Programme, including the approval of Full Business Cases, as set out in the 'key progress and next steps' sections for each Portfolio, within the main appendix – "Transformation Update-October 2024". | |
| | (ii) | agrees the £9m of expected savings from the delivery of transformation activities for 2024/25, supported by updated business cases set out within the main appendix – "Transformation Update-October 2024" | |
| | (iii) | agrees the approach to staff engagement and consultation set out within the main appendix – "Transformation Update-October 2024" | |
| REASONS FOR REPORT RECOMMENDATIONS | | | |
| 1. | To enable Cabinet to review the progress made in delivering the council's comprehensive, organisation-wide, "adapt grow thrive" transformation programme. | | |

| ALTERNATIVE OPTIONS CONSIDERED AND REJECTED | |
|--|---|
| 2. | To not update Cabinet on the adapt grow thrive Transformation Programme. This was rejected due to the critical nature of the programme in supporting the council achieve financial sustainability and deliver much-needed reform of services. |
| DETAIL (Including consultation carried out) | |
| 3. | To address the council's structural budget deficit for the 2025/26 financial year, and beyond, we are focussed on delivering transformation across the organisation through a single comprehensive Transformation Programme called "adapt grow thrive" |
| 4. | The full content and delivery of the programme was initially defined through seven Portfolios containing a total of 28 Outline Business Cases (OBCs). These working documents were produced by all service areas and were summarised in the Transformation Update report approved by Cabinet in July 2024. |
| 5. | The July Cabinet report set out the intention to provide regular future updates on the progress made across the Transformation Programme to Cabinet, aligned to the main quarterly budget reporting schedule. This report provides such an update, with the next Transformation update anticipated to be presented to Cabinet in January/February 2025. |
| 6. | Since the July Cabinet report was approved, good progress has been made in further developing and delivering against these initial outline business cases and the main appendix – "Transformation Update-October 2024" – sets out the current status of each Portfolio and Programmes of activity within it. |
| 7. | The main appendix also sets out the currently expected financial benefits expected to be delivered through the programme. |
| 8. | All business cases have been further developed, with a number now considered Full Business Cases (FBCs), meaning that the activities and financial benefits have been defined and are now being delivered. This is set out in the 'key progress and next steps' sections for each Portfolio within the main appendix. |
| 9. | Overall, the Transformation Programme has identified c£50m of financial savings opportunities across the Medium Term Financial Strategy (MTFS) period. c£9m of this is expected to be delivered in 24/25, with c£5m already delivered towards this. An additional £24.7m is expected to be saved in 25/26, bringing the expected cumulative savings delivered for 25/26 to £33.7m. A full summary of the expected financial savings is included in the main appendix. |
| 10. | As our transformation plans have been further developed, we have started to identify the areas where the introduction of improved working practices means we can deliver services more efficiently, potentially resulting in a reduction in the required number of establishment posts. |
| 11. | At this time, we estimate a range of potential establishment post reductions of 136-168 Full-Time Equivalent (FTE) posts as a result of the improvement activity contained within the Transformation Programme. This number includes posts that are currently vacant. This is against an overall establishment of approximately 3,100 FTE. Where currently understood, the number of currently vacant vs. occupied posts has been assessed. Based on |

| | |
|-----|--|
| | current information, this gives a potential reduction of between 67-99 FTE occupied posts. It is important to note that these figures are all indicative at this time and will require further work to validate. This is set out in more detail in the main appendix. |
| 12. | The main appendix also sets out our approach to employee engagement and consultation. Our engagement will focus on connecting and reconnecting employees to our plans and how they can contribute through co-design and feedback. |
| 13. | <p>All consultations will be compliant with the council’s policies and procedures to ensure that meaningful consultation takes place and that all employees are given the time and opportunity to engage with their managers and directors and share their views on proposed changes. Our approach to this complex and extended period of change is as follows:</p> <ul style="list-style-type: none"> • The workforce and TU representatives will be kept informed and have the opportunity to discuss the organisation wide changes. • Individual directorate consultations will start at different times, and these will be required to provide an ESIA (Equality Safety Impact Assessment). • Employees at risk of redundancy will be given the opportunity to access redeployment opportunities and supported during the process. • An HR1 form will be completed to notify the government of potential redundancies and is required at least 45 days before the first dismissal redundancy notice is served. • A S188 (Trade Union Labour Relations Act) letter will be issued to the recognised trade unions of any proposed redundancies of 20 or more employees within a 90-day period. With consultation at both an organisation and directorate level. |

