

REPORT FROM: DIRECTOR OF RESOURCES

TO: EXECUTIVE

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TRANSFORMATION PROGRAMME UPDATE

PURPOSE OF REPORT

To update Executive on the outcome of the Transformation Programme.

RECOMMENDATION

To note the findings of this report and those set out in Appendix 1 and to consider the future direction of the programme.

REASON FOR RECOMMENDATION

To inform Executive in order to allow the future direction of the programme to be agreed.

ISSUE

1. The Council approved the creation of a Transformation Reserve in December 2021. With the 'simpler' options to deliver critical savings seemingly exhausted, the Council agreed to progress more complicated and transformational changes, using its reserve to 'invest to save' to deliver repeatable savings over many years and not solely on protecting services for a single year. In order to consider a more holistic approach to reviewing and redesigning its services around local resident need, it was agreed that £250,000 would be invested from reserves in order to fund:
 - a. Transformation Programme Director role for an initial period of 9 months; and
 - b. Business analysts, change management and programme support.
2. The resources allowed the Council to development a detailed programme of work and re-design and to supported service leads and senior officers to understand new operating models and customer-focused solutions and support engagement with partners to understand opportunities to align approaches.

3. Opportunities were identified and developed into detailed business cases and taken through appropriate governance and decision making, depending on the scale of change. The workstreams and progress made are outlined below:

a. *Building Control*

The service had experienced significant staffing and delivery challenges as a result of a highly competitive recruitment marketplace and changes to legislative requirements on professional qualifications following the Greenfell tragedy. The service was also hampered by a lack of administrative support which meant professional staff were spending too much time on this rather than core building control work. The review, commissioned in late 2021, found that service resilience was at a low: 'Pendle is *'barely coping' at present, plan check turnaround times are not at commercially acceptable levels*'. As a result of low staffing numbers, the Pendle ratio for fee earning and dangerous structures enforcement work was heavily skewed towards the non-fee earning side. This aspect had understandably been prioritised with the few resources which were available, but this was leading to an unsustainable service package and the risk of losing previously strong market share. The review highlighted the need to rebuild staff morale and staffing numbers and invest in salaries, which would be offset through an increase in productivity and fees and charges on the fee earning side, effectively 'invest to grow income'. The review was able to identify key recommendations to address the operational issues in the service and implement the industry-wide changes required following Dame Judith Hackitt's review (Building a Safer Future – Independent Review of Building Regulations and Fire Safety).

b. *Development Management (DM)*

At the start of the Transforming Pendle programme, this service was in a precarious position as a result of a new team of less experienced planning staff being in post and an overall reduction in head count. Savings had been taken opportunistically, with less costly staff not being replaced, and their work being absorbed by more expensive staff. Administrative tasks, including the verification of planning applications, were being undertaken by the service manager and other professionals, with productivity severely damaged. Moreover, the IDOX software system was not fully configured to support the team. Like Building Control, fee earning work (pre-application advice) had been deprioritised to focus on the statutory essentials, and again this had led to a less viable and financially sustainable whole. The review highlighted the need to rebuild staff morale, have the staff resource in place to reintroduce the fee-earning pre-application advice service, increase staffing on verification and administrative tasks, and invest in making IDOX more effective so professionals can be more productive. By the final quarter of 2022/2023, performance had improved significantly, with 100% of major applications determined in time and 91.78% of other applications determined in time. As a result of the interventions, the council has made a strong case to the Secretary of State for Pendle not being designated for its DM performance.

c. *Waste Management Services*

A review of Waste Management was completed in late 2022. The review found that there was a history of achieving savings through post deletion, particularly at the management, administration and supervisory levels over a number of years. The service had relied on the goodwill of management and administrative staff to fill gaps and take on additional responsibilities. To respond this challenge there was a practical culture of 'rolling sleeves up' to get the job done regardless, but as long-serving staff leave newer staff are proving harder to retain in this climate. The review found that one Assistant Supervisor can be responsible for effectively 28% of Pendle Borough Council's workforce when the other Assistant Supervisor is on leave or sick. This is unsustainable and particularly in a service which is highly valued by customers and in the top 5 most dangerous industries in the UK. The review highlighted the need to invest in further

staffing to help improve efficiencies in the back office and to support investment in cab technology to reduce the number of missed bins. This capacity is vital to bring about further transformation on back-office processes and better use of technology, which will lead to savings once implemented. The review also highlighted the need to better manage customer demand through the use of target fees and charges and increased income generation.

d. *Business Support Services*

The report was far reaching and considered functions across caretaking, printing and stationery management, Performance support, financial administration, Fleet Street Depot administration, Housing, Health and Engineering administration and Planning and Building Control administration. The review identified the need for more resilience and flexibility across the service and the next steps are currently being considered.

