

**EXECUTIVE****9th February 2011****Agenda Item No.****10**

Title	Change Programme
For further information about this report please contact	Dave Barber / Steve Webb
Service Area	Improvement and Performance
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	N/A
Background Papers	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	17/1/11	Andy Jones and Bill Hunt
Chief Executive	17/1/11	Chris Elliott
CMT	25/01/11	
Section 151 Officer	25/01/11	Mike Snow
Legal		
Finance		
Portfolio Holder(s)	25/01/11	Cllr Michael Doody
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report. Senior Management Team (Programme Board) on 22/12/10		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1 SUMMARY

- 1.1 This report sets out how it is intended to manage progress towards the whole of Fit for the Future (FFF), recognising that two different aspects of the FFF will need to be managed in different ways. In particular, the report sets out proposal for managing the organisation and services improvements detailed in Fit for the Future as a Change Programme. This includes an initial set of measures which will be used to track progress on delivering the benefits the Change Programme and the Programme governance arrangements. Finally, the report outlines changes to the context of Fit for the Future which will be used to modify Fit for the Future over time.

2 RECOMMENDATION

- 2.1 That management of Fit for the Future is carried out through two channels as follows:
 - a) activities and projects designed to directly deliver societal outcomes (e.g. the priority and cross cutting themes set out in the Sustainable Community Strategy) will be managed by the Warwick Partnership as set out in Section 3.1 below
 - b) activities and projects designed to improve the organisation and WDC's services will be managed through a Change Programme as detailed in Sections 3.3, 3.4, 3.5 and 3.8 below
- 2.2 That the Quality of Life Report summarised in Appendix 1 be used to understand progress on the whole of Fit for the Future and that this be reported to Executive each December or January.
- 2.3 That the FFF Governance arrangements and proposals for reporting updates to Members, as set out in Section 3.3 below are approved and that up to three members are nominated to Members Programme Oversight Group (See 3.3.7b below) from each of the scrutiny committees
- 2.4 That the Change Programme Benefits and Measures as set out in Appendix 3 are approved
- 2.5 That the current position in relation to financial (Appendix 4), service (Appendix 3) and organisational (Appendix 3) benefits is noted
- 2.6 That the initial composition of the Change Programme's interventions and projects as detailed in Appendix 5 is agreed.
- 2.7 That responsibility for the authorisation of expenditure from the 'spend to save' reserve up to a maximum cost of £20,000 for any individual item of expenditure be delegated to the Programme's Senior Responsible Officer (SRO) in consultation with the S.151 Officer.
- 2.8 That Fit for the Future is modified over time to address the changing context and specifically to address the emerging issues set out in Section 3.8 below.
- 2.9 That the draft Change Programme communication plan (Appendix 6) is approved.
- 2.10 That the summarised version (Appendix 7) of Fit for the Future is noted.

3 REASONS FOR THE RECOMMENDATION

3.1 Recommendation 2.1

3.1.1 Fit for the Future provides an organisational framework to help us make progress towards our organisational purpose "To Make Warwick District a Great Place to Live, Work and Visit", It sets out a range of activities, interventions and projects. These activities, interventions and projects fall in to two broad areas:

- a) activities which are designed to directly improve societal outcomes for our communities. Most of these are being developed jointly with our partners and relate to one or more of the priority or cross cutting themes of the Sustainable Community Strategy. These activities are managed by the Warwick Partnership through the SCS and the associated Integrated Delivery Plan.
- b) activities which are designed to improve our organisation and the services provided by Warwick District Council. These activities aim to bring about improvements in three respects:
 - i) to deliver a balanced budget
 - ii) to improve the services we provide to customers
 - iii) to help develop our organisation and culture so that we are better able to continuously improve

3.1.2 These activities will be managed through the Change Programme.

3.2 Recommendation 2.2

3.2.1 The annual Quality of Life report produced by the Warwickshire Observatory, provides an ideal way of accessing data to help us understand how effectively we are progressing towards our organisational purpose. In this respect it is relevant to the whole of Fit for the Future and it is therefore proposed that it be reported to Executive each year. The report is summarised in Appendix 1. It includes data about the District in relation to environmental, economic and social wellbeing.