RESOURCE IMPLICATIONS

Capital/Revenue

| 14. | <p>The report sets out £49.7M of savings over the medium term. This is an improved position from the July report and will go a significant way to ensuring the council is sustainable in the medium term. The Medium-Term Financial Strategy Quarter 2 report, elsewhere on the agenda, takes this position into account.</p> <p>In order to support and ensure delivery of the Council’s transformation programme further resource is required, across all areas. The table below details the current estimated cost.</p> <table border="1"> <thead> <tr> <th></th> <th>2024/25 £M</th> <th>2025/26 £M</th> </tr> </thead> <tbody> <tr> <td>Forecast expenditure:</td> <td></td> <td></td> </tr> <tr> <td>Transformation Team Resource Requirements</td> <td>3.6</td> <td>3.9</td> </tr> <tr> <td>Enabling Services additional resource to support the programme</td> <td>1.4</td> <td>2.6</td> </tr> <tr> <td>Consultant support requirements (including Newton Europe)</td> <td>7.1</td> <td>5.0</td> </tr> <tr> <td>Total forecast expenditure</td> <td>12.1</td> <td>11.5</td> </tr> </tbody> </table> <p>The expenditure on the adapt grow thrive Programme can be classified as transformation spend that will result in savings, therefore there are 3 potential routes to funding this expenditure.</p> <ol style="list-style-type: none"> 1. To utilise the allocation given within exceptional financial support should this be confirmed as available by government £10.6M | | 2024/25 £M | 2025/26 £M | Forecast expenditure: | | | Transformation Team Resource Requirements | 3.6 | 3.9 | Enabling Services additional resource to support the programme | 1.4 | 2.6 | Consultant support requirements (including Newton Europe) | 7.1 | 5.0 | Total forecast expenditure | 12.1 | 11.5 |
|--|---|---------------|---------------|---------------|------------------------------|--|--|---|-----|-----|--|-----|-----|---|-----|-----|-----------------------------------|-------------|-------------|
| | 2024/25 £M | 2025/26 £M | | | | | | | | | | | | | | | | | |
| Forecast expenditure: | | | | | | | | | | | | | | | | | | | |
| Transformation Team Resource Requirements | 3.6 | 3.9 | | | | | | | | | | | | | | | | | |
| Enabling Services additional resource to support the programme | 1.4 | 2.6 | | | | | | | | | | | | | | | | | |
| Consultant support requirements (including Newton Europe) | 7.1 | 5.0 | | | | | | | | | | | | | | | | | |
| Total forecast expenditure | 12.1 | 11.5 | | | | | | | | | | | | | | | | | |

| | |
|---|---|
| | <p>2. To utilise the transformation reserve £4.66M</p> <p>3. To fund from capital receipts flexibilities – amount subject to receipts being available</p> <p>The 2024/25 budget has been established and all costs are closely monitored.</p> |
| <u>Property/Other</u> | |
| 15. | There are no specific new property implications arising from this report. Any property implications required to deliver the Transformation Programme will be defined through the individual business cases. |
| 16. | Cabinet have previously agreed the Phase 1 Disposal list being delivered under the Asset Development and Disposal Programme (ADDP). |
| LEGAL IMPLICATIONS | |
| <u>Statutory power to undertake proposals in the report:</u> | |
| 17. | S1 Localism Act 2011, S101 Local Government Act 1972 and discrete legislation referred to as appropriate in each OBC and FBC |
| <u>Other Legal Implications:</u> | |
| 18. | None |
| RISK MANAGEMENT IMPLICATIONS | |
| 19. | Failure to deliver the required actions and associated transformation programme within the required timeframe would prevent the council from setting a balanced budget 2025-26 and pose a material risk to our aspiration to be a modern sustainable council. The establishment of the programme is also a key aspect of the EFS “minded to” decision. This risk is being managed on the Corporate Risk register, with the programme governance and structure as set out in this report and associated appendices acting as key mitigations to prevent this risk from materialising. Reporting to Cabinet on the overall budget position is provided through the regular Budget/MTFS updates. |
| POLICY FRAMEWORK IMPLICATIONS | |
| 20. | None specifically but our approach to organisation structures is to ensure that the impact on current and future workforce is assessed in line with policy and employment law to reduce any risk to the organisation. Enable and support the organisation to assess and take advantage of opportunities that will arise, putting us ahead of the curve and support the creation of a modern, agile organisation. Any changes to work practices, digitalisation or otherwise will be assessed strategically from a people perspective with a view to evolving the workforce to take advantage of improvements, ensuring that learning is in place and transformation including reduction in employee numbers is supported. |
| KEY DECISION? | No |
| WARDS/COMMUNITIES AFFECTED: | ALL |
| <u>SUPPORTING DOCUMENTATION</u> | |
| Appendices | |
| 1. | Transformation Update-October 2024 |

| | |
|--|---|
| Documents In Members' Rooms | |
| 1. | None |
| <p>Equality Impact Assessment</p> <p>As a local authority, we are required by the Equality Act 2010 to comply with the Public Sector Equality Duty. This means that we need to carry out an equality analysis of our services and any proposed changes.</p> <p>For workforce related analysis, consideration has been given to the complexity and timelines of all the transformation projects resulting in the following approach being taken:</p> <ul style="list-style-type: none"> • Complete an organisation wide equality analysis which will be the baseline going forward and used for the transformation programme. Further equality analysis will be conducted and compared against the baseline at key milestones of the transformation programme. • Individual projects will be accountable for managing any opportunities and mitigations. • The People and Culture programme will be accountable for reporting and overseeing the analysis. HR will support the projects and look across the whole system in order to maximise opportunities. • A review of Equality Strategy is underway and any recommended ambitions/targets will be included in future reporting. <p>Further ESIA's relating to specific programmes and projects will be drafted as required.</p> | |
| <p>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</p> | |
| | yes |
| <p>Data Protection Impact Assessment</p> <p>It is expected that many of the programmes set out in this report will require DPIAs to be carried out.</p> <p>A full assessment of this requirement will be carried out as part of developing the programmes through to the next stage of business case approval and/or as they move to implementation. Each programme will be responsible for ensuring the required DPIA is in place to the satisfaction of the Data Protection Officer, and this will be monitored and managed through the programme and portfolio governance and assurance processes.</p> | |
| <p>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</p> | |
| | yes |
| <p>Other Background Documents</p> <p>Other Background documents available for inspection at:</p> | |
| 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. | None |