e. *Leisure Review*

Leisure has been a large strand in the Transforming Pendle programme. When the programme started, Leisure was an area where Pendle was spending significantly more than many councils, largely due to the shape of provision with three ageing leisure centres, which are expensive to staff and run. The council declared a climate emergency in 2019 and has committed to achieving net-zero on its emissions by 2030 yet two-thirds of its carbon footprint is accounted for by the three leisure centres. During 2022 costs on leisure increased, with energy prices rising sharply, and what is generally a low-wage service being squeezed by the impacts of inflation and the rise in the national living wage. In order to access funding for future external investment in leisure, Sport England required Pendle to undertake a strategic review of leisure provision in the borough. This commenced in early 2022 and a follow-on independent feasibility study was carried out later in 2022 with a further feasibility report produced in spring 2023. The purpose of the feasibility work has been to identify options for how Pendle delivers a financially and environmentally sustainable leisure service for the coming decades. Due to the elections, it was not possible to take the report through decision-making channels until the summer of 2023.

f. *Admin Building Review*

The Council is working with Liberata UK to commission a review of the admin building requirements across Nelson Town Hall and No 1 Market Place. This could also take account of the proposals for Trafalgar House. The market for office space in Nelson is limited and hindered by the current parking policy. However, it is sensible to review the option for the office space in Nelson.

g. *Liberata Contract*

The contract covers a range of services (HR & Payroll, Property, Revenues & Benefits, Customer Services and ICT) and runs until March 2030. It is roughly halfway through the last contract extension. A number of workstreams were pursued by the council together with Liberata and a series of joint groups were set up to identify where changes could be made and savings could be generated. This largely led to a series of proposed changes where the net effect of the change (such as shifting some services and roles back to the council) would be cost neutral, albeit potentially provide flexibility for further streamlining within the council in future. One area where there was some success was in relation to a piece of work which was commissioned as part of transformation, this programme led to a piece of work bringing in non-empty properties back into council tax, which, in itself, generated £162,024 of non-recurring revenue to the council which has paid for over half of the entire transformation programme

h. *Base Budget Review*

A review of budgets was carried out with Service Managers to look at where budgets

could be released both within corporate finance and across services. The transformation approach enable Service Managers to reimagine service delivery and budget need to release saving.

i. *Corporate Peer Challenge (CPC)*

The CPC looked across several aspects of the council and its community leadership. It also focused on the transformation: *'the peer team found that both the Chief Executive and Leader are bringing new thinking and ideas to the Council to help address the challenges ahead including the transformation programme'* and advised *'to achieve the required level of savings, the Council is intending to look at some big spend areas as part of the transformation programme. This includes the strategic leisure offer for Pendle which represents a significant percentage of total net budget as well as increasing maintenance costs for ageing assets. Difficult decisions will need to be taken on the sustainability of the current structure of provision. The contract with Liberata also makes up a significant element of the Council's revenue budget. It is important that the Council maintain focus, commitment and relentless drive – across the whole organisation – on the transformation programme in order to meet the financial challenges ahead.'* The CPC made a number of recommendations which have mostly been implemented. The main exceptions were around the streamlining of the Planning process and live streaming of Committee meetings. The proposed savings from streamlining planning process has been removed from the list of potential savings after Council's recent decisions.

j. *Capital Programme Review*

The existing capital programme is too large, with major capital scheme such as Nelson Town Deal and Levelling Up Fund placing a large burden on the authority at a strategic and operational level. This adds financial risk to the Council in the form of match funding and the purchase of new assets with associated running costs. The Council needs to scale back the programme and focus on the delivery of key schemes in order to remove the risk of loss of funding and also to maximise this opportunity. High value capital receipts are no longer available to the authority and Pendle has maximised its borrowing and therefore needs to cut its capital cloth accordingly or make service cuts to offset the revenue implications of further borrowing. The Council has commissioned its Treasury management advisors LINK Asset to carry out a review of the Minimum Revenue Provision with a view to releasing further savings and to help manage the capital programme in the most effective manner within the resources available.

k. Overall comments

The improvement and transformation interventions above collectively highlighted that in late 2021 the organisation was weak in terms of officer leadership capacity, was not operating as a corporate whole, was not focused on deliverable priorities (too many priorities with no clear commitment or ability to deliver them), and services had been cut in an unplanned way, as people left, without any service redesign. A key issue facing the Transforming Pendle programme was that the starting point for change was further back than initially thought. Fragile services therefore needed to be rebuilt before they could be streamlined. The culture had been to *service* any dysfunction rather than *fix* it, with well-intended managers working long hours and facing burn-out as a result. The transformation work built resilience back in, improved understanding of how resources deployed impact on income, whilst actively involving service managers in being part of a corporate and customer-focused way of working and leading change in their service areas.