3.3 Recommendation 2.3

3.3.1 Following its approval in October, it is important that effective arrangements are put in place to ensure we focus on making progress on FFF and to keep members informed about how the activities and interventions set down in FFF are impacting to achieve the benefits of FFF. In addition, there are key decisions which will need to be made about the governance of the Change Programme within FFF.

3.3.2 Section 3.1.1 above describes how the benefits of FFF fall in to two parts. The key governance and reporting arrangements of each of these parts are:

3.3.3 Sustainable Community Strategy (SCS): The Sustainable Community Strategy sets out the priorities for the Warwick Partnership in nine key areas – 4 priority themes and 5 cross cutting themes. Supporting these themes is an integrated delivery plan which set out the key activities the partners are undertaking to address the themes along with measures and responsibilities. The SCS and Integrated Delivery Plan are monitored and managed by the Warwick Partnership Executive Group (WPEG) which receives quarterly reports from each of the areas of activity set out in the Integrated Delivery Plan. As the SCS and FFF are very closely related, it would be wasteful duplication to set up parallel governance arrangements to manage and monitor these aspects of FFF.

- 3.3.4 Improvements to the organisation and the operational services we provide: It is proposed that the other benefits of Fit for the Future be set up and managed through a Change Programme. The benefits of this Programme fall into three main areas:
- Financial Benefits – ensuring that a balanced budget is achieved each year until 2015/16
 - Services to Customer Benefits – ensuring service quality is maintained and, if possible, improved.
 - Leadership and Organisational Culture Benefits – changing the organisation and the way that people in the organisation think about their work so that we can continuously improve.
- 3.3.5 The key to successful programme governance is a focus on benefits (rather than projects). The Benefits and Measures set out in Appendix 3 show the kind of information that will be used to enable this to happen.
- 3.3.6 Appendix 2 shows the proposed Change Programme governance arrangements in a diagrammatic form. The following elements of this are worth highlighting:
- a) **Senior Management Team (SMT)** will be the Programme Board and have prime responsibility for ensuring the Programme delivers its benefits and evolves over time to address changing context and learning as the programme unfolds.
 - b) **The Chief Executive** will be the Programme's Senior Responsible Officer
 - c) **The Programme Manager** will have day to day responsibility for managing the programme ensuring focus on benefits is maintained and interdependencies between projects and interventions are addressed
 - d) **The Executive** will have strategic responsibility for the programme – agreeing the scope and benefits of the programme, ratifying significant programme changes and agreeing any expenditure from the Spend to Save Reserve over the agreed delegated limit. It will also be responsible for formally closing the Programme. The Executive will receive formal reports on the programme in the following circumstances
 - whenever the scope, benefits or other significant programme change occurs – exception reports
 - whenever expenditure over the delegated limit from the Spend to Save Reserve is proposed
 - when the programme is formally closed
 - half yearly updates in August/September and February/March

3.3.7 In addition to these formal reports, Members of the Executive will be kept up to date with Programme progress through half yearly updates at CMT/Executive briefings in May/June and November/December.

- a) **Finance and Audit Scrutiny Committee** will have a key role in scrutinising progress on the financial benefits of the Programme and will to enable this role to be played, continue to receive regular financial monitoring and forecasts reports from Finance. In addition, the Committee will receive advice from the Members Programme Oversight Group in relation to aspects of the programme which need further scrutiny.
- b) **Members Programme Oversight Group**, comprised of up to three members from each of the scrutiny committees, this group will act as a “critical friend” to those activity involved in the management of the programme. Specifically, the group is responsible for assessing whether the programme is being effective in progressing towards its benefits; advising on the aspects of the programme which need further scrutiny.