4. The total costs incurred to date are shown below. These costs are in line with Council agreement to utilise external help to develop a detailed programme of work and re-

design and to supported service leads and senior officers.

Transformation	£
Interim Director	112,200
Leisure Review	26,643
External Reviews: Building Control; Development Management; Waste; Business Support	53,773
Accommodation Review	9,499
Financial Benchmarking & Advice	11,220
Empty Homes Review	24,903
Total	238,237

5. Following the arrival of the Director of Place which has now completed the membership of the Corporate Leadership Team, the Interim Director finalised his work by producing the attached evaluation report (Appendix A). The report includes a number of recommendations which are set out in the Table below:

Code	Recommendation	RAG Status
R1	From purely a leadership perspective the challenge now is to unlock the latent capacity of the organisation through coaching and mentoring as part of a cultural change programme. This was in a developmental stage, but it is vitally important that this programme is delivered to maintain momentum and achieve future success.	
R2	That service review process becomes part of service DNA with a focus on customer needs and efficient process through the removal on none value added activity.	
R3	The programme has instilled or reignited corporate confidence for change. During this next phase maintaining pace is important as confidence can and will erode quickly. New organisational arrangement should reflect the capacity required to deliver change.	
R4	Incorporate and maintain high levels of staff communication and engagement into routine management systems.	
R5	Ensure that the reorganisation continues at pace across team management and operational tiers where service performance and stability is at risk.	
R6	A policy framework should be put in place to enable the distinction between operational and strategic decisions to be properly considered.	
R7	It is important for all services either inward or outward looking to maintain a strong customer ethos and this should be assured by it being baked into the service planning and performance management framework.	
R8	The remaining services within the remit of Place should also be subject to review to ensure the right operational and tactical management capacity is in place to deliver on priorities. The review should also consider aligning available expertise to priorities particularly in the areas of regeneration and engineering.	
R9	To complete the review of both Enforcement and Printing.	
R10	To disband the pooled Business Support Team and commence a service redesign of core administrative processes before considering a broader pooling of business support resources.	

Code	Recommendation	RAG Status
R11	To undertake a review of procurement to secure further opportunities to improve the revenue and capital cost base.	
R12	Continue to consult and engage with members in relation to current and future transformation activity.	
R13	Commission some external specialist support to map out business requirements and recommend appropriate and affordable ICT solutions.	
R14	Ensure corporate capacity for change is put in place through the new structural arrangements.	
R15	Ensure the revised structural arrangements recognise the need to strengthen client arrangements for the management of contracts and companies	
R16	Action the recommendations from the EGA consultant assessment	
R17	To implement the new customer service model.	
R18	To reset the Liberata client relationship to move to a stronger client driven arrangement	
R19	To clearly define the business requirements for all Liberata delivered services	
R20	To appoint, as part of the requirements of new leadership posts, client commissioners for each Liberata service	
R21	Consider developing a Council Officer led engagement group for all authorities who have contractual relationships with Liberata	
R22	To continue to develop regional and sub-regional relationships and arrangements particularly in relation to the Place agenda.	
R23	For the Pendle Leisure Trust review recommendations to be reconsidered post elections in May 2023 and the agreed next steps to be actioned.	

6. The bulk of the recommendations have either been actioned or are in progress. The programme had provided much needed strategic direction to the organisation and allowed service issues to be highlighted and addressed.
7. In addition to the significant customer improvements and service resilience improvements set out above in section 3, the transformation process enabled the organisation to identify and release savings of more than £1m.

Savings	£'000
Baseline Budget Review	407
Fees & Charges Review	268
Council Tax Empty Homes (one off)	162
Capital Review	226
Total	1,068

8. There is now an opportunity to take stock of the position and refocus support on the Shared Administration's vision and the corporate priorities which will be set out in the new Corporate Plan.

IMPLICATIONS

Policy: There are no policy implications arising directly from the contents of this report.

Financial: The financial implications are as set out in the report.

Legal: There are no legal implications arising from the contents of this report.

Risk Management: There are no risk management implications arising directly from the contents of this report.

Health and Safety: There are no health and safety issues arising directly from the contents of this report.

Sustainability: There are no sustainability issues arising directly from the contents of this report.

Community Safety: There are no community safety issues arising from this report.

Equality and Diversity:

There are no equality and diversity issues arising from this report.

APPENDICES

PBC - Transformation Programme Evaluation Report (MBSP Ltd)

LIST OF BACKGROUND PAPERS