3.4 **Recommendation 2.3**

3.4.1 An initial set out measures has been developed to address the proposed benefits set out in the Change Programme. These are detailed in Appendix 3. The benefits focus in on three broad areas:

- Financial Benefits – particularly addressing the potential future budget deficit.
- Customer Benefits – ensuring service quality is maintained and, if possible, improved.
- Organisational Culture Benefits – changing the organisation and the way that people in the organisation think about their work so that we can continuously improve.

3.4.2 The Benefits and Measures set out in Appendix 3 will be used as a means of learning and understanding how effective our systems are being in delivering our organisational purpose (To make Warwick District a Great Place to Live Work and Visit) and to ensure we can continuously improve in relation to the things that are important for our customers.

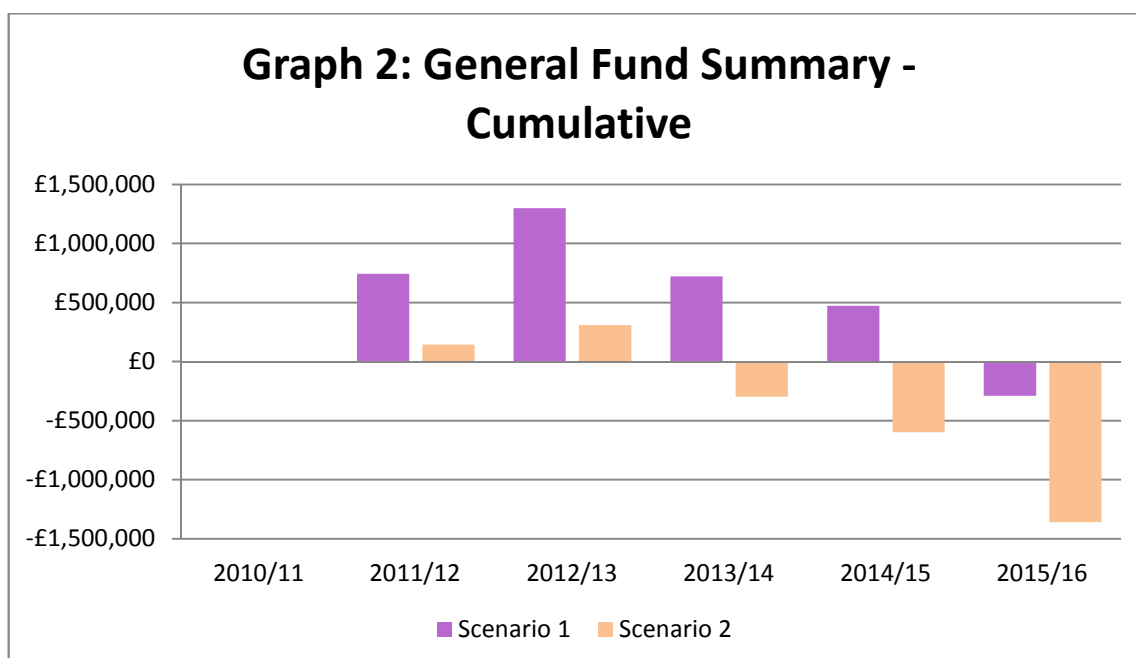
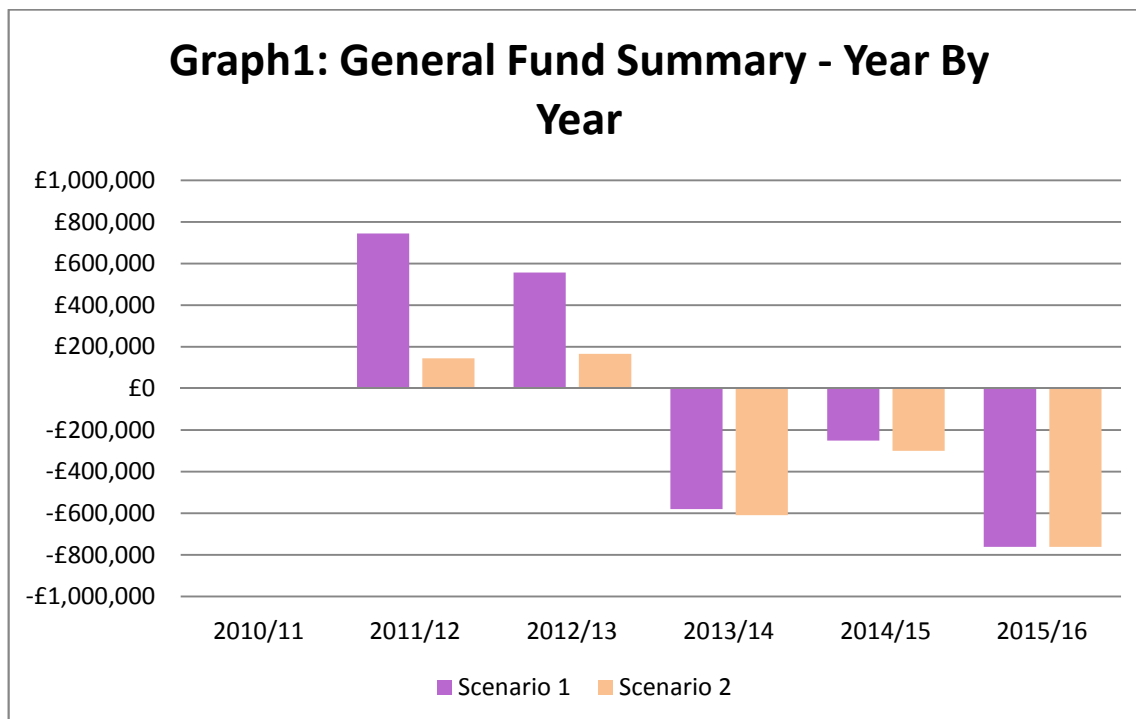
3.5 **Recommendation 2.5**

3.5.1 The information provided in Appendices 3 and 4 shows the current position in relation to each of the Change Programme Benefits.

3.5.2 Financial Benefits: Financial forecasts for two scenarios have been prepared:
Scenario 1: Assumes that all projects deliver their estimated forecast savings in full

Scenario 2: Takes account of the risk that individual projects may not deliver the estimated savings in full.

3.5.3 Graph 1 shows a year by year summary of the financial impact of the programme on the general fund. Graph 2 shows the cumulative surplus or deficit for the general fund.



- 3.5.4 Scenario 1 shows that significant surplus in 2011/12 and 2012/13 enable the council to set a balanced budget through to 2014/15. Currently there is a forecast for a deficit of £290,000 in 2015/16.
- 3.5.5 Scenario 2 shows that a balanced budget can be set until 2012/13. The deficit then grows until 2015/16 when it reaches over £1 million. This scenario also reveals that surpluses in 2011/ 12 and 2012/13 help to reduce the shortfall in the years that follow.
- 3.5.6 Inevitably, the financial modelling contains many assumptions. In general terms, the level of confidence in the forecasts for the later years is less than for the earlier ones. The ongoing management of the programme will track the changes to the forecasts and make adjustments to the programme's composition accordingly.

- 3.5.7 Customer Benefits: Appendix 3 shows the intended customer benefits of the Change Programme. Ensuring we are providing services which customers value is an integral part of the Programme which is designed to focus our work on things that provide most value to customers and by doing so will deliver tangible improvements for our customers. Specific measures for the customer benefits are likely to be many and varied and will relate to all service areas. These measures are set out in the 2010/11 Portfolio Holder Statements and will be refreshed in the 2011/12 Portfolio Holder Statements.
- 3.5.8 Organisational Culture Benefits: Appendix 3 shows the intended organisational benefits of the Change Programme along with the measures that will be used to assess progress against these benefits. The baseline data for some of these measures is shown.
- 3.5.9 There are no useful numerical measures available in relation the effectiveness of partnerships and leadership. However, it is important that softer data is used to assess progress on these benefits. Appendix 3 lists some of the key questions (arising from FFF) that should be asked in to assess progress on the effectiveness of partnerships and leadership.
- 3.5.10 Benefits Timeline: The projected timeline for the delivery of these benefits is shown in Appendix 5.

3.6 **Recommendation 2.6**

- 3.6 The initial composition of the Change Programme's interventions and projects is shown in Appendix 5. This has been devised to set out the activities which have the potential to deliver the benefits of the programme as detailed in Appendices 3 and 4. It is inevitable that as these activities unfold, adjustments to the composition will need to take place as we learn more about how effective our interventions are being in delivering the benefits. To ensure this can be done in a flexible and responsive way, it is proposed that adjusting the programme should be the responsibility of SMT.

3.7 **Recommendation 2.7**

- 3.7.1 The Spend to Save Reserve current has as unallocated balance of just over £600,000. The current delegated limit from the Spend to Save reserve is £5,000. This is a relatively small amount and the need to report anything over this limit to Executive adds significant bureaucracy. It is therefore proposed that the limit be increased to £20,000 at that the Programme's Senior Responsible Officer be responsible for authorising spending relating to Change Programme from the Spend to Save reserve for anything below this value.

3.8 **Recommendation 2.8**

- 3.8.1 It is important that FFF does not become stuck in the past. As the context changes the specific interventions and projects we undertake will change accordingly, although the organisation purpose and principles set out in FFF will remain unchanged.

3.8.2 FFF therefore needs to stay up to date and relevant in providing the strategic framework for the Council to meet the challenges it faces. At present, the Coalition Government is proposing or introducing a range of initiatives which are significantly changing the context within which the Council is operating. This provides some new opportunities, but also raises some new challenges which need to now be taken in to account. These changes do not require a full review of the approach set out in FFF as the essential principles of FFF (putting Systems Thinking at the heart of what we do; introducing a programme of interventions to deliver customer improvements and budget reductions; proposals to change our organisational culture so we become more effective at achieving continuous improvement etc) remain as valid as ever. But to address the changing context, reports will be brought forward in due course setting out how our activities, interventions and projects need to be adjusted to take account of the following:

- a) **Introduction of the Universal Credit Scheme (UCS):** The Universal Credit is due to start in 2013. This combines a number of existing benefits in to a single credit including housing benefit which is currently administered by WDC. It does not however apply to Council Tax Benefit. Clearly work will need to be done to understand the implications of this for the Revenues and Benefits Services as well as the knock-on implications for support services. However, WDC currently subsidise the benefits system to the tune of approx £100,000 – although any savings made as result of the UCS are likely to be offset by impacts on support services. At this stage no financial implications of this have been included in FFF or the Council's financial projections.
- b) **Changes to the Planning System and Planning Fees:** the Government are consulting on proposals to enable Local Planning Authorities to set their own planning fee levels. The details of this scheme are not yet available, but depending on how this is designed and at what levels it is appropriate to set fees. Possible additional income has been included in the Financial Benefits of FFF (Appendix 4) in the range of £450,000 to £900,000.

New Homes Bonus scheme: See report to December 2010 Executive for further details. Under the New Homes Bonus scheme the government will match the council tax raised on each new house for six years. For a Band D home that would be around £1,400 per year for the six year period. There are additional incentives for affordable housing. Whilst the full details are still to be published, the current proposals suggest that most of this additional income will be available to Warwick DC to use to support and improve our communities. However, the exact implications for Warwick District need to be understood in the context of the new local plan proposals. As the Local Plan proposals develop, the opportunities provided by the New Homes Bonus Scheme will become clearer. Depending on growth levels, initial calculations suggest that it could benefit the District by around £6million over six years. The possible additional income from New Homes Bonus has been excluded from in the Financial Benefits of FFF (Appendix 4) and the Council's financial projections.

- c)
- d) **Relocalising Business Rates:** The Government is developing proposals for a Business Increase Bonus scheme to reward those authorities where growth in the business rates yield exceeds a threshold, by allowing them to keep the increase – up to a certain level – for a period of six years. Where there is additional growth in subsequent years, the authority would also retain that growth. This would provide a clear, strong incentive to all councils to seek long term sustainable growth in their business rate base. The Government has also been examining other, more radical, options. In particular, it is considering ways of enabling councils to retain locally-raised business rates. This would go further than the Business Increase Bonus scheme, with incentive effects likely to be stronger and more predictable, over longer time periods.
- e) **Tax Increment Finance (TIF) / Accelerated Development Zones (ADZ):** This is a mechanism to allow local authorities to fund key projects by borrowing against future increases in locally collected business rates. In short the scheme will allow Councils to keep some of the extra business rates and council tax they raise when they enable new developments to go ahead and to borrow against those extra business rates to help pay for additional new developments. In due course consideration needs to be given as to whether there is value in reviewing our Corporate Projects to assess whether TIF might apply to any of these and to consider how TIF could reinforce other funding. This may enable WDC to respond if there is a call for pilots.
- f) **The Localism Bill:** The Localism Bill sets out proposals to give local people and organisations the right to buy community assets like shops, pubs and libraries. If a council decides to sell a property, community organisations will get extra time to develop their bid. As part of this, Communities can question how services are being run and potentially can take them over. Local people will also be given more power to overrule planning decisions and to decide where new homes should go. Finally, the Bill sets out powers for local people to approve or veto "excessive" council tax rises. A full briefing will be provided to members in due course, and over time we will need to consider the implications for our FFF projects, our asset management plan, our local plan and our approach to council tax consultation and setting.
- g) **Clearer understanding of the scale and timing of the financial challenge:** The Government has now published its Revenue Support Grant settlement for Warwick DC. This has provided more detail and a better understanding about the financial challenges facing the Council.

3.9 **Recommendation 9**

- 3.9.1 Effective communication with all stakeholders is key to the success of the programme and in this case communication with staff and members is particularly important. The initial Communication Plan sets out how this communication might take place. As the programme unfolds the communication plan will inevitably need to evolve. It is proposed that the ongoing evolution of the communications plan should be the responsibility of SMT as this will allow adjustments to be made in a flexible and responsive way.

3.10 **Recommendation 10**

- 3.11 A summarised version of FFF has been produced to make FFF more accessible for the public and staff.

4 ALTERNATIVE OPTION CONSIDERED

- 4.1 **Recommendation 2.1:** Other options have been considered as follows:
- 4.1.1 not to have a Programme – this was rejected on the grounds that the Change Programme is vital to the future of WDC and our ability to deliver purpose. It therefore needs a way of ensuring focus is maintained by all;
- 4.1.2 to develop a single Programme covering all of FF – this was rejected on the grounds that FFF is very broad in its remit and has been developed to do different things. A single programme could therefore lead to less focus and in any event some aspects of the FFF are managed through other channels and it is important to avoid duplication.
- 4.2 **Recommendation 2.2:** Other options have been considered including not having any measures in relation to our organisation purpose. However, this was rejected on the basis that we need to be learning as we go so that we can continuously improve. Other measures were rejected on the grounds of being overly bureaucratic and complex.
- 4.3 **Recommendation 2.3:** Other options were rejected on the grounds that it is vital that ownership of the Programme rests with SMT and that lines of responsibility are clear and effective.
- 4.4 **Recommendation 2.4:** The benefits have been drawn directly from FFF which has been approved. No other options were therefore considered for the benefits. A variety of measures have been considered. But the need for the measures to be manageable and useful in helping us understand how the programme is unfolding has lead to other options being rejected.
- 4.5 **Recommendation 2.5:** No alternative options.
- 4.6 **Recommendation 2.6:** The composition of the Programme has been the subject of much debate and there are some alternatives to the recommended composition. However, alternative options have been rejected for now on the basis that SMT believe the set of projects and interventions is consistent with the approach set out in FFF, is achievable and is likely to deliver the benefits. However, alternatives will be considered on an ongoing basis as the Programme develops.
- 4.7 **Recommendation 2.7:** It would be possible to maintain the delegated limit for spending from the Spend to Save Reserve at £5,000 or to increase to a level that is less than £20,000. However, it is suggested the proposed level will reduce bureaucracy, save time and allow our approach to supporting the programme to be more responsive
- 4.8 **Recommendation 2.8:** It would be possible not to modify FFF. However it has always been intended that FFF should be a live document which moves with the times and helps the organisation move forward in a realistic way. To leave our FFF approach entirely unchanged would increase the risk that FFF would become a “straight jacket” which fails to help us improve and fails to meet the real challenges we are confronted with.

- 4.9 **Recommendation 2.9:** No alternatives have been considered. A communications plan is an integral and essential part of any Programme.
- 4.10 **Recommendation 2.10:** Not producing a customer Friendly version is an alternative, but this was rejected on the grounds that FFF sets out the way forward for WDC and as an organisation that aims to be accountable to its customers and residents, it is important that this information is accessible.

5 BUDGETARY FRAMEWORK

- 5.1 The Change Programme is central to the Council's plans to achieve a balanced budget each year through to 2015/16. The forecast financial benefit of each project within the programme is set out in Appendix 4. The scenarios used are defined in Section 3.5. The total possible benefits are shown to be in the range £1.9million to 3.0million. £440,000 of these savings have already been included within the Council's financial projections. This means the additional benefits from the FFF Programme are in the range £1.5million to £2.6million. The overall financial implications arising from the Fit For the future savings, and how these impact upon the Council's Medium Term Financial Projections are discussed in Section 10 of the Budget Report to this meeting.

6 POLICY FRAMEWORK

- 6.1 Fit for the Future has been approved as the Council's central strategic document and business plan. In setting out more detail about how to ensure we stay focused on delivering the benefits of FFF, this report is entirely aligned with FFF and is key to helping us make progress.

APPENDICES

- Appendix 1: 2010 Quality of Life Summary for Warwick District
- Appendix 2: Change Programme Governance Diagram
- Appendix 3: Change Programme Benefits and Measures
- Appendix 4: Current financial projections
- Appendix 5: Benefits Timeline
- Appendix 6: Change Programme Communications Plan
- Appendix 7: Summarised Version of Fit for the Future

DISTRICT TRENDS - WARWICK

	Indicator	Trend ¹	Comparison ²	Page
ECONOMIC	Unemployment	▲	▲	24
	Worklessness	▼	▲	30
	Skills	●	▲	36
	GCSE Attainment	●	●	39
	Knowledge Economy	▼	▲	43
	Earnings	▲	▲	47
	Household Income	▲	▲	50
	Older People Living on Low Incomes	●	▲	53
	Housing Affordability & Need	▲	▼	56

	Indicator	Trend ¹	Comparison ²	Page
SOCIAL	Community Well-being	▲	▲	62
	Community Priorities	n/a	n/a	64
	Respect	▲	n/a	66
	Community Cohesion	●	▲	69
	Community Participation	●	▼	71
	Satisfaction with Public Services	n/a	n/a	74
	Access to Services	n/a	n/a	76
	Road Casualties	n/a	n/a	81
	Fear of Crime	▲	n/a	84
	Recorded Crime	▲	n/a	87
	Anti-Social Behaviour	▲	n/a	91
	Activities for Young People	n/a	n/a	94
	Healthy Lifestyles	n/a	●	96
	Obesity	●	●	100
	Years of Life Lost	●	▲	103
	Health Deprivation and Disability	n/a	▲	107
	Teenage Pregnancy	▼	▼	109

	Indicator	Trend ¹	Comparison ²	Page
ENVIRONMENTAL	Air Quality	▼	▼	113
	Road Traffic Volumes and Congestion	▲	●	115
	Public Transport	n/a	n/a	118
	Flooding	●	n/a	121
	Household Waste	▲	n/a	123
	Street Cleanliness	n/a	▲	126
	Access to Open Spaces	n/a	n/a	128

- ▲ Good performance
- Moderate performance
- ▼ Poor performance

Notes:

- 1 How has this indicator changed over time?
- 2 How does this District compare with elsewhere?